

POVERTY PROFILE 1997

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

Autumn 1999

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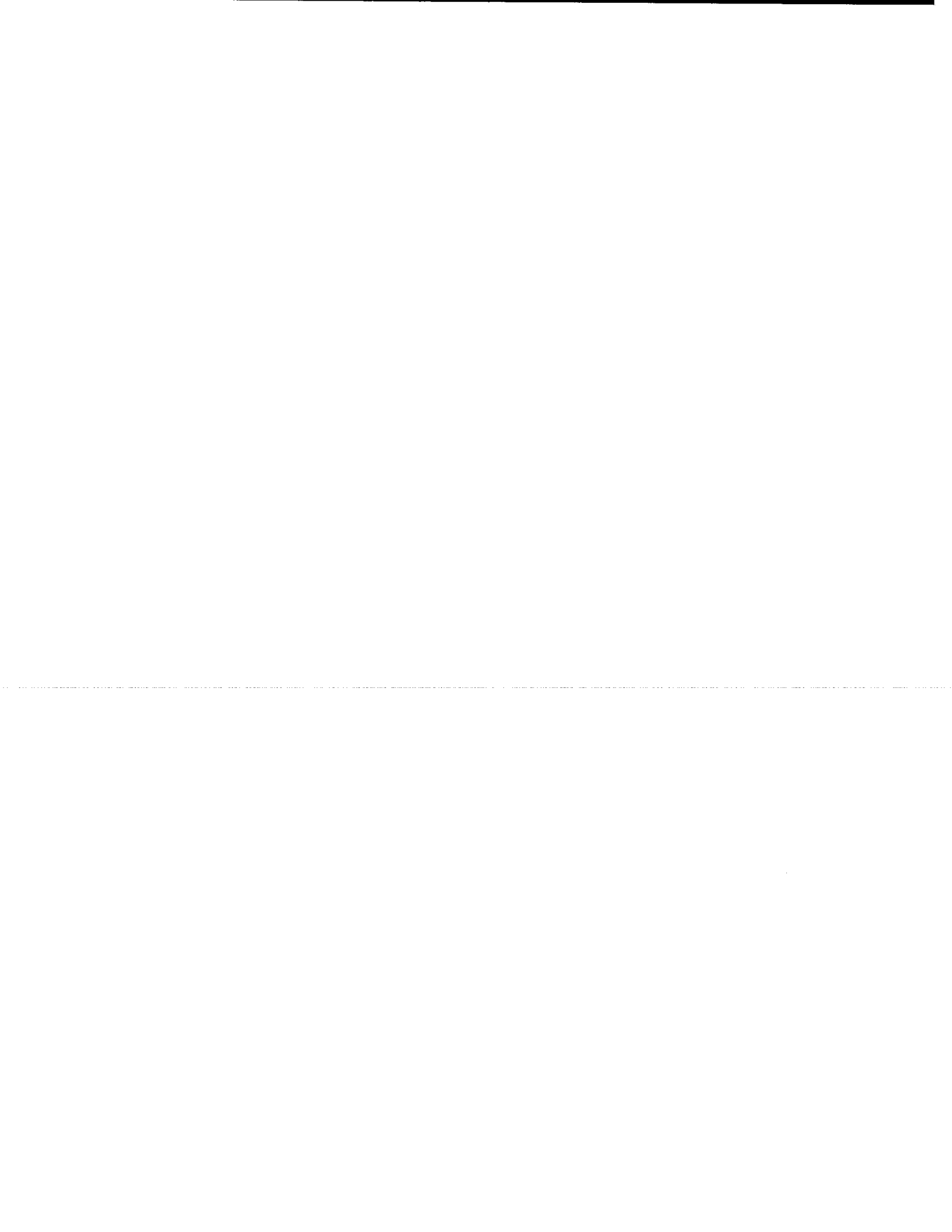
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INTRODUCTION

Poverty continued to haunt Canada in 1997. Although many of the poverty rates were down a bit, far too many people were poor, and a shocking number of people were living many thousands of dollars below the poverty line.

A total of 5.1 million people or 17.2 percent of the children, women and men in Canada were poor in 1997. That represented a very slight improvement over the poverty figures for 1996, but it was a dismal showing for a wealthy country that was in its sixth consecutive year of economic growth. The comparable figures for 1989, the last full year before the last recession, were 3.5 million poor people and a poverty rate of 13.6 percent.

The 1997 version of Poverty Profile reflects continuing problems with the labour market and also with income support programs for people under age 65. It is now crystal clear that people on the low end of the income scale are being cut off from the economic prosperity that most other people are enjoying. It is also crystal clear that most governments are not yet prepared to address these problems seriously, nor are they prepared to ensure a reasonable level of support for low-income people either inside or outside of the paid labour force.

Some of the statistics are nothing less than appalling:

- Most poor people live thousands of dollars below the poverty line. In fact, the number of people living at less than 50 percent of the poverty line has grown dramatically in recent years, from 143,000 families and 287,000 unattached individuals in 1989 to 277,000 families and 456,000 unattached individuals in 1997.

- Poverty rates for single-parent mothers and their children remain shockingly high, a sad testimony to the 1989 House of Commons resolution to eliminate child poverty by the turn of the century. The overall poverty rate for single-parent mothers under 65 with children under 18 was 57.1 percent in 1997, and the rate for families led by single-parent mothers under 25 was 93.3 percent.

- People under age 25 have seen their poverty rates shoot up in the 1990s from rates that were already too high. The poverty rate for families with heads under age 25 went from

28 percent in 1989 to 43.6 percent in 1997, and the rate for unattached individuals under 25 went from 47.8 percent in 1989 to 58.2 percent in 1997.

As in previous years, the only real bright spot was the poverty statistics for seniors. The poverty rate for people 65 and older fell to a near-record low of 17 percent in 1997. However, the poverty rate for unattached women 65 and older was 42 percent, one of the higher rates for any family type.

Poverty Profile 1997 is the latest annual report by the National Council of Welfare based on factual material compiled by Statistics Canada. It includes numerous statistics for 1997 and poverty trends dating back to 1980. As in the past, the report is an analysis of the facts rather than a blueprint for eliminating poverty, and it contains no specific recommendations as such. The National Council of Welfare has published many other reports over the years that are full of proposals for combatting poverty. The most recent was Children First, a pre-budget report looking ahead to the next federal budget that contains 29 recommendations for fighting child and family poverty and improving the lives of all children in Canada.

Most of the data in Poverty Profile cover poverty for one year only. They do not tell us how many of the people who were poor in 1997 were also poor in previous years or how long they were likely to remain poor. Fortunately, Statistics Canada is now producing poverty data that provide new insights into the dynamics of poverty over longer periods of time. Chapter VII on the duration of poverty features data that cover the entire period from 1993 through 1996.

The National Council of Welfare hopes that this report will shed some light on poverty in Canada, a subject that is much discussed but little understood. Myths and stereotypes about poverty and poor people are deeply rooted in our society. We hope this report will help dispel these misconceptions and spur governments into using all the tools at their disposal to make it possible for all Canadians to share in the great bounty our country has to offer.

I. METHODOLOGY AND DEFINITIONS

Every year, Statistics Canada conducts a household survey known as the Survey of Consumer Finances to obtain information on the distribution of income and the nature and extent of poverty in Canada. The survey on which this report is based, conducted in April of 1998, sampled 33,896 private households from all parts of the country except for Yukon, the Northwest Territories, Indian reserves, and institutions such as prisons, mental hospitals, and homes for the elderly. The survey looked at incomes for the 1997 calendar year.

The results were published by Statistics Canada under the title Income Distributions by Size in Canada, 1997. Statistics Canada also provided previously unpublished data to the National Council of Welfare. We are grateful for the assistance provided by officials of the agency, especially Kevin Bishop and Edith Lamoureux of the Income and Housing Surveys Section. The analysis and interpretation of the data, however, is the responsibility of the National Council of Welfare, not Statistics Canada.

Information about poverty is obtained by comparing the survey data with the low income cut-offs or LICOs of Statistics Canada. The LICOs 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 persons, and five community sizes ranging from rural areas to cities with 500,000 or more residents. The result is a set of 35 cut-offs. The cut-offs are updated annually by Statistics Canada using the Consumer Price Index.

The cut-offs used in this report for the year 1997 are technically known as 1986 base LICOs, because of the year in which spending on food, shelter and clothing was surveyed. The

entire set of 35 cut-offs for 1997 appears below as Table 1. Comparable cut-offs for 1998 and the National Council of Welfare's estimates of the cut-offs for 1999 appear in Appendix A.

TABLE 1					
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	34,721	32,944	30,031	26,140
7+	41,297	36,273	35,435	32,303	28,115

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

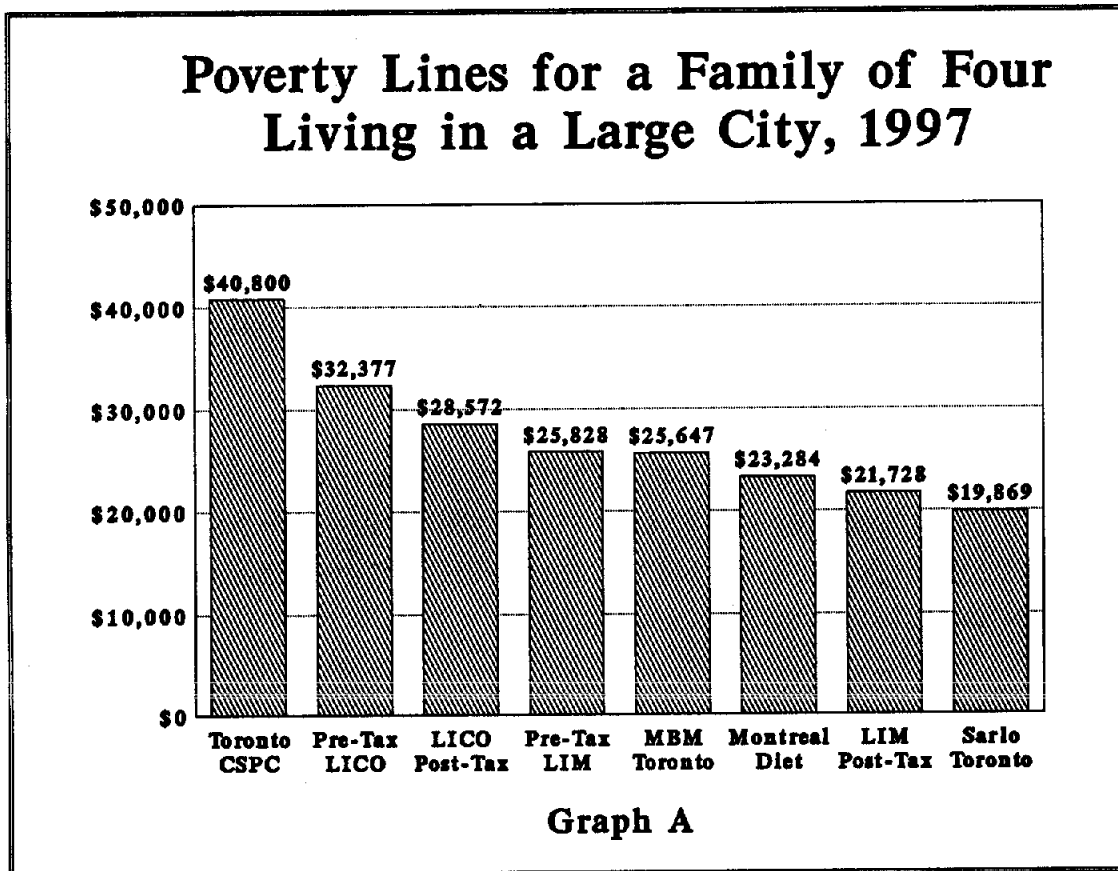
For the time being, the National Council of Welfare plans to continue using the 1986 base cut-offs. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

The National Council of Welfare and many other social policy groups regard the LICOs as poverty lines and use the term poor and low-income interchangeably. Statistics Canada takes

pains to avoid references to poverty. It says the cut-offs have no official status, and it does not promote their use as poverty lines.

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

Graph A shows eight alternative measures of poverty, two versions of the low-income cut-offs of Statistics Canada (1986 base) and six other lines sometimes seen in other published reports on poverty.²



Toronto CSPC, the description of the first bar in Graph A, refers to the budget guides of the Community Social Planning Council of Toronto, formerly the Social Planning Council of Metropolitan Toronto. The original calculation was updated to 1997 by the National Council of Welfare using the Consumer Price Index.

The next two bars represent two different versions of the low income cut-offs of Statistics Canada. The pre-tax LICO takes account of income from government transfer payments to individuals, but not federal, provincial or territorial income taxes. The post-tax LICO includes both government transfers and income taxes, but no other kinds of taxes.

Some people argue that the post-tax LICOs are a better measure because they feature income that is closer to disposable income than pre-tax LICOs. That may be true at the upper end of the income spectrum, but it certainly is not true at the lower end. According to the latest data from Statistics Canada, only 32 percent of poor families and 27 percent of poor unattached individuals paid income taxes in 1997.

Pre-tax LIM and LIM post-tax refer to the low income measures of Statistics Canada, measures which are both based on one-half of median family income. LIMs vary with family size and composition, but they are the same in all parts of the country. They reflect the reality of higher costs of living in large cities and lower costs of living in rural areas. For that reason, they are always substantially lower than LICOs. The two sets of LIMs are the only lines in Graph A that do not vary from place to place in Canada.

One-half of median family income adjusted for family size is the approach most often used in international comparisons of poverty. LIMs and similar measures provide interesting comparisons at a given point in time, but they tend to be "flat" over time and do not track well against the ups and downs of the economic cycle.

MBM Toronto stands for the market basket measures being developed by Human Resources Development Canada for the federal, provincial and territorial governments. The MBMs are very loosely based on the cost of buying a basket of goods and services in the local marketplace. The bar in Table A is for a family living in Toronto. The figure was updated to 1997 by the National Council of Welfare, but it does not reflect changes in methodology that were made after 1996.

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 and updated by the National Council of Welfare. 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 by Christopher A. Sarlo and updated to 1997 by the National Council of Welfare. Professor Sarlo also has "social comfort lines" that are twice as high as his poverty lines.

Poverty statistics are often broken down according to families and unattached individuals. The survey which gathered the data defined a family as a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption. The definition includes couples living in common-law relationships. Most of the data in this report is expressed in terms of families rather than the number of people in family units. Unattached individuals are defined as people living alone or in households where they are not related to other household members.

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

Poverty rates compare the number of poor persons, families or unattached individuals in a particular category to all the persons, families or unattached individuals in the same category. For example, there were an estimated 340,000 poor families with children under 18 headed by a female single parent under age 65 in 1997. The estimated total number of families with children under 18 headed by a female single parent under 65 was 596,000. The poverty rate was 340,000 divided by 596,000 or 57.1 percent.

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

Income refers to money income reported by all family members 15 years or older and includes gross wages and salaries, net income from self-employment, investment income, government transfer payments (for example, the federal Child Tax Benefit, Old Age Security, and provincial tax credits), pensions, and miscellaneous income (scholarships and child support

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

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

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

The National Council of Welfare decided as a general rule 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. Poverty data based on the revised Statistics Canada weights are used in a few instances in this report, and these exceptions are noted in the endnotes.

II. RECENT POVERTY TRENDS

Most poverty rates dipped slightly in 1997, but remained at unacceptably high levels. Of particular concern were poverty rates for younger people, rates which remained very high by historic standards despite marked improvements in the economy overall in recent years.

The year 1997 was the sixth consecutive year of economic growth following the recession of 1990-1991, but poverty rates for people under age 65 all were substantially higher than they were in the years immediately preceding the recession. The poverty rate for couples under 65 who had no children under 18 actually rose to an 18-year high in 1997. Most other rates were down a bit, but were well above the comparable rates for 1989.

Meanwhile, poverty rates among seniors continued their downward decline. The rate for unattached women 65 and older hit a record low in 1997.

This chapter shows the major national trends in poverty from 1980 through 1997 using two types of measures. The first looks at Canadians as individuals regardless of their family circumstances, and the other looks at people by family type or as unattached individuals living outside families.

Poverty Trends for Individual Canadians

One type of poverty statistics published by Statistics Canada treats people as individuals, as in Table 2 on the next page. For each year from 1980 through 1997, the table shows the number of poor people, the total population and the poverty rate.

In 1980, just over 3.6 million of Canada's 23.7 million people were poor, 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. Meanwhile, the population as a whole continued growing steadily.

TABLE 2
POVERTY TRENDS, ALL PERSONS

	Poor Persons	All Persons	Poverty Rate
1980	3,624,000	23,626,000	15.3%
1981	3,643,000	23,814,000	15.3%
1982	3,951,000	24,021,000	16.4%
1983	4,406,000	24,229,000	18.2%
1984	4,397,000	24,348,000	18.1%
1985	4,170,000	24,535,000	17.0%
1986	3,976,000	24,807,000	16.0%
1987	3,912,000	25,075,000	15.6%
1988	3,744,000	25,348,000	14.8%
1989	3,487,000	25,729,000	13.6%
1990	3,821,000	26,099,000	14.6%
1991	4,227,000	26,495,000	16.0%
1992	4,320,000	26,901,000	16.1%
1993	4,775,000	27,398,000	17.4%
1994	4,795,000	28,867,000	16.6%
1995	5,070,000	29,193,000	17.4%
1996	5,190,000	29,542,000	17.6%
1997	5,121,000	29,846,000	17.2%

Both the number of poor people and the poverty rates got stuck at relatively high levels during the 1990s. The number of poor people in 1997 was a near-record 5.1 million, and the poverty rate was 17.2 percent. Both those figures were substantially higher than the comparable figures for the years immediately preceding the last recession.

Similar trends were evident in the child poverty statistics shown in Table 3, except that the total number of children under 18 grew very little over the years.

	Poor Children	All Children	Poverty Rate
1980	984,000	6,619,000	14.9%
1981	998,000	6,552,000	15.2%
1982	1,155,000	6,476,000	17.8%
1983	1,221,000	6,437,000	19.0%
1984	1,253,000	6,377,000	19.6%
1985	1,165,000	6,361,000	18.3%
1986	1,086,000	6,390,000	17.0%
1987	1,057,000	6,380,000	16.6%
1988	987,000	6,395,000	15.4%
1989	934,000	6,438,000	14.5%
1990	1,105,000	6,522,000	16.9%
1991	1,210,000	6,606,000	18.3%
1992	1,218,000	6,704,000	18.2%
1993	1,415,000	6,799,000	20.8%
1994	1,334,000	6,997,000	19.1%
1995	1,441,000	7,011,000	20.5%
1996	1,481,000	7,093,000	20.9%
1997	1,384,000	7,053,000	19.6%

The number of children living in poverty and the child poverty rate first peaked in 1984 in the aftermath of the recession of 1981-1982 and declined for the rest of the 1980s. When the House of Commons unanimously passed a resolution in 1989 to work to eliminate child poverty by the year 2000, the number of poor children was 934,000 and the child poverty rate was 14.5 percent.

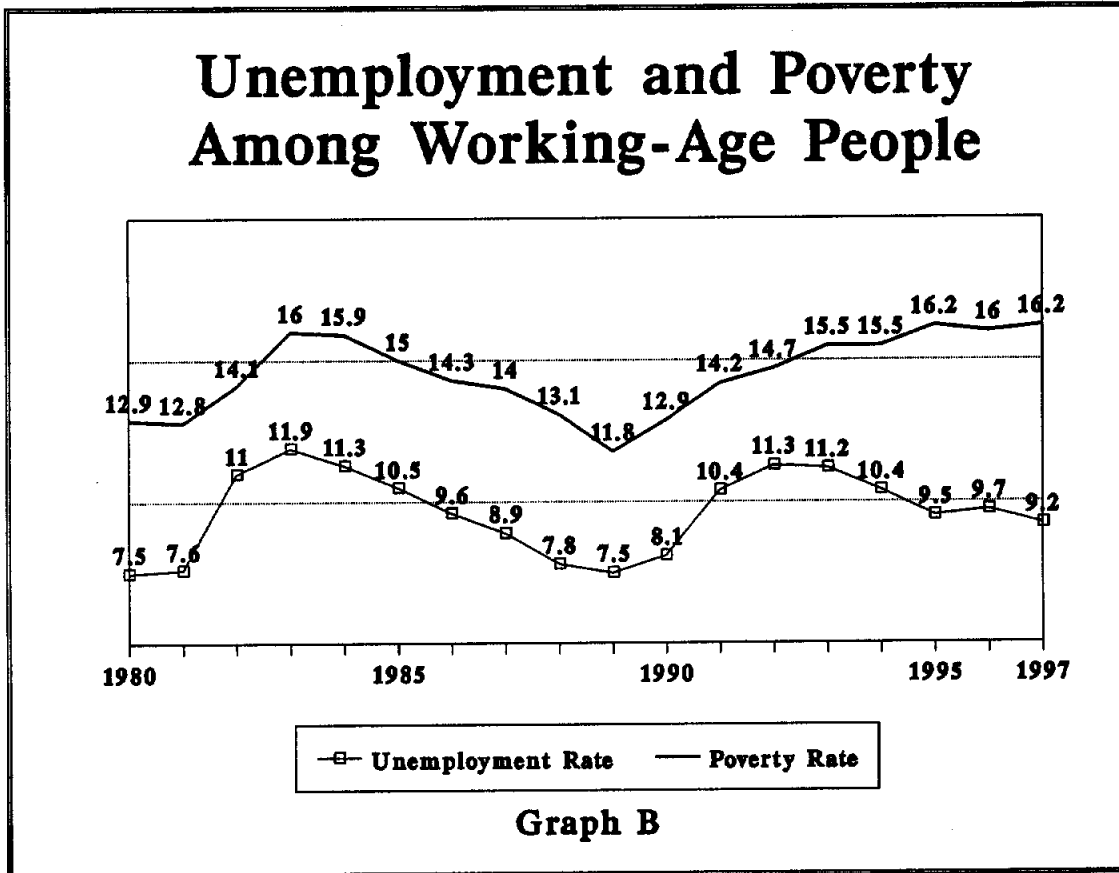
The recession of 1990-1991 drove the figures up once again. They finally peaked in 1996, when nearly 1.5 million children were living in poverty and the child poverty rate was 20.9 percent. The figures were down in 1997 to 1.4 million poor children and a poverty rate of 19.6 percent.

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. However, the link has become much weaker in recent years.

Graph B on the next page 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 1997, the unemployment rate was 9.2 percent and the poverty rate was 16.2 percent.

Since 1980, the poverty rate for people 18 to 65 was normally three to five percentage points higher than the unemployment rate. The only three years that the gap exceeded six percentage points were 1995, 1996 and 1997. This adds weight to the concern that the current cycle of economic growth is bypassing many people at the lower end of the income scale.



One group that is largely immune from high unemployment rates is seniors, because most seniors 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.

As Table 4 on the next page shows, the total number of seniors in Canada increased by 63 percent, from fewer than 2.2 million in 1980 to more than 3.5 million in 1997. Meanwhile, the number of seniors who lived in poverty actually fell more or less steadily from 731,000 in 1980 to 602,000 in 1997. The poverty rate of 33.6 percent in 1980 was down sharply to 17 percent in 1997, a reduction of close to 50 percent. The 1997 rate was a near-record low, second only to the rate of 16.9 percent recorded in 1995.

TABLE 4
POVERTY TRENDS, PEOPLE 65 AND OLDER

	Poor Seniors	All Seniors	Poverty Rate
1980	731,000	2,177,000	33.6%
1981	733,000	2,223,000	33.0%
1982	648,000	2,272,000	28.5%
1983	719,000	2,324,000	30.9%
1984	669,000	2,397,000	27.9%
1985	669,000	2,473,000	27.0%
1986	637,000	2,557,000	24.9%
1987	627,000	2,635,000	23.8%
1988	634,000	2,710,000	23.4%
1989	599,000	2,793,000	21.4%
1990	554,000	2,873,000	19.3%
1991	590,000	2,950,000	20.0%
1992	564,000	3,027,000	18.6%
1993	636,000	3,100,000	20.5%
1994	567,000	3,297,000	17.2%
1995	572,000	3,379,000	16.9%
1996	655,000	3,465,000	18.9%
1997	602,000	3,545,000	17.0%

The improvement in the lives of seniors did not happen by accident. It was the direct result of government programs and policies dating back to the 1960s. Among the more important steps forward were the creation of the federal government's Guaranteed Income Supplement in 1967 for low-income seniors and the creation of the Canada Pension Plan and

Quebec Pension Plan in 1966. The Canada Pension Plan was the result of co-operation between the federal and provincial governments to make sure workers put away a modest amount of money every year for their retirement. The CPP still operates as a partnership between the two levels of government.

Poverty Trends for Families and Unattached Individuals

While the poverty statistics for all persons give a good overview of poverty, it is often more revealing to look at poor people in terms of families or unattached individuals, as in Table 5 on the next page. Poverty rates for unattached people are normally 2½ to three times higher than the rates for families. In 1997, the poverty rate for unattached individuals was 36.3 percent and the rate for families was 14.3 percent for a ratio of 2.54 to one.

One reason that families have poverty rates that are consistently much lower than unattached individuals is they often have a second family member in the paid 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 couples are made up spouses who both had careers outside the home and who 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%
1997	1,203,000	14.3%	1,496,000	36.3%

An even better view of poverty comes by breaking down families and unattached individuals into their major subcategories - which we call family types for want of a better term.

The four main subcategories of families are: married couples where the head of the family is 65 or older, married couples under 65 with children under 18, married couples under 65 without children under 18, and single-parent mothers under 65 with children under 18. Altogether, these four subcategories accounted for 82 percent of all poor families in 1997. The other 18 percent was made up of less common family types, such as married couples living with children who were all 18 or older, single-parent fathers and their children, and brothers and sisters who lived together.

The four subcategories of unattached individuals are: unattached men under 65, unattached men 65 and older, unattached women under 65, and unattached women 65 and older. Together, they 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 shown in Table 6 and Table 7 on the pages that follow. The poverty rates for married couples with or without children all were low, and the poverty rates for families headed by single-parent mothers all were high.

Table 6 on the next page has the poverty statistics for couples under 65 with children under 18 on the left-hand side and the figures for single-parent mothers under 65 with children under 18 on the right-hand side.

The number of poor couples with children and the poverty rate rose and fell with the overall state of the economy from 1980 through the early 1990s before they both got stuck at relatively high levels. There were 375,000 poor couples under 65 with children under 18 in 1997, and the poverty rate was 11.9 percent.

The total number of couples with children, both poor and non-poor couples, barely changed at all in nearly two decades. Meanwhile, the total number of single-parent mothers under 65 with children under 18 nearly doubled from 318,000 in 1980 to 596,000 in 1997. The increase was obviously the result of the increasing number of marriages that were breaking down.

TABLE 6

COUPLES AND SINGLE-PARENT MOTHERS UNDER 65 WITH CHILDREN UNDER 18

	Poor Couples under 65 with Children	All Couples under 65 with Children	Poverty Rate	Poor Single-Parent Mothers under 65	All Single-Parent Mothers under 65	Poverty Rate
1980	286,000	3,040,000	9.4%	183,000	318,000	57.7%
1981	294,000	3,031,000	9.7%	168,000	306,000	54.8%
1982	337,000	2,993,000	11.3%	208,000	342,000	60.9%
1983	369,000	2,996,000	12.3%	218,000	353,000	61.7%
1984	370,000	2,933,000	12.6%	233,000	372,000	62.8%
1985	334,000	2,950,000	11.3%	227,000	362,000	62.5%
1986	319,000	2,968,000	10.8%	208,000	354,000	58.8%
1987	298,000	2,938,000	10.1%	216,000	366,000	59.0%
1988	264,000	2,967,000	8.9%	221,000	390,000	56.7%
1989	254,000	2,979,000	8.5%	207,000	393,000	52.9%
1990	285,000	2,973,000	9.6%	255,000	421,000	60.6%
1991	318,000	2,973,000	10.7%	272,000	440,000	61.9%
1992	301,000	2,988,000	10.1%	303,000	520,000	58.4%
1993	375,000	3,025,000	12.4%	323,000	540,000	59.8%
1994	349,000	3,091,000	11.3%	317,000	554,000	57.3%
1995	394,000	3,134,000	12.6%	323,000	565,000	57.2%
1996	370,000	3,118,000	11.9%	379,000	618,000	61.4%
1997	375,000	3,139,000	11.9%	340,000	596,000	57.1%

The rise in single parenthood was matched by the rise in the poverty statistics for single-parent mothers. There was a bit of movement up and down that reflected the economic cycles, but the number of poor families headed by single-parent mothers and the poverty rates always bordered on the unconscionable.

Governments were simply not up to the task of addressing chronic poverty among single-parent families, and the rising numbers of single parents meant rising numbers of poor single parents. In 1980, there were 183,000 poor families headed by single-parent mothers under 65 with children under 18, and the poverty rate was 57.7 percent. The comparable figures for 1997 were 340,000 poor families and a poverty rate of 57.1 percent.

The patterns of poverty among couples without children in recent years were strikingly different for couples under age 65 and couples 65 and older. Table 7 gives the figures for the years 1980 through 1997.

The total number of couples under 65 without children under 18 rose steadily over the years, and the number of poor couples under 65 without children was also significantly higher in the 1990s than it was in the 1980s. The number of poor couples and poverty rates both moved up and down with the economic cycles before getting stuck at relatively high levels. There were 209,000 poor couples under 65 without children in 1997, and the poverty rate was 10.9 percent. Both figures were highs for the 18 years shown in Table 7.

The total number of couples 65 and older without children also rose strikingly between 1980 and 1997, but the number of poor couples and the poverty rates were down sharply. There were 65,000 poor senior couples in 1997, and the poverty rate was down to seven percent, a rate second only to the low of 6.8 percent in 1994.

TABLE 7

COUPLES UNDER 65 WITHOUT CHILDREN AND COUPLES 65 AND OLDER

	Poor Couples under 65 without Children	All Couples under 65 without Children	Poverty Rate	Poor Couples 65 and Older	All Couples 65 and Older	Poverty Rate
1980	87,000	1,255,000	6.9%	115,000	518,000	22.2%
1981	97,000	1,256,000	7.7%	118,000	532,000	22.1%
1982	119,000	1,297,000	9.2%	81,000	565,000	14.4%
1983	130,000	1,276,000	10.2%	94,000	574,000	16.4%
1984	133,000	1,310,000	10.2%	96,000	586,000	16.3%
1985	120,000	1,354,000	8.9%	102,000	605,000	16.9%
1986	129,000	1,359,000	9.5%	104,000	653,000	15.9%
1987	129,000	1,431,000	9.0%	98,000	657,000	14.9%
1988	119,000	1,468,000	8.1%	91,000	688,000	13.2%
1989	115,000	1,552,000	7.6%	77,000	700,000	11.1%
1990	127,000	1,524,000	8.3%	61,000	723,000	8.5%
1991	141,000	1,523,000	9.3%	66,000	731,000	9.0%
1992	138,000	1,561,000	8.8%	66,000	769,000	8.5%
1993	152,000	1,542,000	9.9%	74,000	763,000	9.7%
1994	182,000	1,883,000	9.7%	60,000	878,000	6.8%
1995	197,000	1,891,000	10.4%	70,000	925,000	7.5%
1996	199,000	1,935,000	10.3%	78,000	908,000	8.6%
1997	209,000	1,908,000	10.9%	65,000	941,000	7.0%

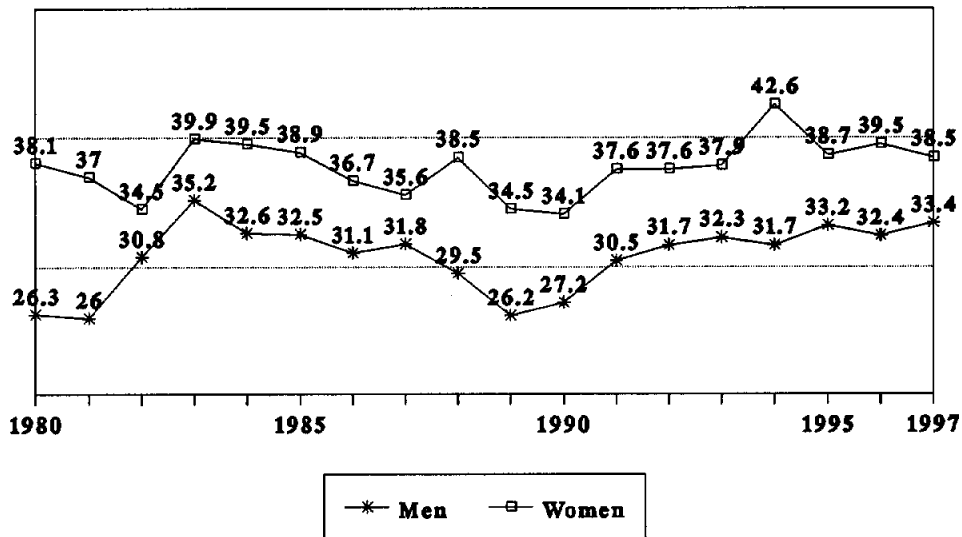
Among unattached people, the poverty statistics vary greatly between women and men and also between seniors and people under 65. All four subcategories have poverty rates that are significantly higher than the rates for married couples, although none of the recent figures is anywhere near the very high 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 Graphs C-1 and C-2 on the next page. The poverty rates for unattached people under 65 tended to rise and fall with unemployment rates, while the rates for older unattached people fell more or less steadily. In both age groups, the poverty rates were noticeably higher for women than men.

The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 38.5 percent in 1997. The comparable rates for men were 26.3 percent in 1980 and 33.4 percent in 1997. The gap between women and men was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

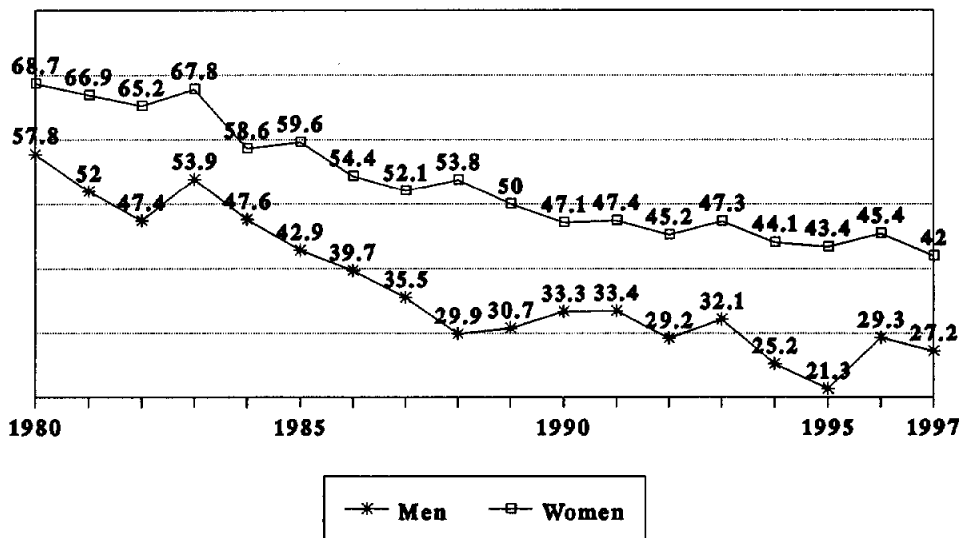
For unattached people 65 and older, the poverty rate for women went from 68.7 percent in 1980 to a record low 42 percent in 1997. The rate for men dropped from 57.8 percent in 1980 to 27.2 percent in 1997. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

Poverty Rates for Unattached People Under 65



Graph C-1

Poverty Rates for Unattached People 65 and Older



Graph C-2

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 8 gives the 1997 provincial statistics for families, unattached individuals and all persons. For families, poverty rates ranged from a low of 9.2 percent in Prince Edward Island to a high of 18.9 percent in Newfoundland. The range for unattached individuals was even greater, from 27 percent in Saskatchewan to 45.6 percent in Newfoundland. Poverty rates for all persons went from 12.1 percent in P.E.I. to 20.1 percent in Quebec and 20.3 percent in Newfoundland.

TABLE 8						
POVERTY BY PROVINCE, 1997						
	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor Persons	Poverty Rate
Newfoundland	31,000	18.9	17,000	45.6	112,000	20.3
Prince Edward Island	4,000	9.2	5,000	32.2	16,000	12.1
Nova Scotia	42,000	15.4	41,000	35.5	162,000	17.4
New Brunswick	32,000	14.3	32,000	40.0	125,000	16.8
Quebec	354,000	16.8	477,000	44.4	1,472,000	20.1
Ontario	409,000	13.0	461,000	31.7	1,773,000	15.6
Manitoba	45,000	14.9	62,000	39.5	200,000	18.4
Saskatchewan	36,000	13.1	39,000	27.0	146,000	15.0
Alberta	101,000	12.9	139,000	34.9	438,000	15.5
British Columbia	149,000	14.0	223,000	34.5	676,000	17.4
Canada	1,203,000	14.3	1,496,000	36.3	5,121,000	17.2

Between 1996 and 1997, family poverty rates were down in all provinces except Newfoundland and New Brunswick. The rate in Newfoundland rose from 16.6 percent in 1996 to 18.9 percent in 1997. The rate in New Brunswick went up from 13.8 percent to 14.3 percent.

Among unattached individuals, the poverty rates were down in Quebec, Ontario, Saskatchewan and British Columbia and up in the other six provinces.

The poverty rates for all persons were up in Newfoundland and New Brunswick and down elsewhere. The Newfoundland rate jumped from 17.2 percent to 20.3 percent, while the New Brunswick rate went from 15.8 percent to 16.8 percent.

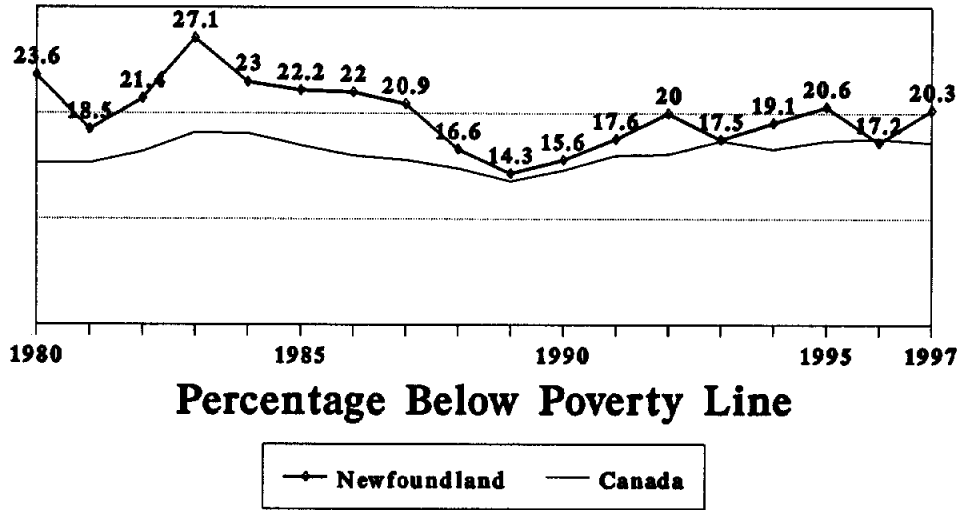
The ten pages that follow contain graphs with detailed information on poverty trends in the provinces. The top half of each page plots provincial poverty rates for all persons from 1980 to 1997. The line with diamond markers and accompanied by percentages shows the provincial rates. For purposes of comparison, 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 1997. The lines without markers and without percentages show the national trends.

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

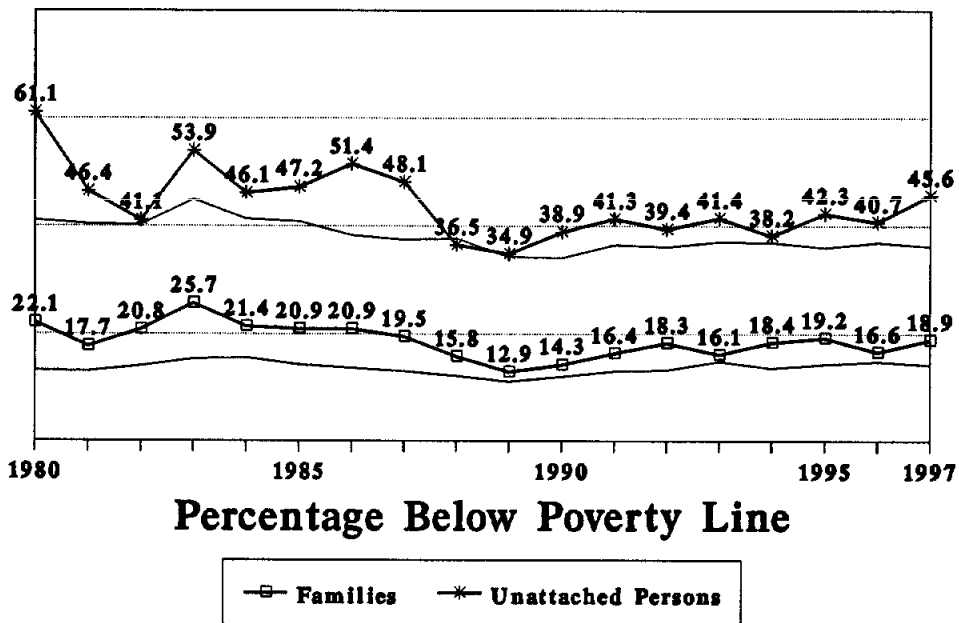
Newfoundland

Trends for All Persons



Graph D-1

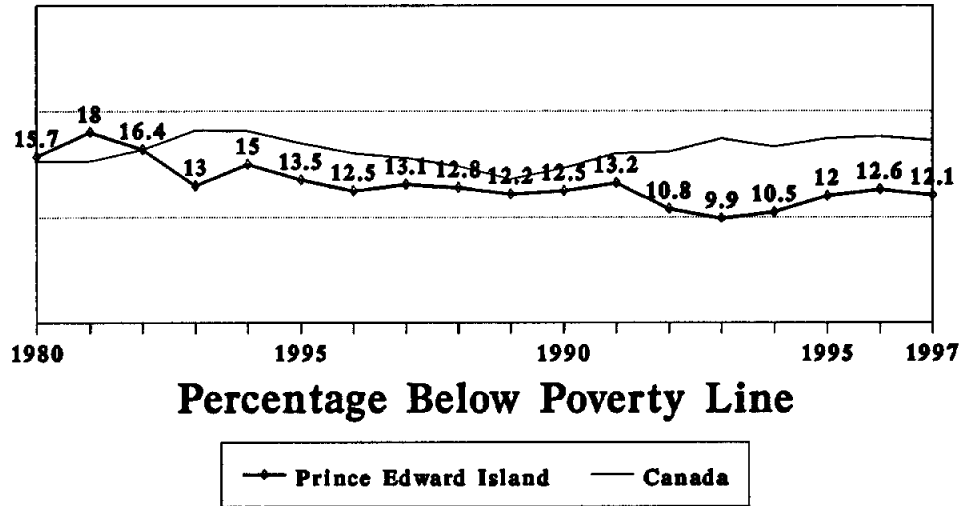
Families and Unattached Individuals



Graph D-2

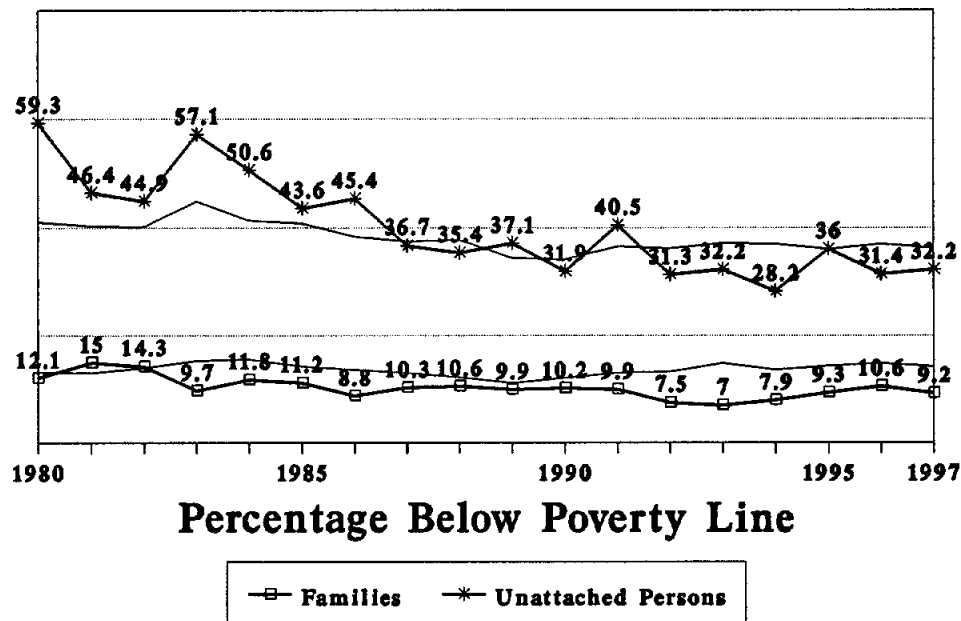
Prince Edward Island

Trends for All Persons



Graph E-1

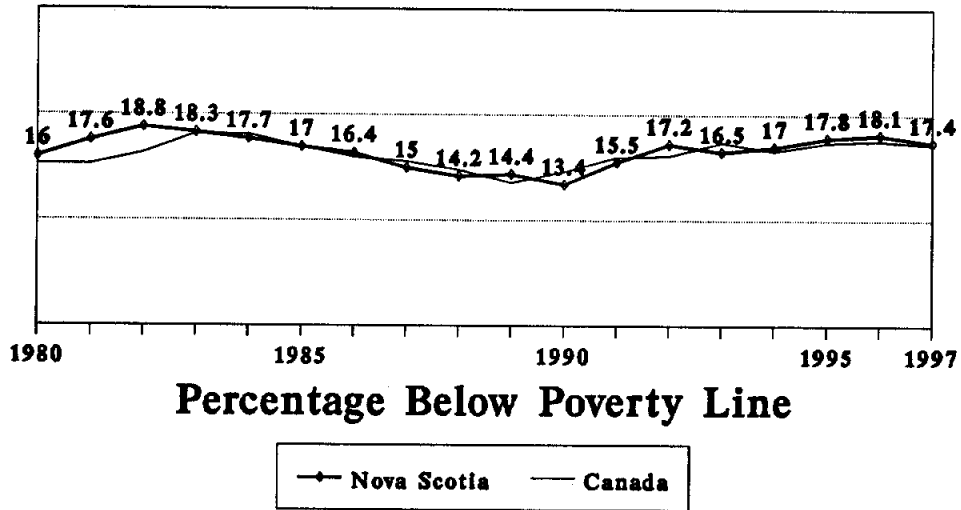
Families and Unattached Individuals



Graph E-2

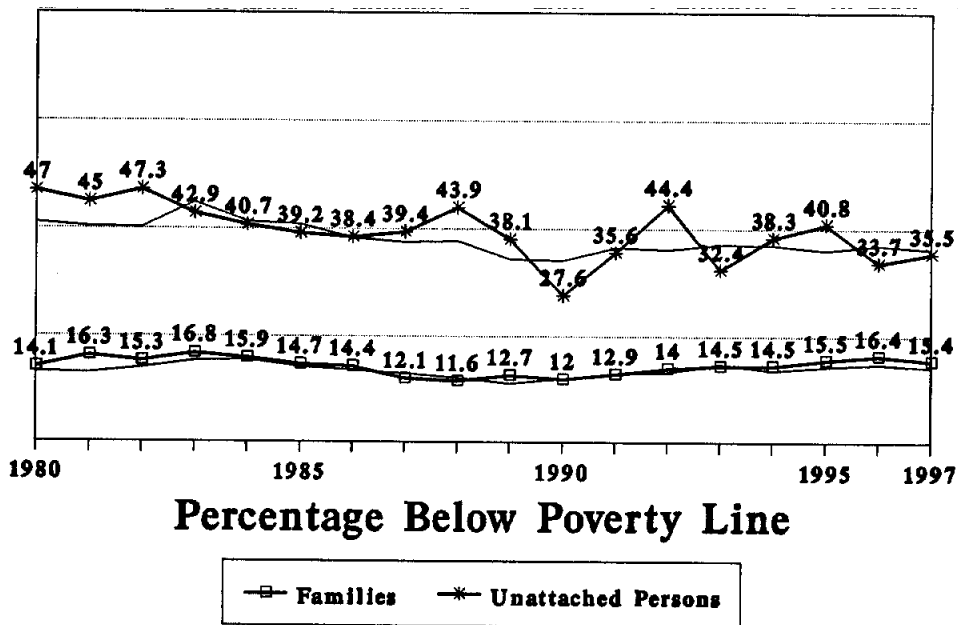
Nova Scotia

Trends for All Persons



Graph F-1

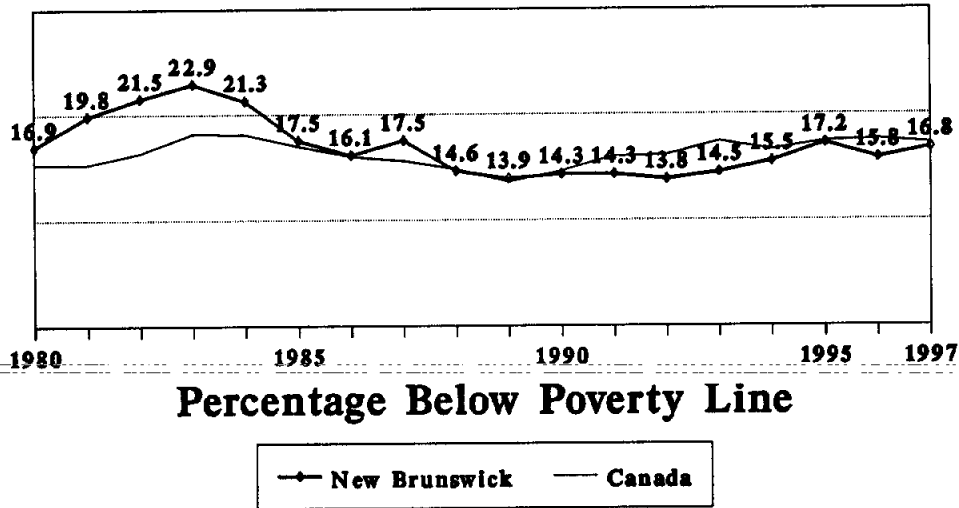
Families and Unattached Individuals



Graph F-2

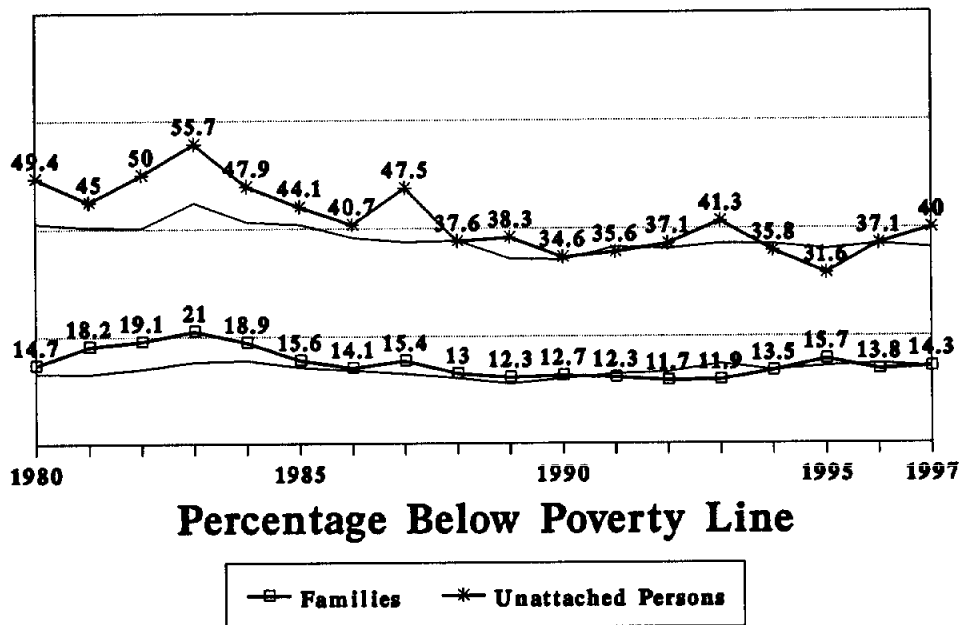
New Brunswick

Trends for All Persons



Graph G-1

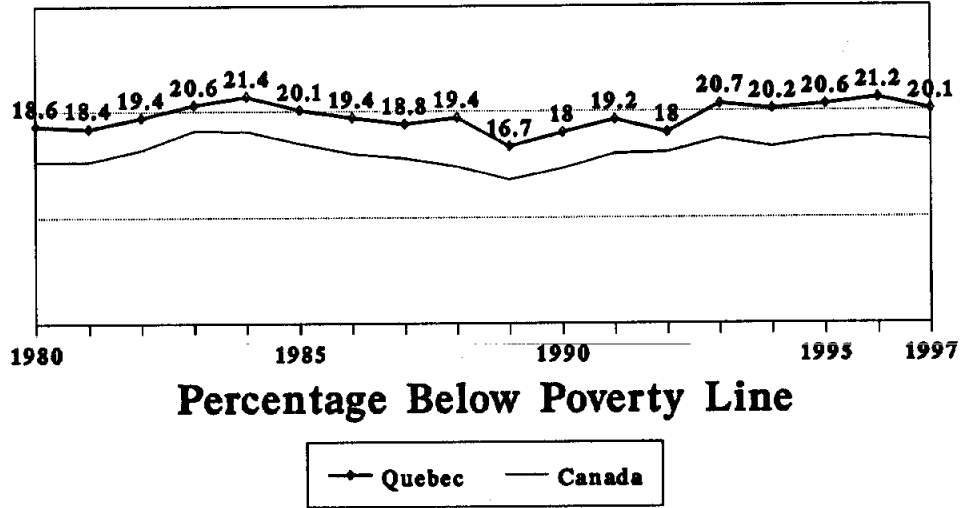
Families and Unattached Individuals



Graph G-2

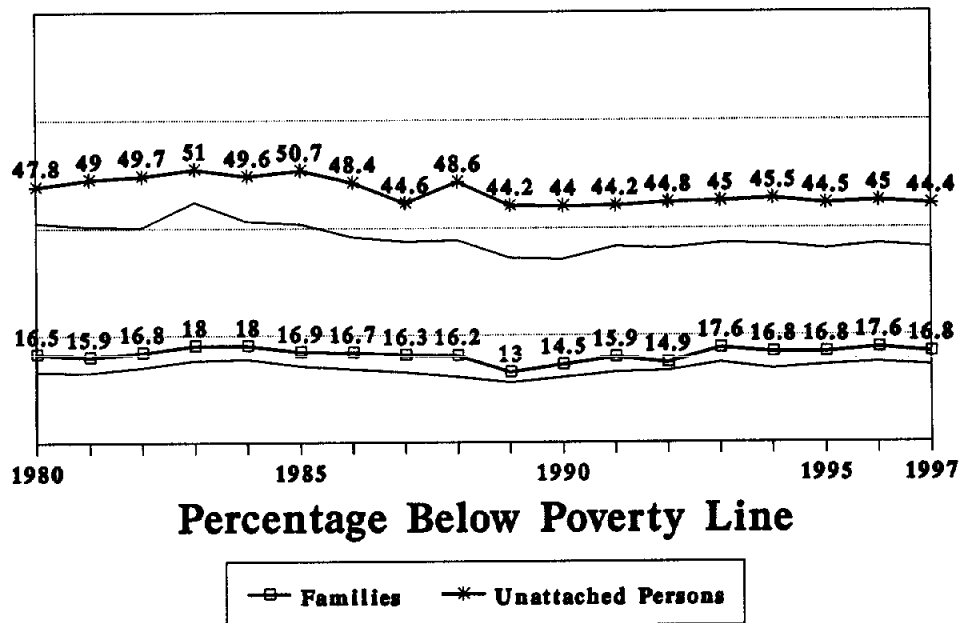
Quebec

Trends for All Persons



Graph H-1

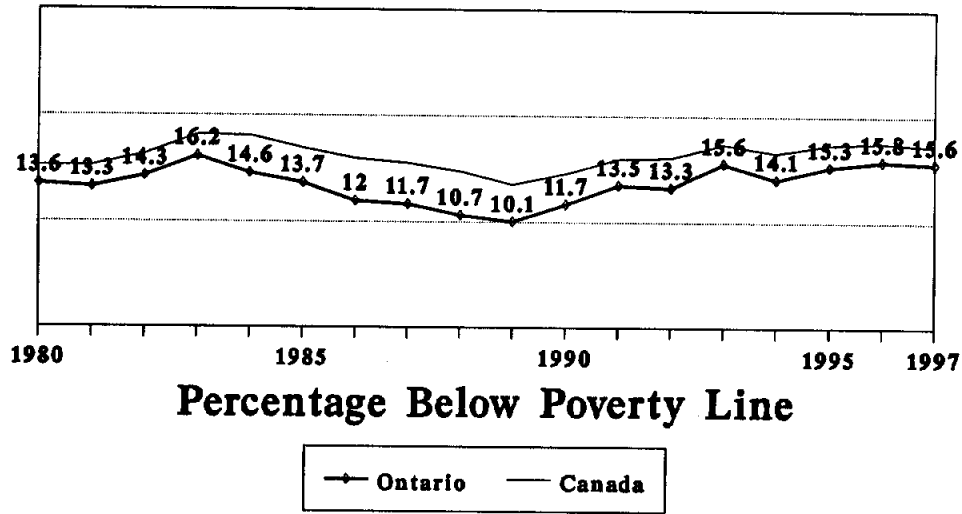
Families and Unattached Individuals



Graph H-2

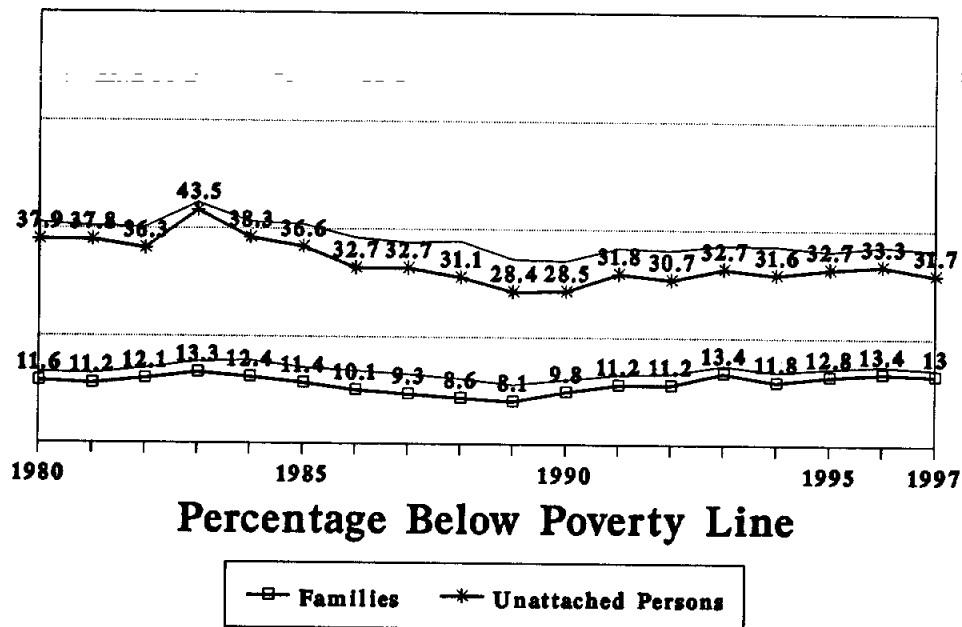
Ontario

Trends for All Persons



Graph I-1

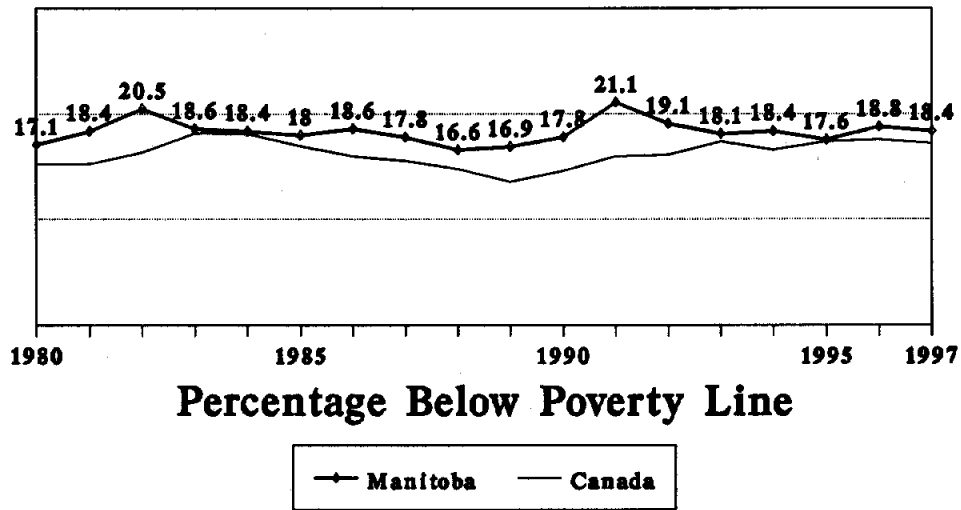
Families and Unattached Individuals



Graph I-2

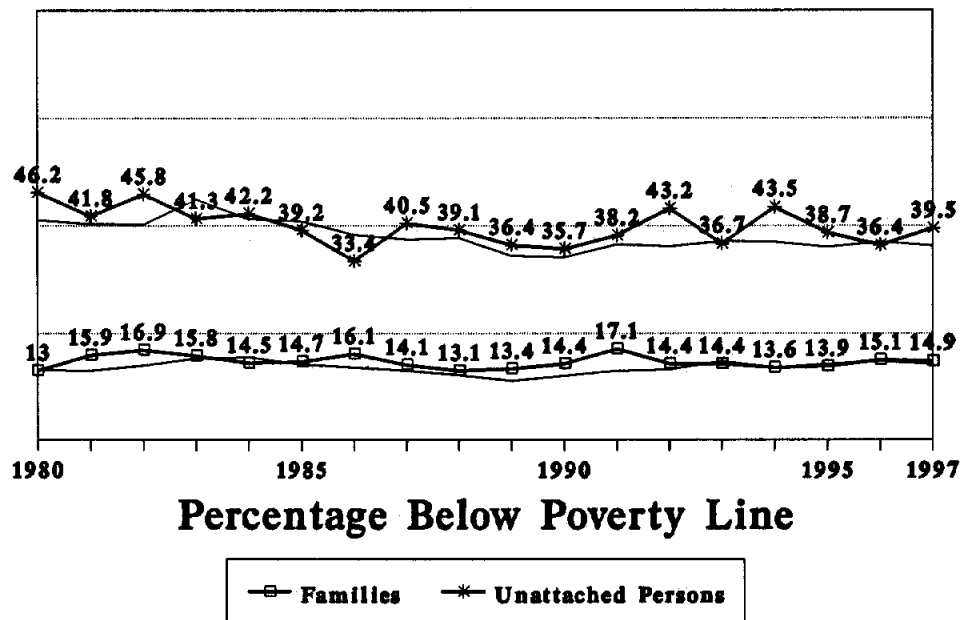
Manitoba

Trends for All Persons



Graph J-1

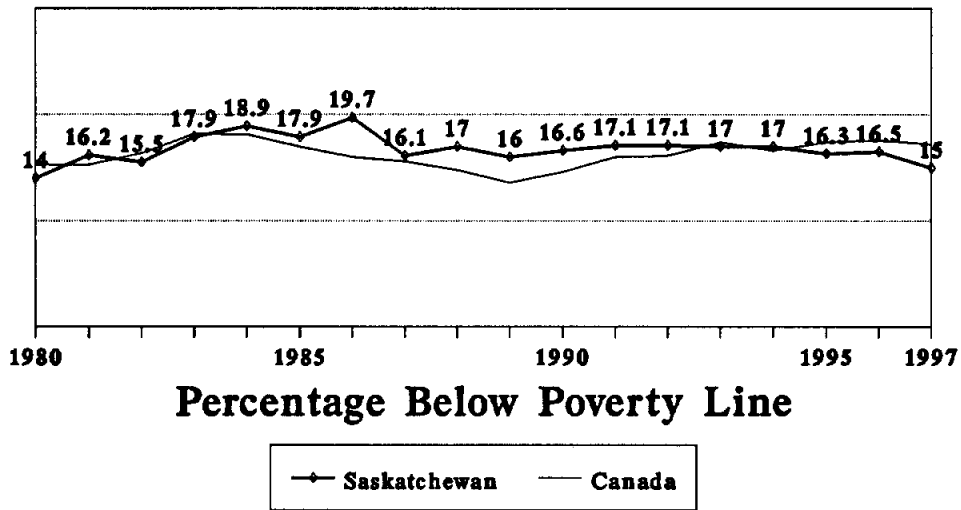
Families and Unattached Individuals



Graph J-2

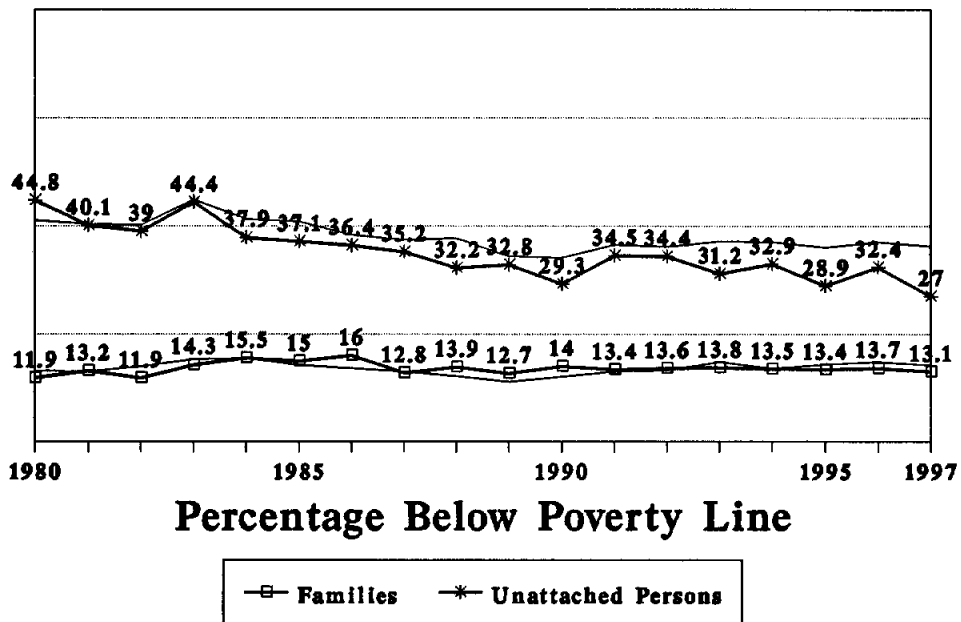
Saskatchewan

Trends for All Persons



Graph K-1

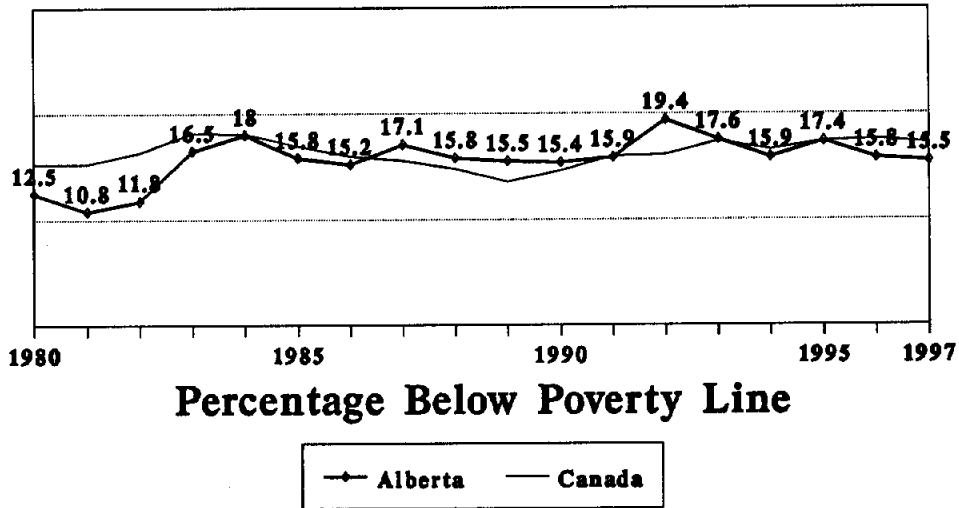
Families and Unattached Individuals



Graph K-2

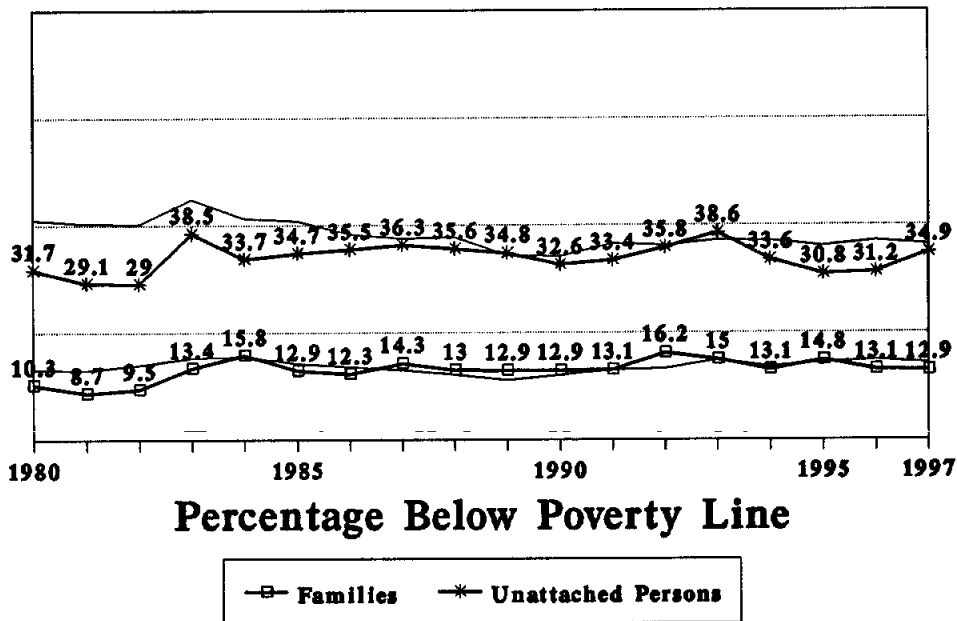
Alberta

Trends for All Persons



Graph L-1

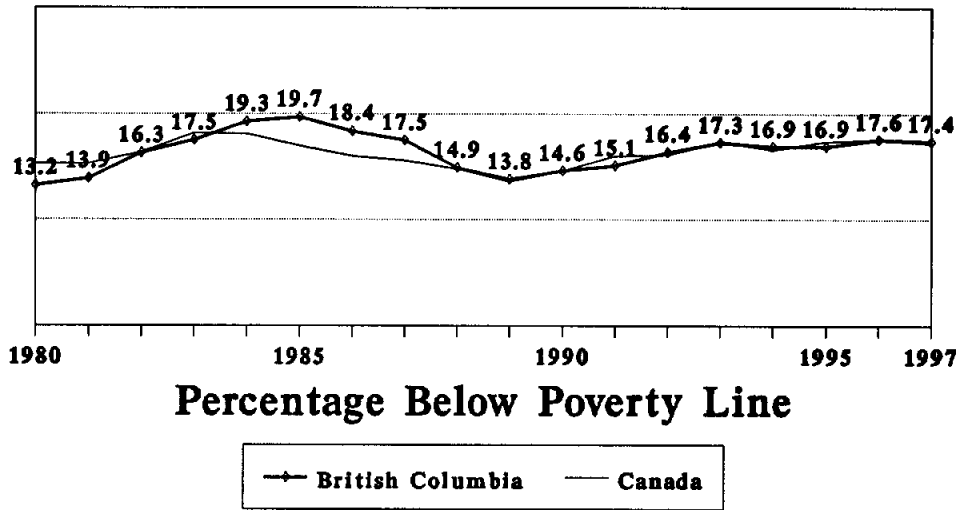
Families and Unattached Individuals



Graph L-2

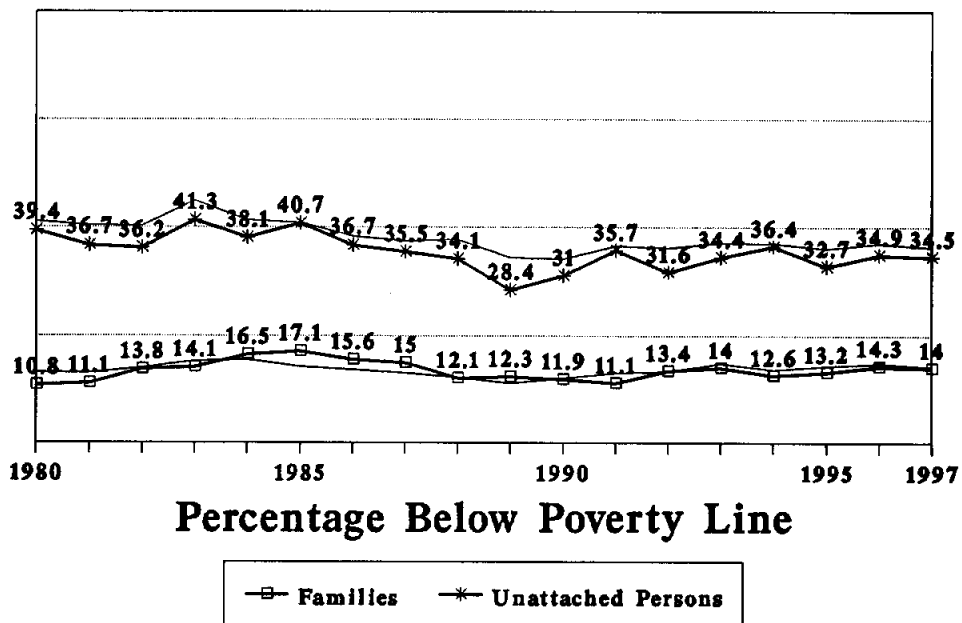
British Columbia

Trends for All Persons



Graph M-1

Families and Unattached Individuals



Graph M-2

IV. SNAPSHOTS OF POVERTY IN 1997

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

Family Type

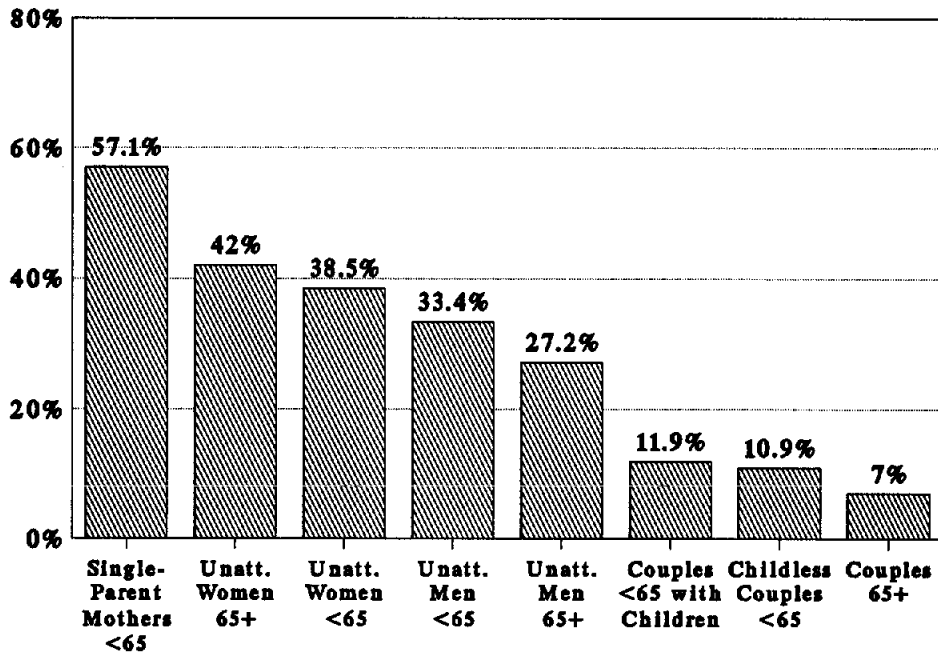
Probably the most important overall determinant of the risk of poverty is family type. As we described earlier, family type refers to the eight subcategories of families and unattached individuals that take account of age and gender as well as family circumstances.

Graph N-1 on the top of the next page arranges the eight family types by poverty rates, with the highest at the left and the lowest at the right. The group with the highest poverty rate in 1997 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 pies in Graph N-2 on the bottom half of the page show the number of poor families or poor 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 families led by single-parent mothers under 65 with children under 18.

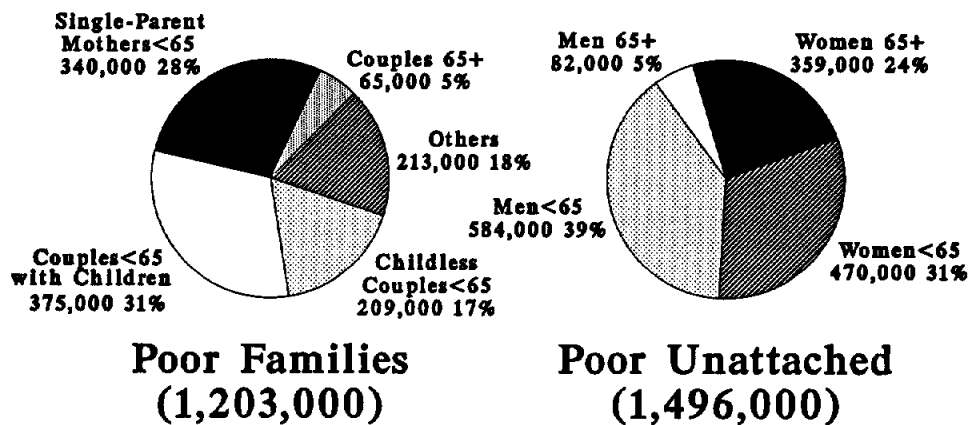
Among poor unattached individuals, the most revealing comparison is between elderly men and women. Poor unattached women 65 and older outnumbered poor unattached men 65 and older by a margin of more than four to one. The numbers of poor unattached men and women under 65 were much closer.

Poverty Rates by Family Type, 1997



Graph N-1

Distribution of Poor Families And Unattached Individuals, 1997

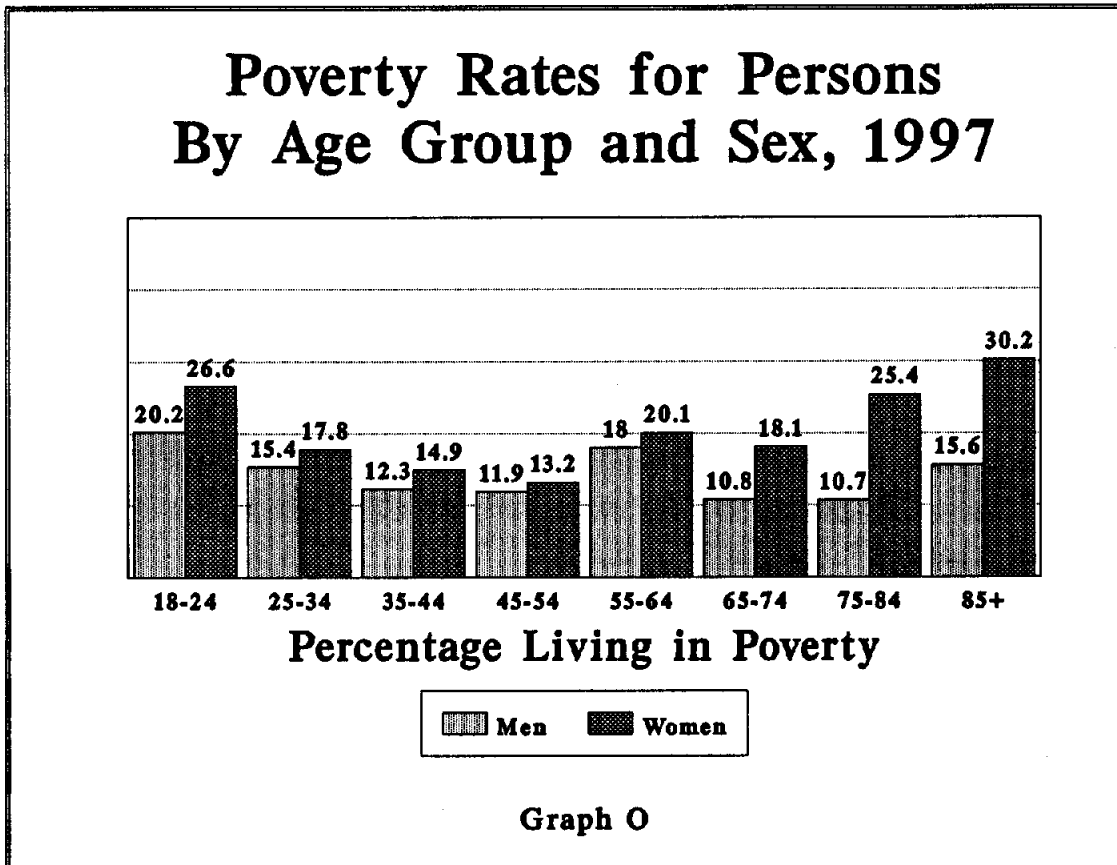


Graph N-2

Differences by Age, Gender and Family Type

Graph O gives the poverty rates for men and women by age, irrespective of their family status. The rates for women were higher in all cases than the rates for men, and the differences between the two 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 men and women 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 two. One reason for higher poverty rates among elderly women is the fact that women live longer than men on average. The older groups contain a large number of women who are unattached, many of them widows, and unattached persons invariably have higher poverty rates than married people.

The combination graph on the next page provides additional information about poverty by age group among people under 65 and highlights some interesting differences between family types. Graphs P-1 and P-2 on the left-hand side of the page feature couples under 65 with children under 18 and single-parent mothers under 65 with children under 18. Graphs P-3 and P-4 on the right-hand side show couples under 65 without children and unattached persons under 65, both men and women.

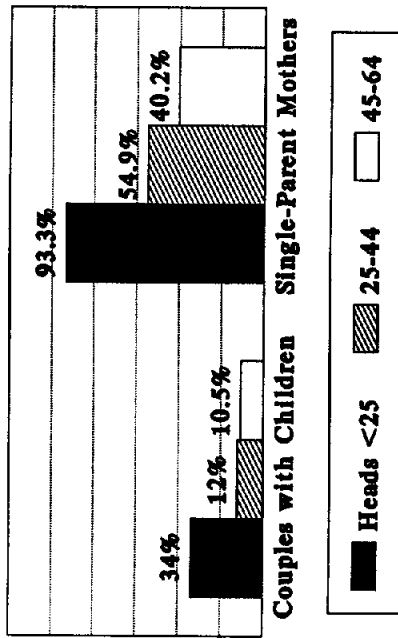
For both of the family types with children, the poverty rates were highest for young family heads and lowest for older family heads. Graph P-1 shows that the poverty rate for couples under 25 was 34 percent in 1997, and the rate for single-parent mothers under 25 was an abominable 93.3 percent. The poverty rates for both family types fell for parents in older age groups.

Graph P-2 shows the distribution of poor couples with children and poor single-parent mothers by their age group. Most women have babies while they are in their 20s or 30s, so it is not surprising to see that the vast majority of poor families with children were headed by parents in the age group 25 through 44.

The patterns were markedly different for couples without children and unattached individuals. Graph P-3 shows that poverty rates were highest for people under 25. They fell sharply for people in the age group 25 through 44. Then, instead of falling further, they started rising once again. The poverty rate for couples 45 through 64 was 12.7 percent, and the rate for unattached persons jumped to 37.5 percent.

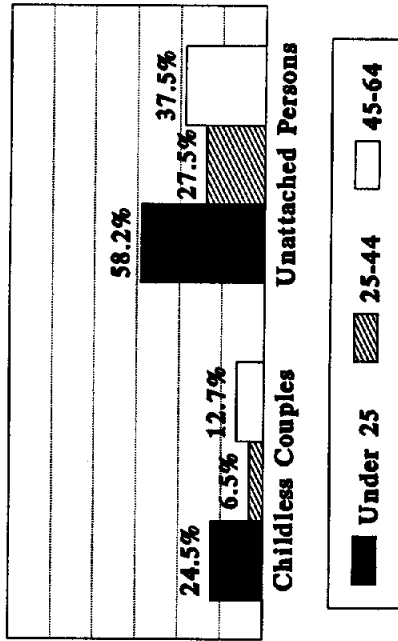
The higher poverty rates for older childless couples and older unattached people are doubly disturbing because of the large number of poor people in the age group 45 through 64. Graph P-4 shows that the 45-64 age group accounted for 67 percent of the poor couples without children under 65 and 33 percent of the poor unattached persons under 65.

Poverty Rates by Family Type For Age Groups Under 65, 1997



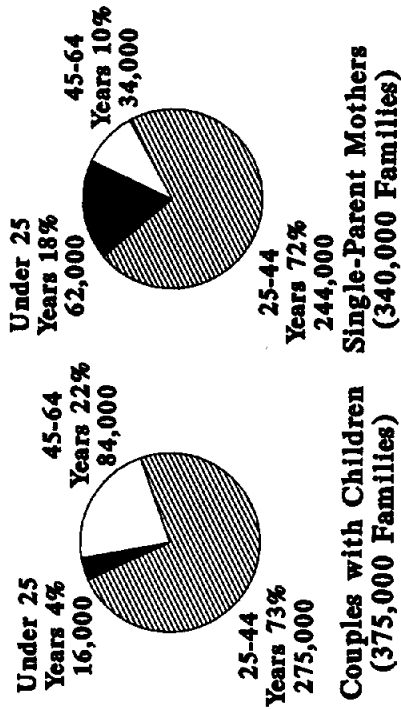
Graph P-1

Poverty Rates by Family Type For Age Groups Under 65, 1997



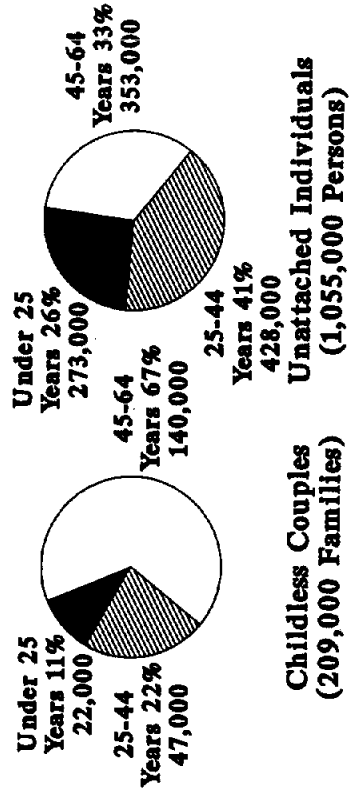
Graph P-3

Distribution of Poor Families By Age Group of Family Head, 1997



Graph P-2

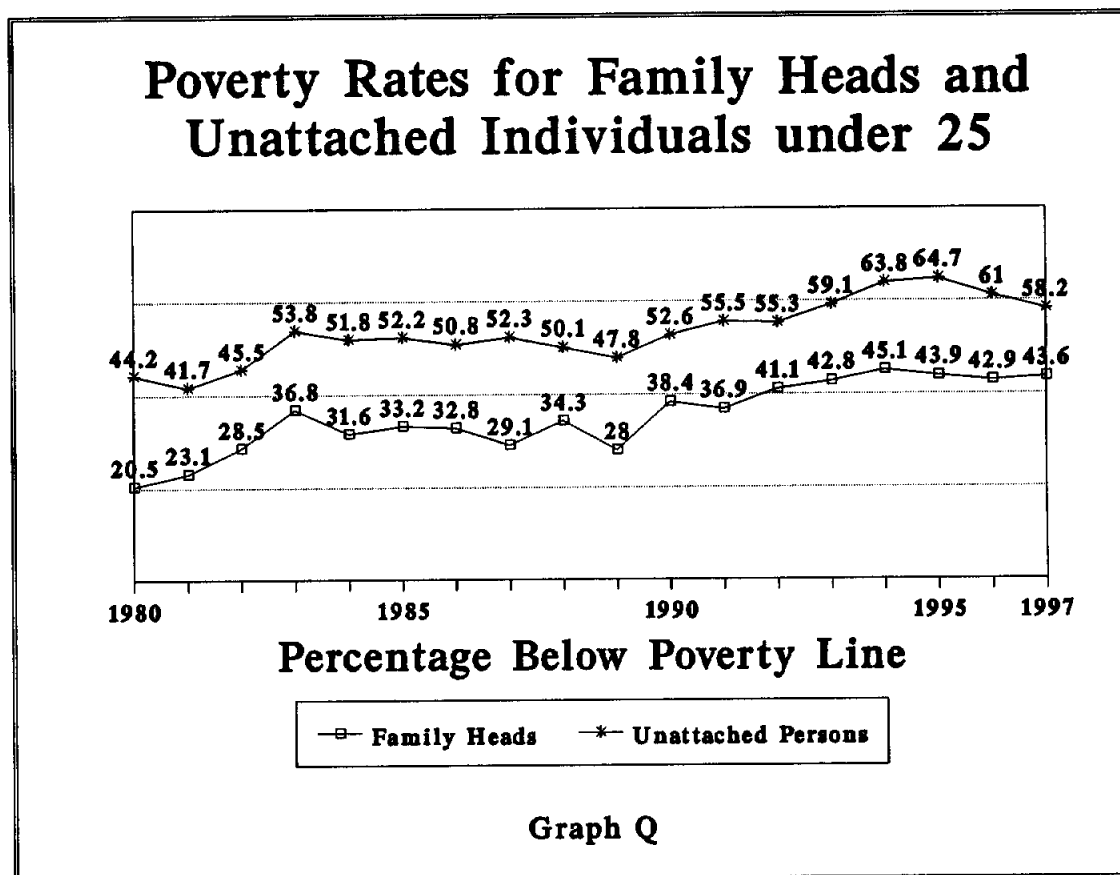
Distribution of Poor Childless Couples & Unattached Persons By Age Group, 1997



Graph P-4

The link between aging and poverty among these two groups probably reflects the difficulties in the labour market facing older workers and increasing problems with health or disabilities. Some of the older unattached persons were no doubt widows or widowers who fell into poverty on the deaths of their spouses.

Poverty among young families and young unattached people is also a concern, and the problem has been much worse in the 1990s. Graph Q shows the poverty rates for families headed by people under 25 and unattached individuals under 25 from 1980 through 1997. Poverty rates for the unattached rose following the recession of 1981-1982 and remained at very high levels for most of the rest of the decade. After a slight dip in 1989, rates began rising again and hit 64.7 percent in 1995 before falling in 1996 and 1997. The picture was a bit less gloomy for young families, but the poverty rates are up sharply since 1989. The rate for 1997 was 43.6 percent.



Work Activity

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

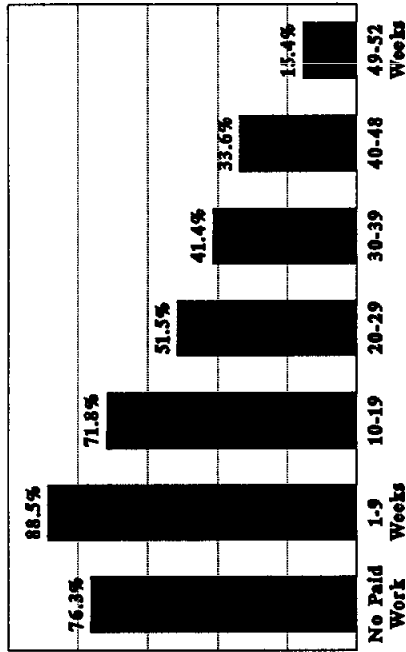
Graph R-1 in the upper left portion of the page shows how the poverty rates for unattached individuals under 65 declined as their weeks of work increased. The poverty rates for unattached persons with only a few weeks of work in 1997 were extremely high. Meanwhile, the poverty rate for those who worked for 49 to 52 weeks was 15.4 percent.

The same general pattern holds true for families with heads under 65 as shown in Graph R-3 in the upper right portion of the page. 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 103 or more weeks of work in 1997 was a mere 2.7 percent.

Graphs R-2 and R-4 on the bottom half of the page show the distribution of poor unattached persons under 65 and poor families with heads under 65. Not surprisingly, the largest slices of the two pies represent poor people who did not work at all for wages in 1997.

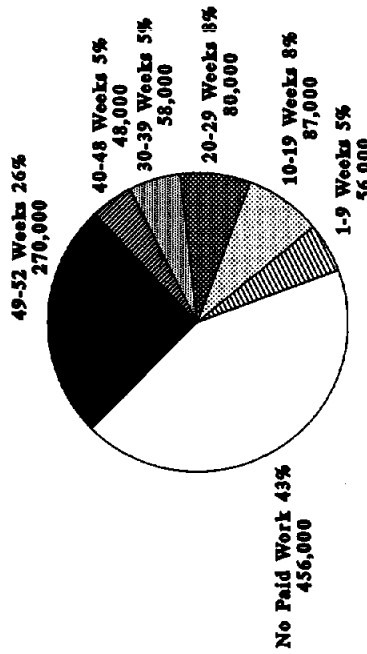
On the other hand, the pies also show that even 52 weeks of work a year does not always insulate a person from poverty. Some 270,000 unattached persons - or 26 percent of all poor unattached persons under 65 - were poor in 1997 even though they worked between 49 and 52 weeks. Some 75,000 families - or seven percent of all poor families with heads under 65 - were poor even when husbands and wives together worked for 103 or more weeks during the year.

Poverty Rates By Weeks of Work, Unattached Persons Under 65, 1997



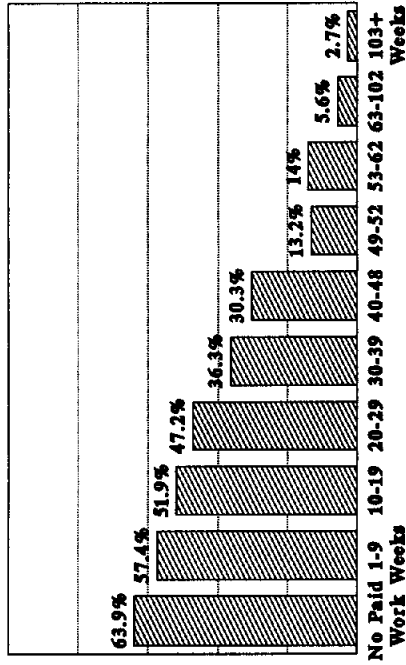
Graph R-1

Distribution of Poor Unattached Persons Under 65 By Weeks of Work, 1997



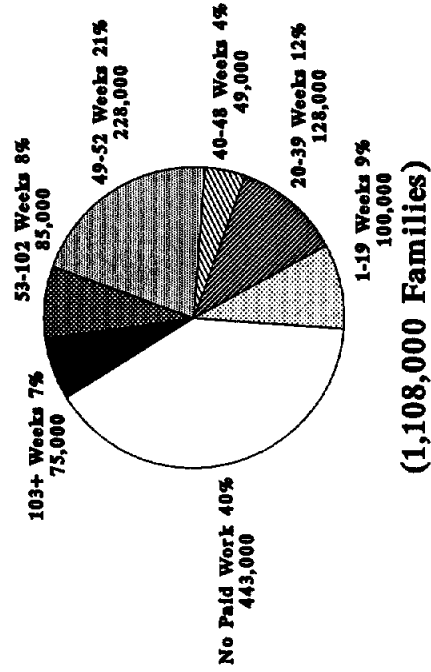
Graph R-2

Poverty Rates By Weeks of Work, Families Under 65, 1997



Graph R-3

Distribution of Poor Families Under 65 By Weeks of Work, 1997



Graph R-4

(1,055,000 Unattached Persons)

(1,108,000 Families)

Poverty rates for both families and unattached individuals also vary with the type of work done. Table 9 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 low poverty rates, and workers in service industries had the highest rates.

TABLE 9		
<u>POVERTY RATES BY OCCUPATION, 1997</u>		
Occupational Group	Family Heads	Unattached Individuals
Managerial	3.5%	10.6%
Processing and Machining	6.1%	10.5%
Professional	8.0%	17.1%
Transport	8.5%	20.1%
Construction	8.9%	27.8%
Product Fabrication	9.5%	18.5%
Farming, Fishing, Forestry	10.8%	33.5%
Sales	11.2%	28.5%
Clerical	14.5%	24.6%
Services	19.4%	41.6%

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.

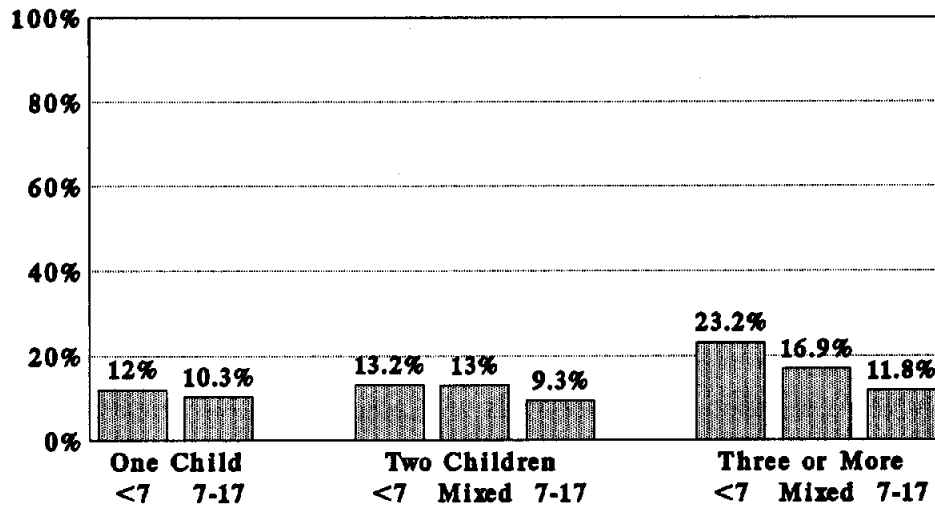
Graph S-1 at the top of the next page shows the poverty rates for two-parent families, and Graph S-2 at the bottom shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two graphs suggest that poverty rates increase with the number of children but decrease once the youngest child reaches school age.

In Graph S-2, for example, the poverty rate for families led by single-parent mothers with two children under age seven was 80.2 percent in 1997. The rate for families with two children of mixed age groups - one under seven and one seven through 17 - was 65.8 percent. The rate for families with two children both seven or older was 48.2 percent.

It would be logical to expect that the risk of poverty is higher for families of all types with very young children, because the job of caring for infants and toddlers sometimes keeps mothers out of the labour force. The absence of high-quality, affordable child care is a major problem for parents with young children, especially single parents. Mothers are more inclined to take jobs outside the home once their youngest children are off to school.

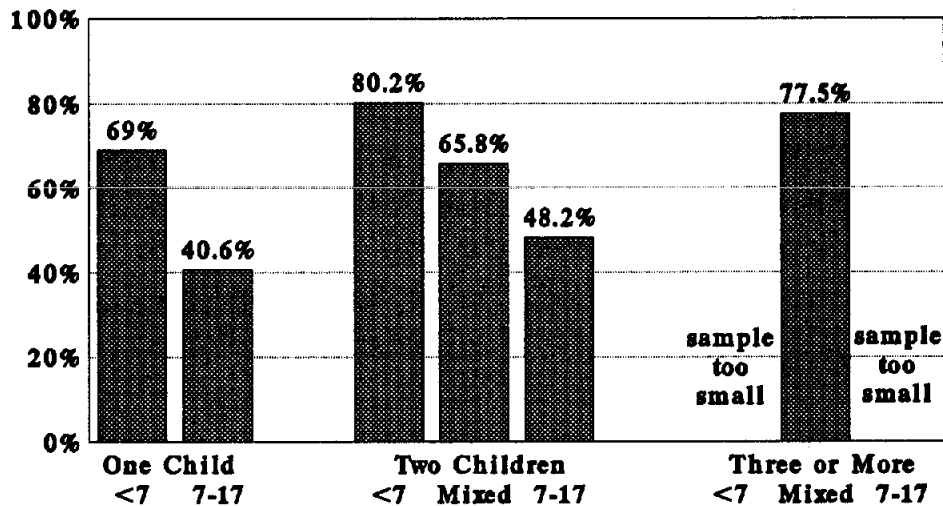
As an aside, it is interesting to note that families led by single-parent mothers had fewer children on average than two-parent families. In 1997, poor single-parent mothers under 65 had an average of 1.68 children under 18, and single-parent mothers who were not poor had an average of 1.46 children. Among couples under 65 with children, poor couples had 1.96 children under 18 on average and non-poor couples had 1.82 children.

Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1997



Graph S-1

Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1997



Graph S-2

Education

The risk of poverty normally decreases as people get more schooling. Graph T-1 at the top of the next page shows that the poverty rates for unattached persons in 1997 fell more or less steadily from 52 percent for people who never went to high school at all to 23.4 percent for people with university degrees. The poverty rates were somewhat flatter for heads of families, but the lowest rate was 7.7 percent for heads of families with university degrees.

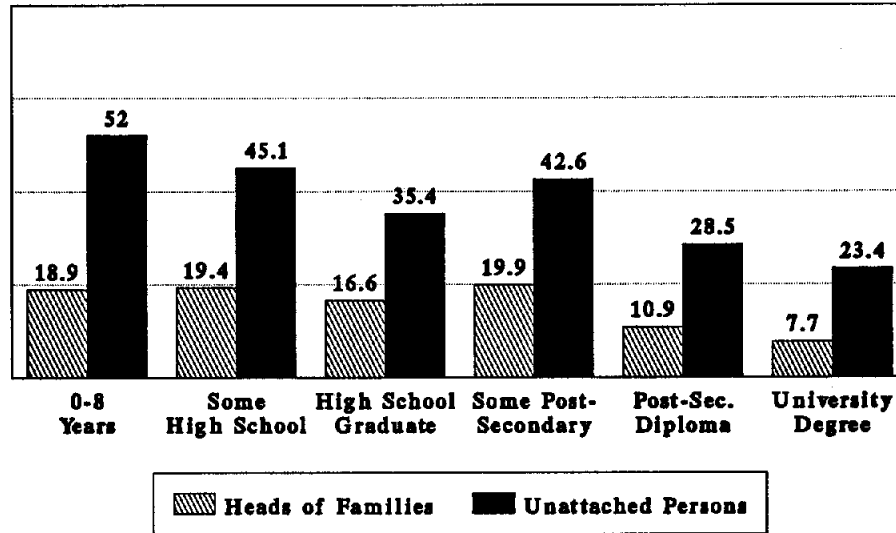
Graph T-2 at the bottom of the page shows the poverty rates by family type, with the highest rates at the left of the graph. The darkly shaded bars are poverty rates for family heads or unattached individuals who did not graduate from high school. The lighter bars are poverty rates for family heads or unattached individuals with a high school diploma or more.

The patterns are similar to the patterns for family type alone shown at the beginning of this chapter. The poverty rate for families led by single-parent mothers with less than a high school education was 82.9 percent - by far the highest rate among all those who did not graduate from high school. Single-parent mothers who did graduate had a poverty rate of 48.7 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.

The poverty rates for couples 65 and older were virtually the same for family heads with or without a high school education.

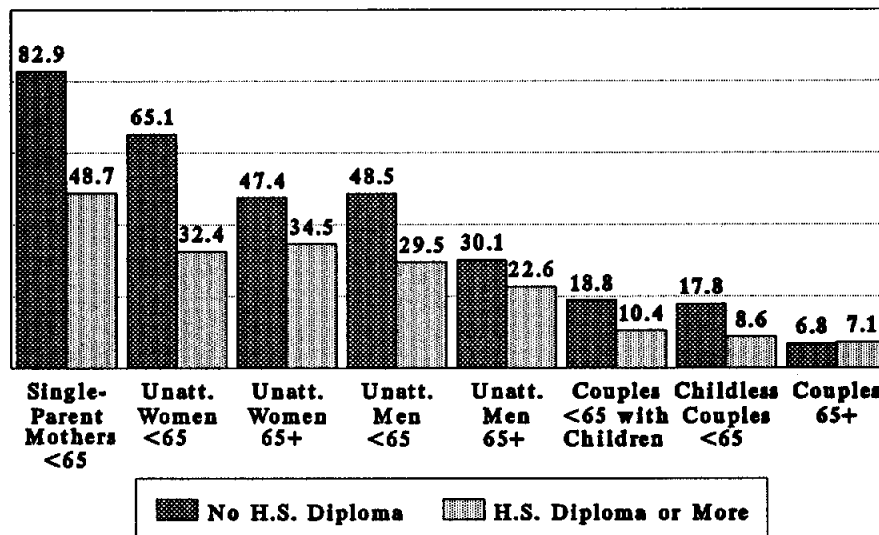
Poor education can be either a cause of poverty or an effect. Young people who drop out of school may be poor because they lack the skills needed to get good jobs. On the other hand, young women who drop out of school if they get pregnant may be poor because of the hardships associated with single parenthood. 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, 1997



Graph T-1

Poverty Rates by Family Type And Level of Education, 1997



Graph T-2

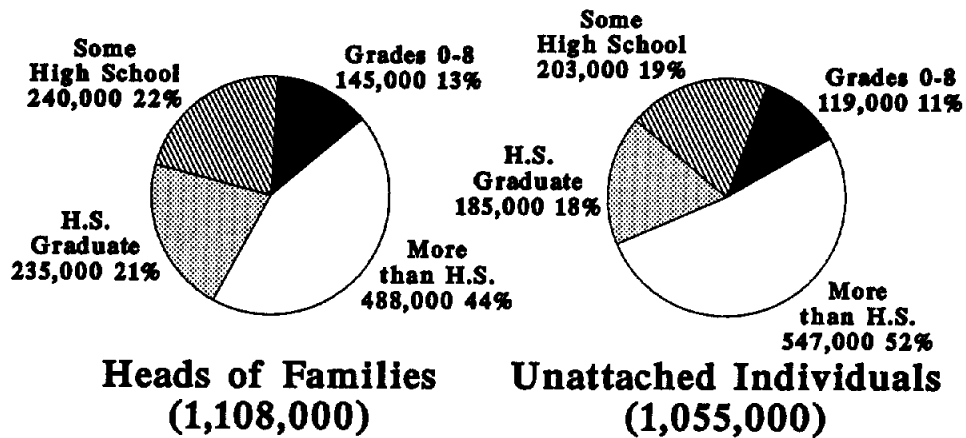
Education has become much more important as a requirement for many jobs in the latter half of the 20th century, so it is not surprising to find a marked difference in the poverty statistics by level of education when they are broken down into people under 65 and people 65 and older.

The graphs on the next page show the distribution of poor families and unattached people by level of education in 1997. The black slices of each pie represent heads of families and unattached persons who never went to high school at all. The white slices represent people who continued their formal education beyond high school.

Graph U-1 shows that relatively few poor family heads and unattached persons under 65 had less than a high school education. Most of the poor people under 65 had high school or more. In fact, 44 percent of all poor family heads under 65 and 52 percent of the poor unattached under 65 had actually gone beyond high school. This suggests that poverty may be more a result of a lack of job opportunities than a lack of education.

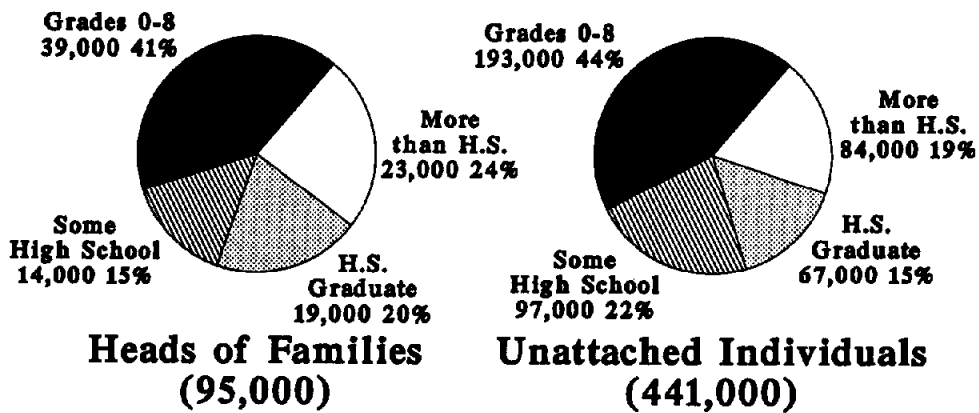
The picture is entirely different in Graph U-2. A huge proportion of the poor family heads 65 and older and unattached individuals 65 and older never got as far as high school, and relatively few continued beyond high school. These patterns will likely change as the baby boomers born after 1945 start to join the ranks of seniors in the 21st century.

Distribution of Poor Under 65 By Level of Education, 1997



Graph U-1

Distribution of Poor 65 and Older By Level of Education, 1997

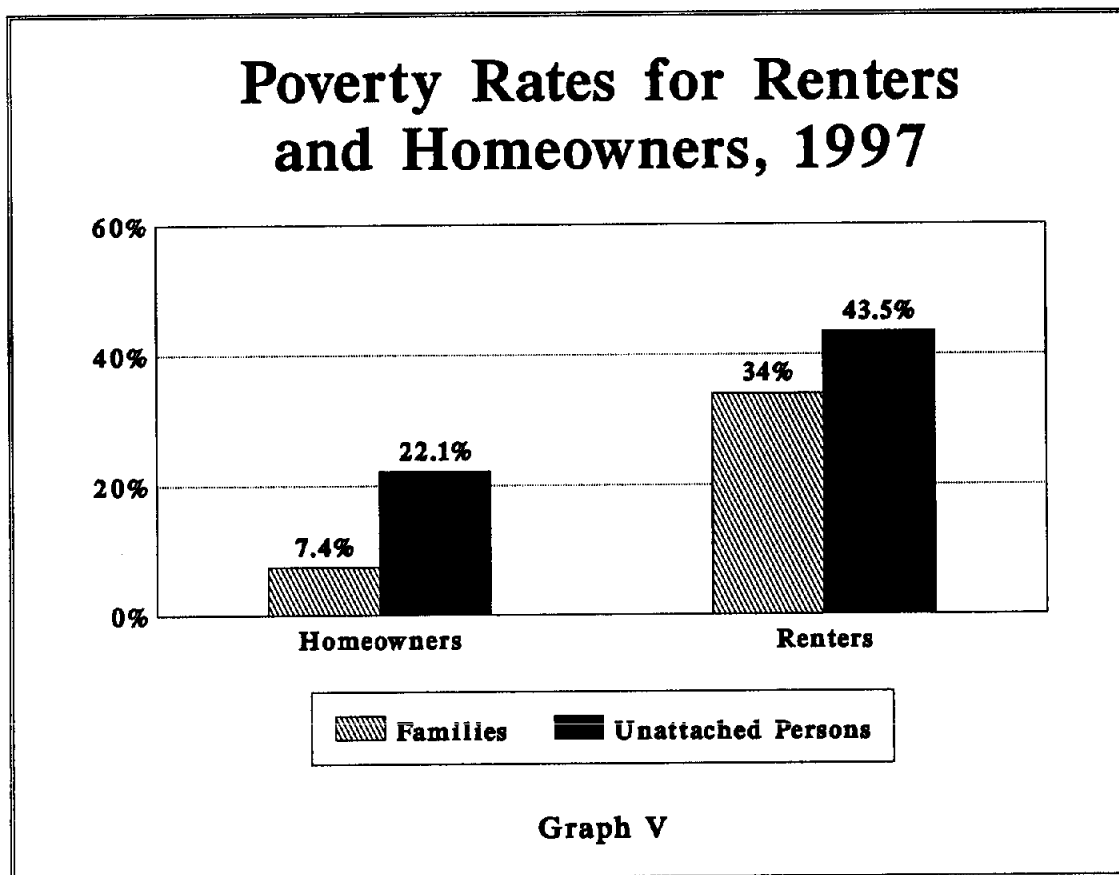


Graph U-2

Homeowners and Renters

Poverty rates are relatively low among homeowners and relatively high among renters. As Graph V shows, the poverty rate in 1997 for families living in their own homes was 7.4 percent, while the rate for families which rented their homes was 34 percent. Among unattached individuals, the poverty rates were 22.1 percent for homeowners and 43.5 percent for renters.

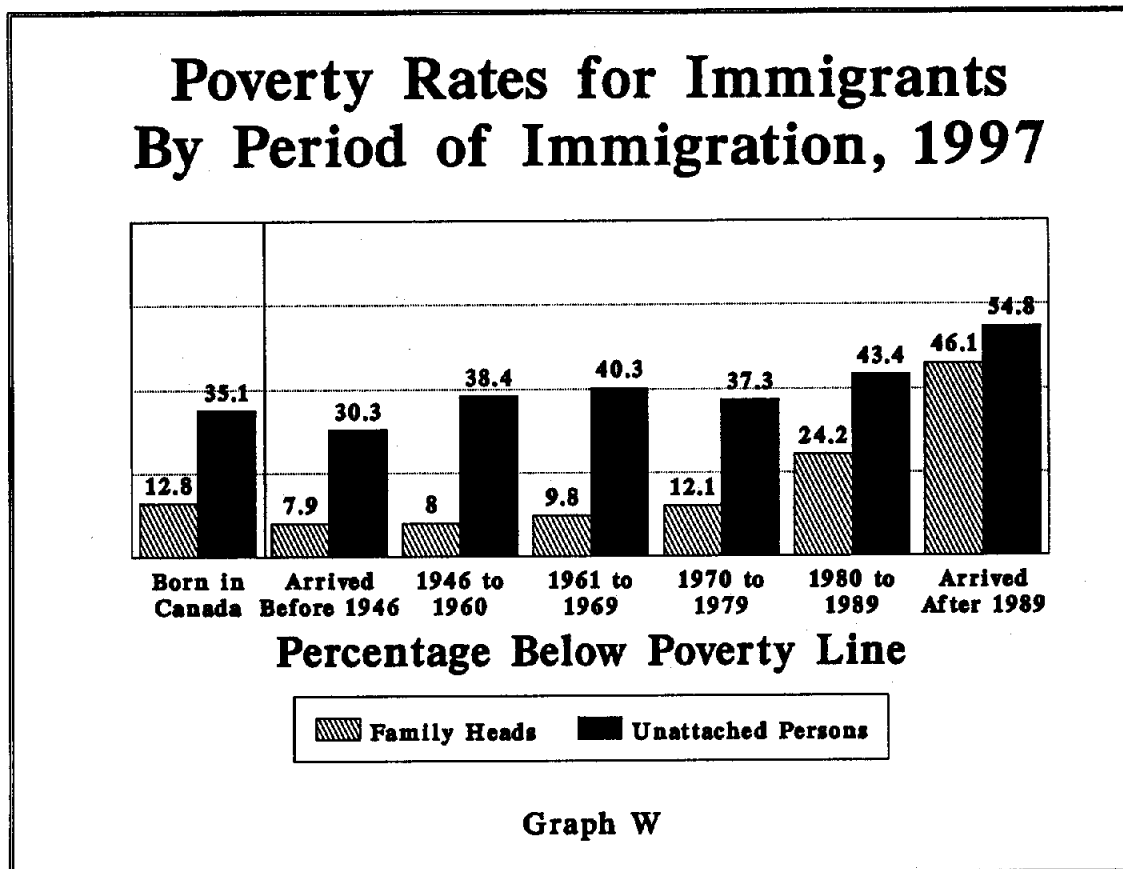
The vast majority of poor people in Canada are renters rather than homeowners. Renters accounted for 62 percent of all poor families in 1997 and nearly 80 percent of all poor unattached people. In the population as a whole, 26 percent of families and 66 percent of unattached individuals were renters.



Year of Immigration

Poverty rates are normally lower for unattached individuals and families headed by people born in Canada than for comparable groups of immigrants. In 1997, the poverty rate for all unattached individuals born in Canada was 35.1 percent, and the rate for all unattached individuals who immigrated to Canada was 42.5 percent. The poverty rate for heads of families born in Canada was 12.8 percent, and the rate for heads of families born elsewhere was 20.3 percent.

Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1980 and relatively high for heads of families who immigrated in recent years. Among unattached individuals, poverty rates were lowest among people who immigrated before 1946 and highest among those who arrived after 1989.



Area of Residence

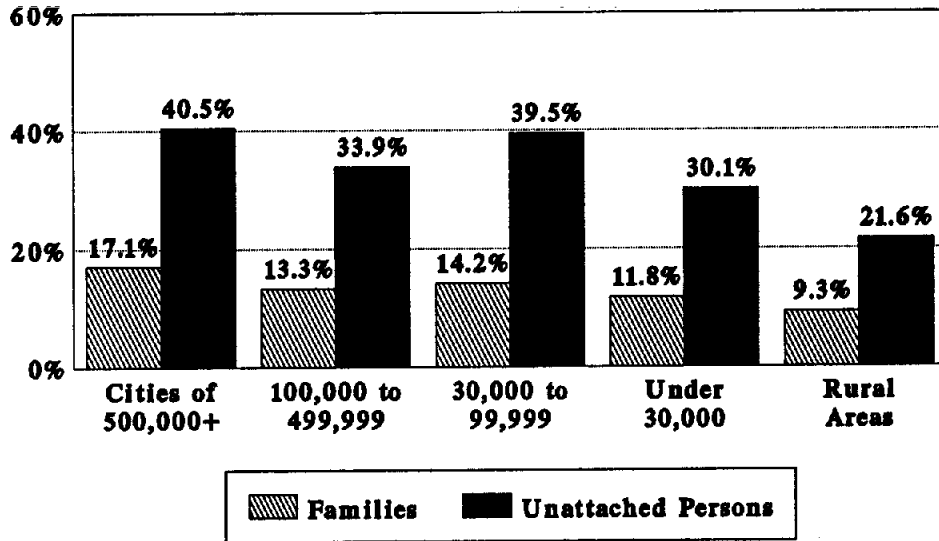
Graphs X-1 and X-2 on the next page show poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size.

Graph X-1 shows that poverty rates are higher in large cities than in small towns and rural areas. This is partly due to the fact that the low income cut-offs are higher in urban areas than rural areas. For example, a single person with an annual income of \$14,500 in 1997 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.

Graph X-2 shows the distribution of poor families and unattached individuals by community size. In 1997, 681,000 poor families or 57 percent of all poor families and 891,000 unattached individuals or 60 percent of all poor unattached people lived in cities of half a million people or more.

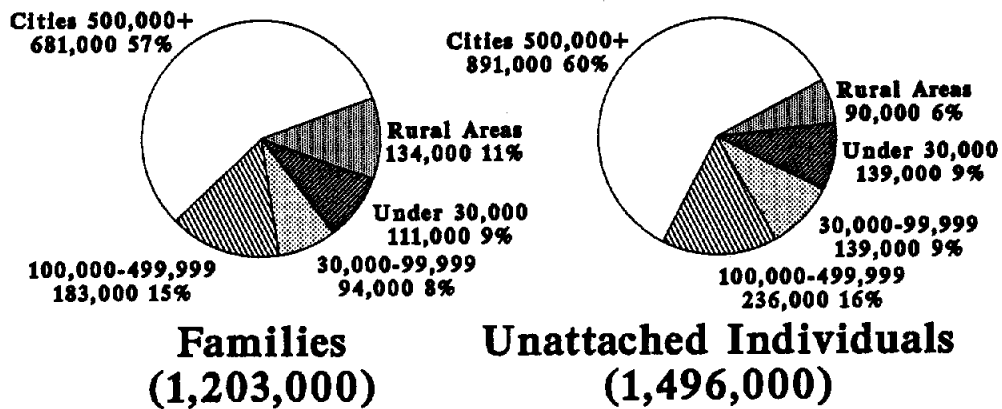
The percentage of poor people living in the biggest cities is disproportionately high, because only 47 percent of all families and 53 percent of all unattached individuals lived in cities of half a million or more in 1997.

Poverty Rates By Size of Area of Residence, 1997



Graph X-1

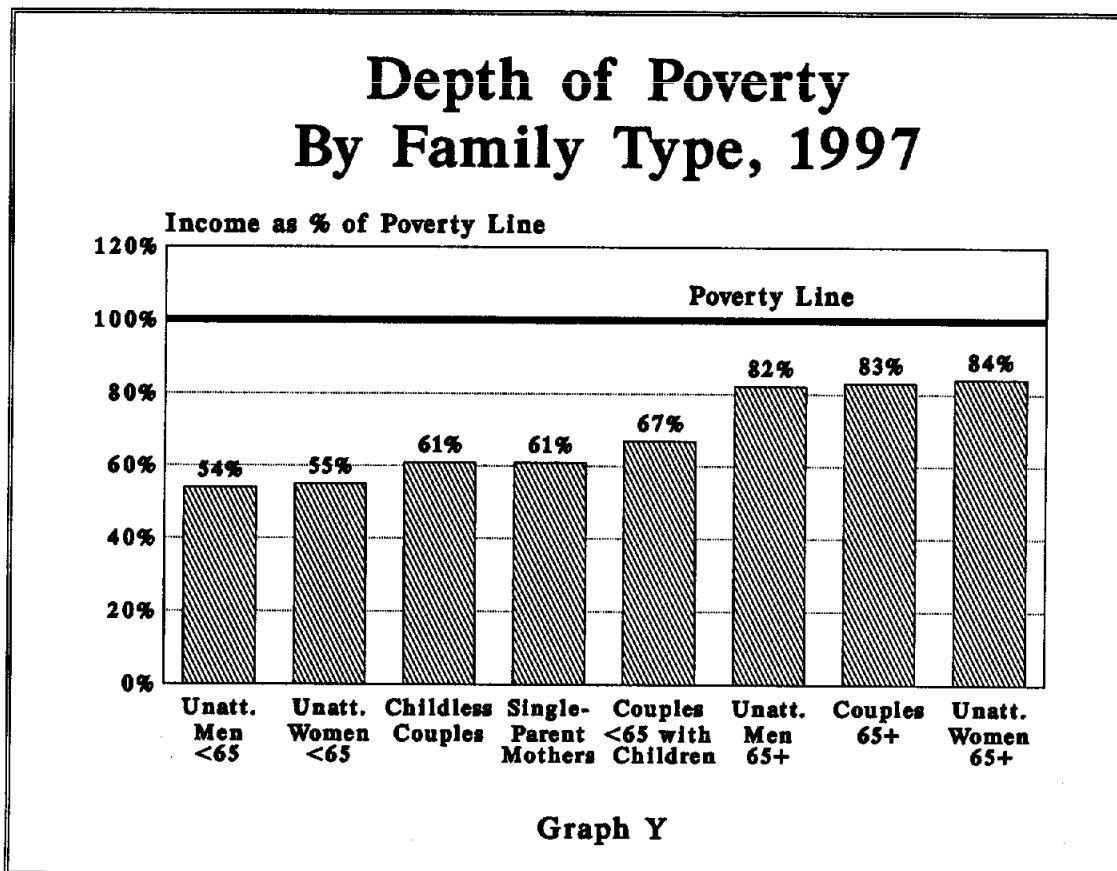
Distribution of Poor Families And Unattached Individuals, 1997



Graph X-2

V. DEPTH OF POVERTY AND THE POVERTY GAP

It is one thing to measure the risk of poverty and another to measure its severity. Poverty rates show the percentage of the population which is poor each year, but they do not show whether poor people are living in abject poverty or a few dollars below the poverty line. For that, we need measures of the "depth of poverty." Depth of poverty statistics also allow us to calculate the "poverty gap" to show how much additional income would be needed to bring all Canadians out of poverty.



Graph Y shows the average incomes of poor Canadians as a percentage of the poverty line for the eight family types which were highlighted in previous chapters. The groups are arranged with the poorest at the left of the graph and the least poor at the right. Unattached men

under 65 were the poorest of the eight family types in 1997, with total incomes that were only 54 percent of the poverty line on average. Poor unattached women 65 and older were at the other end, with average incomes of 84 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 10 shows the average depth of poverty by family type for 1980, 1996 and 1997, with all the figures in 1997 constant dollars to factor out the effects of inflation over the years.

TABLE 10			
AVERAGE DEPTH OF POVERTY BY FAMILY TYPE IN CONSTANT 1997 DOLLARS			
Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1996	Dollars Below Poverty Line in 1997
Single-Parent Mothers under 65 with Children under 18	\$10,452	\$9,758	\$9,337
Couples under 65 with Children under 18	\$8,612	\$9,008	\$9,822
Unattached Women under 65	\$7,593	\$6,470	\$6,823
Unattached Men under 65	\$7,279	\$6,876	\$6,854
Childless Couples under 65	\$6,965	\$6,686	\$7,295
Unattached Men 65 and Older	\$4,272	\$2,757	\$2,452
Unattached Women 65 and Older	\$4,112	\$2,903	\$2,436
Couples 65 and Older	\$3,499	\$2,592	\$3,523

Single-parent mothers under 65 with children under 18 had the largest depth of poverty in 1980 in terms of dollars below the poverty line. Their situation improved marginally in 1997,

but they remained \$9,337 on average below the poverty line. Poor couples under 65 with children under 18 were at \$8,612 below the poverty in 1980, \$9,008 below in 1996 and \$9,822 below in 1997. The 1997 figure was the worst in 18 years.

Unattached women and men under 65 came next. They were worst off when depth of poverty was expressed as a percentage of the poverty line, but had a different ranking when the measure was dollars below the poverty line. The explanation for this apparent inconsistency is that the poverty lines are higher for families than they are for unattached people. A family of four living in a large city at half the 1997 poverty line of \$32,377 would have been \$16,189 below the line, while a single person at half the poverty line of \$16,320 would have been \$8,160 below the line.

Poor couples under 65 without children were \$7,295 below the poverty line on average in 1997, another 18-year high.

Poor unattached women and men 65 and older have seen their depth of poverty decrease over the 18-year period. The pattern has been more erratic for poor senior couples, perhaps because of statistical variations due to the relatively small size of the group. Between 1996 and 1997, for example, the depth of poverty for senior couples jumped from \$2,592 to \$3,523.

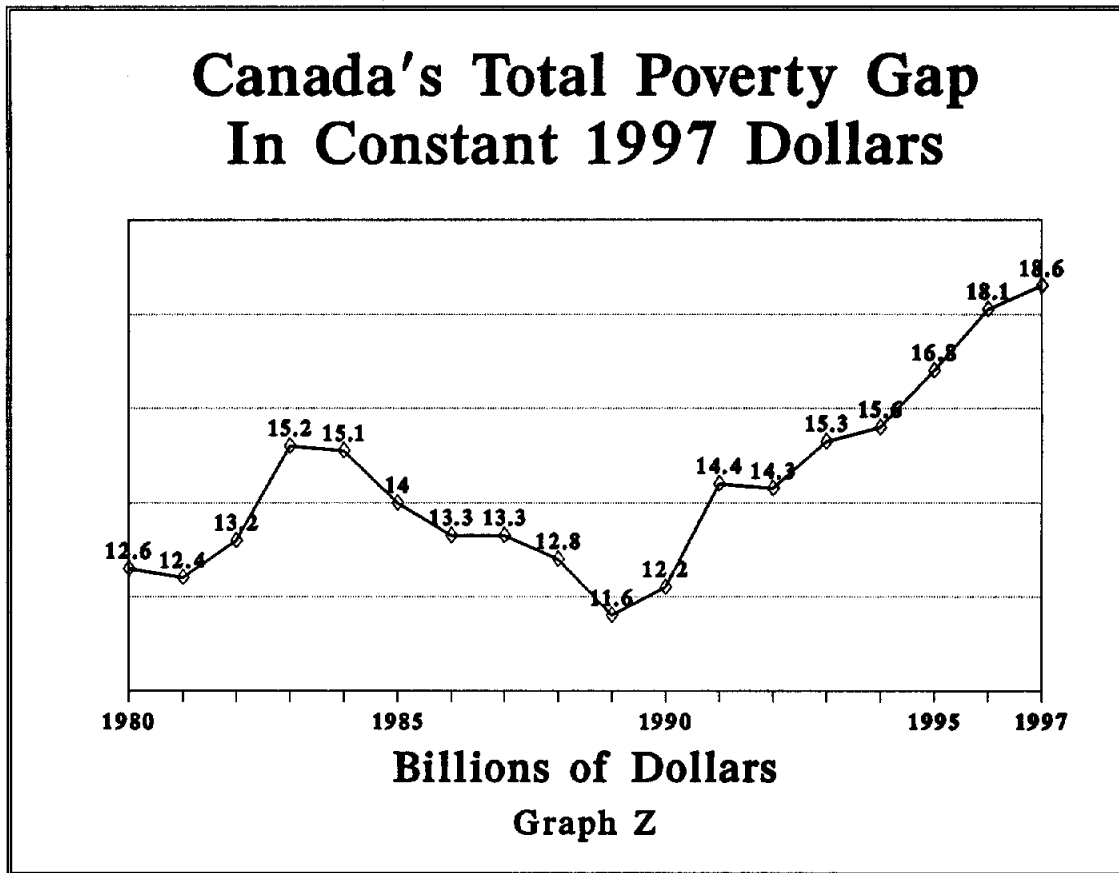
Using the average depth of poverty in dollars for different family types and the number of families or unattached individuals in each group, it is possible to calculate Canada's total poverty gap, or the amount of additional income that would be required to bring all Canadians above the poverty line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

The poverty gap in 1997 was \$18.6 billion, as shown in Table 11 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 11
TOTAL POVERTY GAP BY FAMILY TYPE, 1997

	Poverty Gap	% of Total Gap
Unattached Men under 65	\$4,006,000,000	21.6%
Couples under 65 with Children under 18	\$3,684,000,000	19.8%
Unattached Women under 65	\$3,207,000,000	17.3%
Single-Parent Mothers under 65 with Children under 18	\$3,178,000,000	17.1%
Couples under 65 without Children	\$1,522,000,000	8.2%
Unattached Women 65 and Older	\$875,000,000	4.7%
Couples 65 and Older	\$230,000,000	1.2%
Unattached Men 65 and Older	\$201,000,000	1.1%
Others	\$1,671,000,000	9.0%
Total Poverty Gap	\$18,574,000,000	100%

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 1997 dollars to show the trends with the effects of inflation removed. The gap was \$12.6 billion in 1980, it rose to \$15.2 billion in 1983 in the wake of the recession, and it fell for most of the rest of the decade. With the start of another recession in 1990, the gap rose once again and continued rising through 1997.

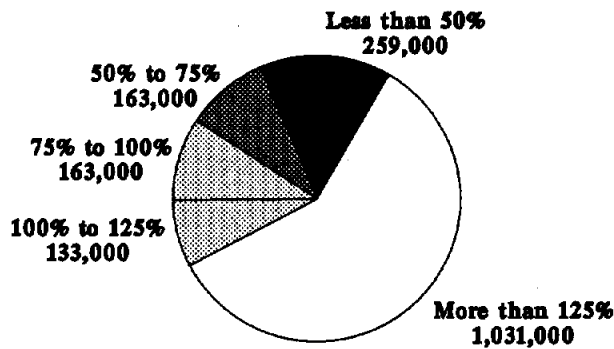


A third way of looking at depth of poverty is to group families and unattached individuals into income categories based on percentages of the poverty lines, as in the combination graphs on the pages that follow.

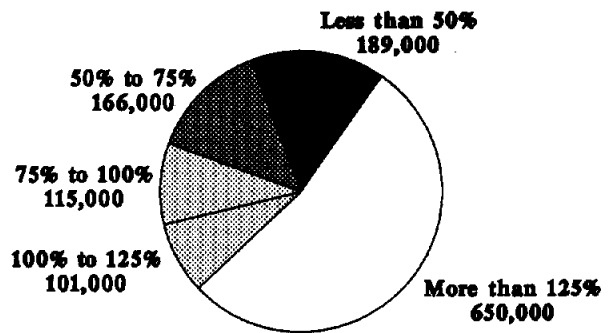
The first page shows the distribution of incomes in 1997 for the four types of unattached individuals. Each type is represented by a pie, and the slices of the pies represent people in different income categories: less than 50 percent of the poverty line, 50 to 75 percent of the line, 75 to 100 percent 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 Graphs AA-1 and AA-3 on the top half of the page. Relatively large numbers of people were well below the poverty line in 1997. The poorest of the poor were the 259,000 poor unattached men under 65 and the 189,000 poor unattached women under 65 with incomes of less than 50 percent of the poverty line. They would have needed huge increases in their incomes to escape from poverty.

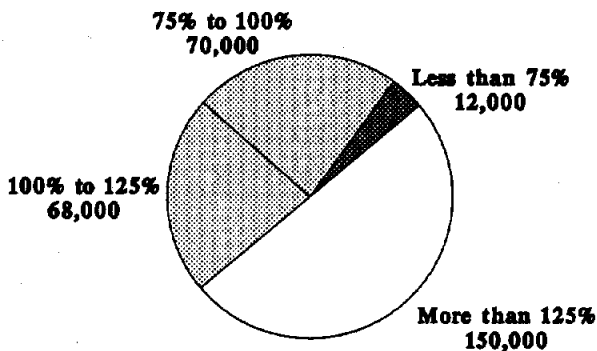
Income Distributions in 1997 As Percentages of Poverty Line



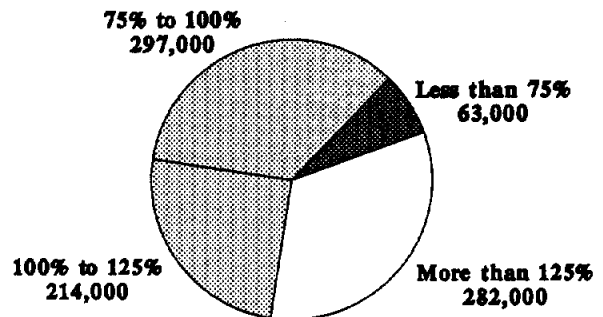
Unattached Men under 65
Graph AA-1



Unattached Women under 65
Graph AA-3



Unattached Men 65 and Older
Graph AA-2



Unattached Women 65 and Older
Graph AA-4

The income distributions were markedly different for the unattached men and women 65 and older as shown in Graphs AA-2 and AA-4. The category less than 50 percent of the poverty line was so small that it was 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 grey: 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 - or if Statistics Canada changed its methodology to raise or lower the poverty lines even a few dollars.

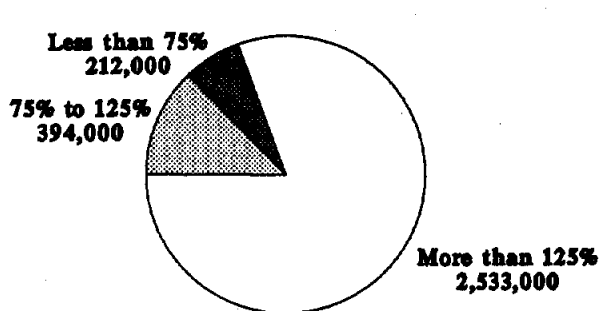
Just to get an idea of the impact of modest increases or decreases in income for all unattached individuals, the National Council of Welfare recalculated the 1997 poverty statistics according to hypothetical best-case and worst-case scenarios.

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 grey slices of each pie - got enough additional income in 1997 to put them over the poverty line. The number of poor unattached individuals would have dropped from 1,496,000 to 851,000 under this scenario, and the poverty rate would have fallen from 36.3 percent to 20.6 percent.

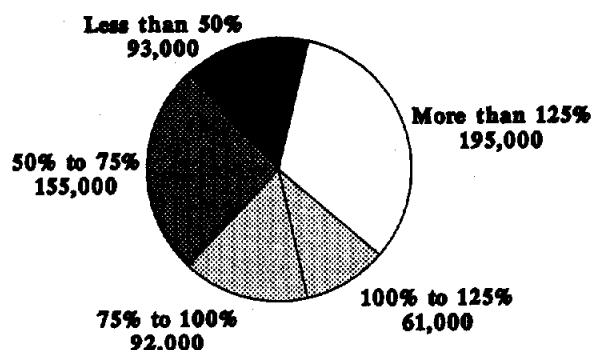
In the worst-case scenario, we assumed that all "near poor" unattached persons with incomes of 100 to 125 percent of the poverty line - the other light grey slice of each pie - lost enough income in 1997 to fall into poverty. The number of poor unattached individuals would have risen from 1,496,000 to 2,012,000 under this scenario, and the poverty rate would have shot up from 36.3 percent to 48.8 percent.

The graphs on the next page present 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 grey 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.

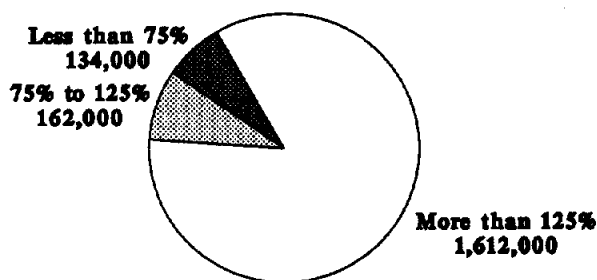
Income Distributions in 1997 As Percentages of Poverty Line



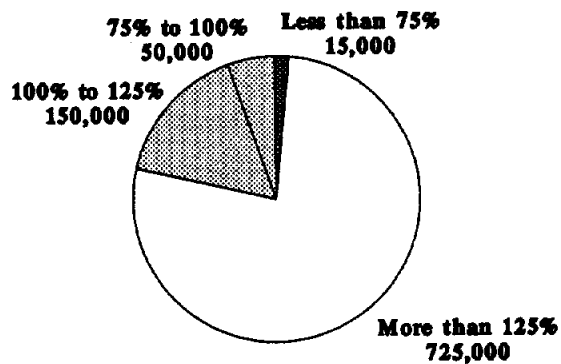
**Couples under 65
With Children**
Graph AB-1



**Single-Parent
Mothers Under 65**
Graph AB-3



**Couples Under 65
Without Children**
Graph AB-2



Couples 65 and Older
Graph AB-4

The one family type that was the exception to the overall pattern for families was single-parent mothers under 65 with children under 18 shown in Graph AB-3. That particular pie shows relatively few single-parent mothers with incomes of 125 percent or more of the poverty line. It also shows 93,000 single-parent mothers with incomes of less than half the poverty line and 155,000 mothers at 50 to 75 percent of the poverty line.

Under a hypothetical best-case scenario, with all families at 75 to 100 percent of the poverty line getting additional income and moving out of poverty, the number of poor families would have dropped from 1,203,000 to 725,000 in 1997 and the poverty rate would have fallen from 14.3 percent to 8.6 percent.

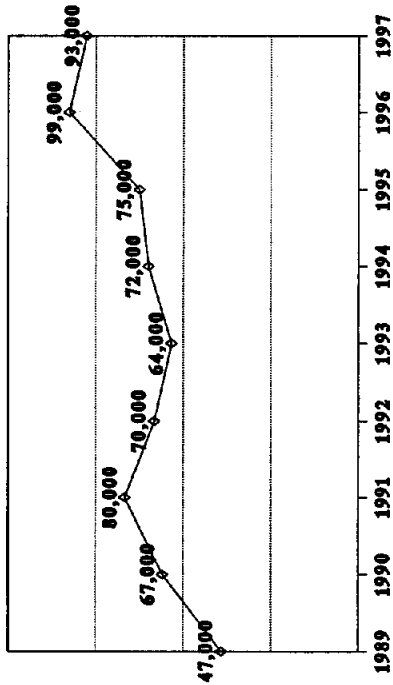
Under a worst-case scenario, with families at 100 to 125 percent of the poverty line falling into poverty, the number of poor families would have risen from 1,203,000 to 1,847,000, and the poverty rate would have gone up from 14.3 percent to 22 percent.

The National Council of Welfare has long been alarmed about the number of people who were living at less than half the poverty line, and we were shocked to see the number go up in 1997 despite the continuing overall improvements in the economy in the years following the last recession. Clearly, there has been a sharp increase in the ranks of the poorest of the poor since 1989 as governments at all levels cut back services and income supports to poor people. Cuts in welfare by provincial and territorial governments and cuts in unemployment insurance by the federal government probably go a long way to explaining this tragic state of affairs.

Graphs AC-1 through AC-4 highlight the increase in abject poverty from 1989 through 1997. There were a total of 93,000 single-parent mothers under 65 with children under 18 living at less than 50 percent of the poverty line in 1997. That was down slightly from the figure of 99,000 the previous year, but it was roughly double the number of 47,000 in 1989, the year before the start of the 1990-1991 recession.

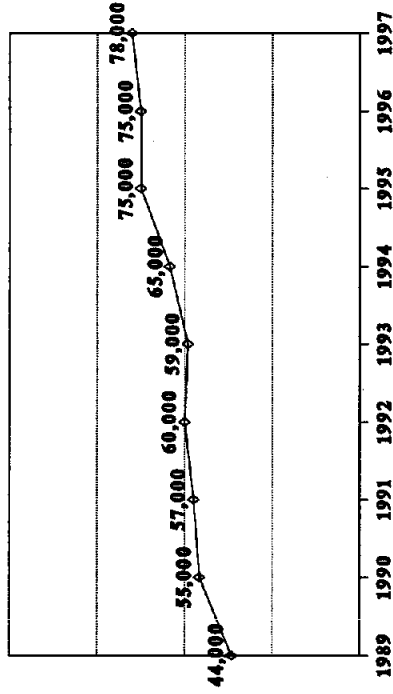
In the case of couples under 65 with children under 18, couples under 65 without children and unattached persons under 65, the figures on the poorest of the poor have increased more or less steadily since 1989.

Single-Parent Mothers Under 50% of Poverty Line



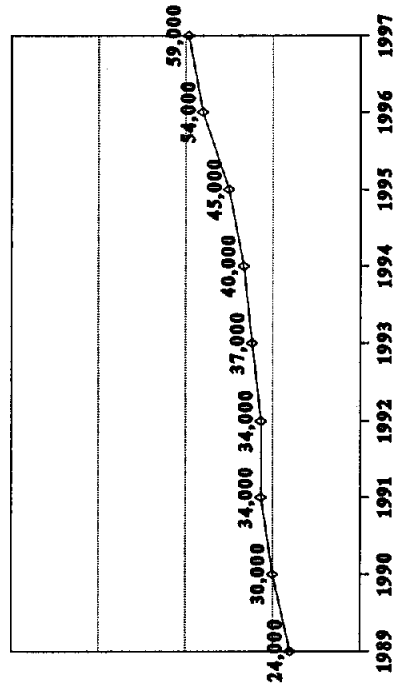
Graph AC-1

Couples under 65 with Children Under 50% of the Poverty Line



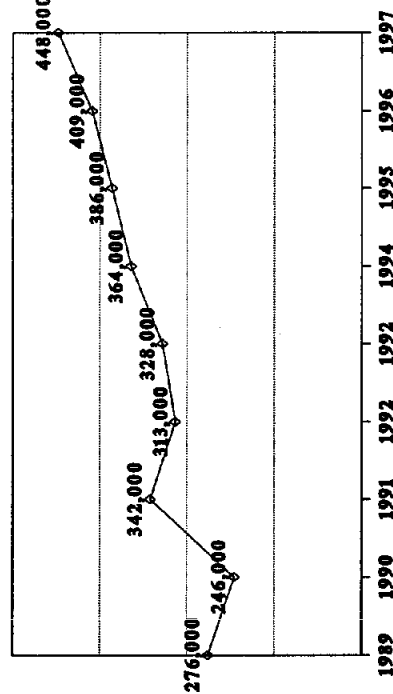
Graph AC-3

Childless Couples under 65 Under 50% of Poverty Line



Graph AC-2

Unattached Persons under 65 Under 50% of Poverty Line



Graph AC-4

Adding in miscellaneous family types and a few thousand very poor seniors produces a grand total for 1997 of 277,000 families and 456,000 unattached individuals living at less than half the poverty line.

These figures provide the definitive rebuttal to people who believe that poverty is not a problem in Canada. People who live at less than half the poverty line are poor by any reasonable standard. It is tragic to think of so many people living in abject poverty, and it is appalling to see the figures rising as the economy continues to improve. The National Council of Welfare believes this is a problem of the highest magnitude that cries out for an immediate response from governments.

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 12 shows the average income of poor Canadians by family type in 1997, 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 \$8,257 on average in 1997. The income of all unattached men under 65, both poor and non-poor, was \$28,800 on average. The average income of the poor amounted to 29 percent of the average income of all unattached men under 65.

TABLE 12			
<u>INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1997</u>			
Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Men under 65	\$8,257	\$28,800	29%
Unattached Women under 65	\$8,287	\$24,470	34%
Childless Couples under 65	\$12,033	\$56,899	21%
Unattached Men 65 and Older	\$12,661	\$24,340	52%
Unattached Women 65 and Older	\$12,818	\$18,399	70%
Single-Parent Mothers under 65 with Children under 18	\$14,666	\$25,445	58%
Couples 65 and Older	\$17,864	\$40,085	45%
Couples under 65 with Children under 18	\$20,018	\$64,832	31%

The differences between the average incomes of the poor and all Canadians are sometimes striking. Poor couples under 65 with children under 18 had an average family income of \$20,018 in 1997, for example, while the average income of all couples with children under 18 was \$64,832 or more than three times as large.

The differences were much less in the case of unattached seniors and single-parent mothers, because average incomes were much less. The average income for poor single-parent mothers under 65 with children under 18 was \$14,666 in 1997, but the average income of all single-parent mothers was only \$25,445 - much less than the average income for all husband-wife families.

The incomes of poor people last peaked earlier in the decade, and the overall trend has been slightly downward ever since. Between 1996 and 1997, the incomes of poor unattached women 65 and older and the incomes of unattached men both under and over 65 were up slightly when measured in constant dollars. There was no appreciable change in the incomes of poor single-parent mothers under 65, and incomes were down slightly for the four remaining family types.

Additional information about income trends for the poorest 20 percent of families and unattached individuals appears in Appendix C.

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

Table 13 shows the average amount of "transfer payments" received by poor families and unattached individuals in 1997. 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 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 12. 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, 64 percent of total income for single-parent mothers under 65 with children under 18, and 91 to 93 percent of total income for the three family types 65 or older.

TABLE 13			
<u>TRANSFER PAYMENTS TO THE POOR BY FAMILY TYPE, 1997</u>			
Family Type	Average Transfer Payment	Average Income from All Sources	Transfers as Percentage of Total Income
Unattached Men under 65	\$3,626	\$8,257	44%
Unattached Women under 65	\$3,840	\$8,287	46%
Childless Couples under 65	\$5,720	\$12,033	48%
Couples under 65 with Children under 18	\$8,227	\$20,018	41%
Single-Parent Mothers under 65 with Children under 18	\$9,362	\$14,666	64%
Unattached Men 65 and Older	\$11,784	\$12,661	93%
Unattached Women 65 and Older	\$11,808	\$12,818	92%
Couples 65 and Older	\$16,324	\$17,864	91%

Transfer payments to poor people have been on the decline for the last several years. That is not surprising, because transfers for programs such as welfare and unemployment insurance normally fall as the economy improves.

On the other hand, transfers to unattached women 65 and older hit \$11,808 in 1997, a nine-year high.

Senior Couples and Unattached Individuals

One reason that poverty rates for seniors have plummeted over the years has been the variety of government programs for seniors. Table 14 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 1997 was \$17,198 and the maximum for an unattached senior was \$10,607.

The second most important source of income was the Canada or Quebec Pension Plans. CPP or QPP benefits were received by 84 percent of poor senior couples, 81 percent of poor unattached senior men and 72 percent of poor unattached senior women. The maximum retirement benefit under the two plans was \$8,842 in 1997, and the maximum survivor pension for a person 65 and older was \$5,305. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

Some poor seniors had income from investments in 1997, but the average amounts were modest.

TABLE 14
SOURCES OF INCOME FOR POOR SENIORS, 1997

	Poor Couples 65 and Older (65,000)		Poor Unattached Men 65 and Older (82,000)		Poor Unattached Women 65 and Older (359,000)	
	Percent Who Received	Average Amount to Recipient	Percent Who Received	Average Amount to Recipient	Percent Who Received	Average Amount to Recipient
Old Age Pension and Guaranteed Income Supplement	91%	\$11,215	96%	\$8,032	98%	\$8,291
Canada and Quebec Pension Plans	84%	\$5,875	81%	\$3,807	72%	\$3,948
Investments and Savings	27%	\$1,341	sample too small		29%	\$1,469
Provincial Supplements	20%	\$1,827	23%	\$1,995	23%	\$1,087
Occupational Pension Plans	24%	\$2,768	14%	\$2,764	15%	\$2,753
RRSPs	6%	\$1,469	sample too small		3%	\$2,544
Income from All Sources	100%	\$17,864	100%	\$12,661	100%	\$12,818

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 14 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 1997. 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 15 on the next page.

Earnings were the single most important source of income in 1997 for four of the five family types listed in Table 15, and they were the second most important source of income for poor single-parent families led by women. Earnings were reported by 58 percent of poor unattached men under 65, 53 per cent of poor unattached women under 65, 56 percent of poor childless couples under 65, 79 percent of poor couples under 65 with children under 18, and 50 percent of poor single-parent mothers under 65 with children under 18.

The average amounts of earnings were noteworthy in all cases. The average of \$8,278 earned by poor single-parent mothers, for example, was equivalent to 34 weeks of work for 40 hours a week at a rate of \$6 an hour or 17 weeks of full-time work at \$12 an hour.

The percentage of poor people under 65 with income from earnings has slumped in recent years. The percentages for 1997 by family type all were lower than the figures for 1989 or 1990 prior to the start of the last recession.

A sizable portion of each of the five family types received welfare during 1997. Welfare payments were reported by 35 percent of the poor unattached men under 65, 33 percent of the poor unattached women under 65, 32 percent of the poor childless couples under 65, 32 percent of the poor couples under 65 with children under 18, and 61 percent of the poor single-parent mothers under 65 with children under 18.

TABLE 15

SOURCES OF INCOME FOR POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65, 1997

Source of Income	Unattached Men (584,000)		Unattached Women (470,000)		Couples without Children (209,000)		Couples with Children (375,000)		Single-Parent Mothers (340,000)	
	Percent Who Receive	Average Amount to Recipient	Percent Who Receive	Average Amount to Recipient	Percent Who Receive	Average Amount to Recipient	Percent Who Receive	Average Amount to Recipient	Percent Who Receive	Average Amount to Recipient
Earnings	58%	\$7,177	53%	\$7,059	56%	\$8,414	79%	\$13,811	50%	\$8,278
Welfare	35%	\$6,229	33%	\$6,577	32%	\$8,203	32%	\$8,888	61%	\$8,473
Unemployment Insurance	9%	\$3,553	7%	\$4,083	14%	\$4,019	18%	\$4,748	10%	\$4,033
Investments	8%	\$2,425	10%	\$2,645	19%	\$2,818	15%	\$2,180	5%	\$2,879
Child Tax Benefit	--	--	--	--	--	--	94%	\$3,178	100%	\$2,598
Canada & Quebec Pension Plans	9%	\$5,877	14%	\$5,145	25%	\$5,637	4%	\$5,815	5%	\$5,584
Occupational Pension Plans	--	--	3%	\$5,277	8%	\$7,422	--	--	--	--
Workers Compensation	2%	\$4,854	1%	\$3,985	5%	\$6,515	5%	\$7,620	--	--
Child and/or Spousal Support	--	--	2%	\$4,210	--	--	3%	\$4,219	17%	\$4,167
Income from All Sources	100%	\$8,257	100%	\$8,287	100%	\$12,033	100%	\$20,018	100%	\$14,666

Calculations by the National Council of Welfare for 1997 show that unattached people could have received provincial welfare and related benefits ranging between \$1,108 and \$6,623 a year, single parents with one child between \$9,268 and \$11,962, and couples with two children \$11,164 to \$15,458.³

Unemployment insurance benefits were reported in 1997 by nine percent of the poor unattached men under 65, seven percent of the poor unattached women under 65, 14 percent of the poor childless couples under 65, 18 percent of the poor couples under 65 with children under 18, and ten percent of the poor single-parent mothers under 65 with children under 18.

In 1997, unemployment insurance replaced 60 percent of insurable earnings for beneficiaries with children and low earnings. The replacement rate was 55 percent of insurable earnings for other workers.

Between five and 19 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 1997 was \$1,233 for each child under age seven and \$1,020 for each child seven through 17. The rates were somewhat different in Quebec and Alberta at the request of the two provincial governments.⁴

As of July 1, 1998, the Child Tax Benefit was replaced by the Canada Child Tax Benefit, and increases in benefits were targeted at families who are not on welfare.

Canada and Quebec Pension Plan benefits were claimed by 14 percent of poor unattached women under 65, 25 percent of poor couples under 65 without children, and much smaller percentages of the three other family types. The Survey of Consumer Finances does not specify the type of benefit, but the recipients could have been people between 60 and 65 who took early retirement, widows or widowers who received survivor pensions from the plans, or people who got disability pensions. Similarly, people who got money from occupational pension plans could have received retirement, survivor or disability pensions.

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

Finally, Table 15 shows that 17 percent of poor single-parent mothers under 65 received support payments in 1997, and the average amount received was \$4,167. Two percent of poor unattached women under 65 and three percent of couples with children under 18 received support payments from former spouses.

While the data in Table 15 are enlightening, they do not give a clear picture of typical combinations of income. Obviously, some poor people have only one main source of income and others have more than one.

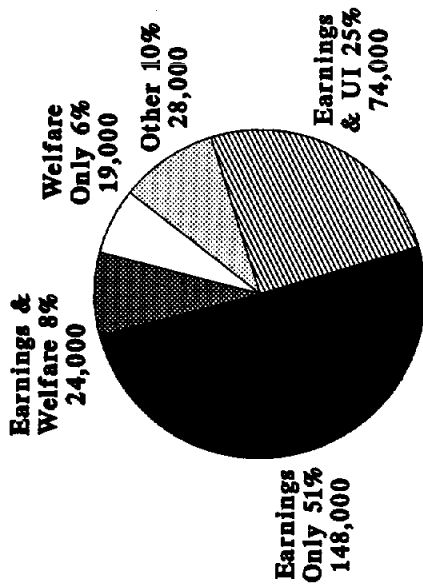
The National Council of Welfare asked Statistics Canada to do special data tabulations to differentiate the poor families and unattached individuals in Table 15 according to their primary source or sources of income. Primary sources of income for people under 65 were assumed to be earnings, welfare and unemployment insurance.

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

Graphs AD-1 and AD-3 on the next page show the distributions for poor couples under 65 with children under 18 in 1980 and 1997.⁵ The three slices of the pies that included earnings - earnings only, earnings and welfare, and earnings and UI - added up to 84 percent in 1980 but only 74 percent in 1997. Meanwhile, the slices that represented welfare only grew from six percent in 1980 to 13 percent in 1997.

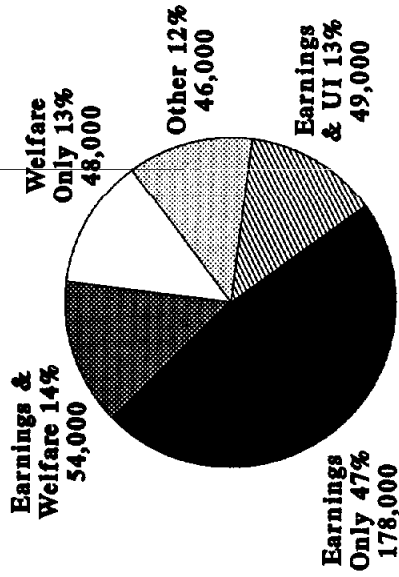
The pattern is just as pronounced in the pies for single-parent mothers under 65 with children under 18 shown in Graphs AD-2 and AD-4. The earnings-related slices added up to 54 percent in 1980 and 47 percent in 1997. The welfare-only slices were 33 percent in 1980 and 40 percent in 1997.

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



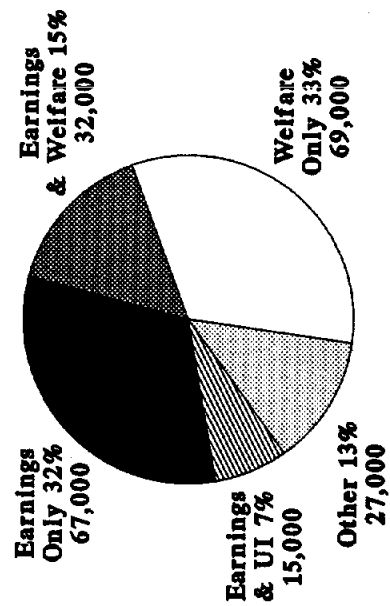
Graph AD-1

Primary Sources of Income for Poor Couples Under 65 With Children, 1997



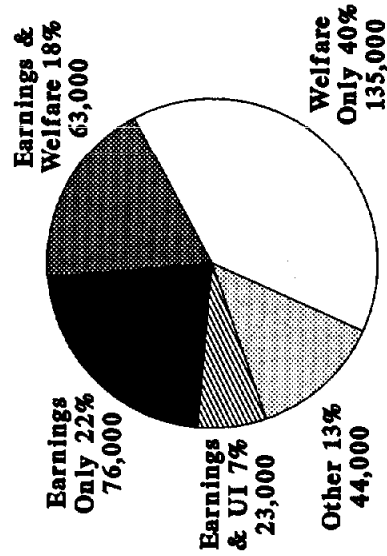
Graph AD-3

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



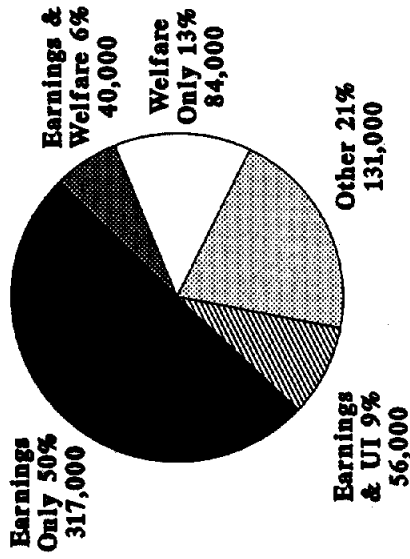
Graph AD-2

Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1997



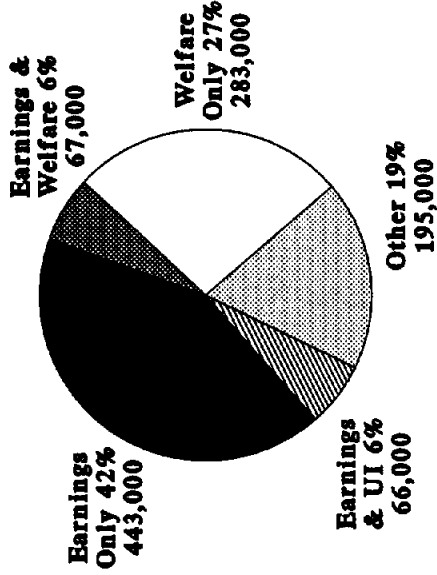
Graph AD-4

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



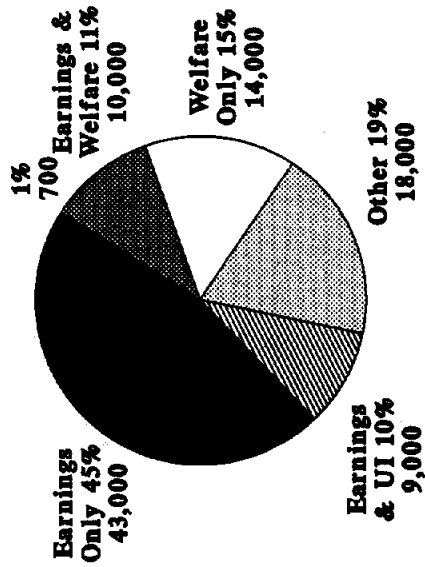
Graph AE-1

Primary Sources of Income for Poor Unattached Individuals Under 65, 1997



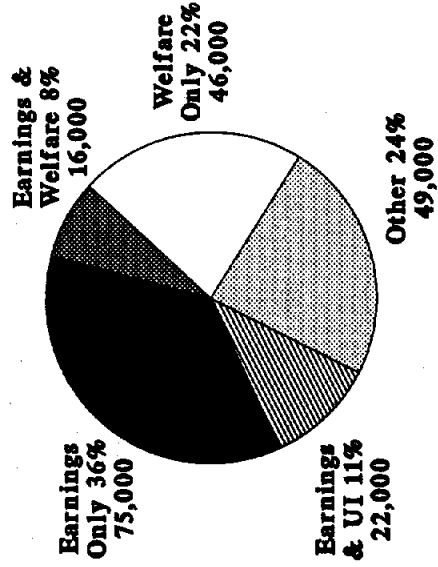
Graph AE-3

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



Graph AE-2

Primary Sources of Income for Poor Childless Couples Under 65, 1997



Graph AE-4

Similar patterns appear in Graphs AE-1 through AE-4 on the previous page for unattached individuals under 65 and couples under 65 without children. For the unattached persons, the earnings-related slices went from 65 percent to 54 percent and the welfare-only slices grew from 13 percent to 27 percent. For the childless couples, the earnings-related slices shrank from 65 percent to 55 percent and the welfare-only slices grew from 15 percent to 22 percent.

Information is also available on the amounts of income received by the family types shown on the last two pages of graph.

Table 16 on the next page gives the total incomes and amounts of different types of incomes in 1997 for couples under 65 with children under 18 and single-parent mothers under 65 with children under 18. The table separates families with earnings as their primary source of income from families with earnings and unemployment insurance, earnings and welfare, or welfare only as their primary sources of income.

Both earnings and unemployment insurance are taxable income, but the amounts are so low that most of the poor families in the table would not have paid income taxes. Some of the couples with earnings or earnings plus UI might have paid a token amount of income tax, but the rest of the couples and most of the single-parent families likely paid no income tax at all.

The information in Table 16 relates directly to the concerns of the National Council of Welfare about the "clawback" of federal child benefits by provincial and territorial governments under the new Canada Child Tax Benefit. When the new system came into effect, only Newfoundland and New Brunswick decided not to claw back the increase in federal benefits from families on welfare.⁶ The figures in the table are for 1997, before the new benefit and the clawback were in effect, but there is no reason to believe the patterns would be any different today.

One of the striking features of the table is that families with welfare as their primary source of income had total average incomes several thousand dollars lower than families with earnings as their primary source of income. In other words, the poorest of poor families with children were also the families most likely to see their benefits clawed back.

TABLE 16
INCOMES OF POOR FAMILIES WITH CHILDREN
BY PRIMARY SOURCES OF INCOME, 1997

	Couples under 65 with Children under 18	Single-Parent Mothers under 65 with Children under 18
Earnings as Primary Source of Income		
Total Average Income	\$21,239	\$16,628
Average Earnings	\$15,690	\$11,006
Child Benefits	\$3,078	\$2,487
Earnings and Unemployment Insurance as Primary Sources of Income		
Total Average Income	\$24,064	\$17,164
Average Earnings	\$14,654	\$9,241
Average UI	\$4,736	\$3,694
Child Benefits	\$3,452	\$2,493
Earnings and Welfare as Primary Sources of Income		
Total Average Income	\$20,984	\$17,111
Average Earnings	\$8,230	\$5,007
Average Welfare	\$7,408	\$7,436
Child Benefits	\$3,135	\$2,570
Welfare as Primary Source of Income		
Total Average Income	\$17,536	\$13,346
Average Welfare	\$11,848	\$9,205
Child Benefits	\$3,513	\$2,747

Families who have both earnings and welfare as primary sources of income also have some of their federal child benefits clawed back by provincial and territorial governments. One

of the stated purposes of the Canada Child Tax Benefit is to encourage people on welfare to take jobs in the paid labour force. The families with both earnings and welfare like the families in Table 16 have already taken steps to enter or remain in the labour force, but they get clawed back nonetheless.

TABLE 17		
INCOMES OF POOR FAMILY TYPES UNDER 65 WITHOUT CHILDREN BY PRIMARY SOURCES OF INCOME, 1997		
	Unattached Individuals under 65	Childless Couples under 65
Earnings as Primary Source of Income		
Total Average Income	\$8,838	\$11,936
Average Earnings	\$7,719	\$9,220
Earnings and Unemployment Insurance as Primary Sources of Income		
Total Average Income	\$11,539	\$14,322
Average Earnings	\$7,608	\$8,148
Average UI	\$3,346	\$4,107
Earnings and Welfare as Primary Sources of Income		
Total Average Income	\$8,111	\$13,667
Average Earnings	\$2,951	\$5,784
Average Welfare	\$4,553	\$6,596
Welfare as Primary Source of Income		
Total Average Income	\$7,952	\$10,981
Average Welfare	\$6,992	\$8,962

Table 17 shows similar income data for poor unattached people under 65 and poor couples under 65 without children. Poor people in these two family types do not receive federal child benefits, so the table shows total average income, average earnings, average UI benefits and average welfare benefits only.

Once again, the poor unattached people or childless couples would have paid little or no income tax in 1997 because their incomes were so small.

VII. DURATION OF POVERTY

Two of the big gaps in our knowledge of poverty in Canada have been information about the length of time people spend in poverty and information about how people move in and out of poverty throughout their lives. These gaps are finally being filled thanks to Statistics Canada's new Survey of Labour and Income Dynamics (SLID).

SLID is a longitudinal survey that tracks the same people for six years at a stretch rather than one year only and enables researchers to find out how their financial circumstances changed each year. The first published data from SLID cover 1993, and the most recent published data come from 1996. That gives us four years of data to work with and provides a good first look at poverty in Canada over time.

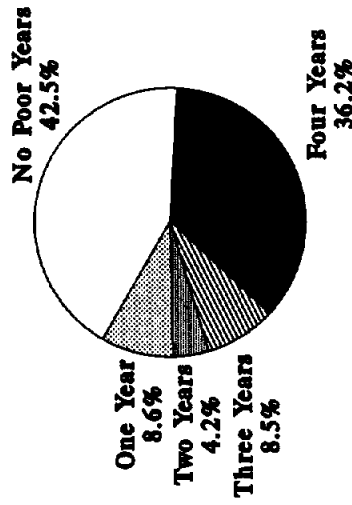
Unfortunately, some of the data and published research results from SLID are not entirely compatible with the data from the Survey of Consumer Finances that we feature in other chapters of this report. The information in the graphs covers family types of all ages rather than differentiating between families and individuals under or over 65. The information in the table later in the chapter covers people 16 and older rather than using the more common category of people 18 and older.

These differences aside, the longitudinal data from SLID provide important new insights into the persistence of poverty among certain high-risk groups of Canadians.

Graphs AF-1 through AF-4 on the next page show the number of years that different family types spent in and out of poverty from 1993 through 1996.⁷ The pie in each graph is made up of families or unattached individuals who spent one year, two years, three years or four years in poverty and those who were not poor at any time during the four-year period.

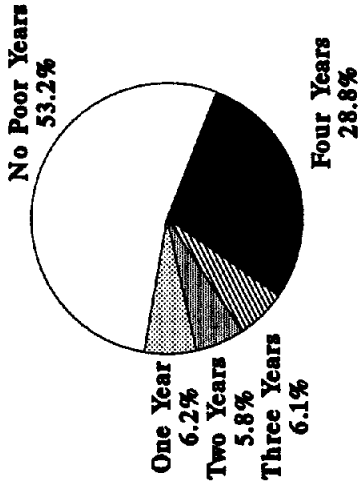
Graph AF-1, for example, shows that 8.6 percent of the lone-parent families in Canada were poor for one year, 4.2 percent were poor for two years, 8.5 percent were poor for three years, 36.2 percent were poor for all four years, and the remaining 42.5 percent managed to stay out of poverty all four years.

**Years in Poverty, 1993-1996,
Using Before-Tax Poverty Lines**



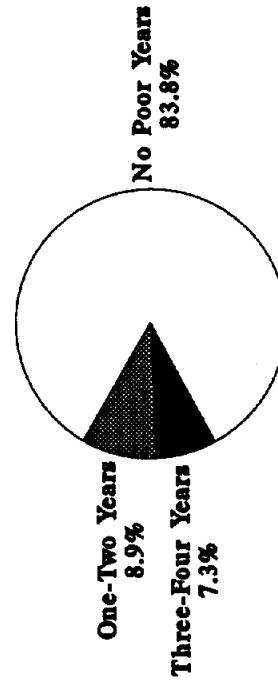
**% Distribution of
Lone Parents**
Graph AF-1

**Years in Poverty, 1993-1996,
Using Before-Tax Poverty Lines**



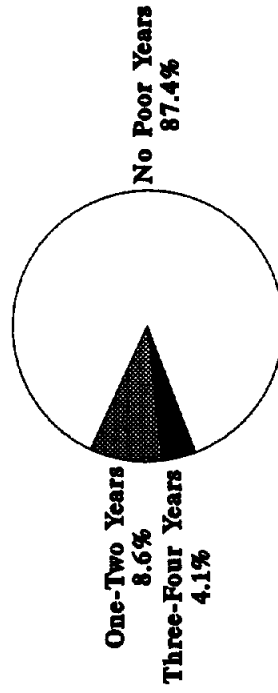
**% Distribution of
Unattached Persons**
Graph AF-3

**Years in Poverty, 1993-1996,
Using Before-Tax Poverty Lines**



**% Distribution of
Couples with Children**
Graph AF-2

**Years in Poverty, 1993-1996,
Using Before-Tax Poverty Lines**



**% Distribution of
Childless Couples**
Graph AF-4

Seen another way, a total of 57.5 percent of lone-parent families were poor for at least one year from 1993 through 1996, and a significant portion of the group (the 36.2 percent represented by the black slice of the pie) was poor all four years. That does not come as a complete surprise, because we know from other sources that young single parents under age 25 have extremely high poverty rates. We also know that poverty rates are highest when the children of single parents are young and that the poverty rates fall once the children reach school age.

It remains to be seen how the pie will look once the Survey of Labour and Income Dynamics has data for ten or 20 years and can plot movements in and out of poverty over long periods of time.

Graph AF-3 on unattached persons is very much like the graph for lone-parent families. Although 53.2 percent of unattached persons were not poor any year from 1993 through 1996, 28.8 percent were poor all four years. A sizable number of the people in the pie may have had disabilities or long-term health problems or were people over 65 who were living on their own because they were widowed.

Couples with children and couples without children were much more likely to stay out of poverty year after year.

One of the other advantages of the Survey of Labour and Income Dynamics is that it contains new information on people with disabilities, people who are members of visible minorities, immigrants and students. The data are summarized in Table 18 on the next page.

For each of the categories, the table shows the percentage of people 16 years old and older who were poor at least one year from 1993 through 1996 and then breaks down that figure into the percentage of people who were poor for one year, two years, three years or all four years. All the data were calculated using low income cut-offs after income tax rather than the usual pre-tax LICOs.⁸

TABLE 18					
PERCENTAGE OF PEOPLE 16 AND OLDER BY YEARS IN POVERTY USING AFTER-TAX POVERTY LINES, 1993-1996					
	At Least One Year	One Year	Two Years	Three Years	All Four Years
Work Limitation Status					
Work Limitation	40%	10%	5%	8%	17%
No Work Limitation	18%	7%	4%	3%	4%
Visible Minority Status					
Visible Minority	31%	5%	5%	4%	17%
Not a Visible Minority	19%	8%	4%	3%	4%
Immigration Status					
Born in Canada	19%	8%	4%	3%	4%
Immigrated before 1977	14%	6%	3%	3%	3%
Immigrated 1977-1986	39%	---	13%	---	15%
Immigrated 1987-	43%	7%	6%	9%	21%
Student Status					
Not a Student	17%	6%	4%	3%	5%
Student for One Year	23%	10%	5%	4%	5%
Student for Two Years	31%	12%	8%	7%	5%
Student for Three Years	30%	10%	8%	5%	7%
Student for Four Years	34%	10%	8%	4%	11%

The table shows, for example, that 40 percent of the people with some kind of work limitation were poor at least one year from 1993 through 1996. The 40 percent was made up of ten percent who were poor for only one year, five percent for two years, eight percent for

three years and 17 percent for all four years. Meanwhile, only 18 percent of the people who did not have any work limitations were poor for at least one year during the four-year period.

Members of visible minority groups had a substantially higher risk of poverty over time. A total of 31 percent were poor at least one year, and 17 percent were poor all four years. People who were not members of visible minority groups had a 19 percent risk of poverty over the four-year period, but only four percent were poor all four years.

Among immigrants, the risk of poverty was high for the people who came to Canada from 1977 through 1986 and the people who arrived in 1987 or later. A sizable portion of those people were poor for the entire period 1993 through 1996. The comparable figures for people born in Canada were 19 percent who were poor at least one year and four percent who were poor for the entire four years.

Among students 16 and older, the risk of poverty overall increased with the number of years in school. However, the figures show more short-term poverty and relatively little longer-term poverty. Even among people who were students for all four years, 34 percent were poor at some time during the four years. That 34 percent was split roughly three ways: one-third of the students were poor for only one year, one-third for two or three years, and remaining one-third for all four years.

VIII. A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST

The Low-Wage Poor

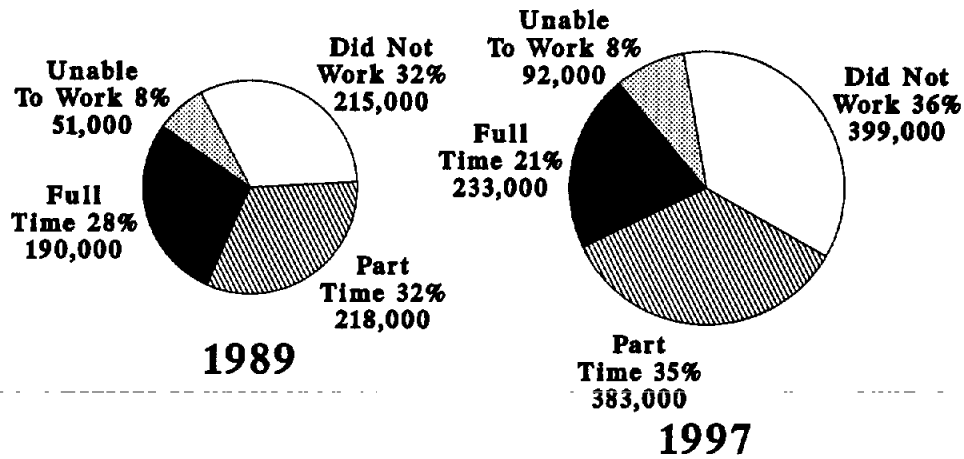
The low-wage poor or "working poor" are poor people who are normally in the labour force. Some researchers reserve the term for poor people who have full-time jobs for virtually the entire year. Others include poor people who have strong ties to the labour market regardless of the number of weeks worked or the normal hours of work each week.⁹

Graphs AG-1 and AG-2 on the next page show the distribution of poor heads of families and poor unattached individuals by their work activity in 1989 and 1997. Statistics Canada split the data for these graphs into four broad categories: people who worked full time, people who worked part time, people who were permanently unable to work because of a disability or poor health, and people who were able to work but did not. Full time means the person worked at least 49 weeks during the year and the normal work week was 30 hours or more. Part time means the person worked either less than 49 weeks or less than 30 hours a week or both.

In 1989, there were a total of 674,000 poor families with heads under 65, as shown in the left-hand portion of Graph AG-1. Twenty-eight percent of the poor family heads worked full time, 32 percent worked part time, 32 percent did not work at all, and the remaining eight percent were unable to work. The number of poor families was up to 1,108,000 in 1997, and there was a shift away from full-time work to part-time work or no work at all. The slice of the pie representing family heads unable to work stayed proportionately the same as it was in 1989, eight percent.

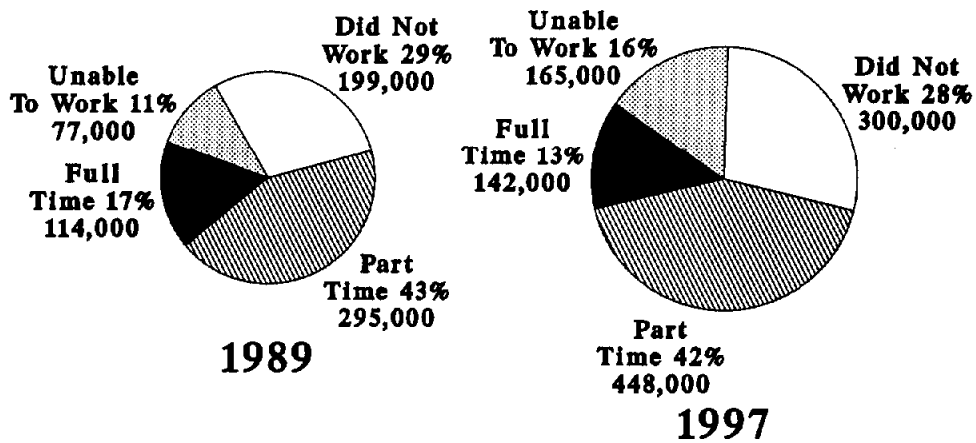
The patterns are slightly different for the poor unattached individuals shown in Graph AG-2 on the bottom half of the page. In 1989, 17 percent worked full time, 43 percent worked part time, 29 percent did not work and 11 percent were unable to work. In 1997, the full time group was down the most and the group unable to work was up the most.

Work Activity by Family Heads Under 65



Graph AG-1

Work Activity by Unattached Individuals Under 65



Graph AG-2

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 445,000 families with heads under 65 and 470,000 unattached individuals under 65 who made up the low-wage poor in 1997. Table 19 on the next page gives the details for the five main family types under 65. For the purposes of Table 19, Statistics Canada excluded people who were permanently unable to work, the group described as the unable to work group in the previous graphs.

Earnings were the most important source of income for a sizable portion of four of the five family types shown. Fifty-four percent of the poor unattached men under 65, 51 percent of the poor unattached women, 45 percent of the poor couples without children and 61 percent of the poor couples with children were working poor. The exception to the rule was single-parent mothers. Only 26 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 19 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 35 weeks of work at \$6 an hour for 40 hours a week. Average earnings for families were substantially higher, suggesting that family heads either received higher wage rates or had a second wage-earner in the family.

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

Although the figures were limited to poor people with earnings that amounted to at least half of total income, the last row of the table shows that a much larger portion of total income typically came from earnings. Earnings accounted for between 73 percent and 91 percent of total income for the different family types.

TABLE 19
POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65
WITH EARNINGS EQUAL TO 50 PERCENT OR MORE OF TOTAL INCOME, 1997

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	496,000	394,000	177,000	350,000	326,000
Number with Earnings of 50 Percent or More of Total Income	270,000	200,000	79,000	212,000	84,000
Percentage with Earnings of 50 Percent or More of Total Income	54%	51%	45%	61%	26%
Average Annual Earnings	\$8,346	\$8,268	\$10,860	\$17,082	\$12,986
Average Income from Sources Other than Earnings	\$985	\$836	\$2,115	\$5,478	\$4,697
Average Total Income	\$9,331	\$9,104	\$12,975	\$22,560	\$17,683
Earnings as a Percentage of Total Income	89%	91%	84%	76%	73%

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

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 1997, for example, the number of poor couples under 65 with children under 18 rose by 46 percent, from 239,000 families to 350,000 families. The number of working poor couples with children rose only 40 percent, from 152,000 families to 212,000 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 the poverty rates for children in two-parent families and the rates for children of single-parent mothers. There are also important differences from province to province.

Table 20 on the next page gives the 1997 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 1,384,000 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.

The overall poverty rate for children fell from 20.9 percent in 1996 to 19.6 percent in 1997, and the number of poor children fell from 1,481,000 to 1,384,000. The lowest provincial child poverty rate was 14.5 percent in Prince Edward Island, and the highest was 23.3 percent in Newfoundland. The national poverty rate for poor children in two-parent families was 12.7 percent, and provincial rates went from a low of 7.5 percent in Saskatchewan to a high of 17.7 percent in Newfoundland. The poverty rates for children of single-parent mothers were abysmally high. The national rate was 60.4 percent, and the range was from 51.5 percent in British Columbia to 75.2 percent in Newfoundland.

TABLE 20
CHILDREN UNDER 18 LIVING IN POVERTY, 1997

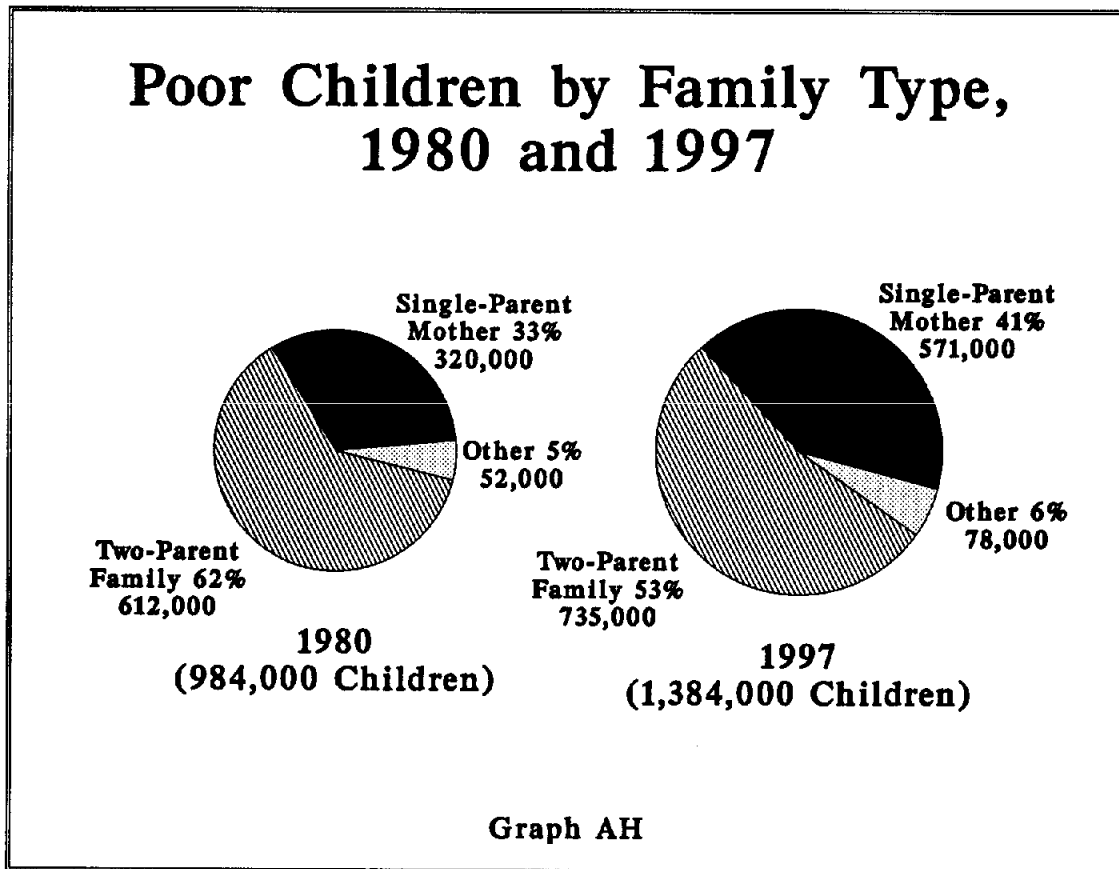
	Poor Children in All Family Types		Poor Children of Two-Parent Families under 65		Poor Children of Single-Parent Mothers under 65	
	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate
Newfoundland	30,000	23.3%	20,000	17.7%	8,000	75.2%
Prince Edward Island	5,000	14.5%	2,000	7.9%	3,000	63.4%
Nova Scotia	46,000	21.2%	20,000	11.6%	23,000	69.7%
New Brunswick	34,000	20.2%	19,000	13.4%	12,000	58.5%
Quebec	343,000	20.9%	175,000	13.3%	148,000	61.1%
Ontario	537,000	19.8%	304,000	13.6%	207,000	60.6%
Manitoba	58,000	21.5%	28,000	12.6%	28,000	70.2%
Saskatchewan	48,000	18.6%	15,000	7.5%	30,000	65.6%
Alberta	116,000	15.8%	61,000	9.9%	51,000	58.2%
British Columbia	166,000	18.7%	90,000	12.6%	61,000	51.5%
Canada	1,384,000	19.6%	735,000	12.7%	571,000	60.4%

Between 1996 and 1997, poverty rates for children fell in every province except Newfoundland and New Brunswick.

One of the long-standing myths about child poverty is that most poor children live in single-parent households. Table 20 shows that this is not the case for Canada as a whole. In

1997, 735,000 poor children lived in two-parent families under 65, while 571,000 poor children lived in single-parent families headed by women under 65.

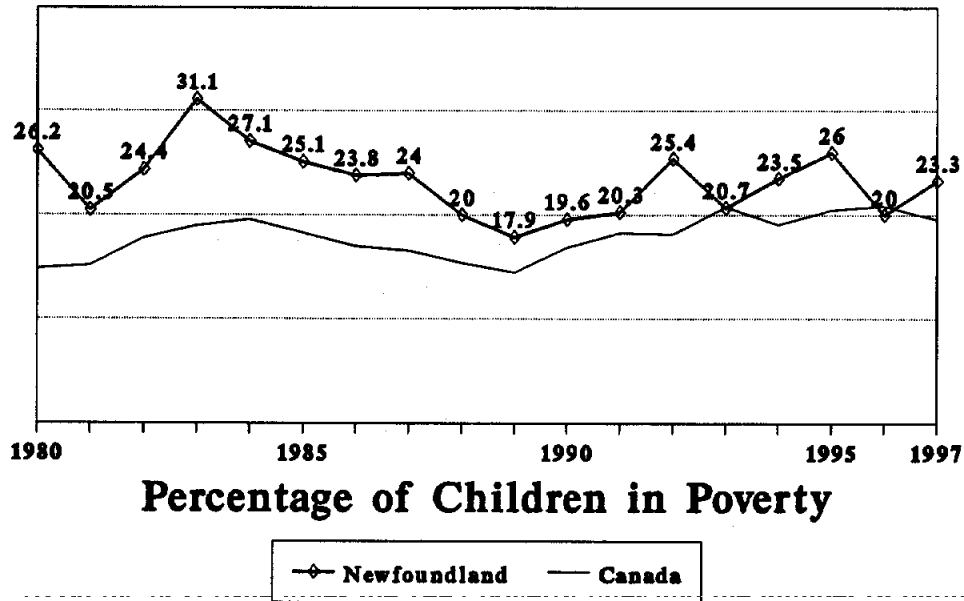
Nonetheless, the proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph AH shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. In 1997, the percentage of poor children with single-parent mothers was up to 41 percent and the percentage living with both parents was down to 53 percent. The pies are proportional, to underline the point that the number of poor children was up dramatically between 1980 and 1997.



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 1997. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

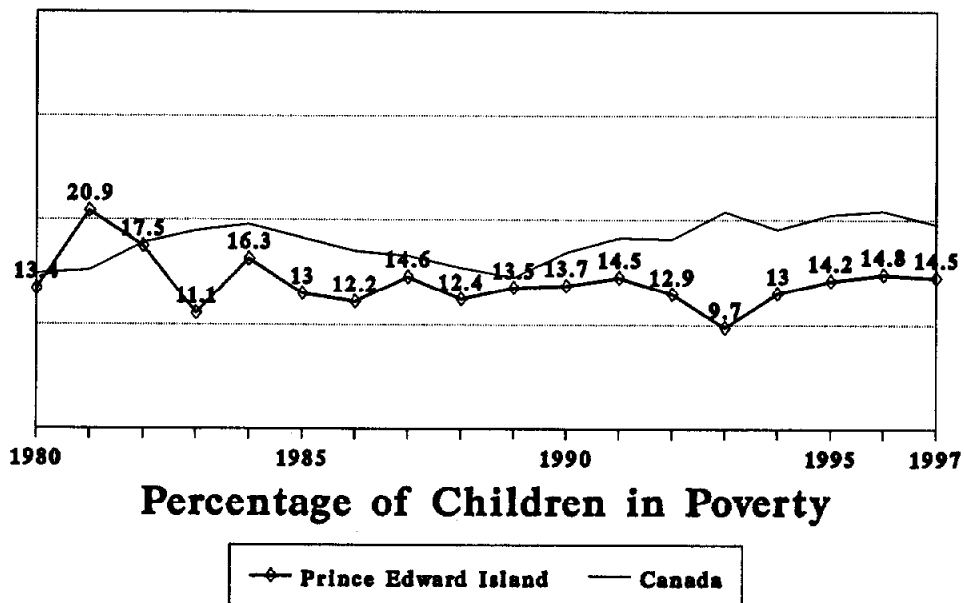
Prince Edward Island and Ontario had child poverty rates that were below average for most of the period. Newfoundland, Quebec and Manitoba were generally higher than average. Rates in Nova Scotia, New Brunswick, Saskatchewan, Alberta and British Columbia were mixed.

Newfoundland



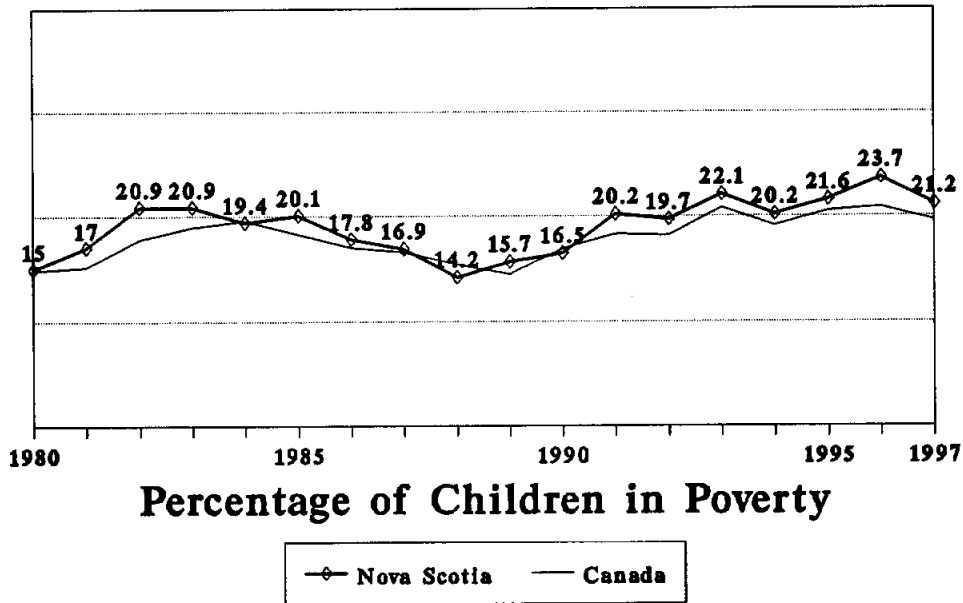
Graph AI-1

Prince Edward Island



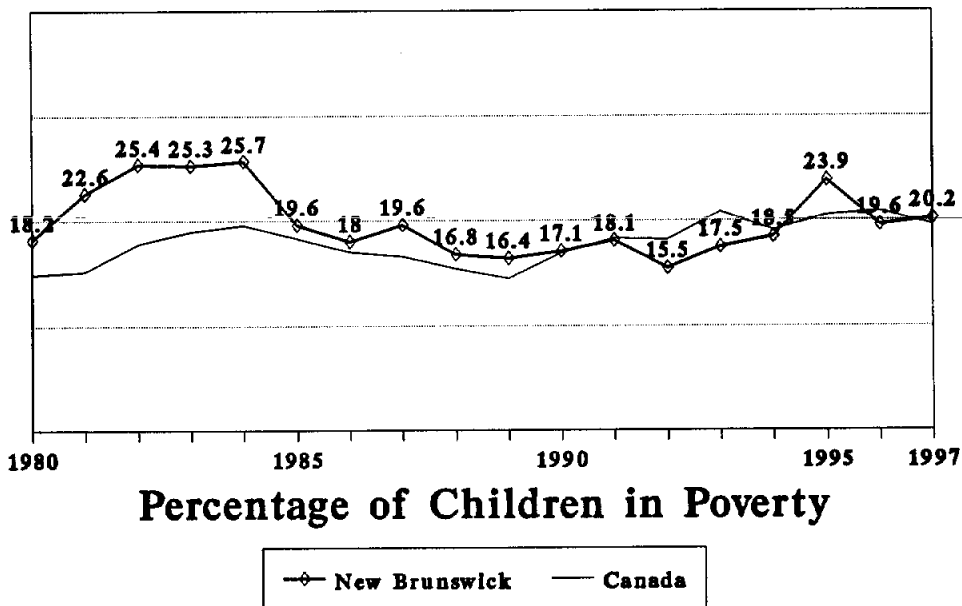
Graph AI-2

Nova Scotia



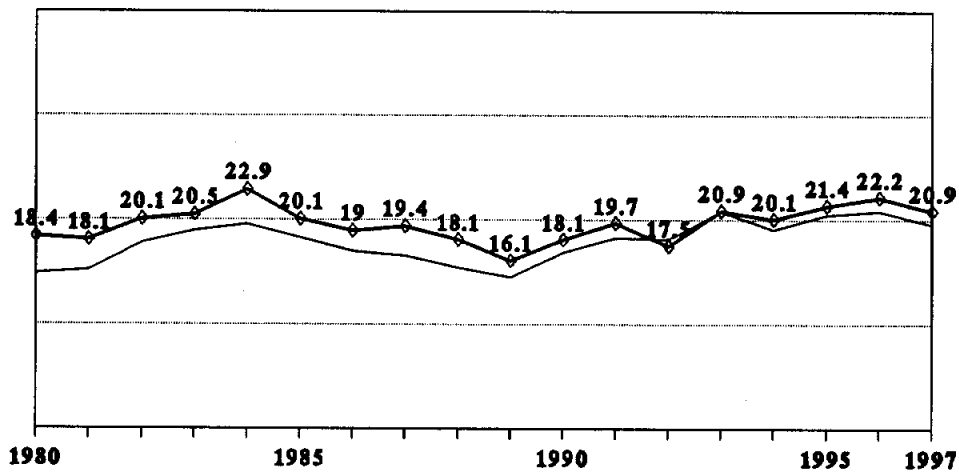
Graph AJ-1

New Brunswick

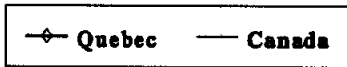


Graph AJ-2

Quebec

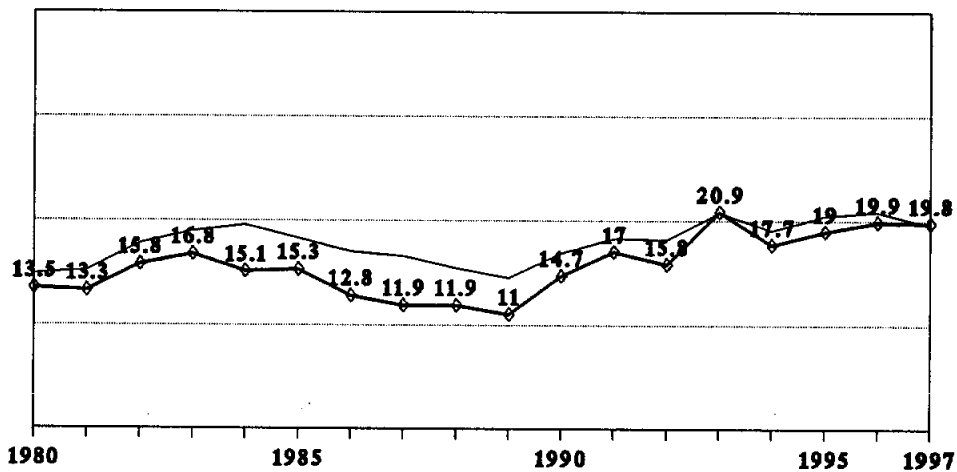


Percentage of Children in Poverty

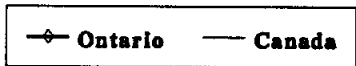


Graph AK-1

Ontario

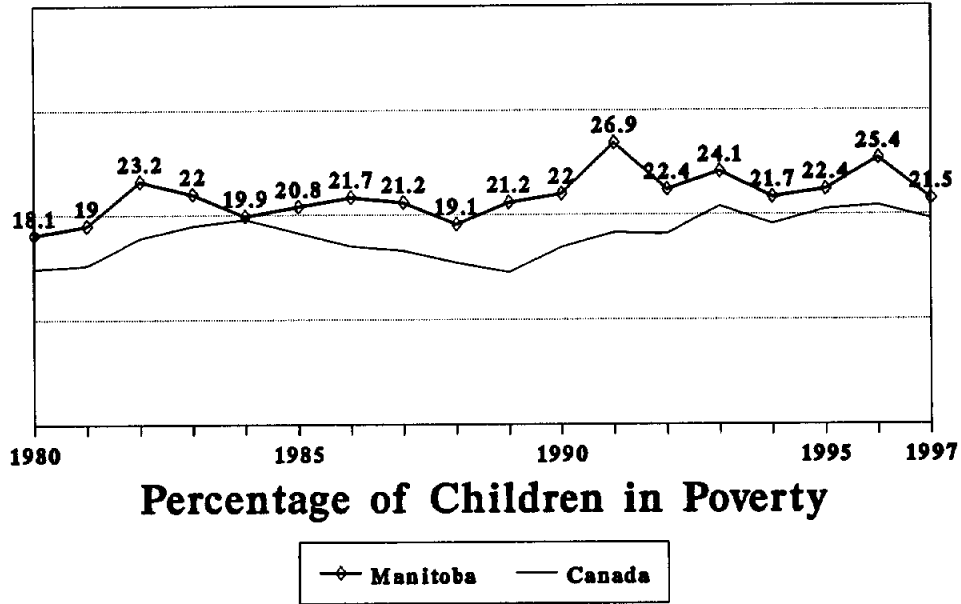


Percentage of Children in Poverty



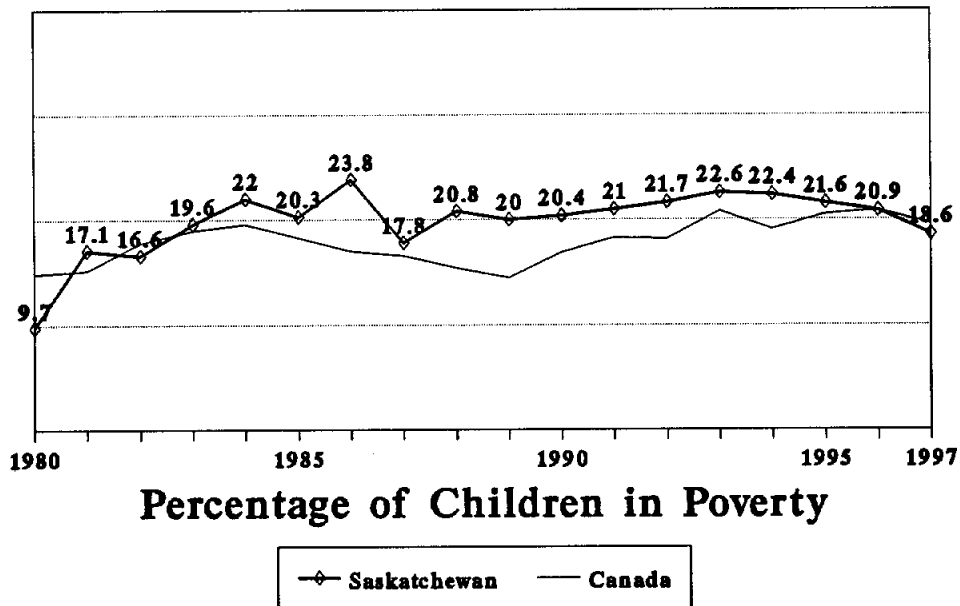
Graph AK-2

Manitoba



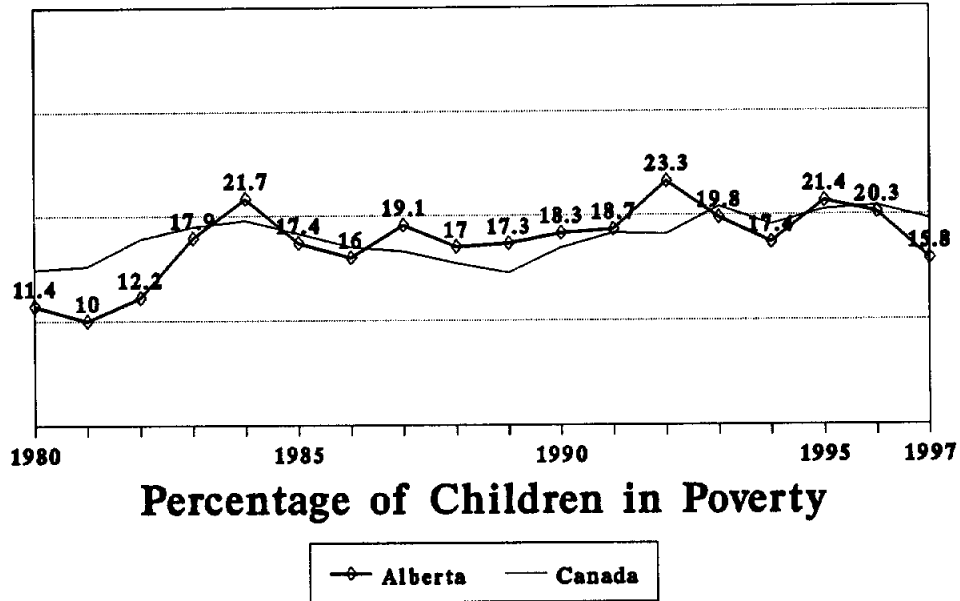
Graph AL-1

Saskatchewan



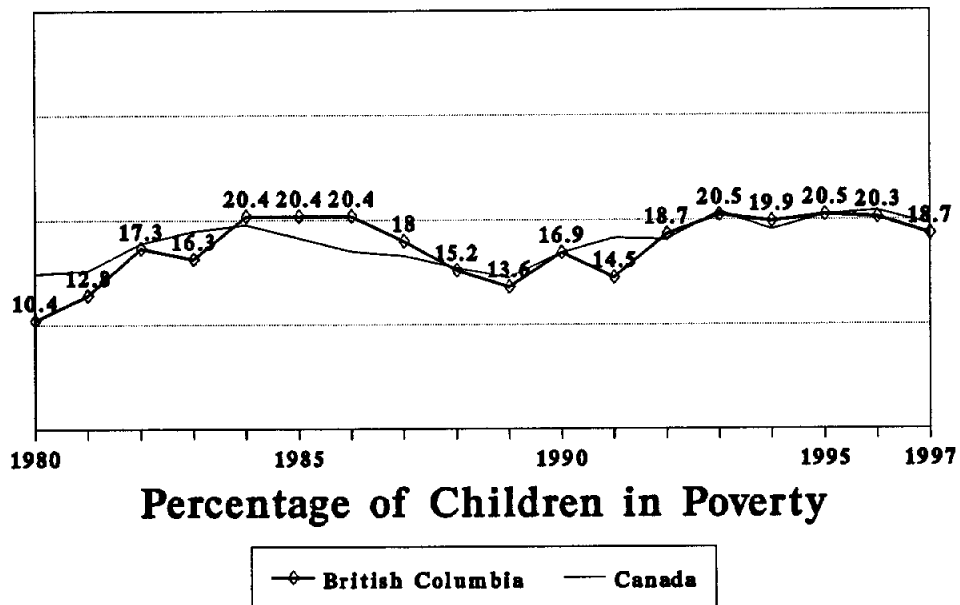
Graph AL-2

Alberta



Graph AM-1

British Columbia



Graph AM-2

Women

As we showed earlier, women face a significantly higher risk of poverty than men. Table 21 on the next page gives the poverty rates for women and men age 18 and older for the years 1980 through 1997, and ratio of female to male 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 1997, the poverty rate for women was 18.3 percent, the rate for men was 14.3 percent and the ratio between the sexes was 1.28.

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 1997 poverty rate for unattached women under 65 was 38.5 percent, compared to 33.4 percent for unattached men under 65. For unattached seniors, the poverty rates were 42 percent for women and 27.2 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 57.1 percent in 1997, 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
1997	18.3%	2,125,000	14.3%	1,602,000	1.28

In younger husband-wife families, one fact that deserves special mention is the role women play in keeping their families out of poverty through their earnings. Although women

earn less on average than men and face a number of barriers to equal participation in the labour force, their contribution is essential in keeping family poverty rates relatively low.

To get a better idea of the importance of the earnings of married women, we asked Statistics Canada to take its 1997 income data on husband-wife families under age 65, subtract the earnings of the wives, and calculate hypothetical poverty rates for families with the wives' earnings removed. The results appear in Table 22.

<p style="text-align: center;">TABLE 22</p> <p style="text-align: center;">POVERTY RATES FOR HUSBAND-WIFE FAMILIES UNDER AGE 65, WITH AND WITHOUT THE EARNINGS OF WIVES, 1997</p>		
	Percentage of Families Who Were Poor in 1997	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	15.2%	25.1%
Prince Edward Island	5.9%	22.8%
Nova Scotia	11.1%	24.1%
New Brunswick	10.9%	22.1%
Quebec	12.4%	23.6%
Ontario	10.2%	21.2%
Manitoba	9.7%	21.5%
Saskatchewan	8.4%	23.0%
Alberta	9.2%	20.9%
British Columbia	10.8%	21.8%
Canada	10.8%	22.1%

The actual 1997 poverty rate for all husband-wife families under age 65 was 10.8 percent, and a total of 625,000 families were living in poverty. With the earnings of wives removed and everything else remaining the same, the poverty rate would have jumped to 22.1 percent, and the number of families living in poverty would have more than doubled to 1,283,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1997 and everything else had stayed the same, poverty rates and the number of poor families would have been much higher in all provinces.

Seniors

Fighting poverty among seniors has been one of Canada's biggest success stories in social policy during the latter part of the 20th century. Poverty rates for people 65 and older have fallen dramatically over the years and continue to fall more or less steadily.

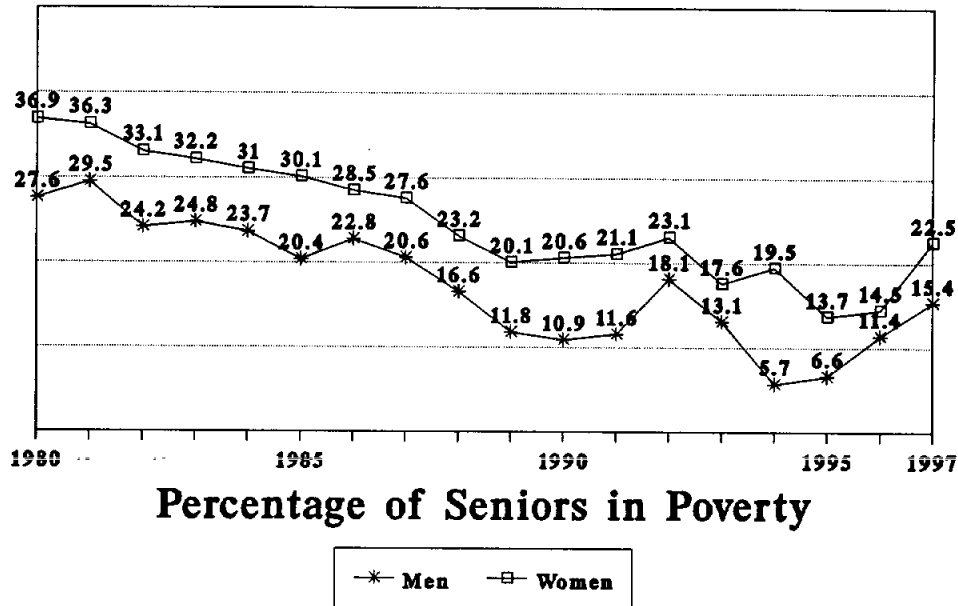
In 1997, the poverty rate for women 65 and older fell to an all-time low of 21.6 percent. That pushed the overall poverty rate for seniors down to a near-record low of 17 percent. The record low for senior men and women combined was 16.9 percent in 1995.

Ontario had a record low poverty rate for seniors of 12.9 percent in 1997, and Quebec had a near-record low of 25.8 percent. Ontario also had a record low rate for senior women of 16.5 percent.

On the other hand, poverty rates for both women and men 65 and over were up in 1997 in Newfoundland, New Brunswick and British Columbia, and poverty rates for senior men were up in Nova Scotia and Alberta.

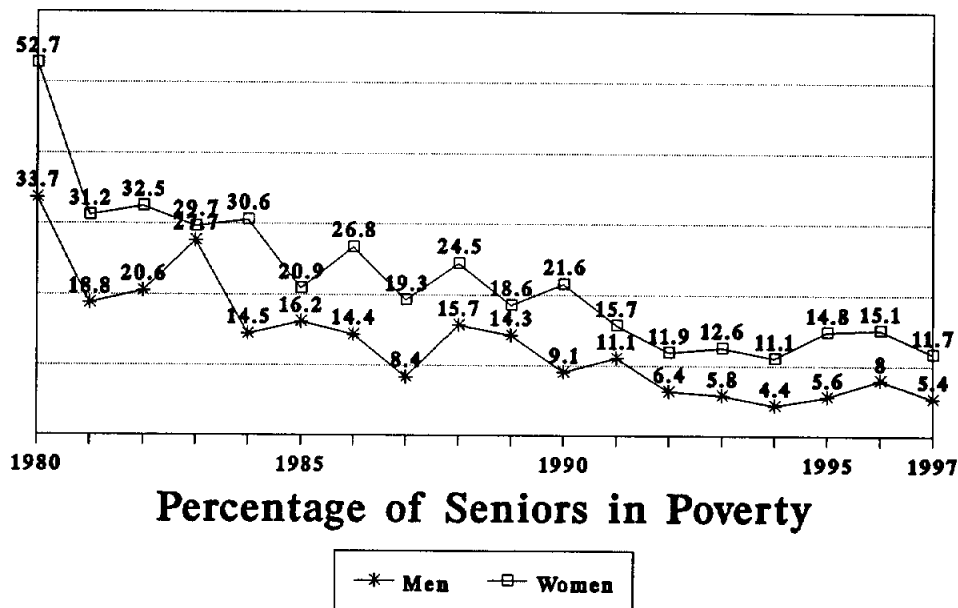
In all provinces, the poverty rates for senior men remain well below the rates for senior women. As well, the long-term decline in poverty rates has been sharper for men than for women. Details of the rates for women and men in all provinces from 1980 through 1997 are shown in the graphs on the next five pages.

Newfoundland



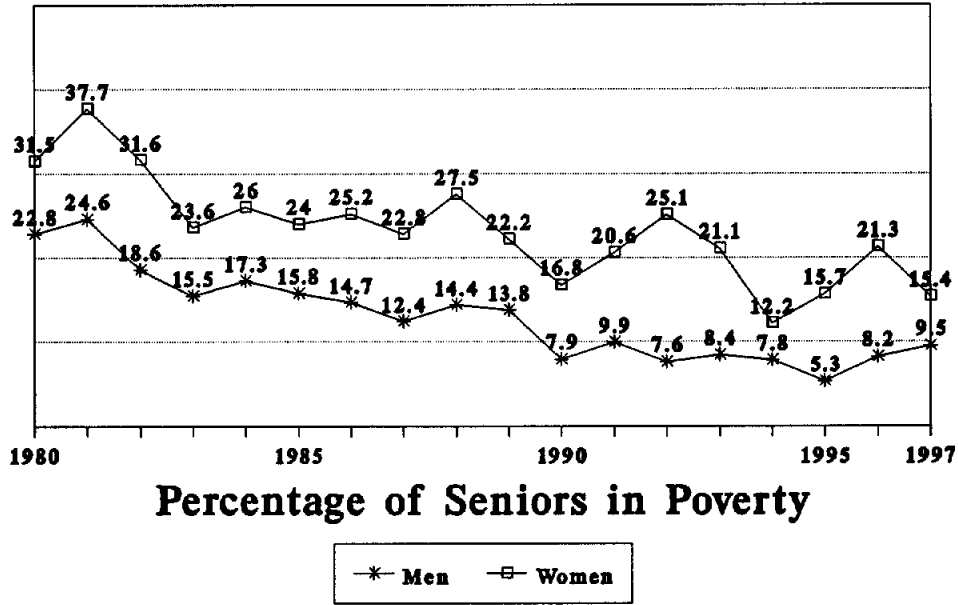
Graph AN-1

Prince Edward Island



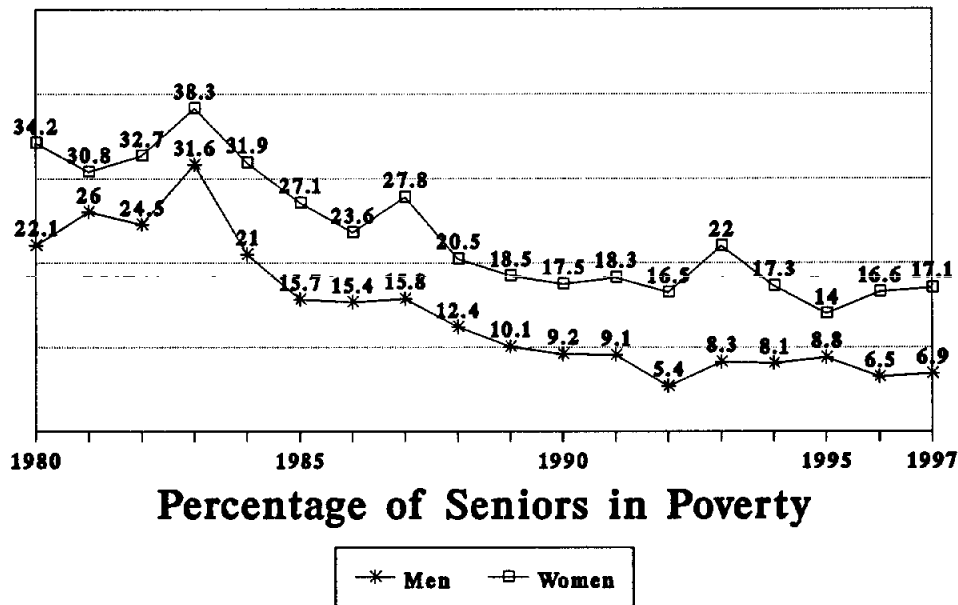
Graph AN-2

Nova Scotia



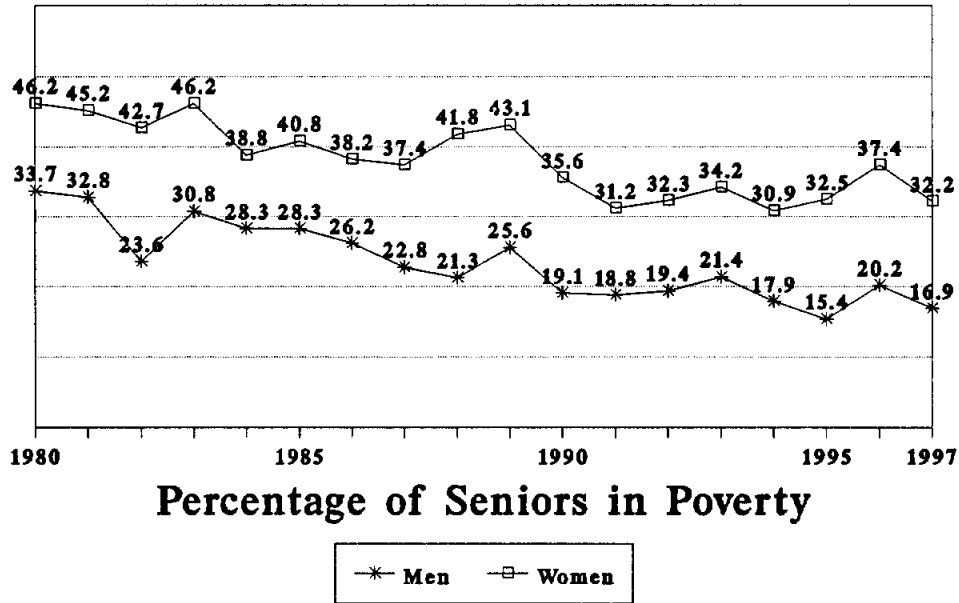
Graph AO-1

New Brunswick



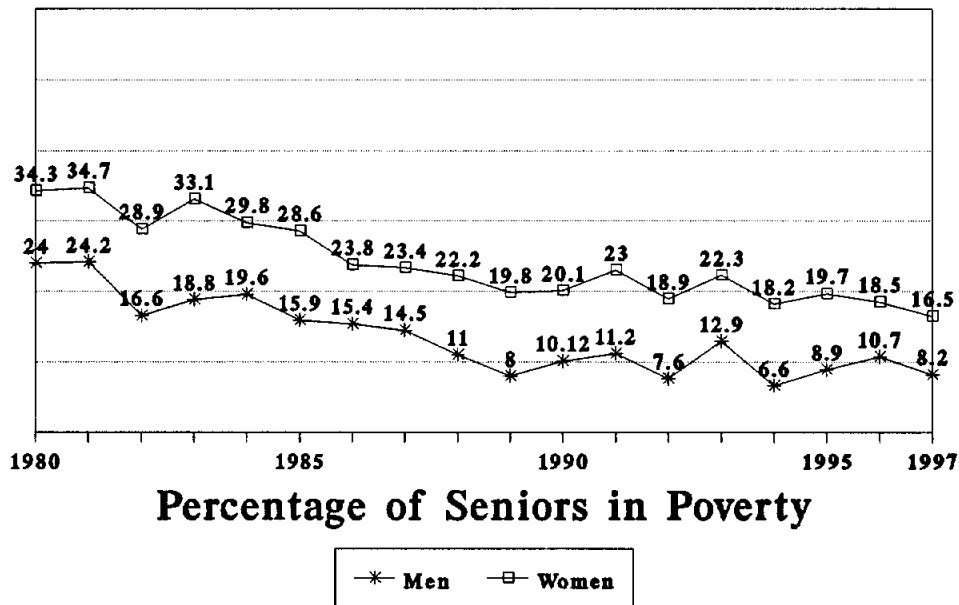
Graph AO-2

Quebec



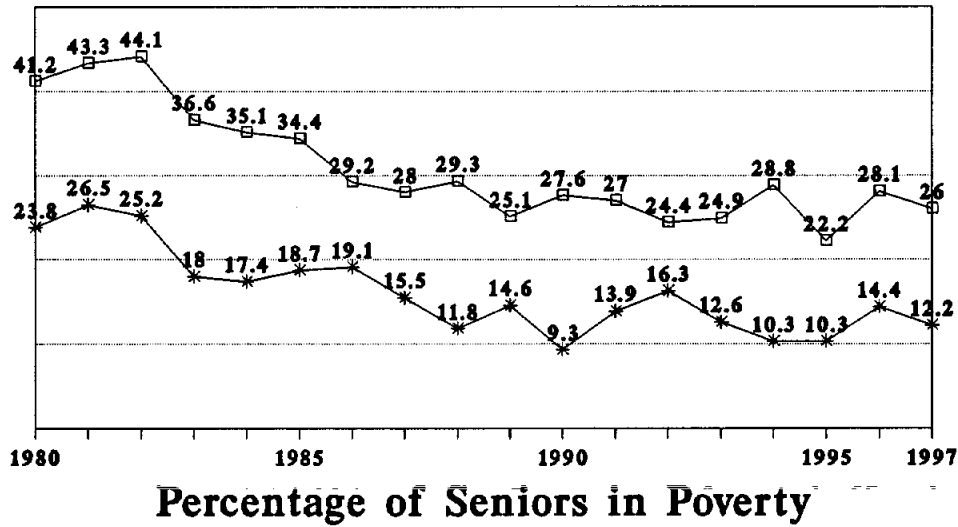
Graph AP-1

Ontario



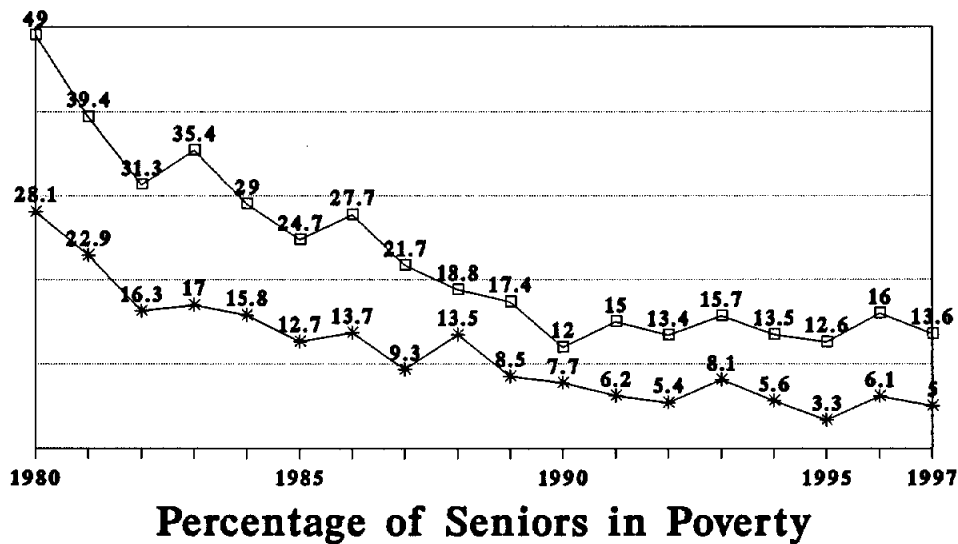
Graph AP-2

Manitoba



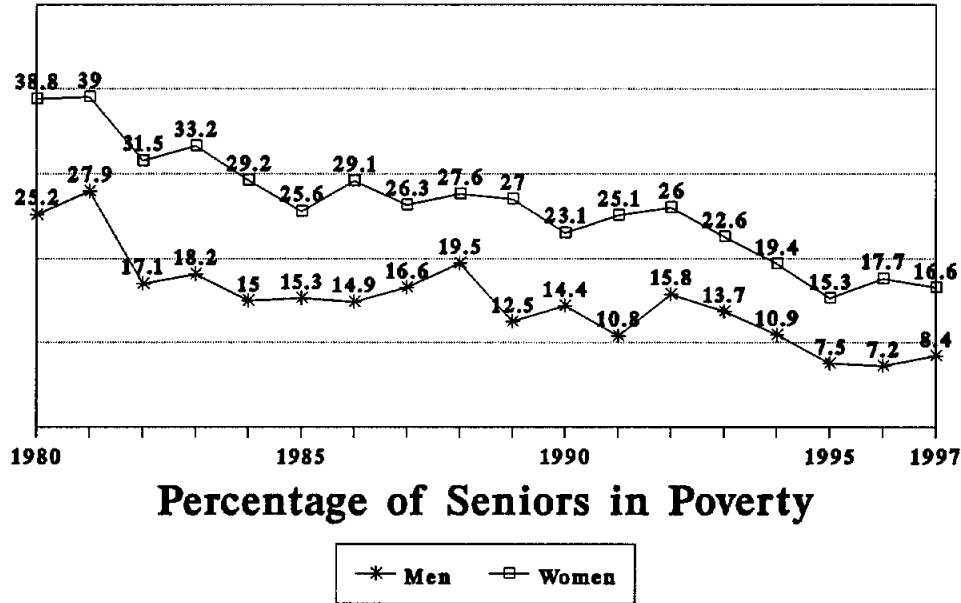
Graph AQ-1

Saskatchewan



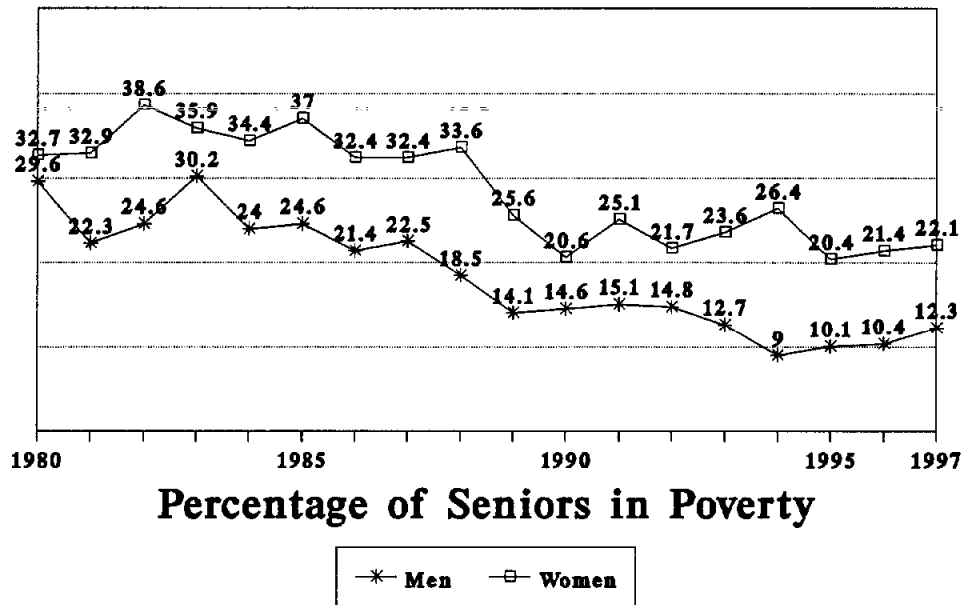
Graph AQ-2

Alberta



Graph AR-1

British Columbia



Graph AR-2

CONCLUSION

The fight against poverty in Canada has produced one big success story in recent years and any number of failures. The big success story concerns poverty among older Canadians. One of the biggest failures relates to poverty among families with children.

Why did the fight on behalf of seniors succeed and the fight on behalf of children fall by the wayside? The answer is mainly a matter of political will.

Current efforts to eradicate poverty among older people date back to the 1950s and 1960s and the actions of governments that led to the federal Old Age Security pension, the federal Guaranteed Income Supplement, the Canada and Quebec Pension Plans, and other government-supported measures that encouraged people to put away money for their retirement years. Together, these programs made a dramatic difference in the incomes of seniors and caused poverty rates to fall more or less steadily.

The latest efforts to eradicate poverty among families with children are pale reflections of the efforts made by governments on behalf of seniors. Members of the House of Commons voted unanimously on November 24, 1989, to "seek to achieve the goal of eliminating poverty among Canadian children by the year 2000." Since the vote, cuts to government programs have far outweighed improvements. The only significant federal government effort to date has been increased funding for the Canada Child Tax Benefit, but Ottawa has encouraged provincial and territorial governments to claw back the increase from poor families with children who are on welfare.

The National Council of Welfare has urged governments year after year to make poverty a priority. Poverty Profile 1997 shows that the fight has barely begun on behalf of Canadians under the age of 65. Although many of the main indicators of poverty were down slightly between 1996 and 1997, the poverty rates for people under 65 were substantially higher in 1997 than they were before the recession of 1990-1991. The 1990s could well go down in history as a decade of lost opportunities.

Poverty still casts a long shadow on single-parent mothers, people who are out of work, people who cannot get full-time work or adequate wages, people who depend on welfare, people who are poorly educated, people with disabilities or poor health, recent immigrants to Canada and the nearly 1.4 million children who depend on all these people for support. Perhaps most distressing of all is the rise in the ranks of the poorest of the poor in recent years, those people who struggle to get by on meagre incomes that add up to less than 50 percent of the poverty line.

As Canada enters a new century and a new millennium, governments must take every step necessary to fight poverty in all its forms. The National Council of Welfare is encouraged by reports that the federal budget of February 2000 may be a "children's budget" that could offer much-needed relief to families with children. In its recent report Children First, the Council made 29 recommendations that it believes should form the core of any concerted and systematic attack on poverty among families with children. Many of those recommendations would also benefit Canadians without children.

If remains to be seen, however, whether governments will follow through on the promises they have made. If they do, we would expect to see more success stories like the sharp decline in poverty among seniors. If they do not, we would expect to see poverty rates remain at levels that are unacceptably and unnecessarily high for years to come.

APPENDIX A

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	16,472	14,468	14,134	12,885	11,213
2	22,327	19,613	19,158	17,463	15,202
3	28,380	24,930	24,352	22,198	19,321
4	32,678	28,698	28,038	25,560	22,245
5	35,702	31,357	30,633	27,925	24,306
6	38,754	34,034	33,250	30,310	26,383
7+	41,681	36,610	35,764	32,603	28,376

NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1999*					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,636	14,613	14,275	13,013	11,325
2	22,550	19,809	19,350	17,637	15,354
3	28,664	25,179	24,596	22,420	19,514
4	33,005	28,985	28,319	25,816	22,467
5	36,059	31,670	30,939	28,204	24,549
6	39,141	34,375	33,583	30,613	26,647
7+	42,098	36,976	36,122	32,929	28,660

* Based on estimate of one percent inflation in 1999

APPENDIX B

REGIONAL POVERTY STATISTICS, 1997

	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	28,000	64.4%	95,000	57.1%	117,000	57.0%	100,000	55.3%
Unattached Women under 65	33,000	49.5%	141,000	44.4%	143,000	33.0%	153,000	38.0%
Unattached Men under 65	36,000	36.0%	170,000	37.5%	187,000	30.7%	192,000	32.8%
Unattached Women 65 and Older	21,000	34.2%	136,000	59.7%	107,000	34.7%	96,000	37.0%
Unattached Men 65 and Older	5,000	23.9%	31,000	40.0%	23,000	22.6%	22,000	22.5%
Couples under 65 With Children under 18	32,000	12.4%	92,000	12.5%	152,000	12.4%	99,000	10.8%
Childless Couples under 65	20,000	12.6%	81,000	15.6%	56,000	8.5%	52,000	9.0%
Couples 65 and Older	4,000	5.6%	25,000	11.6%	19,000	5.3%	17,000	5.8%

APPENDIX B (CONTINUED)

DEPTH OF POVERTY IN DOLLARS BELOW POVERTY LINE AND PERCENTAGE OF POVERTY LINE, 1997

	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	\$7,555	63%	\$10,124	58%	\$9,209	63%	\$9,247	61%
Unattached Women under 65	\$6,025	55%	\$6,845	55%	\$7,357	51%	\$6,479	57%
Unattached Men under 65	\$6,005	55%	\$6,650	56%	\$7,294	51%	\$6,761	55%
Unattached Women 65 and Older	\$1,726	87%	\$2,780	82%	\$2,405	84%	\$2,138	86%
Unattached Men 65 and Older	sample too small							
Couples under 65 With Children under 18	\$7,263	71%	\$9,345	67%	\$10,704	65%	\$9,756	67%
Childless Couples under 65	\$6,056	65%	\$7,299	63%	\$7,251	63%	\$7,805	54%
Couples 65 and Older	sample too small							

APPENDIX C

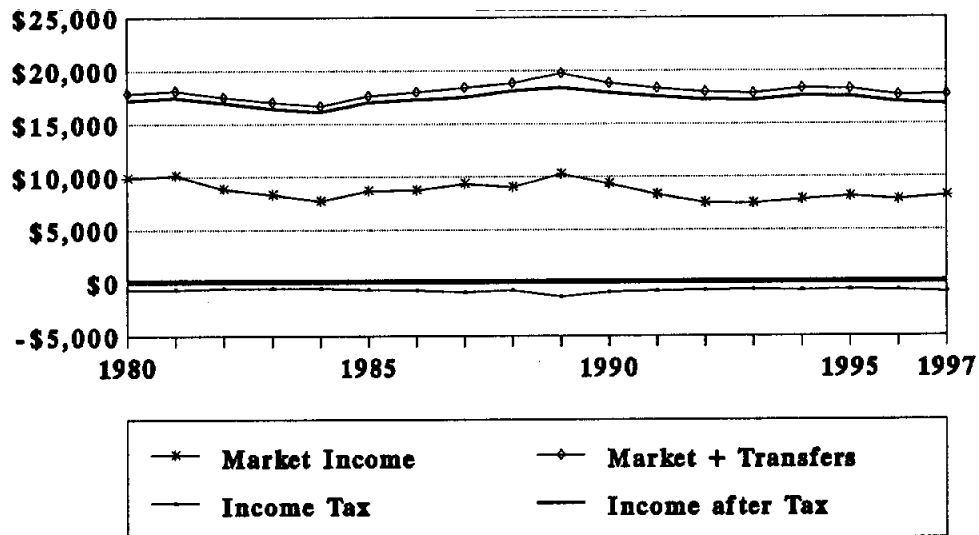
INCOMES OF POOR PEOPLE OVER TIME

The incomes of poor people tend to rise and fall with the growth and decline in the economy overall, but the changes have been very minimal in recent years. The two graphs on the next page show income trends for the poorest quintiles or poorest 20 percent of families and unattached individuals starting in 1980 and ending in 1997. All the figures are calculated in 1997 constant dollars to factor out the effects of inflation over the years.¹⁰

Each graph consists of four lines. The lines with stars measure market income: earnings, investment income and income from a variety of other non-governmental sources. The lines with diamonds measure market income plus income from government transfers. The lines with small dots just below the heavy solid lines at zero on the graphs represent federal, provincial and territorial income taxes. They are shown as negative amounts because they represent income losses rather than income gains. Finally, the heavy solid lines just beneath the top lines in the graphs are income after tax: that is, market income plus government transfers minus income taxes.

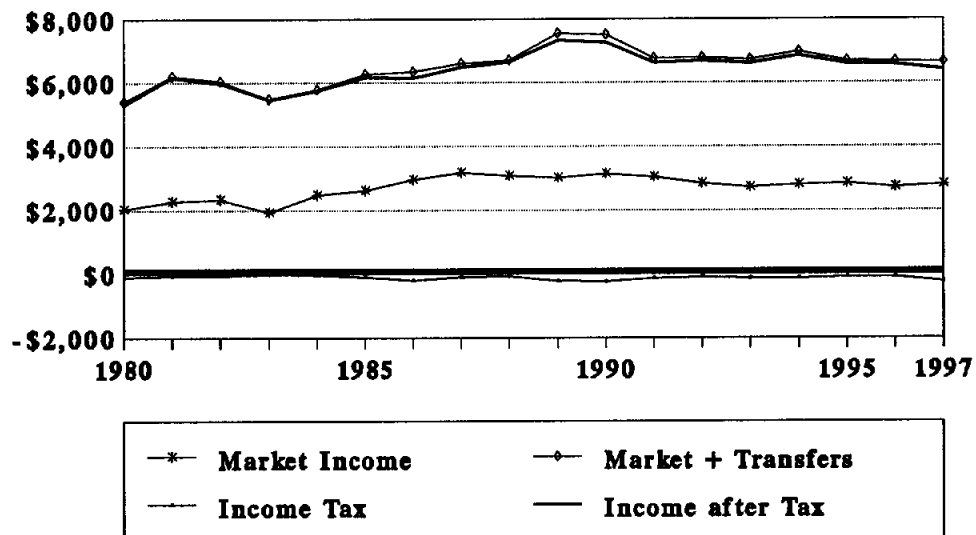
The data in the graphs come from the 1997 version of Income After Tax, Distributions by Size in Canada and are not directly comparable with the poverty statistics in the main body of this report. That is because they cover the poorest 20 percent of families and unattached individuals rather than poor families and unattached people exclusively and entirely. In 1997, for example, 14.3 percent of families and 36.3 percent of unattached individuals were poor using the before-tax low income cut-offs of Statistics Canada. The data in the table on families cover the lowest 20 percent of families rather than the 14.3 percent who were poor. The data on unattached people in the table cover roughly the lower half of the 36.3 percent who were poor.

Incomes of the Poorest 20 Percent of Families



Graph AS-1

Incomes of the Poorest 20 Percent of Unattached



Graph AS-2

The graph on the top half of the page shows that the market income alone of families started out about \$10,000 in 1980, dipped as a result of the recession of 1981-1982, peaked again in 1989 at about \$10,000 and has been lower and largely unchanged during most of the 1990s. Government transfers were up \$1,000 or more throughout most of the years after 1981, and income taxes were very minimal throughout the period.

The net result was that the incomes of the poorest 20 percent of families after income taxes have moved in a very narrow range midway between \$15,000 and \$20,000. The peak year was 1989, and incomes have been lower and largely unchanged since then. In 1997, average income before government transfers for the poorest 20 percent of families was \$8,199, average transfer payments were \$9,582 and average income taxes were \$905. That left average income after income taxes of \$16,876.

The patterns are roughly similar for the poorest unattached individuals shown in the graph on the bottom half of the page. Market incomes dipped in 1983, peaked in 1990, and were lower in the years that followed. Government transfers were also fairly flat except for an unexplained increase in 1989 and 1990, and income taxes were so small that they can barely be seen in the graph.

The net result was a very slight upward trend in income after income taxes for the period as a whole. Average incomes for the poorest 20 percent of unattached individuals have been stuck at between \$6,000 and \$7,000 a year for most of the 1990s. In 1997, average income before government transfers for the poorest 20 percent of unattached individuals was \$2,806, average transfer payments were \$3,838 and average income taxes were \$230. That left average income after income taxes of \$6,414.

ENDNOTES

1. Statistics Canada, Income Distributions by Size in Canada, 1997 (Catalogue No. 13-207-XPB). 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.
2. 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.
3. Detailed calculations of welfare incomes and related benefits in each province and territory will be available early in 2000 in the forthcoming National Council of Welfare publication Welfare Incomes 1998-1999. The income ranges in the text are for provincial welfare and other provincial benefits only. They do not include welfare and related benefits in Yukon or the Northwest Territories, and they do not include federal government benefits.
4. Payments in Alberta varied with the age of the child, and payments in Quebec varied with the age of the child and the number of children in a family.
5. The graphs for 1980 in this series and the next use revised weights.
6. For a description of the Canada Child Tax Benefit, an analysis of its impact, and a review of its many shortcomings, see the National Council of Welfare publication Child Benefits: Kids Are Still Hungry (Autumn 1998).
7. The information in this chapter comes from Marie Drolet and René Morissette, "To What Extent Are Canadians Exposed to Low Income?" (Statistics Canada Catalogue No. 75F0002MIE), March 1999.
8. Same. Percentages in the table were rounded up to the next whole number, and the percentages do not always add up to the figures in the first column because of rounding. Pre-tax data were not published for any of the categories in the table.

9. 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.

 10. Statistics Canada, Income After Tax, Distributions by Size in Canada, 1997 (Catalogue No. 13-210-XPB).
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The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

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

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