CITIZENS FOR PUBLIC JUSTICE

CITOYENS POUR UNE POLITIQUE JUSTE

Poverty Trends Highlights

Canada 2013

There is no reason why poverty should exist in a country as wealthy as Canada. Past progress proves that we can be successful in reducing poverty when governments make it a priority, but the evidence shows further action is clearly needed:

- Even according to the lowest commonly accepted measure, 2.96 million people in Canada are poor.
- Single working-age adults are becoming trapped in poverty in record numbers.
- Lone-parent families have disproportionately low income.

The social and economic costs of poverty affect us all. A comprehensive federal poverty elimination plan is desperately needed.

Here, using the most recent data from Statistics Canada, Citizens for Public Justice not only illustrates the breadth of the problem, but proposes specific changes that can be made for the good of all.

Citizens for Public Justice promotes public justice in Canada by shaping key public policy debates through research and analysis, publishing, and public dialogue. CPJ encourages citizens, leaders in society, and governments to support policies and practices which reflect God's call for love, justice, and stewardship.

www.cpj.ca

Poverty Rates Have Fallen from Recession Highs

After spiking during the 2008–09 recession, poverty rates have decreased.

Depending on the measure used, anywhere from 8.8 to 12.6 per cent of people in Canada were poor in 2011. According to the after-tax Low Income Cut-Off, poverty is at its lowest level on record.

See page 5 for more information on poverty measures. Unless otherwise noted, we use the after-tax Low Income Cut-off (LICO-AT) in this report.

Yet when compared to other developed countries, Canada's poverty rate is high—we're 24th out of 34 Organization for Economic Co-operation and Development (OECD) countries. Poverty makes a country less competitive, its people less healthy, and costs us all, both economically and socially.

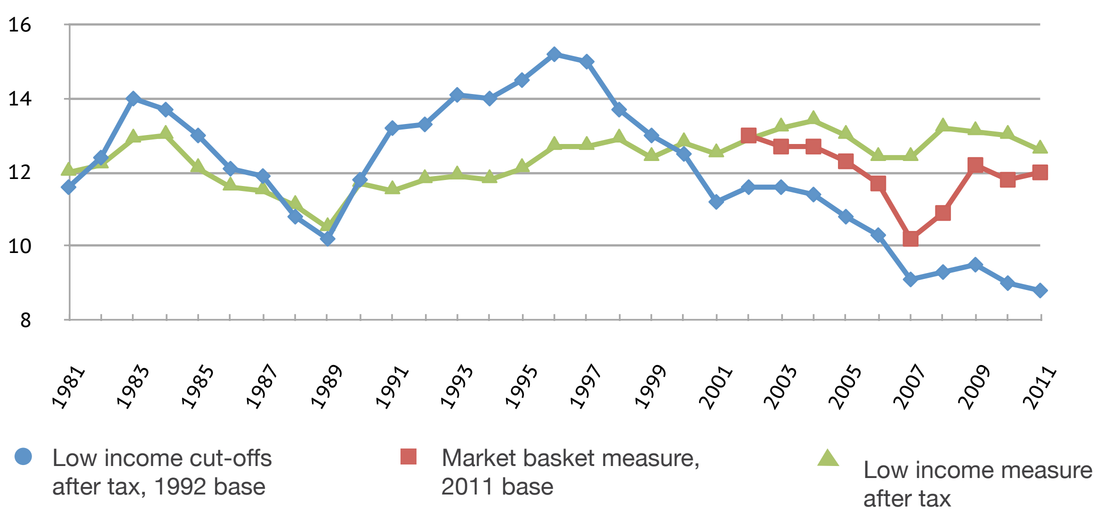
The general poverty rate only tells part of the story. Many of today's poor have jobs and increasingly are singles between the ages of 18 and 64. What's more, the poor are very poor, with incomes well below the poverty line.

Is Canada's poverty rate higher or lower than you thought? How much – if any – poverty should a society tolerate?

Income security programs for low-income children and seniors have shown that when government makes it a priority, poverty can be reduced. How do we build on that and work towards a goal of zero poverty, where everyone has enough?

Poverty down from recession, but rate of poverty depends upon measure used

Poverty rate by different measures, 1981–2011



Source: Statistics Canada, Table 202-0804 Persons in low income, by economic family type, annual

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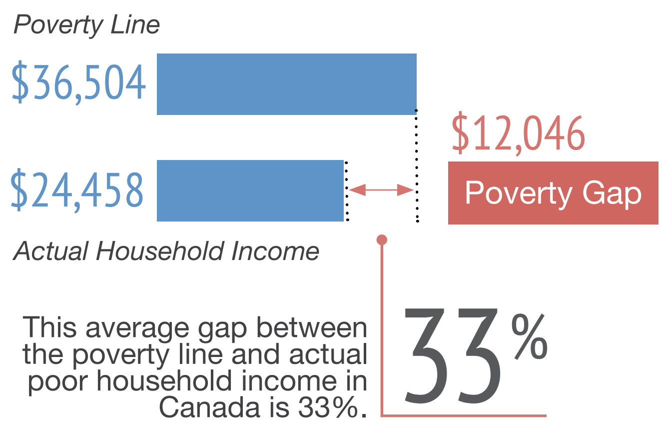
The Poor Are Very Poor

The average poverty gap (i.e. the difference between the poverty line and actual household income, expressed as a percentage of the poverty line) is 33 per cent. Low-income families are living on incomes that are only two-thirds of the poverty line.

The poverty line for a family of four living in Vancouver is $36,504, but the average poor family lives on only $24,458 per year. This amounts to $2,038 per month to cover rent and utilities, put food on the table, pay for transportation, buy clothing, and purchase other basic needs.

Today's average poverty gap is the same as in 1981.

See pages 6-7 for information about the poverty line.



A Job Doesn't Guarantee Freedom from Poverty

Forty-four per cent of poor households in Canada had at least one person working in 2011. This can partly be attributed to the rise in precarious, low-wage employment. Temporary employment continues to increase, while high-quality full-time jobs are becoming increasingly scarce.

per cent of poor households in which at least one person works.

For more information, see CPJ's "Labour Market Trends" **report, available at www.cpj.ca/labour-market-trends-report**

Example:

Susan works 25 hours a week at a grocery store in Ontario. She earns minimum wage ($10.25/hr) and receives no benefits. Her net monthly income after deductions is $1,008, putting her well below the poverty line.

Wage: $10.25/hr

Net income: $1,008/mo

Poverty line: $1,361/mo

Gap: $353/mo

Poverty Persists among Unattached Working-Age Adults

Unattached working-age adults continue to be forgotten by society and policy makers. While programs have reduced poverty among children and seniors, income supports for working-age individuals have been cut back.

Notions of "undeserving poor" persist, despite the fact that many unattached working-age adults are unable to work and that there is a shortage of good jobs.

? Why have we ignored the plight of unattached working-age adults? Are some people more/less worthy of dignity and support?

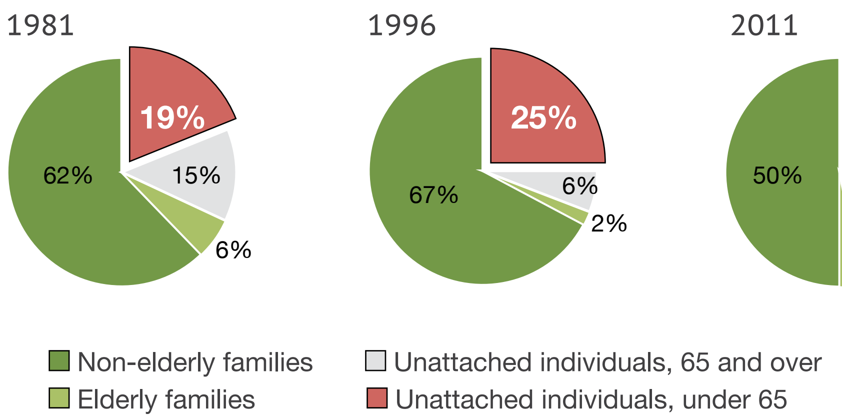
The poverty rate for single working-age adults has stagnated since the 2008–09 recession; between 2010 and 2011 it increased by 3.2 per cent. Forty-seven thousand more working-age singles were poor in 2011 than in 2010.

This is part of a much longer trend: compared to 30 years ago, poverty has fallen for all other main household types (non-elderly families, elderly families, and unattached individuals over 65) but has worsened for single working-age adults.

The number of single, unattached working-age adults living in poverty has doubled since 1981, going from 538,000 people to 1,195,000 in 2011. The number of poor individuals in other family types, on the other hand, has decreased: unattached individuals 65 and over by 44.3 per cent, non-elderly families by 15.5 per cent, and elderly families by 53.3 per cent.

The poverty gap for unattached working-age individuals is much higher than average; they live on incomes 44 per cent below the poverty line.

Percentage distribution of poor households, 1981–2011



Single working-age adults comprised 40.4 per cent of the poor population in 2011 compared to 19.0 per cent 30 years ago.

Source: Statistics Canada, Table 202-0804 Persons in low income, by economic family type, annual

Poverty among Lone-Parent Families on the Rise

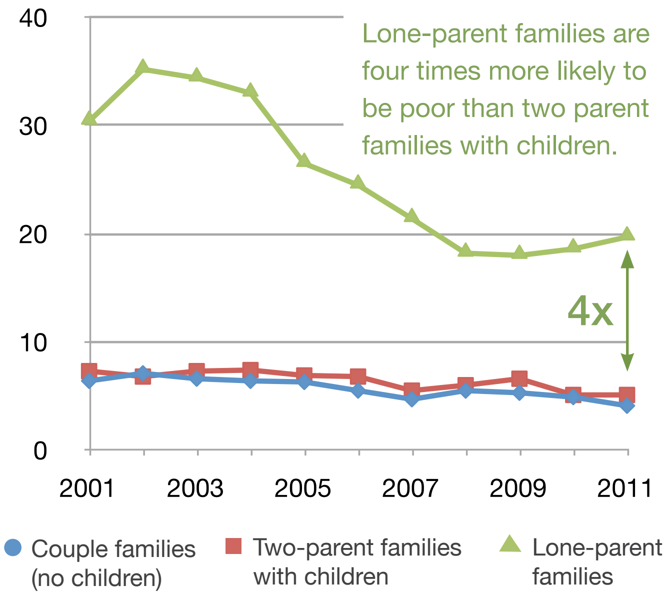
Lone-parent families continue to struggle and have experienced a rise in poverty since the 2008–09 recession.

In 2011, 19.7 per cent of lone-parent families lived in poverty, compared to 18.6 per cent in 2010. This represents 35,000 more parents and children living in poverty.

Lone-parent families are nearly four times more likely to be poor than two-parent families with children. Although our current income security programs help, they are inadequate at lifting some families out of poverty.

Eighty-nine per cent of poor lone-parent families are female-led.

Poverty rate among working-age families, by family type, 2001-2011



Source: Statistics Canada, Table 202-0804 Persons in low income, by economic family type, annual

Here's What We Need To Do

1. Implement a comprehensive federal plan to eliminate poverty in Canada, as called for by all-party committees of both the House of Commons and Senate.
2. Strengthen income security programs for poor, single, working-age adults:
   - Expand the reach and benefit levels of the Working Income Tax Benefit so anyone working full-time is above the poverty line.
   - Invest in the creation of high-quality jobs.
   - Raise the federal minimum wage.
   - Evaluate a Guaranteed Livable Income through a federally-funded pilot project.
3. Protect and further the gains made against children's and seniors' poverty:
   - Raise the National Child Benefit Supplement (NCBS) to a maximum of $5,400 (indexed to inflation) per child for low-income families.
   - Reverse the decision to increase the eligibility age for Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) from 65 to 67, and ensure that benefits are set to ensure no seniors live in poverty.
4. Invest in other important supports for low-income people, such as housing and affordable childcare.

Poverty Measures and Lines

Canada has no official poverty measure. Instead, Statistics Canada produces three main measures of low income: the Low Income Cut-Off (LICO), the Low Income Measure (LIM), and the Market Basket Measure (MBM).

There is currently no consensus among anti-poverty advocates, researchers, decision makers, or the media as to the best measure to use.

The LICO and LIM are calculated both before and after taxes. We use the after-tax figures in this report.

Each measure has its advantages and its limitations. Much public confusion and debate have resulted as individuals and groups have inconsistently and selectively used the measures in their analysis.

To shed light on the issue and highlight some of the differences, we have provided examples of the low income rates and corresponding poverty lines for each of the three measures. We believe the ongoing debate over poverty measures highlights the need for a federal poverty elimination plan that includes an agreed-upon measure with which to gauge progress.

For an excellent discussion on poverty measures see Richard Shillington and John Stapleton's *Cutting Through the Fog: Why is it so hard to make sense of poverty measures?* (2010).

Should poverty be measured in absolute or relative terms? Why? ?

Low Income Measure (LIM)

Used for international comparison, and increasingly being adopted by the Canadian anti-poverty community, the LIM is a purely relative measure of low income, set at 50 per cent of adjusted median household income. The LIM is categorized according to the number of persons present in the household. The LIM has been criticized for defining poverty in relative rather than absolute terms.

Low Income Cut-Off (LICO)

The oldest and most commonly used measure, the after-tax LICO is the level at which a family spends 63.6 per cent or more of its income on food, shelter, and clothing. Statistics Canada calculates 35 different LICOs, according to community and family size for both before- and after-tax incomes. The LICO has been criticized for its lack of sensitivity to regional differences and the fact that it hasn't been adjusted to reflect changing spending patterns since 1992.

Market Basket Measure (MBM)

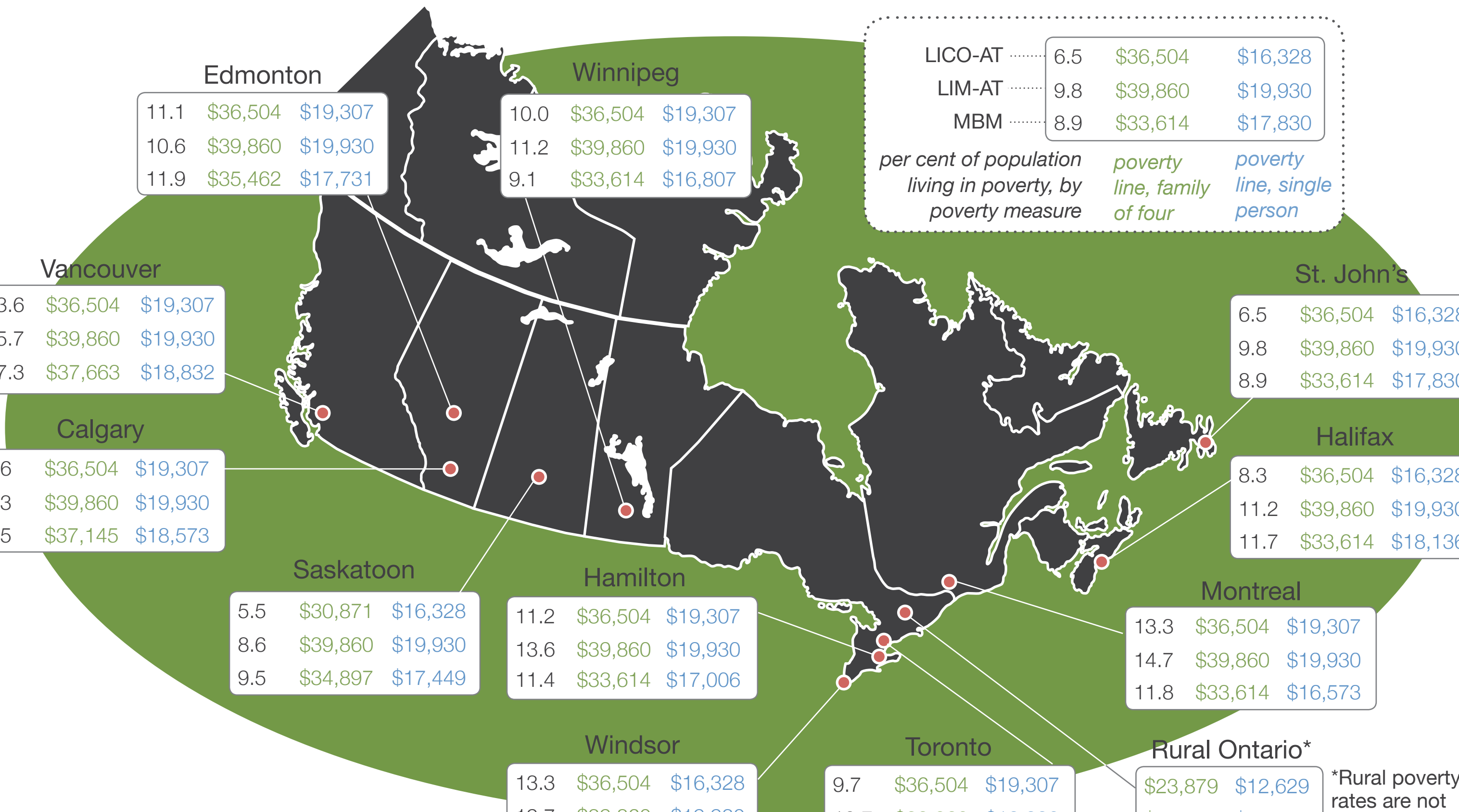
An absolute measure, the MBM is the level at which a household does not have the income to purchase a specific basket of essential goods and services, including a nutritious diet, clothing, shelter, transportation, personal care items, and household supplies. The MBM takes local conditions into account in costing the basket; accordingly, it is calculated for 19 specific communities and another 29 community sizes across the 10 provinces. The MBM has only been calculated since 2002 and has been criticized for not accurately reflecting the cost of living in some regions.

2011 Poverty Rates and Lines by Select Communities.

Remember that the average poor household in Canada relies on an income that is 33 per cent below the poverty line.

Low income measures only capture material dimensions of poverty; poverty also manifests itself in other ways including social exclusion, diminished well-being, and stress.

Poverty rates and lines in select communities in Canada, 2011



		per cent of population living in poverty, by poverty measure	*poverty line, family of four*	*poverty line, single person*
(Legend)	LICO-AT	6.5	$36,504	$16,328
	LIM-AT	9.8	$39,860	$19,930
	MBM	8.9	$33,614	$17,830
Edmonton	LICO-AT	11.1	$36,504	$19,307
	LIM-AT	10.6	$39,860	$19,930
	MBM	11.9	$35,462	$17,731
Winnipeg	LICO-AT	10.0	$36,504	$19,307
	LIM-AT	11.2	$39,860	$19,930
	MBM	9.1	$33,614	$16,807
Vancouver	LICO-AT	13.6	$36,504	$19,307
	LIM-AT	15.7	$39,860	$19,930
	MBM	17.3	$37,663	$18,832
Calgary	LICO-AT	6.6	$36,504	$19,307
	LIM-AT	6.3	$39,860	$19,930
	MBM	8.5	$37,145	$18,573
Saskatoon	LICO-AT	5.5	$30,871	$16,328
	LIM-AT	8.6	$39,860	$19,930
	MBM	9.5	$34,897	$17,449
Hamilton	LICO-AT	11.2	$36,504	$19,307
	LIM-AT	13.6	$39,860	$19,930
	MBM	11.4	$33,614	$17,006
St. John's	LICO-AT	6.5	$36,504	$16,328
	LIM-AT	9.8	$39,860	$19,930
	MBM	8.9	$33,614	$17,830
Halifax	LICO-AT	8.3	$36,504	$16,328
	LIM-AT	11.2	$39,860	$19,930
	MBM	11.7	$33,614	$18,136
Montreal	LICO-AT	13.3	$36,504	$19,307
	LIM-AT	14.7	$39,860	$19,930
	MBM	11.8	$33,614	$16,573
Windsor	LICO-AT	13.3	$36,504	$16,328
	LIM-AT	19.7	$39,860	$19,930
	MBM	14.0	$33,614	$16,829
Toronto	LICO-AT	9.7	$36,504	$19,307
	LIM-AT	10.7	$39,860	$19,930
	MBM	13.3	$33,614	$19,157
Rural Ontario*	LICO-AT		$23,879	$12,629
	LIM-AT		$39,860	$19,930
	MBM		$34,503	$17,252

*Rural poverty rates are not calculated separately.

Here's how the MBM for a family of four in Toronto is calculated:

- Food = $813/month
- Shelter (incl. utilities) = $1,123/month
- Transportation = $366/month
- Clothing = $157/month
- All other expenses = $732/month

Based on your own experience and budget, do the poverty line examples seem low, high, or about right? Which measure do you think is best?

?

Appendix 1: Summary Table – Low Income Cut-Off (After-Tax)

Poverty rates by selected characteristics (LICO-AT)

	1981	1989	1996	2007	2008	2009	2010	2011
Total Persons (%)	11.6	10.2	15.2	9.1	9.3	9.5	9.0	8.8 –
Household Type								
Families (%)	8.8	7.6	12.0	6.0	6.2	6.5	5.9	5.5 ▼
Under 65 years*	8.8	7.9	13.0	6.5	6.7	7.0	6.3	5.9 ▼
65 and older**	9.6	4.3	3.0	1.8	2.6	2.6	3.2	2.4 ▼
Unattached Individuals (%)	35.5	29.0	36.1	27.6	27.3	26.9	26.9	27.7 ▲
Under 65 years	29.8	29.1	40.4	32.2	31.6	31.4	31.3	32.3 ▲
65 and older	49.7	28.8	25.4	14.0	15.6	14.1	14.3	14.9 ▲
Age (%)								
Children < 18 years	12.6	11.9	18.4	9.5	9.0	9.4	8.2	8.5 ▲
Adults 18-64 years	9.8	9.3	15.0	9.9	10.1	10.4	10.1	9.7 ▼
Adults 65+ years	21.0	11.3	9.7	4.8	5.8	5.1	5.3	5.2 –
Male (%)	9.9	8.8	14.2	9.0	8.9	9.5	8.7	8.7 –
Female (%)	13.3	11.6	16.2	9.3	9.8	9.5	9.3	8.9 ▼
Families with Children (%)								
Two-parent Families with Children	7.5	6.5	10.7	5.5	6.0	6.6	5.1	5.1 –
Lone-parent Families	39.3	38.6	49.3	21.4	18.2	18.0	18.6	19.7 ▲
Province (%)								
Newfoundland & Labrador	13.3	10.3	15.4	6.8	7.3	7.1	6.4	5.3 ▼
Prince Edward Island	12.0	6.6	8.6	5.1	5.2	4.9	3.9	4.4 ▲
Nova Scotia	12.1	9.9	13.4	8.2	8.2	8.0	7.7	7.0 ▼
New Brunswick	15.0	10.3	12.0	8.3	7.5	6.9	5.5	5.8 ▲
Quebec	14.3	12.3	18.0	10.4	10.9	8.9	10.0	9.5 ▼
Ontario	10.0	7.8	14.0	8.8	9.3	10.1	8.8	9.0 ▲
Manitoba	14.2	12.4	15.8	10.2	8.5	8.8	9.2	8.9 ▼
Saskatchewan	12.2	11.8	13.0	8.0	7.3	7.1	6.4	5.3 ▼
Alberta	8.0	12.4	14.8	6.1	5.7	7.7	6.8	7.0 –
British Columbia	10.9	10.4	15.2	11.0	11.1	12.0	11.5	10.7 ▼

Trend, 2010–2011:

▲ Increase equal or greater than 0.3 percentage points

– Little or no change (change less than 0.3 percentage points)

▼ Decline equal or greater than 0.3 percentage points.

Source: Statistics Canada (2012), CANSIM Table 202-0802 - Persons in low income families, annual; 202-0804 - Persons in low income by economic family type, annual. Note: After-tax Low Income Cut-off; Note: * major income earner is less than 65; ** major income earner is 65 years or older.

Appendix 2: Summary Table – Low Income Measure (After-Tax)

Poverty rates by selected characteristics (LIM-AT)

	1981	1989	1996	2007	2008	2009	2010	2011
Total Persons (%)	12.0	10.5	12.7	12.4	13.2	13.1	13.0	**12.6** ▼
Household Type								
Families (%)	13.9	9.3	11.5	10.0	10.9	10.8	10.6	**9.9** ▼
Under 65 years*	10.3	9.6	12.4	10.4	11.2	11.1	10.7	**10.1** ▼
65 and older**	13.9	6.9	3.0	7.0	8.1	8.7	9.9	**8.3** ▼
Unattached Individuals (%)	24.1	19.4	20.6	26.0	26.4	26.4	26.6	**28.2** ▲
Under 65 years	17.5	18.4	24.9	26.4	25.9	26.5	26.3	**28.3** ▲
65 and older	40.4	21.8	9.7	24.7	27.8	26.2	27.2	**28.0** ▲
Age (%)								
Children < 18 years	14.5	13.7	17.4	15.1	15.3	15.0	14.5	**14.3** –
Adults 18-64 years	9.7	9.3	12.4	11.9	12.7	12.8	12.7	**12.2** ▼
Adults 65+ years	20.4	10.7	4.6	10.4	12.3	11.5	12.3	**12.0** ▼
Male (%)	10.6	9.4	11.9	11.6	12.1	12.3	12.2	**11.9** ▼
Female (%)	13.4	11.6	13.5	13.2	14.2	13.9	13.8	**13.3** ▼
Families with Children (%)								
Two-parent Families with Children	9.2	8.2	9.8	9.0	10.2	10.2	9.7	**8.7** ▼
Lone-parent Families	40.5	42.0	48.8	35.0	32.5	30.7	31.8	**34.0** ▲
Province (%)								
Newfoundland & Labrador	19.9	16.7	18.9	16.4	17.0	15.1	14.4	**13.8** ▼
Prince Edward Island	21.0	15.0	11.8	11.7	12.1	11.9	14.8	**15.0** –
Nova Scotia	16.2	14.7	15.7	15.2	17.0	16.8	14.7	**13.5** ▼
New Brunswick	20.5	14.4	14.8	17.8	16.7	14.0	14.8	**12.6** ▼
Quebec	14.2	12.1	15.0	14.3	15.4	13.4	14.5	**14.0** ▼
Ontario	9.4	7.1	10.9	11.2	12.4	13.0	12.3	**12.0** ▼
Manitoba	14.5	14.0	13.6	14.2	13.5	15.0	14.3	**14.0** ▼
Saskatchewan	16.3	17.5	15.1	14.9	14.7	11.7	11.9	**11.3** ▼
Alberta	8.7	12.0	11.4	7.7	7.4	9.3	8.7	**8.2** ▼
British Columbia	10.2	10.2	11.5	13.2	13.8	14.6	14.9	**15.3** ▲

Trend 2010–2011:

- ▲ Increase equal or greater than 0.3 percentage points
- – Little or no change (change less than 0.3 percentage points)
- ▼ Decline equal or greater than 0.3 percentage points.

Source: Statistics Canada (2012), CANSIM Table 202-0802 - Persons in low income families, annual; 202-0804 - Persons in low income by economic family type, annual. Note: After-tax Low Income Cut-off; Note: * major income earner is less than 65; ** major income earner is 65 years or older.

All data contained in this report is from Statistics Canada CANSIM Tables 202-0802 - Persons in low income families, annual; 202-0804 - Persons in low income by economic family type, annual; 202-0801 - Low income cut-offs before and after tax; 202-0808 Low income measures by income source and household size ; and 202-0809 - Market Basket Measure Thresholds (2011 base).