

# Fact Sheet #1

## Poverty in Canada

One of the notable successes of the past 15 years has been the decline in poverty rates, especially among children and seniors.<sup>3</sup> In 2007, after years of sustained economic growth, the overall low income rate finally fell below 10%, a level last recorded back in 1989. With the onset of the recession, rising unemployment and financial hardship resulted in a sharp rise in poverty between 2007 and 2009, falling back to pre-recession levels in 2010.

Certain groups of Canadians, however, continue to experience high levels of poverty and economic disadvantage. Individuals living on their own are now much more likely to be poor than individuals living in family situations, especially those between the ages of 18 and 64. They are Canada's forgotten poor, struggling in the low wage labour market and on subsistence level social assistance benefits.

### Poverty rate down from recession high

- The overall poverty rate was 9.0% in 2010 as measured by Statistics Canada's after-tax Low Income Cut-off (LICO), representing over 3 million Canadians. This represents a decline from the recession high of 9.5% recorded in 2009.<sup>4</sup>
- Rates of low income have recovered more quickly during the 2008-09 recession than during the recessions of the early 1980s and early 1990s, but some regions and groups are still struggling.

### Poverty rates have been trending down since the mid-1990s

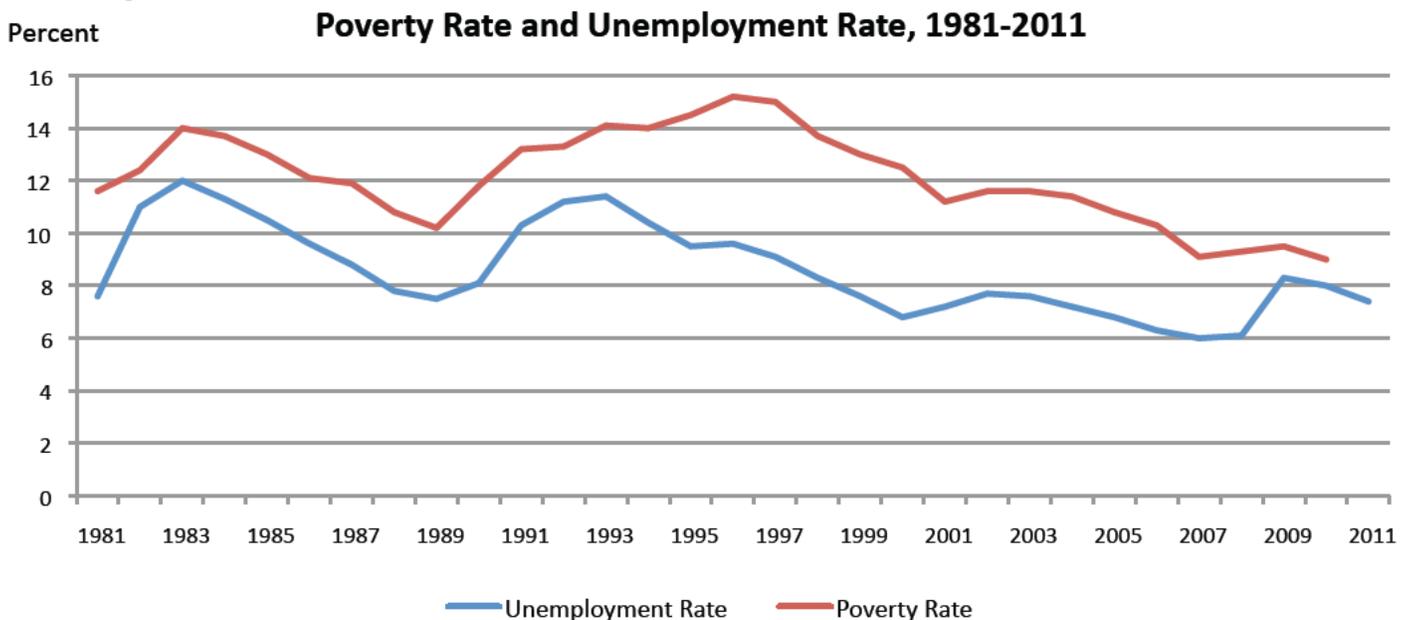
- Looking at the longer time frame, we see a general decline in the overall incidence of poverty (2.6 percentage points between 1981 and 2010).

- In particular, the rate of poverty among families of two or more has fallen since the late 1990s, to a low of 5.9% in 2010.

### The risk of poverty among singles still very high

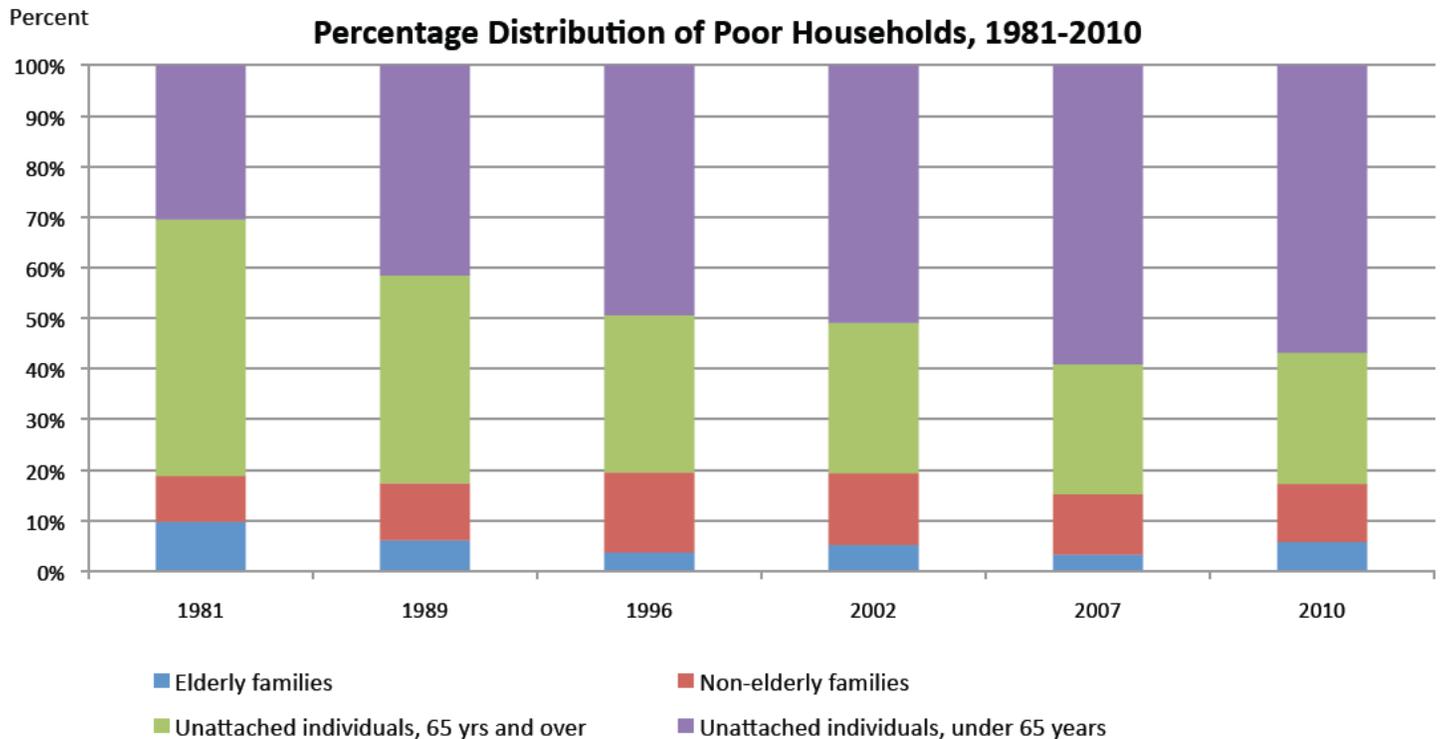
- Single individuals are four times more likely to be poor than individuals living in families (26.9% vs. 5.9% in 2010).
- In 1981, 68.4% of all poor individuals lived in families. By 2010, this proportion had fallen to 55.6%. By contrast, unattached individuals now make up 44.3% of the poor, up from 31.6%.

## Tracking poverty and unemployment in Canada



Source: Statistics Canada (2012), *Income in Canada*, 2011. Note: After-tax Low Income Cut-off

## Singles make up a growing share of the poor in Canada



Statistics Canada. Table 202-0804 - Persons in low income, by economic family type, annual. Note: After-tax Low Income Cut-off

### Canada's forgotten poor

- Unattached individuals under the age of 65 have made no progress in reducing their levels of poverty in 30 years. Three in ten were poor in 1981 – and three in ten were poor in 2010.
- Individuals under the age of 65 are twice as likely to live in poverty as individuals over the age of 65 (31.3% vs. 14.3%).
- Among poor unattached individuals, those under age 65 now make up a much larger share of this group compared to those above age 65, 86.1% vs. 13.9% (an increase of 26.1 percentage points between 1981 and 2010).

### Effective income security programs key to reducing poverty

- Income security programs have been essential in tackling historically high rates of poverty, notably among Canada's seniors.
- However, income supports for working-age Canadians – and unattached individuals in particular – have weakened since the 1990s, and now provide less support to the disadvantaged than they did in the past.
- Lack of support is a critical issue with the loss of middle-income jobs in Canada. As a result, growing numbers of individuals and families are struggling to make ends meet, working long hours at low wages.