



Poverty Trends Scorecard

Canada 2012



Without an anti-poverty strategy, the progress that Canada has made will erode, diminishing the life chance and opportunities of the poor, and undercutting Canada's future prosperity.



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Introduction

Poverty Trends Scorecard – Canada 2012

In 2008, the collapse of financial markets around the world tipped country after country into recession. Canada was no exception. In a short eight month period, hundreds of thousands of Canadians lost their jobs and the Employment Insurance and Social Assistance rolls started to climb. The proportion of part-time and temporary jobs increased as full-time employment disappeared. Canadians had to stretch their dollars further to pay for rising food costs and shelter, many turning to food banks – and credit cards – to make ends meet.

Before the recession hit, some economists were arguing that the days of boom and bust were over, that we had learned how to manage the business cycle as evidenced by over a decade of positive economic growth and rising average incomes. But the warning signs were there. Average incomes were rising – yes – but the very large increases of the top 1% earners were driving the trend. Income inequality was increasing steadily in Canada as the gap between those at the top and those down the income ladder widened.

In 2009, Citizens for Public Justice (CPJ) launched the Bearing the Brunt project to try to capture and track the impact of the recession on Canadians and their families. Evidence from the last two recessions demonstrated that recessions can have a long-term detrimental impact as good jobs are lost and

governments cut back community supports and services. Economic and social divisions become entrenched. The bonds that tie communities together weaken. The most vulnerable are left behind.¹

As part of this project, CPJ released a Poverty Trends Scorecard in 2010 that highlighted poverty trends and several key factors related to family economic security. The Scorecard, entitled *Recovery: Not for many Canadian families*, was based on a detailed research study: *Bearing the Brunt: How the 2008-2009 Recession Created Poverty for Canadian Families*.²

This report presents an update of the Poverty Trends Scorecard. Three years later, the recovery has yet to fully take hold. The individuals and families who bore the brunt of the 2008-09 recession face continuing economic uncertainty,

high levels of unemployment, and rising costs of living.

Updating the Poverty Trends Scorecard affords an opportunity to not only assess how well Canadian families have done since the onset of the recession, but to turn our attention to the pressing problems of today. In particular, it examines the situation of groups especially vulnerable to poverty, including lone-parent families, individuals living alone, new immigrant and visible minority families, people with disabilities, and Aboriginal children and families.

Scorecard 2012 is organized around an expanded set of themes and indicators, based on the framework developed in 2010. The new framework speaks to current trends influencing family economic security, highlighting the impact of growing income and wealth





inequality and the high cost of poverty. The key themes are: Poverty Trends; Labour Market Inclusion; Earning and Income; Savings and Wealth; and Making Ends Meet. A set of fact sheets is being prepared under each theme, summarizing key trends through tables, charts, and text. Each group will be released over the fall of 2012.

While the primary focus of the Scorecard is the 2007 to 2011 period – in order to track the progress of families since the 2008-2009 recession – the Scorecard will describe the longer term trends in order to set the context for the current period. In this regard, 2007 is an important benchmark, marking a 30-year low in the Canadian poverty rate.

The Scorecard uses a very narrow set of indicators to look at poverty trends. However, poverty itself is not very narrow. The most visible aspect of poverty is low income, but poverty is much more than that. It is lack of access to a sustainable livelihood. It includes being

forced to make hard choices between basic necessities like food, shelter, clothing, heat and other utilities. It is lack of opportunity and social exclusion. Poverty is also about well-being, including access to health and healthcare, pharmacare, dental care, education, safe and rewarding work, and the opportunity to engage in community life and activities. Poverty is not only felt materially – it impacts every part of a person’s life. Poverty makes it difficult for people to live in dignity. (Please see the Appendix: Measures of Poverty for a discussion of poverty measurement in Canada).

The goal of this initiative is to create an accessible set of materials that will support national and community-level anti-poverty work across the country, including CPJ’s own outreach and engagement activities, and Dignity for All: the campaign for a poverty-free Canada. Access to timely and relevant information on the poverty trends is key to:

- identifying and developing effective strategies and programs that assist low-income children, youth and families to thrive and prosper; and
- sustaining advocacy that promotes greater justice, opportunity and well-being for all.

In addition to the Poverty Trends Scorecard 2012, we are creating a series of fact sheets on poverty trends in five Canadian cities: Montreal, Toronto, Hamilton, Winnipeg and Vancouver. All of these reports will be available on the Citizen’s for Public Justice website: www.cpj.ca

Poverty Trends: Summary

Canada's Poverty Record

Three years out and the economic recovery remains modest. Recent gains in real per capita Gross Domestic Product (GDP) and employment have been offset by the rise in self-employment and other forms of precarious employment. Unemployment is finally edging down, but the rate of employment is still below pre-recession levels and long-term unemployment continues to rise. This give and take in the economic data reveals that the recovery has yet to firmly take hold in many sectors of the economy.

Our survey of poverty indicators reveals that in fact two “recoveries” are underway. For those on the lucky side, recovery has meant maintaining employment or finding a new job at the same wage level as the old job. For those on the unlucky side, however, recovery is either precarious or non-existent. They are still unemployed or precariously employed, with low wages, facing rising costs of living. They are living on poverty-level incomes – with all the attendant stresses and struggles that living in poverty involves.

The 2008-09 recession triggered an increase in poverty

- With the onset of the recession, rising unemployment and financial hardship resulted in an increase in national poverty levels between 2007 and 2009. The poverty rate recovered in 2010.
- Several provinces, notably Alberta and British Columbia, experienced a sharp increase in poverty in 2009 and 2010 and have yet to fully recover.
- People have experienced greater difficulty exiting low income since the recession.

Certain groups continue to experience high levels of poverty and economic disadvantage

- Evidence suggests the poverty and disadvantage are becoming increasingly concentrated among certain groups and that the divide is widening between the very affluent and the poor in Canada.
- Working-age individuals living on their own are now much more likely to be poor than individuals living in family situations.
- Young adults, in particular, are more likely to be poor today than they were three decades ago. We have fewer young people working today than at the height of the recession.
- Aboriginal peoples, recent immigrants and racialized communities, and persons with disabilities all continue to face higher levels of poverty than others and are at higher risk of long-term poverty.

The poor in Canada are very poor

- Little progress has been made in reducing the poverty gap. On average, low-income individuals and families live on incomes that are only two-thirds of the Statistics Canada's Low Income Cut-off.
- Canada's poor struggle in the low wage labour market and on subsistence-level social assistance benefits.
- People living in households with one worker account for almost 40% of the poor in Canada today, while households with two or more workers account for a shocking 12% of this group.

Building on progress

- One of the notable successes of the past 15 years has been the overall decline in poverty rates, especially among children and seniors.
- In 2007, after years of sustained economic growth, the overall low income rate finally fell below 10%, a level last recorded back in 1989.
- There has been significant progress in reducing the incidence and depth of poverty, notably in Newfoundland and Labrador, Prince Edward Island, Saskatchewan and Quebec.
- Poverty among lone-parent families has fallen as women's position in the labour market has improved, and their average duration of poverty has decreased.

Concerted action is needed now to eradicate poverty in Canada

- Income security programs have been essential in tackling historically high rates of poverty, notably among Canada's seniors.
- The future prosperity for low- and modest-income families now depends on a concerted effort to boost education and training, improve the quality of job opportunities, expand programs that support families' paid and unpaid work, and raise wages for the lowest paid.
- Without an anti-poverty strategy, the progress that Canada has made will erode, diminishing the life chance and opportunities of the poor, and undercutting Canada's future prosperity.

Poverty Trends: Summary Table

Poverty Rates by Selected Characteristics, 1981, 1989, 1996, 2007-2010									
	1981	1989	1996	2007	2008	2009	2010	Trend: 2007-2010	Trend: 2009-2010
Total Persons (%)	11.6	10.2	15.2	9.1	9.3	9.5	9.0	↓	↓
Household Type									
Families (%)	8.8	7.6	12.0	6.0	6.2	6.5	5.9	↓	↓
Under 65 years*	8.8	7.9	13.0	6.5	6.7	7.0	6.3	↓	↓
65 and older**	9.6	4.3	3.0	1.8	2.6	2.6	3.2	↑	↑
Unattached Individuals (%)	35.5	29.0	36.1	27.6	27.3	26.9	26.9	↓	↔
Under 65 years	29.8	29.1	40.4	32.2	31.6	31.4	31.3	↓	↔
65 and older	49.7	28.8	25.4	14.0	15.5	14.1	14.3	↓	↔
Age (%)									
Children < 18 years	12.6	11.9	18.4	9.5	9.0	9.4	8.2	↓	↓
Adults 18-64 years	9.8	9.3	15.0	9.9	10.1	10.4	10.1	↔	↔
Adults 65+ years	21.0	11.3	9.7	4.8	5.8	5.1	5.3	↓	↔
Male (%)	9.9	8.8	14.2	9.0	8.9	9.5	8.7	↓	↓
Female (%)	13.3	11.6	16.2	9.3	9.8	9.5	9.3	↓	↔
Families with Children (%)									
Two-parent Families with Children	7.5	6.5	10.7	5.5	6.0	6.6	5.1	↓	↓
Lone-parent Families	39.3	38.6	49.3	21.4	18.2	18.0	18.7	↓	↓
Vulnerable Groups (%)									
Recent Immigrants***	12.6	14.2	32.8	16.9	18.3	18.4	17.6	↓	↓
Off-reserve Aboriginal Peoples	na	na	28.8	13.2	12.6	15.1	15.2	↔	↔
Persons with Disabilities	na	na	na	13.5	14.7	13.5	13.6	↓	↔
Province (%)									
Newfoundland & Labrador	13.3	10.3	15.4	6.8	7.3	7.1	6.5	↓	↓
Prince Edward Island	12.0	6.6	8.6	5.1	5.2	4.9	3.9	↓	↓
Nova Scotia	12.1	9.9	13.4	8.2	8.2	8.0	7.7	↓	↔
New Brunswick	15.0	10.3	12.0	8.3	7.5	6.9	5.5	↓	↓
Quebec	14.3	12.3	18.0	10.4	10.9	8.9	10.0	↓	↑
Ontario	10.0	7.8	14.0	8.8	9.3	10.1	8.8	↓	↓
Manitoba	14.2	12.4	15.8	10.2	8.5	8.8	9.2	↓	↑
Saskatchewan	12.2	11.8	13.0	8.0	7.3	7.1	6.4	↓	↓
Alberta	8.0	12.4	14.8	6.1	5.7	7.7	6.8	↓	↓
British Columbia	10.9	10.4	15.2	11.0	11.1	12.0	11.5	↓	↓

Trends: ↑ = 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), Income in Canada, 2011. CANSIM Table 202-0804 - Persons in low income families, annual. Note: After-tax Low Income Cut-off; Brian Murphy, Xuelin Zhang and Claude Dionne (2012), "Low Income in Canada: a Multi-line and Multi-index Perspective," Statistics Canada, Income Research Paper Series, Catalogue no. 75F0002M — No. 001. Note: * major income earner is less than 65; ** major income earner is 65 years or older; *** recent immigrants are defined as those who have been in Canada 2 to 10 years. na = not available.

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.³ 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 2009.⁴
- 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

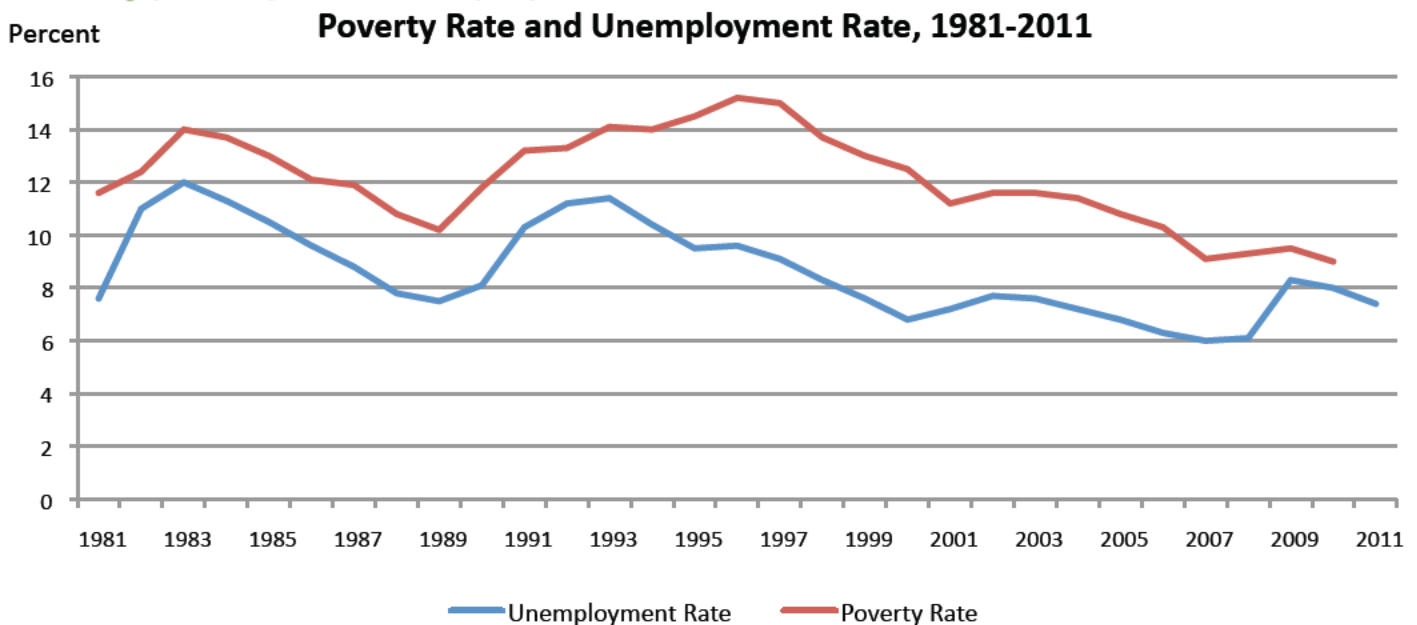
- Looking at the longer time frame, we see a general decline in the overall incidence of poverty (2.6 percentage points between 1981 and 2010).

- 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

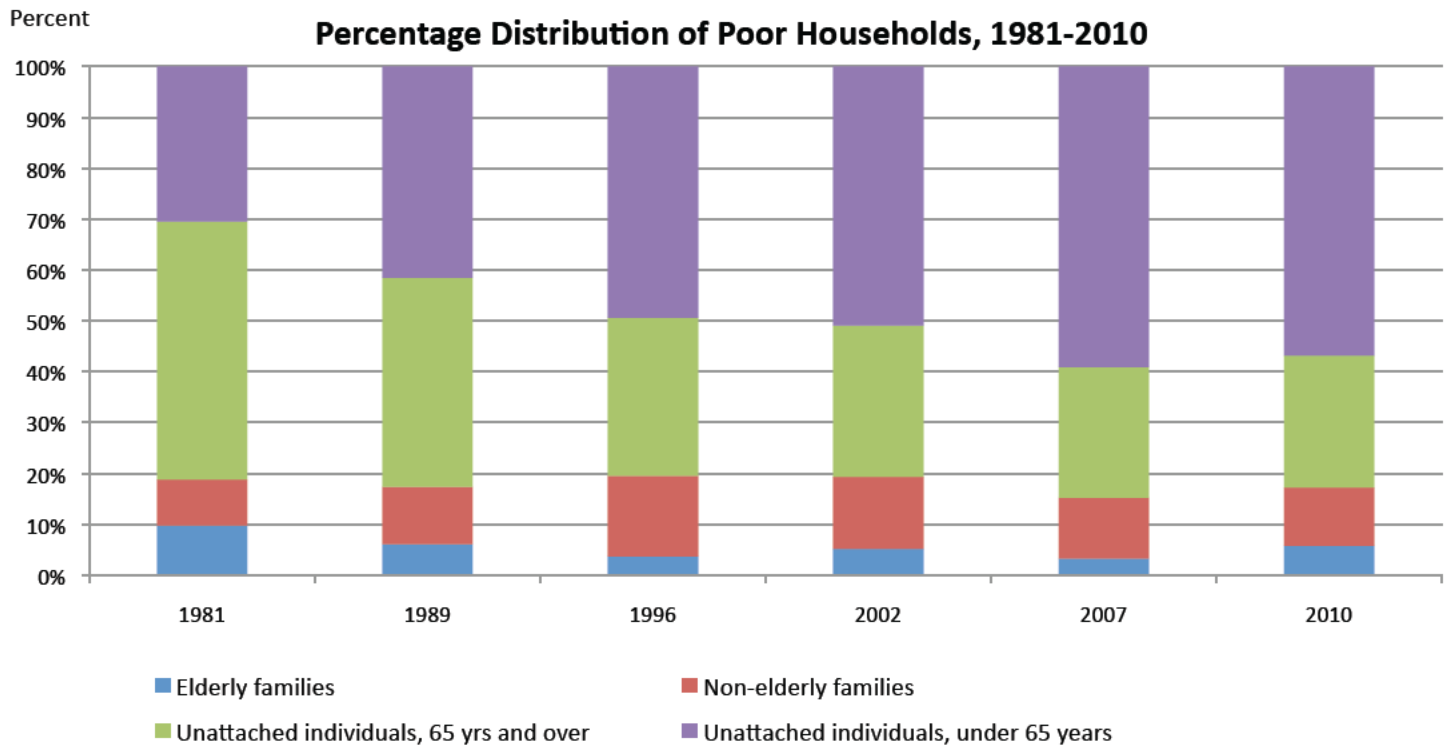
- Single individuals are four times more likely to be poor than individuals living in families (26.9% vs. 5.9% in 2010).
- In 1981, 68.4% of all poor individuals lived in families. By 2010, this proportion had fallen to 55.6%. By contrast, unattached individuals now make up 44.3% of the poor, up from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

Fact Sheet #2

Poverty by Province

The rate of poverty varies significantly by province in Canada, reflecting differing economic realities across the country. Over the past decade, there has been significant progress in reducing the incidence and depth of poverty, notably in Newfoundland and Labrador, Prince Edward Island, Saskatchewan and Quebec. However, when the recession hit in 2008, progress ground to a halt. Several provinces experienced a sharp increase in poverty in 2009 and 2010 and have yet to fully recover.⁵

Some provinces faring better than others

- In 2010, Prince Edward Island had the lowest rate of poverty among the provinces at 3.9%, followed by New Brunswick (5.5%), Saskatchewan (6.4%) and Newfoundland and Labrador (6.5%).
- The rate of poverty, by contrast, was higher than the Canadian average (9.0%) in British Columbia (11.5%), Quebec (10.0%) and Manitoba (9.2%).⁶

Poverty trending down in Newfoundland, PEI and Saskatchewan; no progress in BC

- Looking at change over the past three decades, we see a significant reduction in poverty in Newfoundland and Labrador, Prince Edward Island, and Saskatchewan. Quebec has also experienced a notable reduction in its rate and depth of poverty since late 1990s.
- British Columbia has seen very little improvement in its poverty situation over the past 30 years.

Recession drove up poverty rates in western and central Canada

- Alberta experienced the largest increase in poverty between 2007 and 2009 from 6.1% to 7.7%. Poverty rates were still above pre-recession levels in both Alberta and British Columbia in 2010 (at 6.8% and 11.5% respectively).

- Ontario experienced the second highest increase in poverty between 2007 and 2009, behind Alberta, while the poverty rate in Quebec increased between 2007 and 2008 and again between 2009 and 2010.
- The Atlantic provinces and Saskatchewan were sheltered from the worst of the economic downturn; poverty in these provinces declined between 2007 and 2010.

Meaningful poverty reduction strategies have an impact

- Strong economic growth in western Canada and Newfoundland and Labrador has been decisive in lowering the incidence and depth of poverty in these provinces.
- The changing demographic composition – notably population aging – of these provinces is also significant as older families tend to have lower rates of poverty than younger families.
- Provinces such as Quebec and Newfoundland and Labrador introduced anti-poverty strategies in the 2000s which have helped to reduce rates of poverty, particularly among families with children.

Poverty Trends by Province

Poverty Rates and Total Numbers in Poverty, by Province, 2007-2010									
Province	Household Type	Rate (%)				Number (x 1,000)			
		2007	2008	2009	2010	2007	2008	2009	2010
NF	Families (2 or more)	3.5	4.5	4.6	4.4	16	20	20	19
	Unattached Individuals	32.3	28.3	25.9	21.7	19	17	16	13
	Total Persons	6.8	7.3	7.1	6.5	34	36	36	33
PEI	Families	2.8	3.1	3.1	1.5	3	4	4	2
	Unattached Individuals	20.0	18.6	15.9	18.4	4	3	3	4
	Total Persons	5.1	5.2	4.9	3.9	7	7	7	5
NS	Families	5.1	4.8	4.6	4.7	39	36	36	36
	Unattached Individuals	24.9	26.2	25.1	23.2	36	38	37	35
	Total Persons	8.2	8.2	8.0	7.7	75	75	73	71
NB	Families	5.8	3.8	4.0	3.0	36	23	25	19
	Unattached Individuals	23.4	29.8	23.9	20.2	24	31	25	22
	Total Persons	8.3	7.5	6.9	5.5	60	55	50	40
QC	Families	6.2	6.7	4.8	6.0	389	424	308	388
	Unattached Individuals	31.2	31.5	29.1	29.6	395	404	378	391
	Total Persons	10.4	10.9	8.9	10.0	784	828	686	778
ON	Families	6.1	6.5	7.3	6.0	670	719	824	685
	Unattached Individuals	27.3	28.4	28.8	27.6	441	468	482	468
	Total Persons	8.8	9.3	10.1	8.8	1,111	1,187	1,306	1,153
MB	Families	7.2	5.3	5.7	6.0	68	51	56	60
	Unattached Individuals	27.4	26.1	26.4	27.2	46	44	45	47
	Total Persons	10.2	8.5	8.8	9.2	114	96	101	107
SK	Families	5.5	4.9	5.1	4.3	43	39	41	35
	Unattached Individuals	21.5	20.1	17.1	17.5	32	30	27	28
	Total Persons	8.0	7.3	7.1	6.4	75	69	68	63
AB	Families	4.0	4.2	5.7	4.8	116	128	175	150
	Unattached Individuals	18.6	14.4	19.3	17.7	95	76	104	97
	Total Persons	6.1	5.7	7.7	6.8	212	203	279	247
BC	Families	7.3	7.8	9.0	7.6	257	280	328	281
	Unattached Individuals	30.6	28.4	27.4	31.6	209	199	195	229
	Total Persons	11.0	11.1	12.0	11.5	466	479	523	510

Source: Statistics Canada (2012), Income in Canada, 2011. CANSIM Table 202-0804 - Persons in low income families, annual. Note: After-tax Low Income Cut-off.

Fact Sheet #3

Poverty by Age and Sex

The face of poverty continues to change in Canada. From the mid 1970s to the mid 1990s, the poverty rate declined steadily among seniors (65 years and older), from over 30% to less than 6%. At the same time, growth in poverty among children (under age 18) and young families emerged as a significant concern. More recently, families with children have benefitted from economic growth and the policy innovation of past 15 years. But working-age adults have been left behind. Young adults in particular are more likely to be poor today than they were three decades ago.

Child poverty has fallen below pre-recession levels

- The 1990s was truly a lost decade for children. Poverty rates among children (aged 0 to 17 years) increased by over 50% between 1989 and 1996.
- Since then, as the economy improved, families have made steady economic progress and child poverty rates have fallen, from 18.4% in 1996 to 9.0% in 2008. Programs like the National Child Benefit Supplement have also played an important role in supporting low-income families.
- The child poverty rate spiked during the 2008-09 recession, rising to 9.4% in 2009, but has fallen back below pre-recession levels in 2010, reaching 8.2%.

But poverty among seniors is still higher

- Over the past few decades, poverty among seniors declined from historic highs, reaching a post-war low of 4.8% in 2007.
- As a result of the recession, poverty levels rose among seniors for the first time in years, from 4.8% to 5.8% in 2008. The rate edged down in 2009 and then moved up slightly in 2010, reaching 5.3%.

- The general decline in senior's poverty is the result of effective income support programs for seniors, including Old Age Security, Guaranteed Income Supplement payments and the Quebec/Canada Pension Plans.

Working-age adults have seen no progress over 30 years; young adults have fallen behind

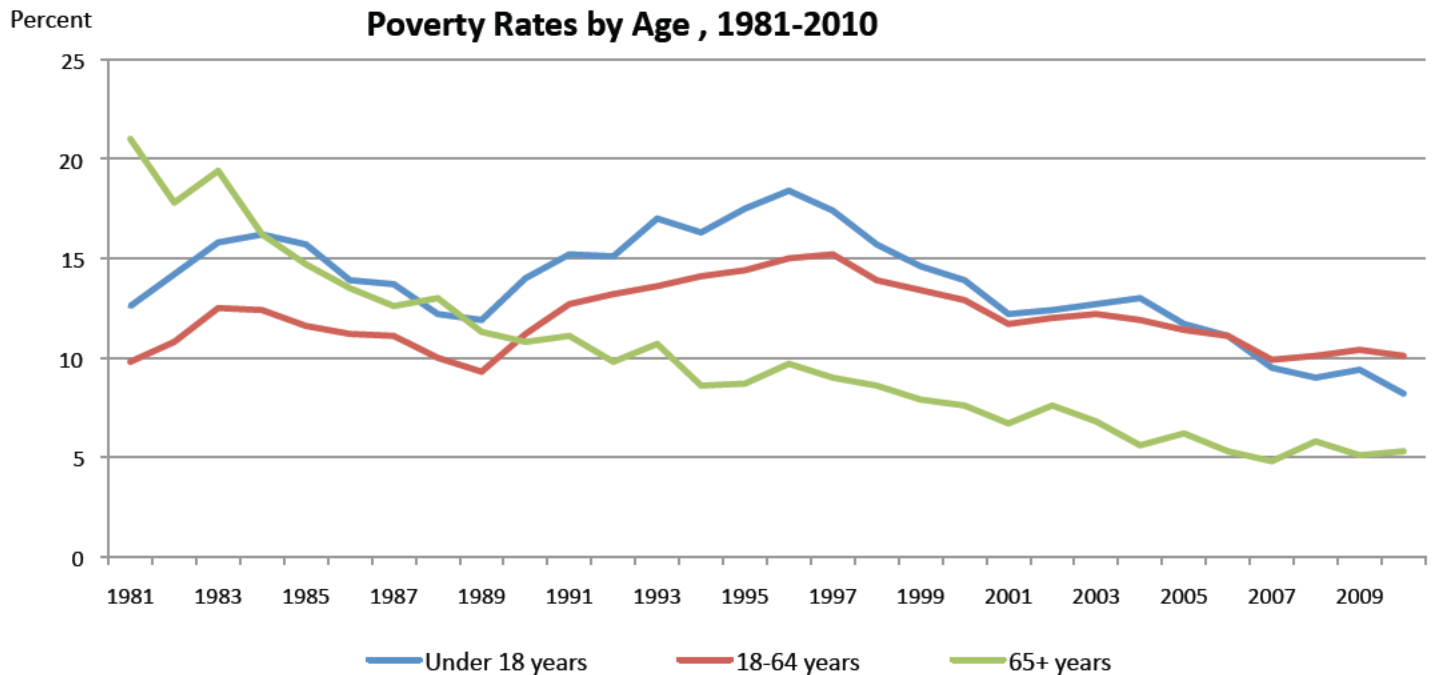
- There has effectively been no change in the risk of poverty among working-age adults aged 18 to 64 years over the last 30 years. Even after a decade of strong economic growth, poverty rates among adults had not fully recovered from the high levels of the mid 1990s.
- The situation of youth, in particular, has deteriorated. With high levels of unemployment and the erosion of good entry-level jobs, young adults are more likely to be poor today than they were three decades ago.
- During the recent recession, families headed by a young adult under age 25 experienced a three percentage point spike in poverty, as rates of youth unemployment climbed. One-third (33.3%) of these families were poor in 2010.

Working-age Canadians make up growing share of poor population

Percentage Distribution of Population and Poor Population, by Age, 1981 and 2010						
	Total Population			Poor Population		
	1981	2010	1981-2010	1981	2010	1981-2010
Persons under 18 years	27.9%	20.3%	-7.6%	30.0%	18.3%	-11.7%
Persons 18 to 64 years	62.6%	65.6%	3.0%	53.5%	73.7%	20.2%
Persons 65 years and over	9.6%	14.1%	4.6%	16.5%	8.0%	-8.5%

Source: Statistics Canada. Table 202-0802 - Persons in low income families, annual. Note: After-tax Low Income Cut-off.

Seniors' level of poverty trending down, working-age families treading water



Statistics Canada. Table 202-0802 - Persons in low income families, annual. Note: After-tax Low Income Cut-Off

Women more likely to be poor than men, but gap is closing

- Since the mid 1990s, the gap in the poverty rate between men and women has closed, reflecting higher levels of employment and educational attainment among women, and population aging.

Demographic change is linked to poverty trends

- Children's share of the poor population has declined. Children now make up 20.3% of the total population and 18.3% of the poor population – a marked decline from their 29.4% share of poor individuals in 1996.
- At the same time, working-age adults are now “over-represented” among the poor. Their share of the poor population has grown by 20 percentage points since 1981 to 73.7%, while their total population share has grown by only three percentage points to 65.6%.

- Like working-age adults, seniors' share of the total population has grown between 1981 and 2010. However, their share of the poor population has declined – from 16.5% to 8.0% – driven by the falling incidence of poverty of this age group.

Baby boomers and poverty

- As the baby boom generation retires, and the senior population grows, we can expect to see downward pressure on poverty levels, the result of higher retirement incomes among baby boomers, especially among women, and Canada's strong income support system for seniors.
- However, proposed changes to the age of retirement will certainly result in higher levels of poverty among Canadians in their mid-60s.

Fact Sheet #4

Poverty by Family Type and Number of Earners

As a result of three decades of stagnant earnings and the growing polarization of the labour market, two incomes are now essential to the economic security of most households. Even after taking into account the high cost of services such as child care, and the stress related to working long hours, relying on a single income significantly increases the risk of poverty among all families. And in today's economy, even two jobs is not a guarantee against poverty.

Single-earner families are at high risk of poverty

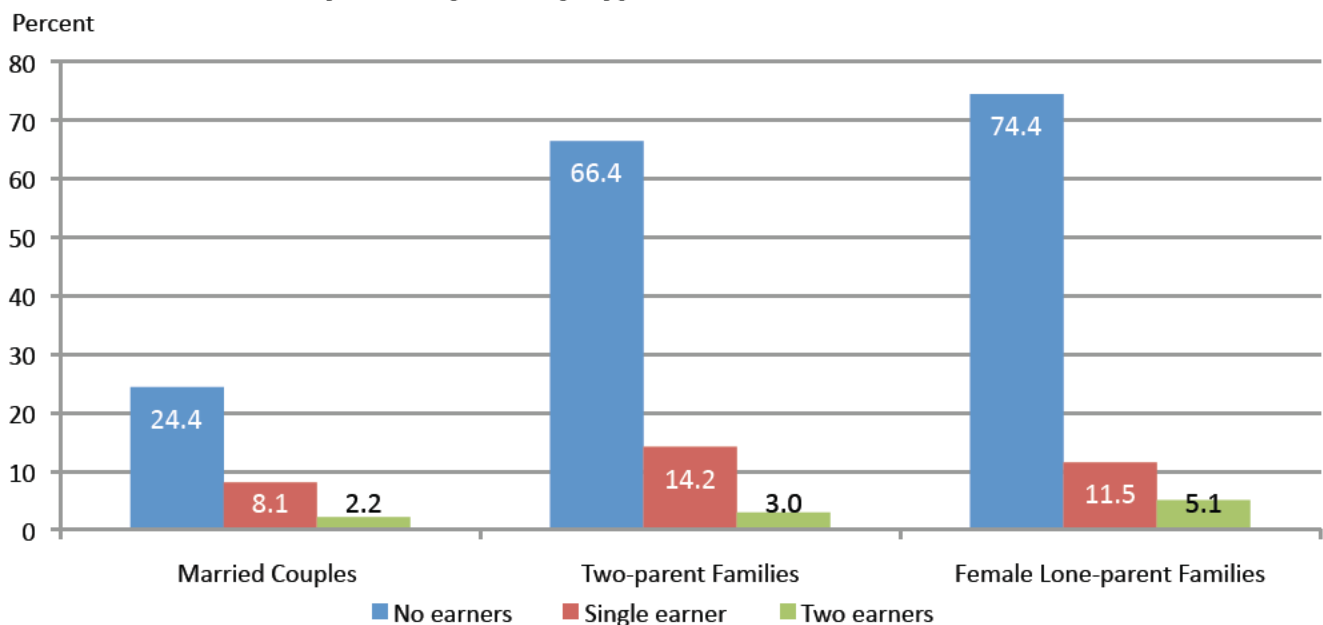
- The rate of poverty is much higher among single-earner families compared to families with two or more earners as some jobs simply do not pay well enough or offer sufficient hours to provide economic security.
- Over time, the gap in poverty rates between single-earner and multiple-earner families has widened as the gap between 'good' jobs and 'bad' jobs in the labour market has increased.

Having a job is no guarantee against poverty

- People living in households with one worker account for 39.1% of the poor in Canada, while households with two or more workers still account for fully 11.6% of this group.
- Canadians of working-age who live in households where no one works have a poverty rate of 64.9% – seven times the Canadian average for this age group.
- Inadequate income support programs for working-age individuals and families ensure a life of poverty for almost one million Canadians.

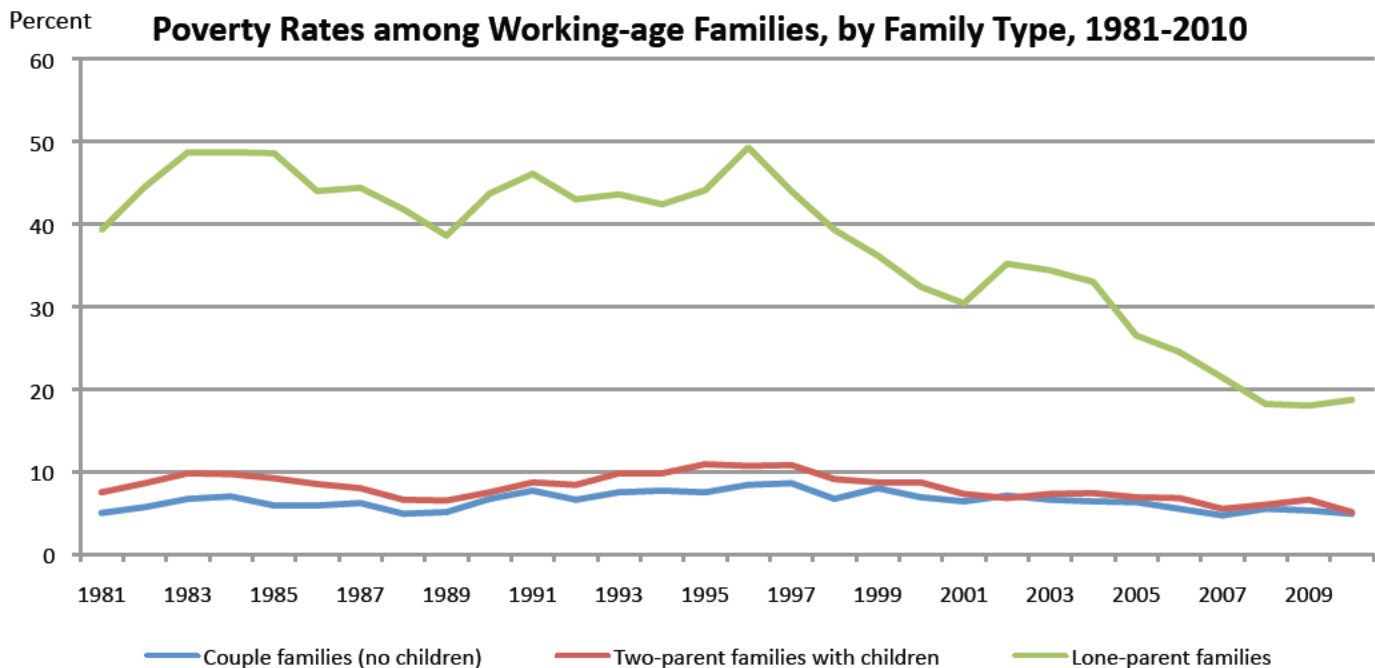
Having a job is no guarantee against poverty

Poverty Rate by Family Type and Number of Earners, 2010



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

Lone-parent families post significant drop in poverty



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

Lone-parent families are more likely to be poor than other families

- Lone-parent families also experience high levels of economic insecurity. In 2010, lone-parent families were three times as likely to be poor as two-parent families with children (18.7% vs. 5.1%).
- One in five children (21.8%) living in lone-parent families were living in poverty in 2010, compared to 5.7% of children living in two-parent families.

Lone-parents have made significant economic progress in the past decade

- Overall, there has been a significant reduction in poverty among individuals living in lone-parent families. Since the mid-1990s, the rate of poverty among lone-parent families has fallen by 62%, from a high of nearly 50% in 1996.

Fact Sheet #5

Poverty among Vulnerable Groups

Several groups are especially vulnerable to economic disadvantage and persistent low income, including Aboriginal peoples, recent immigrants and racialized communities, unattached individuals aged 45 to 64, and persons with disabilities.⁸ Economic disadvantage, in turn, is strongly correlated to poor health outcomes, lower educational attainment and employment, and lower levels of community connection and engagement.⁹ Aboriginal and racialized communities as well as people with disabilities also face discrimination and exclusion that directly impact the quality of their lives and opportunities for the future. Evidence suggests that poverty and disadvantage are becoming increasingly concentrated as the divide has widened between the very affluent and the poor in Canada.

Newcomers face significant economic barriers

- Today's recent immigrants¹⁰ have lower rates of employment and labour market participation, and lower levels of earnings and family income than in the past.¹¹ Their incidence of poverty was also lower three decades ago.
- Poverty rates rose sharply after the recession in the early 1980s and again in the early 1990s, reaching a high of 33.0% in 1997. As the economy improved, the poverty levels among newcomers fell, reaching 15.8% in 2005.
- Even before the recession hit in 2008, however, the economic situation of newcomers had started to deteriorate. Their weeks of work dropped abruptly, and poverty increased by three percentage points between 2005 and 2009.
- In 2010, the rate of poverty among new immigrants was 17.6%, 5.0 percentage points higher than in 1981, and almost twice the overall poverty rate for Canada.

^{12,13}

Poverty a systemic problem in Aboriginal communities across the country

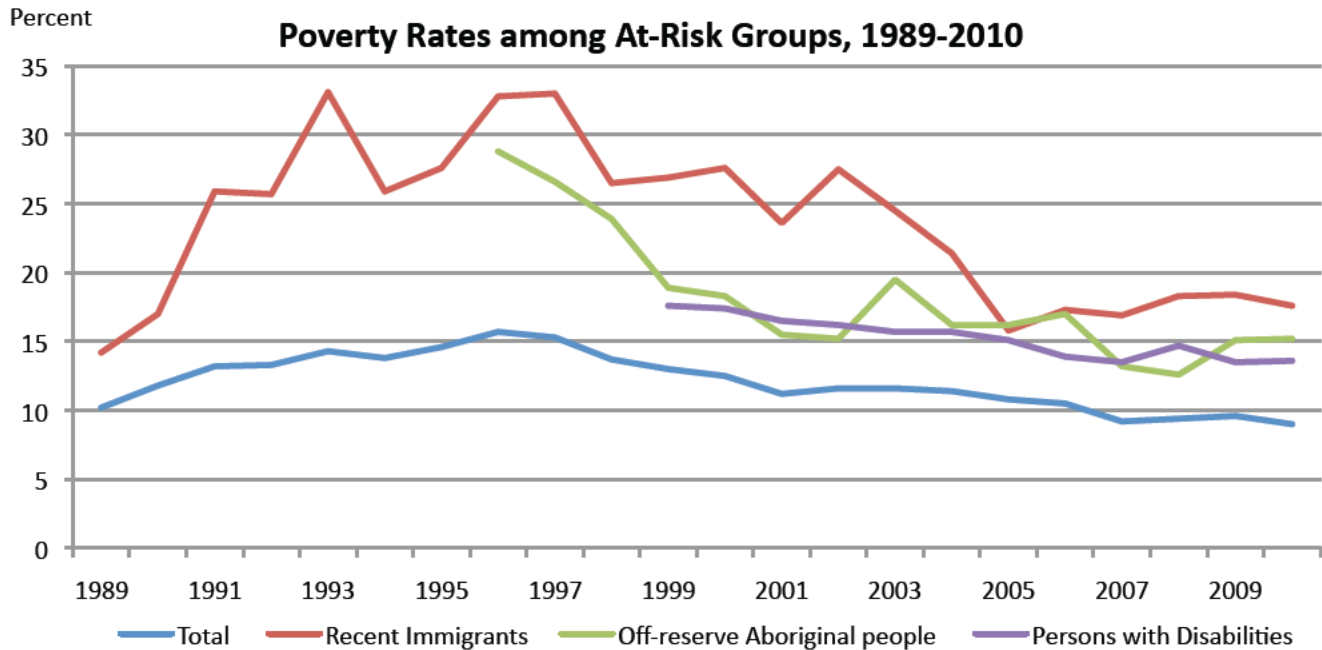
- The rate of poverty among Aboriginal peoples living off-reserve was 15.2% in 2010, compared to 9.0% for all of Canada.¹⁴
- In 2005, according to the Census, it was estimated the poverty rate for the entire Aboriginal population (i.e., both on and off-reserve) was 18.7% among Aboriginal families and 42.8% among unattached individuals.
- The recent recession had a significant impact on off-reserve Aboriginal peoples. There was a five percentage point drop in full-time, full-year employment between 2007 and 2009, and in turn, a sharp rise in poverty. The rate of poverty is still 2.6% percentage points above pre-recession levels.

Progress since the 2008-2009 recession

Poverty Rates among Vulnerable Groups, 2007-2010				
	2007	2008	2009	2010
Vulnerable Groups				
Recent Immigrants	16.9	18.3	18.4	17.6
Off-reserve Aboriginal Peoples	13.2	12.6	15.1	15.2
Persons with Disabilities	13.5	14.7	13.5	13.6

Note: Low income rates are calculated using the after-tax Low-Income Cut-Off (LICO). Recent immigrants are defined as those who have been in Canada 2 to 10 years. Source: Brian Murphy, Xuelin Zhang and Claude Dionne (2012), "Low Income in Canada: a Multi-line and Multi-index Perspective," Statistics Canada, Income Research Paper Series, Catalogue no. 75F0002M — No. 001

Economic disparities persist for recent immigrants, people with disabilities and Aboriginal peoples



Brian Murphy, Xuelin Zhang and Claude Dionne (2012), "Low Income in Canada: a Multi-line and Multi-index Perspective," Statistics Canada, Income Research Paper Series, Catalogue no. 75F0002M — No. 001

Persons with disabilities are also disproportionately affected by poverty

- People with disabilities have higher rates of poverty compared to people without disabilities. Higher rates of unemployment, lower levels of education, lack of workplace accommodation, and inadequate income security programs all undermine the economic security of people with disabilities.
- In addition, individuals with disabilities very often face very high costs of living related to needed supports.

- Long-term data are not available. Over the past decade, however, there has been improvement in the rate of poverty among people with disabilities, reaching 13.5% in 2007. Poverty levels rose to 14.7% in 2008 and then fell back to 13.5% the next year. There was little change in 2010 (13.6%).

Fact Sheet #6

Depth of Poverty

The Scorecard highlights trends in the incidence and distribution of poverty in Canada. Yet, two other dimensions are equally important: the depth of poverty (how far below the poverty line a poor person’s income falls) and the duration of poverty (how long a spell of poverty lasts). Statistics Canada uses a measure called the “low income gap” to track the depth of poverty. The low income or poverty gap is the difference between the low income threshold and family income, expressed as a percentage of the low income threshold. (An example is provided in the endnote 15).

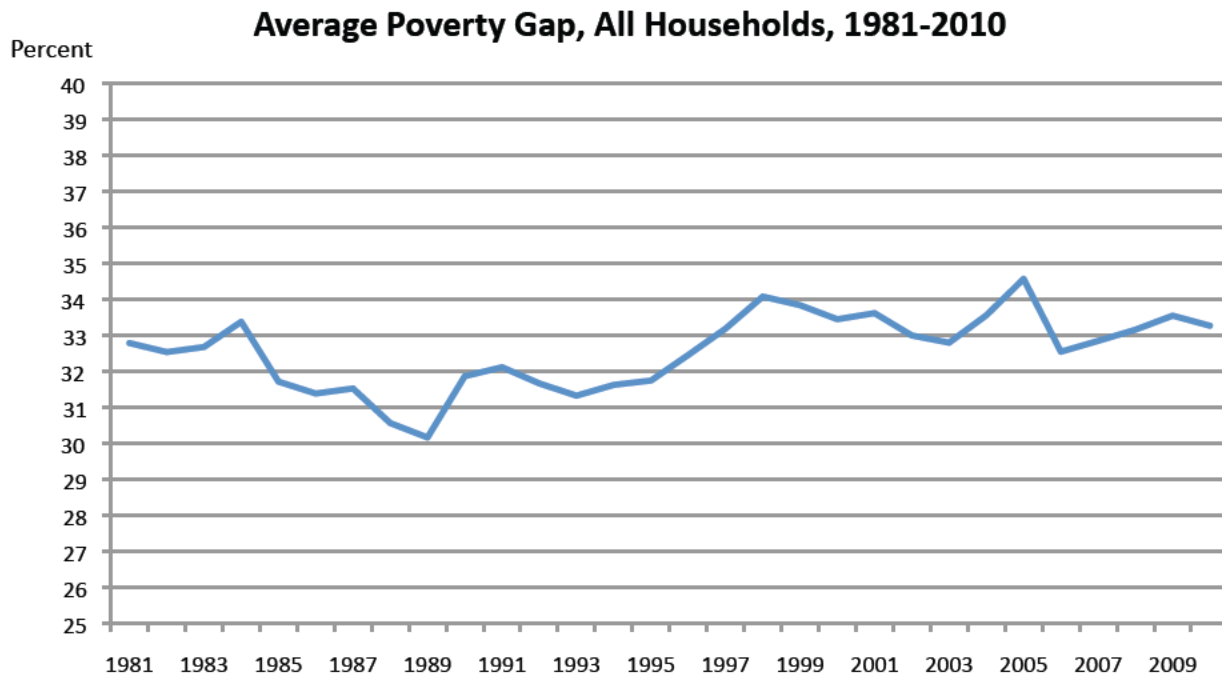
Family incomes of poor Canadians fall far below the poverty line

- Canada has made little progress in reducing the poverty gap over the last 30 years. The average poverty gap has fluctuated between a low of 30.2% in 1989 to a high of 34.6% in 2005.
- In 2010, the average poverty gap was 33.3%. In other words, low-income families lived on incomes that were only two-thirds of the poverty threshold (Statistics Canada’s After-tax Low Income Cut-off).
- Despite falling rates of poverty recorded between 1997 and 2007, the average poverty gap did not improve. Poor families continued to live on very low incomes relative to the non-poor.

Poverty gap is much higher among unattached individuals

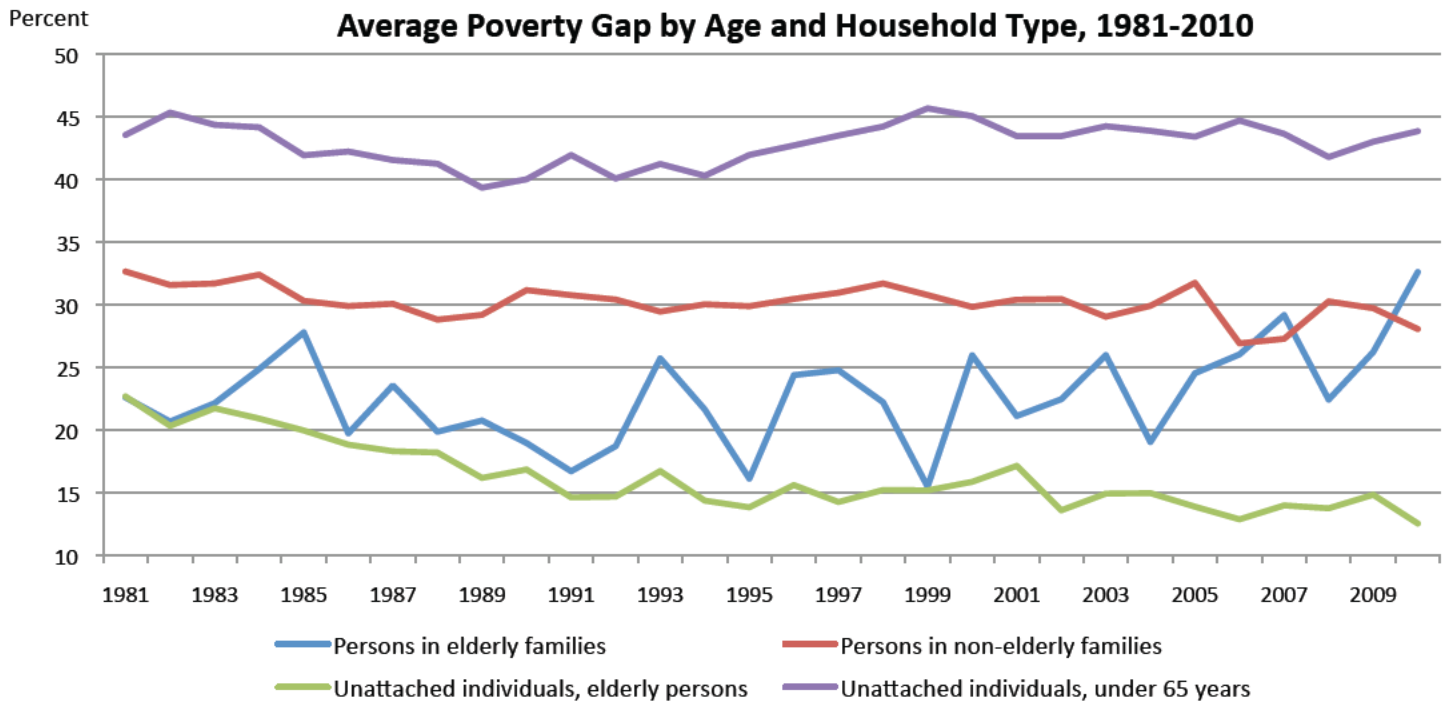
- Just as poverty rates vary by family characteristics, the same is true of the depth of poverty. For example, families of two or more in 2010 had an average poverty gap of 28.3% compared to 39.5% among unattached individuals.
- In general, the poverty gap is lower among seniors than among working-age adults or children, 18.5% compared to 37.0% and 24.9% respectively.
- Over time, the gap has narrowed for children and seniors, the result of enhancements in Canada’s income security programs.

Average incomes of working-age singles fall far below the poverty line



Statistics Canada. Table 202-0802 - Persons in low income families, annual. Note: After-tax Low Income Cut-off

Depth of poverty has been increasing since late 1980s



Statistics Canada. Table 202-0802 - Persons in low income families, annual. Note: After-tax Low Income Cut-off

- By contrast, the economic situation of working-age unattached individuals remains precarious; these individuals live on incomes that are approximately 55% of the poverty line.
- The average poverty gap of lone-parent families has improved significantly and now is much closer to the average gap of two-parent families (27.2% vs. 24.3% respectively, in 2010).

Poverty gap among seniors is growing

- Just as the poverty rate among seniors has risen since 2008, their average poverty gap has also increased, from 16.1% to 18.5% in 2010.
- While the economic situation of seniors has improved, many seniors continue to live on fixed incomes just above the poverty threshold. A small change in income or expenses can have a huge impact on poverty rates and their livelihoods.

Fact Sheet #7

Duration of Poverty

Duration of poverty is another critical dimension that impacts the health and well-being of individuals and families. Research has shown that changing family status (e.g., divorce, birth of a child), changing health status (e.g., onset of disability), and economic shocks and poor labour market conditions (e.g., loss of a job, precarious employment) are strong determinants of movement into and out of poverty. Groups such as persons with disabilities, those with low levels of education, members of racialized communities, and Aboriginal peoples all experience higher risk of long-term poverty. Understanding the duration and timing of poverty is critical for tailoring effective anti-poverty strategies and supports that meet the diverse needs of low-income Canadians.

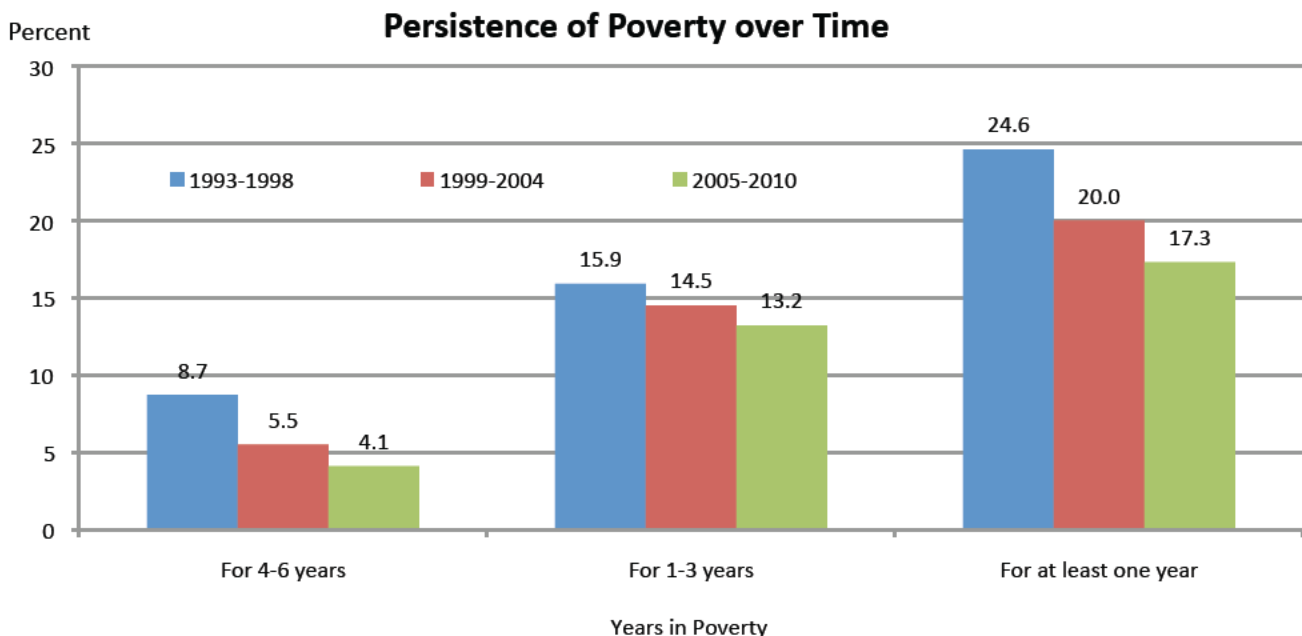
Canadians experienced greater difficulty exiting poverty during the recession

- A significant proportion of those who experience poverty do so for relatively short periods of time. One-third of the poor leave low income the following year.
- Very few experience poverty over a long period but recent evidence suggests that people experienced greater difficulty exiting low income during the recession.

Majority of poor in one year are poor the next year

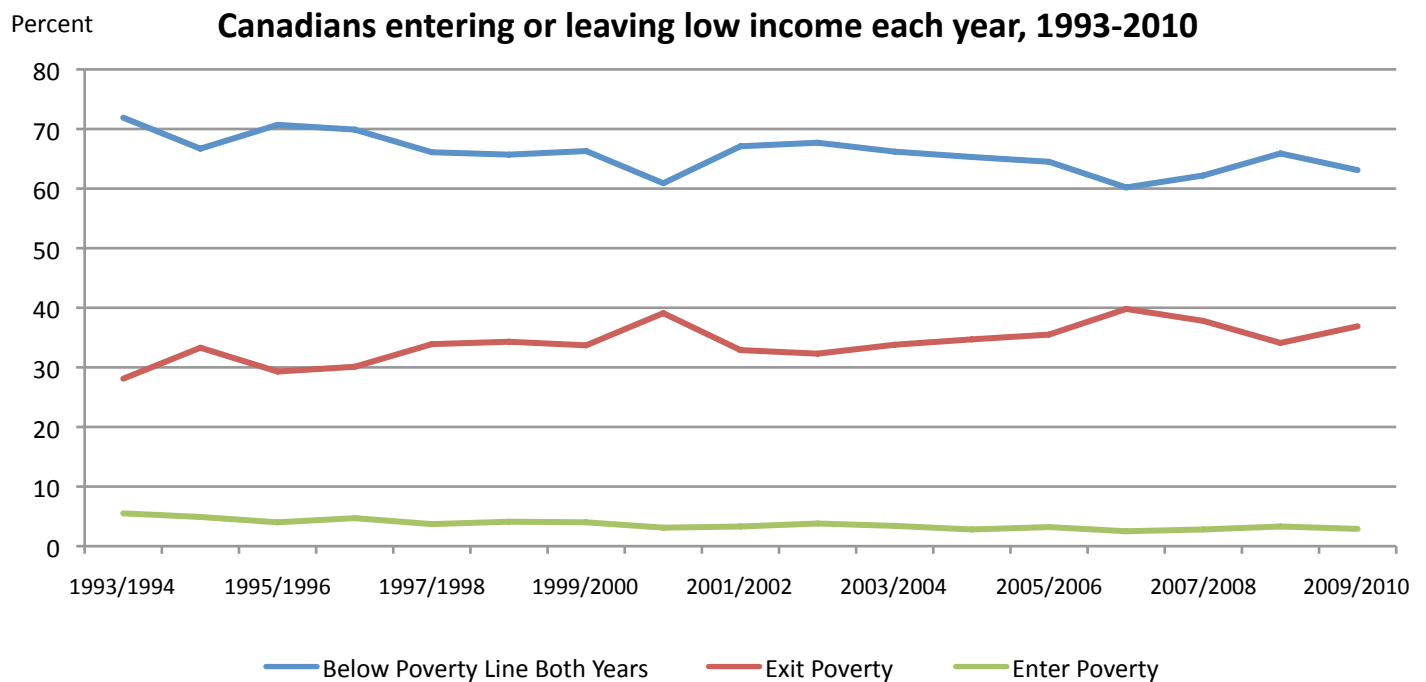
- The majority of people who are poor in one year remain in poverty the following year. As a result of the recession, the “immobility rate” rose from 60.2% in 2006-07 to 65.9% in 2008-09, falling back to 63.1% in 2009-10.
- The “exit rate” has varied between 28% and 40% between 1993 and 2010, increasing most recently between 2008 and 2010. In 2010, 36.9% of those who were poor in 2009 were no longer poor in 2010.
- The “entry rate” in a given year tends to be low – under 5%. Roughly, 3% of the non-poor population in 2009 fell into poverty in 2010.

Fewer people experiencing long-term poverty



Statistics Canada, Table 202-0807 Persistence of low income, by selected characteristics, every 3 years. Note: After-tax Low Income Cut-off

Majority of people who are poor one year are poor the next



Statistics Canada, Table 202-0806 Transitions of persons into and out of low income, annual. After-tax Low Income Cut-off

The average duration of poverty has fallen since the mid-1990s

- How long do people stay in poverty? Over the 2005-2010 period, 17.3% of Canadians experienced poverty for one or more years; 4.1% were in low income for at least four of the six years, and 1.5% were persistently poor over this period.
- The average time in low income was 2.4 years during the 2002-07 period, representing a slight decline in the duration of poverty from the mid-1990s (2.7 years in the 1993-98 period).¹⁶

People with disabilities, unattached individuals and lone-parents at high risk of long-term poverty

- Several groups have a high risk of long-term poverty. People with disabilities have particularly high rates of persistent poverty: 8.4% of this group was poor each year between 2002 and 2007, while 14.4% were poor for four or more years during this period. The average spell of poverty was 3.4 years.¹⁷
- Lone-parent families and unattached individuals were also more likely to experience longer spells of poverty. These were the groups most likely to be poor for at least one year in the 2002-07 period (48.3% and 45.6%, respectively) and to be poor for the longest average period of time (3.6 and 2.8 years, respectively).

Appendix: Measures of Poverty

In Canada, there are three main measures of low income: the Low-Income Cut-Off (LICO), the Low-Income Measure (LIM) and the Market Basket Measure (MBM).¹⁸ Unless otherwise stated, this Scorecard uses the Low-Income Cut-Off based on after-tax income produced by Statistics Canada.

The LICO is the oldest and most commonly used measure of low income in Canada, dating back to 1967. A family is considered to be in “strained circumstances” (i.e., below the LICO) if the income that it spends on food, clothing and shelter is 20 percentage points greater than the average equivalent household. Statistics Canada calculates 35 different LICOs, covering five different community sizes, and seven different family sizes.¹⁹ LICOs are calculated on both before-tax income and after-tax income. The base year – the last year in which overall household spending on food, shelter and clothing was estimated – is 1992.²⁰ Statistics Canada no longer collects the data necessary to update these spending patterns annually.

Low income cut-offs (1992 base) after tax for 2011					
Size of family unit	Community size				
	Rural areas outside CMA or CA	Census Agglomeration (CA)		Census Metropolitan Area (CMA)	
		Less than 30,000	30,000 - 99,999	100,000 - 499,999	500,000 or more
Current dollars					
1 person	12,629	14,454	16,124	19,872	19,307
2 persons	15,371	17,592	19,625	19,308	23,498
3 persons	19,141	21,905	24,437	24,745	29,260
4 persons	23,879	27,329	30,487	30,871	36,504

Statistics Canada, Income Statistics Division (2012). Low Income Lines, 20010-11. Catalogue No. 75F0002M, No. 002.

For example, a lone parent with one child living in Montreal with an after-tax income of \$20,000 would fall below the LICO threshold. A similar family living in smaller community such as Saint John would not.

LICOs have been criticized for their lack of sensitivity to regional differences in standards of living across the country, in particular, the cost of housing. They have also been criticized for exaggerating the differences in the cost of living by size of municipality. The 20 percentage point mark-up has been faulted for being arbitrary (a charge that can be leveled at other low-income measures as well). And because LICOs have not been adjusted for changing living standards since 1992, they are becoming in practice a *de facto* absolute measure of low income.

The LIM is a purely relative measure that categorizes those individuals or households whose adjusted family income is below 50% of median income as living in low income.²¹ It is commonly used in internationally comparative studies and has been adopted by the Ontario government to track progress under its Poverty Reduction Strategy.

A third measure of poverty is the Market Basket Measure (MBM), developed by Human Resources and Skills Development Canada. It defines low income in relation to a specific basket of essential goods and services, without which (or without access to which) an individual or household is considered to be living in poverty. This approach determines what it costs to purchase the basket; one is poor if a household does not have the means to purchase this basket.²²

The basket was designed by an expert committee to represent a standard of consumption that is close to median standards of expenditure for food, clothing and footwear, and shelter, and somewhat below that standard for other categories of expenditure (including transportation, personal and household needs, furniture, telephone service and modest levels of reading, recreation, and entertainment). The strength of this approach is that it takes the local conditions into account in costing the basket. However, the specific contents of the basket and the method for costing individual items continue to be the subject of debate.

Currently, market baskets are estimated for a four-member family (a man and a woman aged 25-49, a nine-year-old girl and a 13-year-old boy), which are then adjusted using an equivalence scale for other family sizes. MBM thresholds are calculated for 19 specific communities and another 29 community sizes across the 10

Poverty Trends by Community

Poverty Rates and Total Numbers in Poverty for Selected Communities, 2007-2010								
Province	Rate (%)				Number (x 1,000)			
	2007	2008	2009	2010	2007	2008	2009	2010
Canada	9.1	9.3	9.5	9.0	2,938	3,035	3,128	3,008
Total selected CMA's	10.6	11.1	11.5	10.9	2,076	2,293	2,374	2,292
Vancouver	12.9	14.5	16.9	14.8	279	335	390	357
Montréal	14.0	15.8	12.5	14.0	513	563	450	504
London	9.9	9.2	9.1	12.3	56	49	49	69
Ottawa-Gatineau	7.6	12.5	9.3	11.0	90	166	119	145
Winnipeg	11.3	9.8	10.5	11.0	82	75	81	88
Toronto	11.1	10.8	13.3	10.6	536	568	708	579
Sherbrooke	9.5	8.7	8.8	10.5	18	16	17	20
Windsor	10.1	12.0	11.4	10.2	29	39	39	35
St. John's	10.8	10.2	10.5	9.8	17	18	18	18
Hamilton	7.0	9.4	8.7	9.6	51	71	66	73
Edmonton	6.4	7.0	10.4	9.1	74	83	126	109
Halifax	9.1	10.6	9.2	8.4	33	40	37	33
Calgary	7.1	6.7	8.7	7.7	72	74	94	87
Saskatoon	11.0	8.5	6.9	7.6	25	22	18	21
Victoria	12.4	6.8	6.4	7.6	39	24	22	26
Québec	10.0	6.7	4.6	6.8	66	50	35	53
St. Catharines-Niagara	7.1	5.0	5.8	6.7	28	19	22	26
Oshawa	6.4	7.9	7.3	5.4	22	27	23	17
Kitchener-Cambridge-Waterloo	7.7	8.5	9.7	5.4	33	39	46	23
Regina	5.3	7.0	6.5	3.7	11	14	14	8

Source: Statistics Canada (2012), Income in Canada, 2011. CANSIM Table 202-0804 - Persons in low income families, annual. Note: After-tax Low Income Cut-Off; CMA = Census Metropolitan Areas. Municipalities organized by highest rate of poverty in 2010.

provinces.²³ The MBM is based on disposable income, deducting all direct taxes and other selected non-discretionary expenditures in order to arrive at a definition of disposable income.²⁴

There has been a good deal of debate in Canada about the desirability of one measure or approach over another. This situation stems in part from the confusion that arises as a result of the use of three different measures of low income – all of which predictably produce different rates of poverty, based on different definitions of income. In 2010, for example, the rate of poverty for Canada ranged from 13.5% using the LICO (Income Before-Tax), to 13.0% using the LIM (Income After Tax), to 9.9% using the MBM, to 9.0% using the LICO (Income After Tax).

Each of these measures has its advantages and its limitations. Increasingly, the trend is toward using a suite of indicators as any one poverty measure offers, at best, an incomplete picture of poverty. Since single measures tell only part of the story, using several low income measures can be more helpful in determining the extent and character of poverty in a given community or country. Moreover, the use of a range of measures also acts as a check on the sensitivity of individual methods to changing material conditions.²⁵

It is important to choose a measure of low income that can provide consistent, comparable and reliable information about individuals and families living in low income over time, recognizing that a poverty measure is a key tool needed for developing, implementing and evaluating effective anti-poverty strategies, policies and programs. That said, no measure can ever capture the experience of actually living in poverty, which is a drain on dignity, potential and hope.

Endnotes

1. Recessions create poverty. In the 1981-1983 recession, Canada's poverty rate rose 2.4 percentage points, reaching 14%. In the 1990-1993 recession, the poverty rate rose 4.1 percentage points, reaching 14.1%. It then continued to rise, peaking in 1996 and only declining to its pre-recession rate 14 years after the recession ended. See Jean-François Arsenault and Andrew Sharpe (2009), *The Economic Crisis through the Lens of Economic Wellbeing*. A special report for the Canadian Index of Wellbeing. http://ciw.ca/reports/en/History/TheEconomic+Crisis_ReportHighlights.pdf
2. See Chandra Pasma (2010), *Bearing the Brunt: How the 2008-2009 Recession Created Poverty for Canadian Families*, Citizens for Public Justice. <http://www.cpj.ca/en/content/bearing-brunt>
3. Statistics Canada tracks low income using three different measures: Low Income Cut-off (LICO), Low Income Measure (LIM), and the Market Basket Measure (MBM) developed by Human Resources and Skills Development Canada. Each tracks low income using a different methodology and definition of income. For the purposes of this report card, we use Statistics Canada's Low Income Cut-off as our main measure of low income. Since single measures tell only part of the story, using several low income measures can be more helpful in determining the extent and character of poverty in a given community or country. (Please see Appendix 1).
4. The increase and decline in poverty rates was more pronounced using the Low Income Measure (LIM) and the Market Basket Measure (MBM) measures. The overall rate of poverty increased from 8.8% in 2007 to 10.5% in 2009 according to the MBM, and from 12.4% to 13.1% over the same period using the LIM.
5. For a discussion of provincial poverty rates, see: Brian Murphy, Xuelin Zhang and Claude Dionne (2012), "Low Income in Canada: a Multi-line and Multi-index Perspective," Statistics Canada, Income Research Paper Series, Catalogue no. 75F0002M — No. 001. <http://www.statcan.gc.ca/pub/75f0002m/75f0002m2012001-eng.pdf>
6. The Market Basket Measures (MBM), based on the cost of living in different communities, paints a somewhat different picture. Alberta recorded the lowest rate of poverty in 2010 (8.4%) using the MBM, while the poverty rate was highest in the Atlantic provinces – Nova Scotia (12.8%), New Brunswick (12.0%), PEI (11.7%), and Newfoundland and Labrador (11.6%) – and British Columbia (12.4%).
7. See: John Myles, Feng Hou, Garnett Picot and Karen Myers (2006), "Why Did Employment and Earnings Rise Among Lone Mothers During the 1980s and 1990s?" Analytical Studies Branch Research Paper Series, No. 282, Statistics Canada, Catalogue no. 11F0019MIE — No. 282 <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2006282-eng.pdf>
8. See Meyer Burstein (2005), *Combating the Social Exclusion of At-Risk Groups*, PRI Project: New Approaches for Addressing Poverty and Exclusion. <http://dspace.cigilibrary.org/jspui/bitstream/123456789/23099/1/Combating%20the%20Social%20Exclusion%20of%20At%20Risk%20Groups.pdf?1>
9. See Caryl Arundel and Associates (2009), *How are Canadians Really Doing? A Closer Look at Select Groups*. Canadian Institute of Wellbeing http://ciw.ca/reports/en/History/ACloserLookAtSelectGroups_FullReport.pdf; Sheila Block (2010), "Ontario's Growing Gap: The Role of Race and Gender," Canadian Centre for Policy Alternatives <http://www.policyalternatives.ca/sites/default/files/uploads/publications/reports/docs/The%20Role%20of%20Race%20Ontario%20Growing%20Gap.pdf>
10. Recent immigrants are defined as those who have lived in Canada from 2 to 10 years in the year that they were included in the survey.
11. Research conducted by Statistics Canada researchers and others demonstrated that the earnings gap during the first few years in Canada between immigrants and the Canadian born has been increasing, in spite of rising educational attainment of immigrants. Furthermore, low income among successive groups of new immigrants has been rising, both in absolute terms and relative to the Canadian born. See: Garnett Picot (2008), "Immigrant Economic and Social Outcomes in Canada: Research and Data Development at Statistics Canada," Analytical Studies Branch Research Paper Series, Statistics Canada, Catalogue no. 11F0019M, No. 319 <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2008319-eng.pdf>
12. These figures are taken from Brian Murphy et.al, (2012), "Low Income in Canada: a Multi-line and Multi-index Perspective." It should be noted that estimates of poverty for all at-risk groups, especially those based on survey data, are subject to potential bias as a result of underreporting. Low-income people, particularly those from historically marginalized groups, are less likely to participate in surveys than higher income people. The Census is acknowledged as the best source of information on income and poverty trends.
13. See also Picot, Lu and Hou (2009) for a discussion of the factors related to poverty among immigrants. "Immigrant low-income rates: The role of market income and government transfers," *Perspective on Labour and Income*, Statistics Canada, Catalogue no. 75-001-X. <http://www.statcan.gc.ca/pub/75-001-x/2009112/pdf/11055-eng.pdf>
14. The Survey on Labour and Income Dynamics is not fielded on Aboriginal reserves. Given the concentration of poverty on reserves, these off-reserve poverty figures understate the extent of Aboriginal poverty in Canada.
15. For example, a family with an income of \$15,000 and a low income cut-off of \$20,000 would have a low income gap of \$5,000. In percentage terms this gap would be 25%. The average gap for a given population, whether expressed in dollar or percentage terms, is the average of these values as calculated for each unit.



16. Brian Murphy, Xuelin Zhang and Claude Dionne (2012), p. 83.

17. *Ibid.*, p. 69-70.

18. It is now increasingly recognized that poverty is a multidimensional concept, encompassing a range of human needs and experiences. While lack of access to resources has been universally recognized as an important contributor to poverty, the question of what it means to be poor can be considered in other, more direct ways. As a result, jurisdictions such as New Zealand and the United Kingdom are supplementing traditional income-based poverty measures with indicators that directly measure deprivation in its various dimensions. Deprivation is generally defined as “the lack of socially perceived necessities.” Canada does not currently have a federal indicator of deprivation, though the governments of Quebec, Newfoundland and Labrador, and Ontario have explored different options.

19. LICOs (and LIMs) are used to produce low income estimates, based on the Survey of Labour and Income Dynamics (SLID). The SLID is a household survey that covers all individuals in Canada, excluding residents of the Yukon, the Northwest Territories and Nunavut, residents of institutions and persons living on Indian reserves. Estimates of low income are available for northern residents and Aboriginal populations, using income data sources, such as the Census.

20. In that year, it was determined that the average family, regardless of size, spent 43% of its after-tax income on food, shelter and clothing. Families spending more than 63% of household income on these essentials, 20 percentage points higher than average, are deemed low income.

21. Statistics Canada, Income Statistics Division (2011). *Low Income Lines, 2009-10*. Catalogue No. 75F0002M, No. 002. <http://www.statcan.gc.ca/pub/75f0002m/75f0002m2011002-eng.pdf>

22. See Michael Hatfield, Wendy Piper and Burton Gustajtis (2010), “First Comprehensive Review of the Market Basket Measure of Low Income,” Human Resources and Skills Development Canada, SP-953-06-10E. http://publications.gc.ca/collections/collection_2011/rhdcc-hrsdc/HS28-178-2010-eng.pdf

23. Estimates of low income, using the MBM, are not available the northern territories.

24. The definition of disposable income is a significant difference between the MBM and the after-tax Low Income Cut-offs and Low Income Measure, and an important factor in accounting for differences in low income estimates produced using these different measures.

25. See Brian Murphy, *et.al.*,(2012), “Low Income in Canada: a Multi-line and Multi-index Perspective.”

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