

Poverty in Canada substantially underestimated, reveal statistics

Canwest News Service
Friday, May 13, 2005
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Dateline: OTTAWA
Source: CanWest News Service

OTTAWA - There have been hundreds of thousands of more people living on low incomes in Canada than previously thought, reveal revised Statistics Canada figures released Thursday.

“Basically poverty in Canada has been under-reported by the equivalent of a city the size of Winnipeg,” said Peter Bleyer, president of the Canadian Council on Social Development. The number living on what Statistics Canada defines as low incomes was 3.5 million in 2002, 628,000 more than previously reported, he said, noting that pushed the proportion of those living on low incomes to 11.6 per cent from the 9.5 per cent previously thought.

“Clearly, governments have to revisit the policies they have to deal with poverty,” he said. “The scale and scope of the problem is greater than believed.” The revision is due to several factors related to how the agency measures such statistics. All estimates back to 1990 were adjusted to population projections based on the 2001 census; new methods of deriving benchmark wages and salaries were used; and revisions were made to an earlier family expenditure survey.

The news from Statistics Canada on the after-tax incomes of families in general was not cheering either.

Inflation-adjusted after-tax incomes stagnated for the second-straight year at just under \$60,000 in 2003. Average after-tax income that year reached a plateau for almost every type of family, it said, noting there was little change in earnings, government transfers, or taxes.

The average income for a family of two or more was \$59,900, virtually unchanged from 2002, in contrast to average annual increases of 3.2 per cent from 1996 through 2001.

Incomes for families headed by single moms, which had been among the fastest growing over the previous half decade thanks to increases in their employment levels, stagnated at \$30,000, it said. About 38 per cent of those families were living on low incomes.

The stalling of income growth left eight per cent of families, or an estimated 726,000, living on low incomes, although that was down from 8.6 per cent in 2002 and well below the peak of 12.1 per cent in 1996, it noted.

Those living on low incomes included an estimated 843,000 children, or 12.4 per cent of all children, also unchanged from a year earlier but down from more than 1.3 million, or 18.6 per cent, in 1996. Low income, which varies for different size families and communities, is defined as the level at which a family would typically spend 20 per cent more of its income than the average family on the necessities of food, shelter and clothing.

Job earnings, including investment income and private retirement income, averaged \$64,900 for families of two people or more. Government transfers, such as employment

insurance, pensions and child tax benefits, remained unchanged at \$7,800. The average family paid \$12,800 in personal income taxes in 2003.

The income of families in which the major bread winner was aged 65 or over averaged \$43,800, unchanged from a year earlier but 10 per cent more than a half decade earlier, with government transfers accounting for 42 per cent of that.

The low-income rate for seniors has been declining since the early 1980s to only 6.8 per cent in 2003, down from more than 20 per cent in 1980 and about 10 per cent in 1996. However, the low-income rate for single elderly women was nearly 20 per cent. The report noted that government transfers and taxes helped reduce the gap between those with high earnings and those with low earnings. For example, the 20 per cent of families with the highest after-tax income earned about \$12.90 for every dollar earned by the 20 per cent of families with the lowest after-tax income. However, after taxes and transfers, the difference was reduced to only \$5.50.

The agency reported the stagnation in after-tax incomes was also widespread, with little change in any province.

As in previous years, average after-tax income of families was highest in Ontario at \$66,500, followed by Alberta at \$64,900, the only two provinces above the national average of \$59,900.

Families in Newfoundland and Labrador had the lowest after-tax income at \$47,100, and were the most dependent on government transfers, which amounted to an average of \$11,800, and well above the national average of \$7,800.

The proportion of low-income families, however, was highest in British Columbia at 11.6 per cent, while the national average was 8.4 per cent and the lowest in Prince Edward Island at 3.7.