

POPULATION COMPOSITION AND POVERTY RANKINGS

Chapter

5

Urban Poverty in Canada

A STATISTICAL PROFILE

Canadian cities have unique qualities. Each has its own geography and environment, history and culture, industry and built environment, government, human capital, and demographic characteristics. These factors combine in complex ways to shape the character of each city. This chapter explores some of these factors using Census data.

Earlier chapters have demonstrated that the demographic composition of urban populations is diverse. For example, cities such as Victoria have a higher-than-average proportion of seniors, partly because many people from other parts of the country choose to retire in Victoria's warmer climate. Cities such as Brampton have a higher-than-average proportion of children, likely due to the perception that it is a good community in which to own a home and raise children. Richmond has a high proportion of visible minority residents, in part because many Chinese immigrants are attracted by the size of the existing Chinese enclave there.

In addition to different demographic compositions, each city has its own economic history that shapes its local labour market. For example, most cities on the West Coast have grown with the fishing, logging and mining industries, and many Prairie cities have developed around their agriculture and fossil fuel industries. Many Southern Ontario cities have benefited from auto manufacturing and financial industries. Pulp and paper industries underpin the economies of many

Québec cities. Most East Coast cities have a history shaped by the fisheries, shipping and mining. However, there are also many common traits to urban economies, such as the role of the health, education, social service and other government service sectors in their economies.

The economic history of a city affects its current labour market. For example, the high proportion of persons with no annual employment in St. John's is likely related to the decline of the fish stocks. And relatively high proportions of residents in Trois-Rivières and Jonquière had no annual employment due in part to the decline in pulp and paper manufacturing in those cities' economies. On the other hand, Calgary has benefited from a boom in the oil and natural gas industries, and it had one of the highest proportions of persons who were fully employed in 1995. Oakville and Brampton – two other cities with high shares of fully employed persons – were home to many workers in financially successful Toronto-area firms. Of course, the dynamics of these economies are extremely complex and cannot be fully explained with these simple examples.

Both the demographic composition and the labour market of a city shape its poverty rates. Some groups in the population are at greater risk of poverty than others, and their disproportionate presence in a city population may be linked to higher overall poverty rates. As well, cities that provide few opportunities for their low-skilled

workers to make sufficient earnings can lead to higher local poverty rates. Given the unique demographic and economic characteristics of each city, variations in poverty rates among cities should come as no surprise.

As well, families or groups with similar characteristics can have very different poverty rates, depending on where they live. For example, youth in Montréal were nearly five times more likely to be poor than were youth in Oakville. Persons with disabilities were over three times more likely to live in poverty in Québec City, compared to persons with disabilities in Markham. The reasons for these differences are unclear, but the variations are considerable.

A city's poverty rate represents the average rate for all the different groups in that city. It therefore follows that a city's overall poverty rate will be influenced by the combination of the poverty rate for each group in that city and the proportion of that city's population that the group represents. Groups with relatively high poverty rates can push a city's average poverty rate noticeably higher, but only if they comprise a large enough proportion of that city's population. On the other hand, groups that account for relatively large shares of

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a city's population can have a marked influence on that city's poverty rate, even the rate for that group is not particularly high or low. In other words, the disproportionate presence of particular groups within a city population can help explain that city's poverty rate relative to other cities.

The first section of this chapter examines the influence of a city's demographic composition on that city's poverty rate. It asks the question, "If each city had identical shares of selected population groups, how would their poverty rate change relative to other cities?" To answer this question, a common statistical procedure called "standardization" is introduced that removes – or controls for – the influence that different population compositions might have on each city's poverty rate. To do this, each city is assigned an identical composition of a set of population characteristics, and the poverty rate is recalculated. By comparing this "standardized" poverty rate with the city's actual poverty rate, the degree of influence of that population characteristic can be assessed. Consequently, a portion of the relative differences in city poverty rates can be explained by the city's differing population composition. Whatever portion of the poverty rate that is left unexplained beyond this is related to factors other than the city's population characteristics.¹

The second section in the chapter suggests how strategic investments in certain groups may be able to reduce city poverty rates. This section asks the question, "How much do changes in the poverty rate of vulnerable groups change a city's poverty rate?" To determine the answer, an exercise is conducted whereby the poverty rate for particular high-poverty groups is reduced by 25 per cent, and the city poverty rate is recalculated based on this change.

This "targeted poverty reduction" technique is carried out separately for each group within a population to get a sense of the potential impact of targeted initiatives.

Understanding the broad factors underlying variations in poverty rates is essential to developing effective policy responses. However, policies that are designed to alter the composition of a population in order to control poverty are generally not viable options. In a liberal democratic society such as Canada, people have the right to choose where they wish to live, and any policy that seeks to limit that choice is inappropriate. Under the *Charter of Rights and Freedoms* of the *Canadian Constitution*, citizens are guaranteed free movement within the country. In this context, deciding where Canadian citizens live is not a decision that can be made by the state.

As well, these exercises are certainly not intended to suggest that any particular population group is to blame for high poverty rates. Rather, they are conducted to demonstrate the extent of the links between high poverty rates among certain population groups and overall poverty rates. In other words, the higher risk that members of certain groups have of living in poverty is related to poverty rates for an entire city. As such, efforts to reduce overall poverty in a city must take into account the economic marginalization of certain groups.

Standardized Population Compositions

This report has controlled for the influence of certain population characteristics in order to measure the actual influence of differences in population compositions on a city's poverty rate. Population compositions

were standardized by assigning each city an identical composition of the selected characteristics, and then recalculating the city's poverty rate.

For example, if the different proportions of education levels in each city are controlled for, the influence of education is removed from the poverty rate of the city. This "standardized" poverty rate is then compared to the actual city poverty rate (i.e., its rate before controlling for education) in order to determine the influence that education had on the city's actual rate.²

Because cities are complex and diverse, many factors can influence poverty simultaneously. This section examines each population characteristic separately in order to isolate the influence of each characteristic on city poverty rates.³ The population characteristics standardized in this way include age, gender, immigration status, visible minority status, Aboriginal status, disability status, household type, education level, annual employment activity, and occupational skill level.⁴

Table 5.1 shows whether or not standardization changed the rank of city poverty rates substantially. If a city moved three or more places in rank as a result of standardization, it was considered to be a *substantial* movement. This table shows that, overall, standardization of household type, immigration status, visible minority status, and annual employment activity substantially changed the poverty ranking of the greatest number and percentage of cities.

Tables 5.2 to 5.6 show the results of standardizing for these separate characteristics on each city. Cities are ranked by their actual and standardized poverty rates. Changes in city rankings

TABLE 5.1
NUMBER AND PER CENT OF CITIES THAT CHANGED SUBSTANTIALLY IN
POVERTY RANK AFTER STANDARDIZING FOR SELECTED CHARACTERISTICS,
1995

	Number of cities	Per cent of all cities
Age	0	0.0
Gender	0	0.0
Immigration status	23	48.9
Visible minority status	22	46.8
Aboriginal identity status	3	6.4
Disability status	0	0.0
Household type	25	53.2
Education level	8	17.0
Annual employment activity	17	36.2
Occupational skill level	2	4.3

Note: Total number of cities equals 47. Substantial change in poverty ranking is defined as movement of three or more ranks. See text for description of standardization technique.

Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's 1996 Census, custom tabulations.

as a result of standardization indicate the influence of that particular population characteristic. The first column in each table shows the cities ranked by their actual poverty rates: the city with the highest poverty rate is at the top of the list and the city with the lowest rate is at the bottom of the list. Each subsequent column shows the results of standardizing for that population characteristic. The figures in these columns represent the number of ranks that each city's poverty rate changed from its actual rate as a result of standardization.

The change in each city's rank is expressed as the number of positions in rank the city changed, with a plus or minus sign indicating the direction of the change.

- ➔ If the sign is *positive*, standardization resulted in an increase in the city's poverty rate relative to other cities, and it increased in rank.
- ➔ If the sign is *negative*, standardization resulted in a decrease in the city's poverty rate relative to other cities, and it decreased in rank.

- ➔ If the number of ranks changed was zero to two, the city's poverty rate changed *little* in relation to other city poverty rates. This indicates that the population characteristic had little influence on the city's poverty rate.
- ➔ If the number of ranks changed was three or more, the change in the city's poverty rate was substantial in relation to other city poverty rates. This indicates that the population characteristic had a substantial influence on the city's poverty rate.⁵

AGE GROUPS

The population share of age groups varied from city to city, as did their poverty rates. For example, Table 2.11 showed that children (under age 15) accounted for 19.1 per cent of the average city population, but this proportion ranged from 11.4 per cent in Victoria to 23.8 per cent in Brampton. Child poverty rates also varied considerably among the cities. The lowest child poverty rate was 10.9 per cent in Oakville, the average rate was 29.8 per cent, and the highest rate was 50.5 per cent in

Montréal. City-to-city variations in the share and poverty rate of other age groups are also evident.

As was shown in Tables 5.1 and 5.2, few cities changed rank at all as a result of standardizing for age groups. While the age composition in some cities differed considerably, most cities had similar proportions of each age group. Consequently, controlling the age composition did not result in much change in the standardized ranking of cities compared to their actual ranking.

GENDER

In all cities, females outnumbered males. On average, the proportion of females was 51.4 per cent, compared to 48.6 per cent for males. The share of females changed very little from city to city, with a low of 50.1 per cent in Surrey to a high of 53.7 per cent in Victoria. As well, females in every city had higher poverty rates than did males. The average female poverty rate was 26.0 per cent, but this ranged widely from 11.0 per cent in Oakville to 42.4 per cent in Montréal.

As shown in Table 5.1, standardizing for gender did not result in a substantial change in the poverty rank of any cities. Furthermore, column 3 of Table 5.2 shows that controlling for gender distributions had absolutely no influence on the city rankings. As with the age composition, the gender composition of most cities was quite even, so controlling for it did not change their situation much.

IMMIGRATION STATUS

Immigrants are more likely to live in some Canadian cities compared to others. Richmond was home to the highest proportion of immigrants (48.4 per cent), and Québec City was home to the lowest (3.6 per cent). On average, immigrants accounted for 28.8 per cent of a city's population.

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TABLE 5.2
CITIES RANKED BY THEIR ACTUAL POVERTY RATES, SHOWING CHANGES IN RANK AFTER STANDARDIZING FOR
SELECTED VARIABLES, 1995

	Actual rank	Change in rank from standardization					
		Age	Gender	Immigration status	Visible minority status	Aboriginal status	Disability status
Montréal	1	0	0	0	0	0	0
Québec	2	0	0	0	0	0	0
Vancouver	3	0	0	-4	-6	-1	-1
Trois-Rivières	4	0	0	-1	0	1	1
Longueuil	5	0	0	2	-1	0	0
Sherbrooke	6	0	0	0	3	0	0
Hull	7	0	0	3	2	0	0
Ottawa	8	0	0	-1	-2	0	0
Burnaby	9	0	0	-8	-6	0	0
Toronto	10	0	0	-5	-9	0	0
Hamilton	11	0	0	3	4	0	0
Saint John	12	0	0	1	4	0	0
Edmonton	13	-2	0	3	1	-2	-1
Richmond	14	0	0	-18	-18	1	1
Victoria	15	2	0	2	1	-1	0
Cape Breton	16	0	0	-3	3	2	-2
Halifax	17	0	0	3	6	0	1
Winnipeg	18	0	0	6	2	-3	1
Jonquière	19	0	0	-7	-1	1	0
St. John's	20	0	0	-1	2	1	0
Saskatoon	21	-2	0	5	4	-6	0
Coquitlam	22	1	0	-5	-6	2	-1
Chicoutimi	23	1	0	-10	-10	0	1
Laval	24	0	0	6	3	2	0
Surrey	25	-1	0	1	-4	1	0
Sudbury	26	1	0	3	3	1	-1
Calgary	27	0	0	5	2	1	1
Windsor	28	-1	0	3	2	0	-1
Gatineau	29	1	0	9	7	0	1
London	30	0	0	2	6	0	0
Regina	31	-2	0	2	0	-6	0
Niagara Falls	32	1	0	2	2	1	0
St. Catharines	33	1	0	2	6	1	-1
Richmond Hill	34	0	0	-4	-3	1	1
Kitchener	35	0	0	1	1	1	0
Mississauga	36	0	0	-4	-5	1	0
Oshawa	37	0	0	2	2	1	0
Thunder Bay	38	0	0	2	2	-2	0
Markham	39	0	0	-6	-7	1	0
Nepean	40	0	0	1	1	1	0
Cambridge	41	-2	0	0	1	0	-2
Gloucester	42	0	0	5	4	-1	1
Brampton	43	2	0	0	0	1	1
Saanich	44	0	0	2	2	0	0
Vaughan	45	0	0	1	1	0	0
Burlington	46	0	0	0	1	0	0
Oakville	47	0	0	0	0	0	0

Note: City poverty rates are based on all persons. See text for description of standardization technique.

Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's 1996 Census, custom tabulations.

Also, immigrants in some areas were more likely to be poor than in others. On average, 30.0 per cent of immigrants in cities were poor, and

the immigrant poverty rate ranged from 13.1 per cent in Saanich to 49.8 per cent in Montréal. While not all immigrants have high poverty

rates, recent immigrants certainly do – on average, 52.1 per cent of recent immigrants in cities were poor.

In contrast to the age group and gender compositions, the proportion of immigrants in a city appears to be a notable factor in shaping that city's poverty rate. Table 5.1 shows that 23 cities, or 48.9 per cent of all cities, changed rank substantially when immigration status was standardized.

Column 4 of Table 5.2 shows that, in general, the cities with relatively smaller shares of recent immigrants moved up in rank, and those with relatively larger proportions of recent immigrants moved down in rank. Cities such as Laval, Winnipeg and Saskatoon – all cities with relatively small recent immigrant populations – moved up the greatest number of places in rank. The relatively small shares of recent immigrants in those cities likely affected their poverty rates relative to other cities.

Conversely, standardizing the local poverty rate bumped cities such as Richmond, Burnaby, Markham, Coquitlam and Toronto – all cities with relatively high proportions of recent immigrants – down in rank. In these cases, the influence of a large proportion of recent immigrants was reduced as the share of this group was brought more in line with the average all-city share.

VISIBLE MINORITY STATUS

As with immigrant populations, visible minority populations are more concentrated in some cities than in others. The proportion of visible minorities ranged widely, from 2.2 per cent in Québec City to 49.4 per cent in Richmond. On average, 21.6 per cent of a city's population was made up of visible minority persons. The average poverty rate among this group (37.6 per cent) was well above the average city rate, and ranged broadly from 14.9 per cent in Vaughan to 63.9 per cent in Montréal.

Standardizing for visible minority status substantially changed the rank order of 22 cities (46.8 per cent), as shown in Table 5.1. The cities with relatively high or low proportions of visible minorities in their overall population had the largest changes in their city poverty rates as a result of the standardization process, as shown in column 5 of Table 5.2. Halifax, London and St. Catharines – all cities with relatively low proportions of visible minority persons – rose considerably in rank as their city poverty rates became relatively higher as a result of the standardization process. In contrast, Richmond, Toronto and Markham – cities with relatively large shares of visible minority persons – dropped noticeably in rank as their poverty rates relative to other cities fell as a result of standardization.⁷

ABORIGINAL STATUS

Most Canadian cities had relatively small proportions of Aboriginal persons, who comprised 1.5 per cent of the average city's population. However, some Prairie cities had relatively higher proportions, with Saskatoon the highest at 7.9 per cent. While the proportion of Aboriginal people in a city population was generally small, they had among the highest poverty rates of all the groups examined. In cities, the average Aboriginal poverty rate was 55.6 per cent, ranging from 40.8 per cent in Burnaby to 66.1 per cent in Vancouver.

In general, standardization of Aboriginal status had little effect on the ranking of cities by their poverty rates; only three cities moved substantially in the order, as shown in Table 5.1. This lack of movement is mainly due to the relatively small share of Aboriginal people in most cities. However, as shown in column 6 of Table 5.2, the cities with relatively

high proportions of Aboriginal people – such as Saskatoon, Regina and Winnipeg – saw substantial decreases in their relative rank as a result of standardization. In other words, the proportion of Aboriginal people in those communities was connected to the city's overall poverty rate. When this proportion was reduced through standardization, the poverty rates in those cities dropped relative to other cities.

DISABILITY STATUS

Persons with disabilities accounted for an average of 10.2 per cent of city populations, and their share ranged from 6.1 per cent of the population in Laval to 19.0 per cent in Cape Breton. However, poverty rates among this group varied more, from 17.3 per cent in Markham to 58.4 per cent in Québec. Among all cities, the average poverty rate for persons with disabilities was 36.1 per cent.

Controlling for the population characteristic of disability status had little effect on the ranking of cities by their poverty rates. As shown in the last column of Table 5.2, Cape Breton and Cambridge fell slightly in rank, although only Cape Breton had a relatively high proportion of persons with disabilities in its community. The lack of change in the ranking of cities was mainly due to the fairly even distribution of persons with disabilities across cities.

HOUSEHOLD TYPE

The composition of household types differed considerably from city to city, particularly for couples with children and unattached individuals. The average proportion of couples with children in cities was 23.2 per cent, ranging from 8.3 per cent in Victoria to 47.5 per cent in Vaughan. In comparison, unattached individuals accounted for 36.9 per cent of the

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average city population, and the proportion of unattached individuals ranged from 10.3 per cent in Vaughan to 60.3 per cent in Victoria.

Although couples with children accounted for large proportions of households in cities, their poverty rate was relatively low in comparison to the rates for unattached individuals and lone-parent families. The average poverty rate for couples with children was 18.7 per cent, and ranged from 6.1 per cent in Burlington to 35.0 per cent in Montréal. In contrast, unattached individuals had an average poverty rate of 45.2 per cent, ranging from 29.0 per cent in Gloucester to 58.2 per cent in Trois-Rivières. As well, 59.2 per cent of lone-parent families were poor in the average city, with rates ranging widely from 33.2 per cent in Vaughan to 76.7 per cent in Cape Breton.

Standardizing for household type had the greatest effect on city poverty rates of all the characteristics examined. Table 5.1 shows that standardizing for household type resulted in substantial changes in rank for 25 cities, or 53.2 per cent of all cities. Table 5.3 shows the cities ranked by their poverty rates for households (first column), then ranked by their poverty rates after standardizing for household type (second column). Vaughan rose the greatest number of places in rank, likely due to its relatively small shares of lone-parent families and unattached individuals – two household types particularly at risk of poverty. As well, Jonquière, Chicoutimi, Cape Breton and Gatineau – other cities with relatively low proportions of unattached individuals – all rose over five places on the scale. The changes in the ranking of those cities suggests that their poverty rates would likely be higher if the composition of household types in those cities was closer to the average for all cities.

Among the cities that dropped down the list as a result of standardization, Victoria fell the farthest, followed by Ottawa, Saint John, and Cape Breton. Those cities had relatively high shares of households with unattached individuals, except for Saint John, which had a relatively high share of lone-parent households. The shift in the ranking of those cities indicates that the proportions of unattached individuals in those cities likely influenced their poverty rates relative to other cities.

EDUCATION LEVELS

Among the population aged 15 and older in cities, the proportion of people at different education levels varied considerably. For example, persons with less than a high school certificate comprised 26.9 per cent of the population in Nepean and 58.7 per cent of the population in Cape Breton, with an average proportion of 41.0 per cent. Poverty rates among this group also ranged widely, from 47.9 per cent in Montréal to 14.3 per cent in Oakville. Furthermore, those with less than a high school certificate in most cities were more likely to live in poverty – the average poverty rate for this population group was 29.6 per cent.

Differences in the composition of city populations by education level appear to have a limited influence on variations in city poverty rates. Only eight of the 47 cities (17.0 per cent) changed their rank substantially as a result of standardizing for education levels. Table 5.4 shows the ranking of cities by their poverty rates (first column) and the changes in rank as a result of standardization (second column). All ranking is based on city poverty rates among the population aged 15 and older.

Although standardization for education levels resulted in relatively little change

TABLE 5.3
CITIES RANKED BY THEIR POVERTY RATES, SHOWING STANDARDIZED POVERTY RATES FOR HOUSEHOLD TYPE, 1995

	Actual rank	Change in rank from standardization
Montréal	1	0
Québec	2	0
Trois-Rivières	3	0
Sherbrooke	4	-4
Vancouver	5	-1
Longueuil	6	1
Hull	7	-2
Hamilton	8	1
Saint John	9	-8
Ottawa	10	-8
Burnaby	11	-1
Toronto	12	-1
Edmonton	13	-1
Jonquière	14	10
Winnipeg	15	-1
Victoria	16	-13
Cape Breton	17	6
St. John's	18	3
Halifax	19	-7
Chicoutimi	20	10
Saskatoon	21	-2
Sudbury	22	-3
Richmond	23	3
Laval	24	5
Calgary	25	-2
Surrey	26	4
Gatineau	27	6
Coquitlam	28	4
Windsor	29	-1
London	30	-4
Regina	31	-4
St. Catharines	32	1
Niagara Falls	33	5
Thunder Bay	34	-5
Kitchener	35	-3
Oshawa	36	-4
Richmond Hill	37	4
Mississauga	38	1
Saanich	39	-4
Cambridge	40	-1
Markham	41	5
Nepean	42	-2
Brampton	43	1
Gloucester	44	-1
Vaughan	45	13
Burlington	46	-1
Oakville	47	1

Note: City poverty rates are based on household units. See text for description of standardization technique.

Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's 1996 Census, custom tabulations.

TABLE 5.4
CITIES RANKED BY THEIR POVERTY
RATES, SHOWING STANDARDIZED
POVERTY RATES FOR EDUCATION
LEVEL, 1995

	Actual rank	Change in rank from standardization
Montréal	1	0
Québec	2	0
Trois-Rivières	3	-.1
Vancouver	4	1
Sherbrooke	5	0
Longueuil	6	-.2
Hull	7	1
Burnaby	8	-.1
Ottawa	9	2
Hamilton	10	-.4
Toronto	11	1
Richmond	12	1
Saint John	13	-.3
Edmonton	14	-.1
Victoria	15	3
Jonquière	16	-.1
Halifax	17	4
Winnipeg	18	-.1
Cape Breton	19	-.5
St. John's	20	2
Chicoutimi	21	1
Coquitlam	22	1
Saskatoon	23	1
Laval	24	1
Calgary	25	0
Surrey	26	0
Sudbury	27	0
Gatineau	28	0
Windsor	29	0
London	30	0
Richmond Hill	31	0
Regina	32	0
St. Catharines	33	0
Niagara Falls	34	0
Kitchener	35	-.2
Mississauga	36	1
Oshawa	37	-.2
Markham	38	2
Thunder Bay	39	-.1
Cambridge	40	-.4
Nepean	41	3
Brampton	42	-.1
Saanich	43	1
Vaughan	44	-.1
Gloucester	45	4
Burlington	46	0
Oakville	47	0

Note: City poverty rates are based on population aged 15 and older. See text for description of standardization technique.

Source: Prepared by the Canadian Council on Social

in the ranking of most cities, Halifax, Gloucester, Nepean and Victoria all rose by at least three places. In contrast, Cape Breton, Cambridge and Hamilton dropped substantially in rank. These changes suggest some connection to the education levels in those cities. Cities that went up in rank (i.e., their city poverty rates became higher) had among the largest proportions of residents with post-secondary education; those that dropped in rank had large shares of people without a high school certificate.

ANNUAL EMPLOYMENT ACTIVITY

Reflecting local job markets, the amount of annual employment among the working-age population varied from city to city. For example, the proportion of people with no annual employment ranged widely, from 15.6 in Burlington to 39.3 in Cape Breton. Of course, variations in this share also reflect variations in the shares of persons with more employment activity. The proportion of fully employed persons in the working-age population ranged from 24.4 per cent in Cape Breton to 49.3 per cent in Burlington. The proportions of both groups (i.e., those with no annual employment and those fully employed) were remarkably large in most cities. On average, persons with no annual employment accounted for 24.4 per cent of the city population, and fully employed persons accounted for 40.2 per cent.

Poverty rates for both groups also varied widely. Among persons with no annual employment, the poverty rate ranged from 19.5 per cent in Burlington to 65.8 per cent in Montréal. The average rate for this group was 46.2 per cent – considerably higher than the rates for other working-age groups. The average poverty rate for part-year workers was 25.4 per cent, and for fully employed workers it was considerably lower (7.5 per cent),

ranging from 3.2 per cent in Burlington to 13.4 per cent in Montréal.

Standardizing for annual employment activity had a substantial influence on the poverty ranking of 17 cities (36.2 per cent of all cities), as was shown in Table 5.1. Table 5.5 shows cities ranked by their actual poverty rates (column 1) and the changes to their ranking as a result of standardization for employment activity (column 2). Calgary rose the greatest number of places, followed by Regina and Victoria. Those cities had among the smallest proportions of working-age individuals with no annual employment. The increase in their poverty rates as a result of standardization suggests that if their shares of working-age residents with no employment activity were closer to the all-city average, their city poverty rates might be higher. In comparison, Cape Breton dropped the greatest number of places, followed by Chicoutimi, Jonquière and Trois-Rivières. Those cities had among the highest proportions of adults with no annual employment activity, suggesting that if the proportions of this group were lower in those city populations, their city poverty rates might follow suit. This table demonstrates that the proportion of the working-age population with no annual employment in a city appears to have a strong influence on the local poverty rates.

OCCUPATIONAL SKILL LEVELS

As with annual employment activity, the occupational skill levels⁸ of the workforce varied by city. Although the average proportion of low-skilled workers (those at skill level I) in city populations was 13.1 per cent, the share ranged from 8.6 per cent in Richmond Hill to 18.9 in Niagara Falls. Larger proportions of high-skilled workers (those at skill levels III and IV) were evident in most cities.

TABLE 5.5
CITIES RANKED BY THEIR POVERTY
RATES, SHOWING STANDARDIZED
POVERTY RATES FOR ANNUAL
EMPLOYMENT ACTIVITY, 1995

	Actual rank	Change in rank from standardization
Montréal	1	0
Québec	2	0
Trois-Rivières	3	-5
Vancouver	4	1
Sherbrooke	5	-2
Longueuil	6	-3
Ottawa	7	3
Hull	8	2
Burnaby	9	-1
Victoria	10	5
Saint John	11	-4
Toronto	12	-1
Hamilton	13	-1
Halifax	14	3
Richmond	15	-1
Edmonton	16	4
Jonquière	17	-5
Cape Breton	18	-13
St. John's	19	-2
Saskatoon	20	2
Winnipeg	21	4
Chicoutimi	22	-6
Coquitlam	23	4
Sudbury	24	-2
Surrey	25	2
Calgary	26	6
Laval	27	3
Windsor	28	-2
London	29	4
Gatineau	30	1
St. Catharines	31	-2
Regina	32	5
Richmond Hill	33	1
Niagara Falls	34	-1
Kitchener	35	1
Mississauga	36	0
Oshawa	37	0
Markham	38	-1
Thunder Bay	39	-1
Saanich	40	-2
Nepean	41	3
Cambridge	42	1
Brampton	43	0
Gloucester	44	0
Vaughan	45	0
Oakville	46	0
Burlington	47	0

Note: City poverty rates are based on the workforce population aged 15 to 64. See text for description of standardization technique.

Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's 1996 Census, custom tabulations.

On average, high-skilled workers accounted for 51.8 per cent of the workforce, ranging from 42.7 per cent in Cambridge to 61.5 per cent in Nepean.

Poverty rates among low-skilled workers varied widely, from 10.7 per cent in Vaughan to 39.9 per cent in Montréal. Not surprisingly, low-skilled workers were the most likely workers to be poor – on average, 25.9 per cent lived below the poverty line. In comparison, the average poverty rate for high-skilled workers was 11.0 per cent, ranging from 4.5 per cent in Gloucester to 19.7 per cent in Montréal.

Standardizing for this variable suggests that the skill level composition of a city's population appears to have a limited influence on their poverty rate in relation to other cities. Only two of the 47 cities changed rank substantially as a result of standardization, as was shown in Table 5.1. This suggests that the distribution of skill levels did not differ enough among cities to greatly influence their relative poverty rates.

Table 5.6 shows cities ranked by their actual poverty rates (first column) and the changes in rank as a result of standardization for occupational skill levels (second column). Ottawa and Richmond Hill were among the few cities that moved more than two ranks as a result of standardization and their poverty rates became larger relative to other cities. Of these two cities, only Richmond Hill had a relatively low proportion of low-skilled workers and a relatively high proportion of high-skilled workers in its workforce. Kitchener and Cambridge moved down in rank, and they are two cities with among the smallest proportions of high-skilled workers in their populations.

Targeted Poverty Reduction

The reduction of poverty across the entire population of a city is the ultimate goal of anti-poverty initiatives. Poverty that affects anyone is worthy of action. Ideally, initiatives should approach urban poverty in a manner comprehensive enough to assist all persons living below the poverty line.

However, this is not to suggest that targeted policies – which use limited public funds to effectively benefit the greatest number of people – are unjustified. As well, there is a moral responsibility to act when the likelihood of being poor is substantially higher than average – as it is for Aboriginal people, lone-parent families and other groups. Such actions recognize that opportunities are not evenly distributed among all Canadians, and some groups face severe earnings disadvantages. Furthermore, successful interventions for specific groups would noticeably reduce the poverty rates in many cities. In poverty reduction initiatives, programs often focus on the groups most at-risk, with the assumption that favorable policy outcomes will benefit the entire population.

From a policy perspective, the information in this report can be used to facilitate strategic investments in certain groups to reduce city poverty rates. In this section of the chapter, a technique is used to “change” the poverty rate of certain vulnerable groups in order to measure its impact on city poverty rates. For example, a reduction in the poverty rate among lone-parent families may result in a marked reduction in the city poverty rate. For this to be the case, lone parents would have to be a large enough group, or their poverty rates high enough, to have a noticeable influence on the city poverty rates.

TABLE 5.6
CITIES RANKED BY THEIR POVERTY RATES, SHOWING STANDARDIZED POVERTY RATES FOR OCCUPATIONAL SKILL LEVEL, 1995

	Actual rank	Change in rank from standardization
Montréal	1	0
Québec	2	0
Vancouver	3	0
Victoria	4	-1
Edmonton	5	-1
Sherbrooke	6	-1
Ottawa	7	3
Trois-Rivières	8	-1
Halifax	9	1
Burnaby	10	0
Hull	11	0
Toronto	12	0
Longueuil	13	0
Saint John	14	-2
Calgary	15	1
Saskatoon	16	1
Winnipeg	17	-1
Hamilton	18	-1
Richmond	19	2
Jonquière	20	0
Surrey	21	-1
Coquitlam	22	1
Laval	23	0
Sudbury	24	-1
St. John's	25	1
London	26	-1
Chicoutimi	27	1
Regina	28	0
Windsor	29	-1
Gatineau	30	1
St. Catherines	31	0
Niagara Falls	32	-1
Cape Breton	33	1
Kitchener	34	-3
Mississauga	35	-1
Saanich	36	1
Richmond Hill	37	3
Nepean	38	0
Markham	39	0
Brampton	40	0
Oshawa	41	-1
Thunder Bay	42	1
Cambridge	43	-3
Vaughan	44	0
Gloucester	45	2
Oakville	46	1
Burlington	47	0

Note: City poverty rates are based on workforce population. See text for description of standardization technique.

Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's 1996 Census, custom tabulations.

In this technique, a hypothetical situation is created whereby the poverty rate of a selected high-poverty group is reduced by 25 per cent. Other than the reduced rate for the selected group, all other factors are kept equal, and the city's poverty rate is recalculated. The result is an adjusted city poverty rate, which is then compared to the actual city rate and the difference observed. For the purposes of this report, this exercise is referred to as *targeted poverty reduction*. As with the standardization technique used earlier, targeted poverty reduction for each population group is carried out separately in order to assess the potential result of initiatives targeted to that group.

Table 5.7 presents the results for all cities of poverty reductions targeted to particular high-poverty groups. Although the results are not discussed here, Tables A.3 through A.13 in *Appendix A5* show the city-by-city results of poverty reductions targeted

to children, youth, lone-parent families, unattached individuals, recent immigrants, visible minority persons, Aboriginal persons, persons with disabilities, persons with less than a high school education, persons with no annual employment, and low-skilled workers.

A 25 per cent reduction in the poverty rate of unattached individuals in each city had the greatest influence on city poverty rates for households. On average, this targeted action resulted in a reduction of 4.2 percentage points, or 14.1 per cent, in city poverty rates. The magnitude of this effect is likely due to the combination of high poverty rates among unattached individuals and relatively large household shares of these individuals. Successful anti-poverty initiatives targeted to this group would considerably reduce many city poverty rates.

TABLE 5.7
ACTUAL CITY POVERTY RATES, SHOWING ADJUSTED POVERTY RATES RESULTING FROM TARGETED POVERTY REDUCTION FOR SELECTED GROUPS, AGGREGATE OF CITIES, 1995

	Actual poverty rate (%)	Adjusted poverty rate (%)	Percentage-point difference
Children under age 15	24.5	23.0	1.4
Youth aged 15 to 24	24.5	23.4	1.0
Lone-parent families (among all households)	29.5	28.5	1.0
Unattached individuals (among all households)	29.5	25.3	4.2
Recent immigrants	24.5	23.5	0.9
Visible minority persons	24.5	22.4	2.0
Aboriginal identity persons	24.5	24.3	0.2
Persons with disabilities	24.4	23.5	0.9
Persons with less than high school (among persons aged 15+)	23.2	20.2	3.0
Persons with no annual employment (among persons aged 15-64)	22.9	20.1	2.8
Low-skilled workers (among all workers)	15.5	14.6	0.9

Note: City poverty rates are based on different populations, as shown in labels. See text for description of targeted poverty reduction technique.

Source: Prepared by the Canadian Council on Social Development using data from Statistics Canada's 1996 Census, custom tabulations.

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Reducing the poverty rates by 25 per cent among *persons with less than a high school certificate* would also result in a considerable reduction in many city poverty rates. If this group's poverty rate were reduced by one-quarter, average city poverty rates would fall by 3.0 percentage points, or 13.1 per cent. Again, the magnitude of this change is due to the relatively high poverty rates among this group and the relatively large share they comprise in the population aged 15 and older.

Another considerable reduction in city poverty rates among working-age persons would result from a 25 per cent reduction in the poverty rate for *persons with no annual employment*. Such a reduction would result in an average city poverty rate for working-age persons that was 2.8 percentage points (or 12.3 per cent) lower. As with unattached individuals and persons with less than a high school certificate, actual poverty rates among persons with no annual employment were relatively high and they accounted for a relatively large proportion of the working-age population. Anti-poverty programs targeted to this group would noticeably reduce many city poverty rates.

A 25 per cent reduction in the poverty rate among *visible minority persons* would also have a marked influence on many city poverty rates. On average, such a rate reduction would reduce average city poverty rates by 2.0 percentage points or 8.3 per cent. As with the other high-poverty groups, this is likely due to the relatively high poverty rates among visible minority persons and the large share they comprise in many city populations. However, it should be noted that this characteristic varies widely among the cities, and it is therefore likely to contribute to different influences on different city

rates. For example, Table A.8 in *Appendix A5* shows that the city poverty rate reduction as a result of this action would be greater than three percentage points in Richmond, Vancouver, Toronto, Burnaby and Montréal, but under one percentage point in 25 of the 47 cities.

Reductions of 25 per cent in the poverty rates for *children, youth, lone-parent families, recent immigrants, Aboriginal persons, persons with disabilities, and low-skilled workers* would all result in reductions in city poverty rates, but not as notably as for those groups discussed above. For groups such as lone-parent families, recent immigrants, Aboriginal persons and persons with disabilities, their relatively small impact on city poverty rates is likely due to their relatively small proportions in the populations of most cities. However, substantial reductions are apparent in the poverty rates of *certain cities* as a result of poverty reduction initiatives targeted to these groups, as shown in the tables in *Appendix A5*.

Summary

The standardization technique and the targeted rate reduction exercise, used here to explore the relationship between city poverty rates and population compositions, have yielded some worthwhile results.

→ The *standardization* technique was used to control for the influence of certain population compositions on poverty rates. It showed that the rank order of cities changed more for those characteristics that had widely different local distributions. In particular, controlling for immigration status, visible minority status, household type, and annual employment activity changed the ranking of

the largest number of cities by more than two places. In general, the cities with relatively small proportions of recent immigrants, visible minority persons, unattached individuals and persons with no annual employment moved up the scale, and those with relatively large proportions of these groups moved down the scale.

- Standardizing for age, gender, Aboriginal status, disability status, education level, and occupational skill level generally had little influence on the ranking of cities. However, it did have an influence on specific cities that have relatively large shares of high-poverty groups in their populations.
- The *targeted poverty reduction* exercise showed the impact on city poverty rates of reducing poverty among selected high-poverty groups. On average, city poverty rates would fall most if the poverty rate among unattached individuals, persons with less than a high school certificate, persons with no annual employment, and visible minority persons were reduced by 25 per cent. City poverty rates would also decline, but not as much, if poverty rates among children, youth, lone-parent families, recent immigrants, Aboriginal persons, persons with disabilities, and low-skilled workers were reduced by 25 per cent.
- In some cities, targeted poverty reductions would have a greater impact on their poverty rates than in others. In particular, the cities with larger proportions of the high-poverty groups for which the rates were reduced would experience greater drops in their local poverty rates.

These findings suggest that city poverty rate variations are related to the composition of their populations. Through available data, some of the factors that influence these variations have been identified and measured. The standardization and targeted rate reduction techniques have shown the influence of certain population characteristics on city poverty rates, with some characteristics exerting more sway than others. However, these techniques have also demonstrated that the magnitude of the influence of population composition on city poverty rates is often relatively small. Differences in the distributions of population characteristics do not appear to be the main factor driving city poverty rate variations.

Of course, in separately assessing the influence of different sets of population characteristics on city poverty rates, the possible combined influence of all these characteristics has not been assessed. Each set of characteristics appears to have some relationship to city rates, and together, they may exert a considerable influence that could account for more of the variation in city rates. Addressing this possibility should be a topic for future research. However, such an approach would not allow for an assessment of the relationship between city rates and particular sets of characteristics, which has been done here.

As mentioned earlier, each city has unique qualities and each city is shaped by a complex set of factors.

Many of these factors influence local poverty. Given the uniqueness of each city, it is hardly surprising that poverty rates vary considerably among the cities. The factors available through the Census data that could potentially influence poverty have been explored in this chapter. However, much of the information needed to fully explore the phenomenon of poverty in cities is not available in Census data, nor in any other Statistics Canada databases.

Despite its limitations, however, the analysis in this chapter has begun to shed some light on why poverty rate variations exist. But much more analysis is needed in order to understand urban poverty and the poverty rate variations among cities.

Endnotes

- ¹ A series of bi-variate Pearson correlation analyses were also used to assess the relationship between population composition and city poverty rates. Results of these analyses are found in *Appendix A*.
- ² Standardization is carried out through a number of simple steps. First, the populations of all cities are pooled. Then the share of each selected sub-group (for example, the group defined by education level) in the larger population is calculated. This set of proportions serves as the common all-city composition for these characteristics. Next, local poverty rates for each sub-group are weighted by the common distribution. The sum of these weighted poverty rates is the standardized city poverty rate. And finally, the cities are ranked by their standardized poverty rate and compared to their rankings according to their actual poverty rates.
- ³ Readers should be mindful that although the influence on poverty of one variable is controlled by standardization, the possible influences of other variables that may be working through that variable have not been controlled. For example, it is known that higher education correlates with increased employment activity. As such, standardizing for education levels alone does not control for the influence that education may have on poverty working through employment activity. Nonetheless, controlling for variables separately is a good start in understanding the influences of each population characteristic.
- ⁴ Definitions and discussions of age groups, gender, immigration status, visible minority status, Aboriginal status, disability status, and household types can be found in *Chapter 2*. Definitions and discussions of education levels, annual employment activity and occupational skill levels can be found in *Chapter 3*.
- ⁵ As discussed above, groups may influence a city's poverty rate through a combination of two factors: the degree to which group members are poor (expressed as their poverty rate), and the size of the group in relation to the city's population (expressed as their proportion within the city population). If a group's poverty rate is relatively different than that of other groups in the population, and if the group accounts for a large enough proportion of the city's population, it may have a substantial influence on the city's poverty rate. Standardization assigns a uniform distribution of groups to each city. Standardized rates compared to actual rates thereby demonstrate the combined effect that different distributions of groups have on city poverty rates. The results of standardization are expressed as the number of ranks that a city's poverty rate changed from its actual rate:

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- A city's *increase in ranking* can be attributed to a relatively large share of groups with low poverty rates in the city's composition. In this case, standardization controls for the size of the group, and because the larger-than-average share of low-poverty groups is altered to an average share, the influence of that group is brought more in line with that of other cities. Consequently, the higher standardized poverty rate reflects a lesser influence of those groups than is seen in the city's actual poverty rate.
 - A city's *decrease in ranking* can be attributed to a larger-than-average share of groups with high poverty rates. In this circumstance, standardization controls for the size of the group, thereby reducing the disproportionate influence these groups have on a city's poverty rate. Consequently, the city's standardized poverty rate would be lower than the city's actual poverty rate.
 - *Little change in a city's ranking* indicates that the groups in the population (high-poverty or low-poverty) were of a proportion and poverty rate close enough to the all-city average not to change much as a result of standardization. In other words, the actual influence of these groups was not altered substantially due to the standardization procedure.
- ⁶ Although Gatineau, Chicoutimi and Jonquière also changed substantially in rank, they were not highlighted due to the unreliability of the poverty rate figures for immigrants and non-permanent residents in those cities. Because of the very small numbers of these populations on which the poverty rate calculations were based, ranking changes for these cities should be interpreted with caution.
- ⁷ Although Gatineau and Chicoutimi also substantially shifted in rank, they were not highlighted due to the unreliability of the poverty rate figures for visible minority residents in those cities. Because of the very small numbers of this population on which the poverty rate calculations were based, ranking changes for these cities should be interpreted with caution.
- ⁸ See *Chapter 3* for a discussion of occupational skill levels and workforce definitions.