

**A Community Growing Apart:
Income Gaps and Changing Needs
in the City of Toronto in the 1990s**

Appendix III:

Incomes and Poverty: Data from National Surveys for the Toronto CMA and Canada

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As with trends in the job market, family incomes in both the Toronto CMA and in Canada fell sharply in the recession, then began to recover after 1993. However, by 1998 (the latest year for which SLID data are available), inflation-adjusted before-tax incomes remained below their 1989 level. This reflects the changing nature of jobs, the cuts to government income support programs, and demographic changes in the population, such as more lone-parent families.

Median family income in the Toronto CMA fell by 21.5%, or by more than \$10,000 between 1989 and 1993. (Median family income is the income of a household, including economic families and unattached individuals, at the precise middle of the overall income distribution.) This was a much more severe drop than the 15% fall in real median family incomes for all of Canada.

That being said, however, incomes in the Toronto CMA rose faster than they did in all of Canada in the recovery. In 1998, real median family income in the Toronto CMA was \$44,642, or 6.2% below its 1989 level, compared to \$33,426 or 11.3% below the 1989 level for all of Canada. This drop in incomes between 1989 and 1993 was particularly pronounced for families in the Toronto CMA. The income of economic families with two persons or more fell from \$67,083 to \$51,894, before recovering to \$59,278 by 1998. The decline in incomes for unattached individuals was more modest.

Table 1: Family Income Trends in the 1990s

	CANADA				TORONTO CMA			
	1989	1993	1998	% Change 89-98	1989	1993	1998	% Change 89-98
Median Family Income	\$37,682	\$32,004	\$33,426	-11.3%	\$47,589	\$37,338	\$44,642	-6.2%
Economic Families (2 persons or more)	\$48,994	\$43,452	\$47,280	-3.5%	\$67,083	\$51,894	\$59,278	-11.6%
Unattached Individuals	\$17,132	\$12,883	\$14,156	-17.4%	\$24,553	\$23,461	\$23,971	-2.4%

Source: Statistics Canada. Income in Canada. CD-ROM

In 1998, median employment earnings in the Toronto CMA were \$27,900, just 0.4% below the 1989 level when adjusted for inflation. This indicates that family income has fallen compared to 1989, because of the fall in the employment rate and because of cuts

to government income support programs. Changes in the population may have also played a role.

Poverty Rate Soars in the Recession, Falls Slowly in the Recovery

Not surprisingly, the poverty rate rose sharply during the recession, both in Canada as a whole and in the Toronto CMA. More surprising is the fact that the poverty rate did not begin to fall until 1997, and in 1998, it remained well above its 1989 level.¹

Meanwhile, the depth of poverty – that is, the gap between the poverty line and the incomes of the poor – has generally increased over the 1990s. The poor are being left behind because of precarious jobs, combined with cuts to income support programs such as Employment Insurance and social assistance.

The overall poverty rate for persons in the Toronto CMA rose from 11.1% in 1989 to 18.8% in 1993 – a much steeper increase than for Canada as a whole. While the poverty rate has since fallen much faster than it has in Canada as whole, the Toronto CMA had a poverty rate (of 14.8%) just 2.1 percentage points below the national average in 1998, compared to a rate that was 2.9 percentage points below the national average in 1989.

The poverty rate for both children and seniors rose much more in the Toronto CMA than in did for all of Canada, and in 1998, the poverty rate for both these groups was very close to the national average.

The poverty rate for economic families and families with children has remained well above its 1989 level, despite the recovery. In 1998, one in eight families were poor, as were one in three unattached individuals. And one in 10 two-parent families with children and one of every two female lone-parent families were poor.

National data show that about half of all poor families with children are “long-term” poor, that is, they have lived in poverty for five or six of the last six years. The others are about evenly divided between those who have been poor for half of the last six years, and the short-term poor. Unfortunately, no published data are available for the duration of poverty in the Toronto CMA.

Poverty More Severe in Toronto than in Canada

While the poverty rate in the Toronto CMA is a bit below the national average, the poor in Toronto tend to be poorer than the poor in Canada as a whole. In 1998, the average poverty gap for economic families of two persons or more was \$9,498, compared to

¹ While Statistics Canada notes that LICOs are not official poverty lines, they are widely used as such. In this report, we refer to persons and families as being poor or living in poverty if they fall below the pre-tax LICO line.

\$8,219 for all of Canada, and the gap for single-parent families led by women in the Toronto CMA was \$10,825, compared to \$8,950 for Canada as a whole.

The poverty gap increased by much more in the Toronto CMA over the 1990s than it did for all of Canada. The poverty gap for economic families of two persons or more rose by \$1,446, or 18%, compared to \$603 or 7.9% for all of Canada. The poverty gap in the Toronto CMA rose particularly sharply for single-parent families led by women. For this group, the gap rose by \$3,474, or a disturbing 47%.

Table 2: Poverty Trends in the 1990s

% Persons in Poverty (Below Pre Tax LICO)						
	Canada			Toronto CMA		
	1989	1993	1998	1989	1993	1998
All Persons	14.0%	18.0%	16.9%	11.1%	18.8%	14.8%
Children	15.2%	21.3%	19.0%	11.0%	27.1%	18.2%
Seniors	22.4%	22.8%	19.7%	21.2%	32.7%	19.8%
% Families in Poverty (Below Pre Tax LICO) (Depth: \$ Below LICO)						
	Canada			Toronto CMA		
	1989	1993	1998	1989	1993	1998
Economic Families (2 persons or more)	11.1%	14.6%	13.0%	8.2%	16.0%	12.6%
	\$7,616	\$7,868	\$8,219	\$8,052	\$8,604	\$9,498
Unattached Individuals	37.0%	40.5%	39.4%	32.8%	34.0%	32.3%
	\$5,658	\$5,948	\$6,154	\$6,093	\$6,075	\$6,445
2 Parent Families with Children	8.6%	12.2%	10.6%	7.4%	16.7%	9.8%
	\$8,782	\$8,904	\$8,914	\$10,105	\$9,458	\$10,422
Female Lone Parent Families	52.9%	59.0%	52.9%	38.9%	55.5%	49.1%
	\$8,625	\$8,480	\$8,950	\$7,351	\$9,238	\$10,825

Source: Statistics Canada. Income in Canada. CD-ROM

The major reasons for the increased depth of poverty in the Toronto CMA over the 1990s were almost certainly the 20% cut to social assistance benefits imposed in mid-decade and cuts by the federal government to Employment Insurance benefits. While jobs have become more precarious, the depth of poverty has increased much less, if at all, among working-poor families.

In 1998, the pre-tax LICO for a single person living in a large city with a population of 500,000 or more was \$17,571, and for a family of four, it was \$33,063, meaning that a person or family is considered to be in low income if they had an income below this line.

In interpreting the poverty data for the Toronto CMA compared to the national average, it is important to remember that rents in Toronto are much higher as a proportion of median family income and income of unattached individuals than are rents in other large Canadian cities, with the single exception of Vancouver. Data collected by the Federation of Canadian Municipalities show that the average rent of a two-bedroom apartment in Toronto is more than half of the median before-tax income of a single individual. The LICO line thus understates both the incidence and depth of poverty in Toronto.