

Poverty Fact Sheet

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How Do We Define Poverty?

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Statistics Canada was in the news earlier this month when it reported that 12.2 percent of Canadians lived below the Low Income Cut-off (LICO) in 1998. On the surface the report looked fantastic. Poverty appeared to have declined dramatically from 16.9 percent in 1997. The numbers, however, were derived from different sources, the higher number from measuring income before taxation and redistribution and the lower number from post-tax income.



While Statscan has consistently compiled both sets of data, up to now they have always released the pre-tax data first and that has become the measure used by researchers, planners and advocates for nearly three decades. When the same yardstick is used to compare 1997 and 1998 data, the percentage of Canadians living below the LICO fell by 1.5 points, a welcome but much more modest improvement.

The change in the reporting of LICO caused some alarm among social agencies across the country for at least two reasons. Firstly, because it is important to accurately compare data over time, to compare “apples with apples”. Secondly, because there are some groups, notably the Fraser Institute, that advocate a poverty definition that would include only the most impoverished in our society, those Canadians living in “third world” conditions. They calculate that the lower the rate of “official” poverty, the less concern it will create among Canadians.

The LICO has commonly been described as the poverty line. It measures the point at which a family or

individual income is *substantially* lower than the average. In 1992, for example, the average family spent 35 percent of its income on the basics: food, shelter and clothing. A family that spent 55 percent of its income on the basics was living below LICO. They were considered to be at a significant disadvantage, with less disposable income for other necessities or emergencies.

As the poverty rate grew in the 1990s, the Federal Government became more and more uncomfortable with LICO. While more and more Canadians are concerned with homelessness and child poverty, the Government is considering alternatives to LICO that would reduce - on paper - the extent of poverty in Canada.

In the late 1990s, the poverty rate declined but those who remained poor or were newly impoverished became increasingly destitute. Contributing factors have included more stringent eligibility requirements and deep cuts in social assistance and employment insurance. For example, a single parent with one child, living on Ontario Works in Peterborough, has an income equal to only 60 percent of the LICO. A family of four is subsisting at only half of the LICO. An income at the LICO level for these people would be relative paradise.

The argument over the numbers and over a relative definition of poverty is of vital importance given the growing gap between the rich and the poor in this country. Both the Federal and Provincial Governments are favouring those with more wealth. We are doing less in this country to offset the downside of market forces on those who do not prosper in that milieu. In this climate, efforts to redefine poverty are suspect.

FACTS ABOUT POVERTY

Poverty is a social measure that cannot be captured by income figures alone. This fact sheet provides information about how poverty is measured and the extent of poverty in Peterborough city and county.

It is known that poverty affects health. Information from Campaign 2000 shows that poor children are less likely to be in excellent health and are more than twice as likely to have low levels of vision, hearing, and speech than children not living in poverty; more than 1/3 of children with disabilities live in poverty. About 25% of poor children participate in organized sports, compared to 75% of children not living in poverty. Youth from low income families are also less likely to be attending school or working.

Low income cut-offs vary by community and family size examples of 1998 rates:

	2 person household	3 person household	4 person household
County	\$15,178	\$18,877	\$22,849
City	\$18,706	\$23,264	\$28,162

POVERTY LEVELS - CANADA, ONTARIO AND PETERBOROUGH

Indicators in Canada and Ontario:

A large amount of information has been collected on child poverty which basically reflects overall poverty rates indicating that children are only poor because their parents are poor. Campaign 2000 is a non-partisan, cross-Canada coalition of over 70 national, provincial and community partner organizations which have come together to monitor progress on the goal of eliminating child poverty and advocate for changes to reduce child poverty. The 10 year report card, released in November, 1999, shows that since the resolution (**by the federal government?**) to eliminate child poverty we have moved in the other direction as the number of poor children increased by 49% across Canada and 118% in Ontario. In 1989, 1 in 7 children were poor, by 1997, were 1 in 5 were poor. Since 1989, 463,000 more children have become poor in Canada which means that there are now 1.4 million poor children in Canada.

The situation in Ontario is worse. In 1989, Ontario had the lowest provincial rate of child poverty - with 1 in 10 children poor, by 1997, Ontario had experienced the highest increase in child poverty among the provinces, with 1 in 5 children being poor. In 1997, the number of poor children in Ontario had reached over half a million (538,000).

Indicators in Peterborough City and County:

In 1996, the percentage of families living below LICO were:

- 13.1% Peterborough City and County
- 16.4% City of Peterborough
- 9 % Peterborough County
- 14.8% Ontario

Within the County, the % varies significantly:

- 26.8% Havelock
- 17.6% Norwood
- 16.6% Burleigh-Anstruther
- 6 % Smith
- 5.3% Otonabee
- 5 % Cavan

Reports on homelessness and housing insecurity indicate increasing levels of poverty, with Peterborough City and County having the highest rate (28%) of tenants paying over 50% of income on rent of the 11 communities studied across Ontario. Waiting lists for rent geared to income housing doubled from 375 in 1998 to 746 in 1999 and food bank use has increased by 233% since 1990.

THE GROWING GAP / DEEPENING LEVELS OF POVERTY

Campaign 2000:

While the rates have gone down across Canada, children living in poverty are living deeper in poverty. The average family in poverty lives \$8,265 below the Low Income Cut-Offs. The number of children living in families with incomes under \$20,000 has grown and a significant reason for this growing gap is the decrease in full-time jobs and increase in part-time, low wage non-standard jobs that offer few or no benefits. A lone parent with one child earning minimum wage would be far below the Low Income Cut Off levels, earning only 57% of these levels.

Report on Family Incomes, Statistics Canada, June 2000:

This report indicates that more jobs and better wages across Canada, and decreased poverty levels for families and children between 1997 and 1998 - due to overall improved job market and reduced level of income taxes for low and modest income earners. However, trends show increasing inequality in incomes: top 20% earners had incomes grow by \$3404 or 4.1% while bottom 20% earners had growth of only \$63 or .6%. Between 1989 and 1998, real after tax income rose for top 20% but fell for bottom 80%, and declined by 12.6% for people in the bottom 20%

Impact of Social Assistance Policies:

Ontario Works rates were cut by 21.6% in 1995 and now represents over 30% reduction. Tightened eligibility for Employment Insurance and Ontario Works have reduced and eliminated eligibility for assistance. There has been a 52% reduction of the number of people on social assistance over 5 years, but there is no research to show where these people have gone. Policies such as placing liens on homes of Ontario Works clients, having a lifetime ban on assistance for Ontario Works clients convicted of fraud and clawing back income from the National Child Tax Benefit from people on Ontario Works both reduce incomes of the poorest of the poor and feed attitudes of blaming people for being poor

Mark This Date!

**Judy Rebick, Author of *Imagine Democracy*
Speaking in Peterborough - September 27, 2000**

Sponsored by the Peterborough Committee on Social Justice, the PSPC and other
concerned community groups.

Details about location and time to be announced.

United Nations General Assembly Special Session on Social Development

Geneva - June 26-30, 2000

The twenty-fourth special session of the General Assembly entitled “World Summit for Social Development and beyond: achieving social development for all in a globalizing world” was held in Geneva between June 26 and 30. This special session was set up to review progress made since 1995's World Summit for Social Development. Canada's Minister for Children and Youth, Ethel Blondin-Andrew led the Canadian delegation to the conference. The Canadian delegation was also joined by various NGO's led by John Foster (Canadian Council for International Social Development) and other representatives from groups such as the Canadian Council of Churches, Canadian Labour Congress and the Ontario Social Development Council's Malcolm Shookner.

The group had an opportunity to meet with the Canadian delegation on the second day of the conference to discuss issues specific to the Canadian situation. Issues around poverty and social development, the social dimensions of globalization, debt cancellation, human rights and trade and the currency transaction tax were discussed at the meeting.

With over 15% of Canadian's under the age of eighteen living below the poverty line, Canada recently ranked 17th on the poverty index for children in the developed world. Members of the NGO's brought forward significant concerns with Canada's lack of a national policy to address poverty.

Mission Statement: Through research, community development, and public education the Peterborough Social Planning Council works to build a strong community.

Vision: To be an organization that facilitates active, broad based citizen participation in shaping healthy communities in Peterborough City and County; acts as a catalyst for positive, sustainable social change; and promotes understanding that social justice is in everyone's interest.

