

**Women's Income and Poverty in Canada
Revisited¹**

**Canadian Association of Social Workers
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Women's Income and Poverty in Canada Revisited

Executive Summary

- Income disparities between women and men persist. According to Census 2000, the average annual pre-tax income of women from all sources including government transfers was \$22,885, or 62% that of men.
- Income disparities vary depending upon where women live. The widest gap between women's and men's average income among the provinces is in Alberta, the lowest in Prince Edward Island. The income gap between women and men is narrower in the territories.
- Female lone-parent families have by far the lowest average total incomes among families in Canada.
- In terms of the income which women receive from earnings, the ratio of women's earnings to men has changed little in the last ten years. A key reason for difference between women's and men's earnings, when comparison is based on average annual earnings, is related to the hours worked.
- While the ratio of employment income of immigrant women to immigrant men seems to be similar to other women in Canada, a larger percentage of immigrant women are without employment income.
- The average employment income of visible minority women and men is lower than other women and men but the gap between visible minority women and men is not as wide.
- Women continue to be among the poorest of the poor in Canada. They make up a disproportionate share of the population with low incomes – 2.4 million in 2001 compared to 1.9 million men.
- Family status has a profound effect on poverty. In 2001, 42% of unattached women ages 18 to 64 lived in poverty compared to 12% in families.
- While the incidence of poverty among women declined from 18% in 1992 to 16% in 2001, the depth of poverty (i.e, the gap between poverty line and the average income of women) remained quite deep and in some cases worsened. The gap for non-elderly unattached women in 1992 was \$8094. The gap in 2001 was \$8546.
- After tax income marginally improves the level of income for low income individuals and moderates the incidence as well as the depth of poverty. It does not fundamentally affect the relative position of women who remain among the poorest of the poor.

Women's Income and Poverty in Canada Revisited

Introduction

This is the first of a series of reports which the Canadian Association of Social Workers (CASW) is publishing on social issues and social policies in Canada. The board of CASW decided in 2003 to focus initially on women's income and poverty because many social workers across the country work with poor women and would like to see their concerns addressed.

In the recent past, the financial condition of women has been a subject of study by other national organizations including the National Council of Welfare, the Canadian Research Institute for the Advancement of Women, the Canadian Council on Social Development, and the Canadian Centre for Policy Alternatives. In 2000, Statistics Canada published a gender-based statistical study on women in Canada. The Statistics Canada study included a chapter on women's income and earnings.

This report provides an update of some aspects of the Statistics Canada study and is made possible by the publication in 2003 of the 2001 Census of Canada income data and recent updates of Income Trends in Canada. Sadly, it will not be surprising to most readers of this report to learn once again that women continue to have lower incomes than men and make up a disproportionate share of the population in poverty.

On the income side of the equation, the ratio of women's to men's earnings has remained almost static in recent years. In addition, the income gap among immigrant and visible minority women indicate that they are worse off than other women. On the poverty side, the situation is a bit better. The percentage of women in poverty has declined a little but family status remains a strong factor in determining who is poor. This is particularly the case for female lone-parent families and senior women. While rates of poverty have declined a little, however, the depth of poverty (the gap between the average income of the poor and the cutoff or threshold which would bring them above the poverty line) has worsened.

To address the challenge of unequal income among women and men as well as the disproportionate number of women who are in poverty, the Canadian Association of Social Workers recommends new policy initiatives on two fronts. The first is to recognize that the best way to reduce income inequality and poverty is education and job experience. For women, this requires comprehensive educational and training programs specifically targeted to enhance women's opportunities for high paying jobs.

The second set of reforms is to recognize that government transfers have made and can make a difference in the reduction of poverty. To reduce the disproportionate number of women in poverty, CASW recommends the strengthening of government transfers by directing them more specifically at women's needs. This includes measures to reform pensions with women in mind, integrate tax and program expenditures in a progressive

manner, provide flexible income benefits which take into account the value of caring labor, address gender inequities in immigration policy, and foster women's equality.

Data and Measures

The data in this report are drawn primarily from recent census publications on income and other reports of Statistics Canada. The advantage of using Statistics Canada data is that we can compare changes over time and for the most part use the same data bases. Sometimes, however, data are drawn from small samples rather than the total population (as in the case of the census) and that limits the possibility of comparing different categories of women. In addition, at the time of the preparation of this report, census income data were not available on aboriginal women.

The report also uses Statistics Canada Low Income Cutoffs (Before and After Tax) to measure poverty. In recent years, there has been some debate in Canada about the appropriateness of using Low Income Cutoffs to measure poverty. The Government of Canada has never sanctioned them as measures of poverty and some research institutes, such as the Fraser Institute, consider them to be too generous, thereby distorting the real rate of poverty in Canada.

In general, there are two approaches to measuring poverty. The first is based on a specific quantity and quality of goods and services. The second is based on the proportion of persons and families which fall below a fixed percentage of the average or median income of all persons and families with a similar size and location. The former measure has recently been developed by Human Resources Development Canada (2003). It is called a Market Basket Measure (MBM). The latter has been developed by Statistics Canada (Pacquet, 2002). It is called a Low Income Cutoff (LICO). Statistics Canada has also developed a Low Income Measure (LIM) which relates low income to a fixed percentage of median income.²

There are two reasons for the Canadian Association using LICO as a poverty measure. The first is that it has been around for a long time and data are available which allow for comparison over time. That is not the case for other measures of poverty in Canada including the recently developed MBM. The second reason is that the Canadian Association of Social Workers recognizes the relativity of poverty. Being poor is not only about a limited amount of income for subsistence. It is also about equal opportunity.

Organization of the Report

The report is divided into four parts. The first part outlines the inequalities in women's total income and earnings compared to men. The data primarily refer to average income and therefore cut across all income classes. The second part outlines the rates and depth of poverty among women and therefore reports on women below the poverty line or what Statistics Canada calls the Low Income Cutoffs. The third part is a brief outline of policy recommendations. The fourth part - the appendices - include a glossary of terms, references, and tables.

Part 1: Women's Income Inequality

The 2001 Census reports that women overall have lower total income than men. In 2000, the average annual pre-tax income of women aged 15 and over from all sources including government transfers was \$22, 885, or 62% that of men who had an average income of \$36, 865 (Table 1). If median income is taken into account, the ratio of women's income (\$17,122) to men (\$29,276) was even lower – 58%. Part of the reason why women have less average total income than men is that many have no personal income at all (7% compared to 4%).

In addition, differences in average income persist throughout all ages. The ratio of women to men's income is highest among men and women in the 15-24 age group (80%) and lowest in the 45-64 year age group (57%). Among women, however, those in the 45-64 age group have the highest average income, marginally ahead of those in the 25-44 age group.

Income by Gender			
Age Groups	Total	Male	Female
All Ages-Average	29,769	36,865	22,885
15-24 Years	10,182	11,273	9,046
25-44 Years	33,308	40,450	26,306
45-64 Years	37,026	46,955	26,767
65 Years Plus	24,437	30,775	19,461
All Ages-Median	22,120	29,276	17,122

Source: 2001 Census. Catalogue # 95F0431XCB01004.

1.1 Income Depends on Where You Live

Women's incomes and income differences with men depend upon where they live (Table 2). Income varies across provinces. Women in Ontario have the highest average income (\$25, 129), followed by Alberta, British Columbia and Quebec. Women in the Atlantic region have the lowest. There is a wide gap between the highest and the lowest province. The lowest average women's income is in Newfoundland and Labrador (\$17,181), 68% of the average income for women in Ontario. The average income of women is consistently below those of men in all provinces, some more than others. The widest gap between women and men is in Alberta, the province with the second highest average income overall. The smallest gap is in Prince Edward Island, one of the provinces with the lowest average income. However, the gap between women and men is even smaller in the territories.³

Table 2 Average 2000 Total Income Canada and Provinces 2000			
Total - Age groups			
TITLE	Total	Male	Female
Canada	29,769	36,865	22,885
Newfoundland and Labrador	22,620	28,144	17,181
Prince Edward Island	23,709	27,970	19,682
Nova Scotia	25,297	31,608	19,318
New Brunswick	24,091	29,767	18,586
Quebec	27,125	33,117	21,286
Ontario	32,865	40,900	25,129
Manitoba	26,416	32,069	20,986
Saskatchewan	25,811	31,323	20,496
Alberta	31,350	40,297	22,462
British Columbia	29,613	36,256	23,154

Source: 2001 Census. Catalogue # 95F0431XCB01004

1.2 Family Status Influences Income Too

Female lone-parent families have by far the lowest income among families (Table 3). Their average income in 2001 (\$34,357) is less than half (43%) the income of two parent families with children (\$79,983) and 71% of male lone-parent families (\$48,248). While their relative income has improved marginally against two parent families and a bit more against male lone-parent families, the gap between the two continues to work against women.

Table 3 Average Total Income by Family Type In 2001 Constant Dollars 2000-2001		
Family Type	2000	2001
Two-parent families with children	79200	79983
No earner	21214	21470
One earner	56426	56364
Two earners	80530	81179
Three or more earners	98862	99542
Married couples with other relatives	100604	98337
Lone-parent families	36278	36837
Male lone-parent families	51286	48248
Female lone-parent families	33192	34357
No earner	15318	15513
One earner	33249	33880
Two or more earners	52624	53819
Other non-elderly families	63964	64177

Source: Income In Canada, Catalogue # 75-202-XIE

Unattached women also have lower incomes than their male counterparts. The average income for unattached non-elderly women in 2001 was \$27,638 compared to \$33,902 for men. Elderly females also have lower incomes than elderly men (Table 4). Among women, single parents and unattached individuals have some of the lowest incomes in the country.

Table 4		
Average Total Income Unattached Individuals In 2001 Constant Dollars 2000-2001		
Unattached Individuals	2000	2001
All individuals	28843	29311
Elderly male	26500	27795
Non-earner	23759	24815
Earner	39587	41911
Elderly female	22541	22601
Non-earner	21575	21501
Earner	34569	36504
Non-elderly male	33476	33902
Non-earner	9646	9437
Earner	37028	37889
Non-elderly female	27154	27638
Non-earner	10265	10578
Earner	31807	32255

Source: Income In Canada, Catalogue # 75-202-XIE

1.3 Sources of Income

One of the reasons women's income is lower than men's is that their sources of income differ (Table 5). For men and women, average employment earnings (wages and salaries and self-employment) are a more important source of income than other sources of income. However, there are significant differences in the amount they receive. Generally men receive more income from all sources of market income including wages and salaries, investment, retirement and other income. For example, women receive on average \$13,873 less than men in wages and salaries and \$7,463 less in retirement income. Men also receive more than women from some government transfers with two notable exceptions – Old Age Security and Social Assistance. Together, both market and government sources of income favor men over women even though the total income from government sources is greater for women than for men. Statistics Canada estimated in 1997 that about 18% of women's total income came from government sources while only 9% of men's income came from government (Statistics Canada, 2000, 152).

Table 5			
Average Income by Source and by Gender - 2001			
Sources of Income	Both	Male	Female
Earnings	31998	38431	24688
Wages and salaries	32230	38793	24920
Self-employment income	16341	19407	11968
Investment income	3266	3628	2928
Retirement income	14687	18146	10683
Other income	4015	4115	3931
Government transfers	5146	5042	5232
Old Age Security and GIS/SPA	6153	5838	6379
CPP/QPP benefits	5421	6221	4717
Child tax benefit	2257	2303	2255
Employment insurance benefits	4553	4887	4184
Workers compensation benefits	5549	6225	4225
GST/HST credit	313	309	316
Provincial/territorial tax credits	291	287	294
Social assistance	6015	5625	6169

Source: Income In Canada, Catalogue # 75-202-XIE

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1.4 Women's Earnings Consistently Lower

The amount of women's income received from earnings is consistently below that of men. There has been little change in the ratio of women's earnings to men in the last ten years (Table 6). In 2001, the average amount that women earned was \$24, 688, or just over 64% of men. In 1992, it was just under 64%. In spite of economic growth during the period and increasing numbers of women in employment, the ratios have not changed. Prior to 1992, there was an improvement in the ratio of women's earnings to men but since then it has been stagnant. This has occurred in spite of significant economic growth during the decade. When full-time employment is taken into account, the ratio of women's earnings to men's is higher (72%) but it too has been relatively stagnant over the decade (Statistics Canada, 2000, 143). A key reason for the difference between women's and men's earnings, when comparison is based on average annual earnings, is related to hours worked. That difference is also a reason why affordable child care is so important to overcome the differential and why CASW supports more subsidized child care to assist low income women.

Table 6: Average Earnings and Ratio by Gender			
All Earners			
Year	Women	Men	Earnings ratio
	\$ Constant 2001		%
1992	22,008	34,525	63.7
1993	21,778	33,966	64.1
1994	21,980	35,438	62.0
1995	22,455	34,646	64.8
1996	22,232	34,493	64.5
1997	22,416	35,427	63.3
1998	23,415	36,560	64.0
1999	23,691	36,998	64.0
2000	24,404	38,161	64.0
2001	24,688	38,431	64.2

Source: Statistics Canada, CANSIM, table [202-0102](#).

One reason for the lower ratio is the distribution of women's earnings (Table 7). Fifty percent of women's earnings were below \$20,000 compared to 34 % for men. By contrast, at the other end of the scale, only 18% of women's earnings were \$40,000 and above compared to 39% for men. Furthermore, 18 % of men's earnings were \$60,000 and over compared to only 6% of women.

The level of education has not been a significant influence in overcoming the difference between men and women in recent years (partially due to differences in hours worked) and age is also relatively unimportant (Table 8). Marital status, on the other hand, has a negative influence. In 2001, women with university education actually had a marginally lower ratio of earnings to men than some women with less education. This is in contrast to earlier years in the last decade when women with a university education fared better. Married women, by contrast, had a consistently lower ratio of earnings throughout the decade than never married women.

Table 7: Distribution of Earnings by Gender – 2001			
Distribution of Earnings	Both	Male	Female
Under \$5,000	13.6	11.8	15.7
\$5,000-9,999	11	8.7	13.5
\$10,000-14,999	9	6.7	11.5
\$15,000-19,999	8.1	6.8	9.5
\$20,000-24,999	7.7	6.7	8.8
\$25,000-29,999	7.6	6.9	8.4
\$30,000-34,999	7.5	6.8	8.3
\$35,000-39,999	6.3	6.4	6.1
\$40,000-44,999	5.7	6.4	4.8
\$45,000-49,999	4.5	5.5	3.3
\$50,000-59,999	6.7	8.8	4.4
\$60,000 and over	12.4	18.4	5.7
Total all earners (%)	100	100	100
Average earnings	31998	38431	24688
Average earnings full-time workers	43472	49250	35258

Source: Income In Canada, Catalogue # 75-202-XIE

Table 8 Distribution of Full Time Earnings' Ratios by Age, Marital Status and Education, 1992-2001			
Age, Marital Status, Education	1992	1996	2001
By age - Total	71.8	72.8	71.6
15 to 24 years of age	93	85.1	79.8
25 to 34 years of age	78.7	79.1	72.5
35 to 44 years of age	69.7	71.8	72
45 to 54 years of age	69	68.7	71
55 years and over	66.2	67.5	70.5
By marital status - Total	71.8	72.8	71.6
Never-married	99	93.6	91.3
Married	66.6	68.5	67.2
Other marital status	76.1	77.1	77.9
By education - Total	71.8	72.8	71.6
Elementary school (0 to 8 years)	72.8	60	65.1
Some secondary	67.1	70.1	62.8
Some or completed high school
Graduated high school	70.6	73	71.5
Some post-secondary	68.5	67.3	68.4
Post-secondary certificate or diploma	71.1	70.6	69.7
University degree	74.2	75.2	67.5

Source: Income In Canada, Catalogue # 75-202-XIE

1.5 Immigrant Women

The average employment income of immigrant men and women (Table 9) is actually higher (\$33,421) than non-immigrant men and women. However, immigrant women also lag behind their male counterparts.

A big difference, however, is that a larger percentage of immigrant women are without employment income. Among immigrant women in 2000, 43% were without employment income compared to 34% for non-immigrant women. The lower level of employment means that immigrant women are likely to have a higher rate of low income.

Table 9: Average Employment Income – Immigrant Population - 2000			
TITLE	Both	Male	Female
Total - Employment income groups	4,924,325	2,363,815	2,560,515
Without employment income	1,795,675	701,945	1,093,735
With employment income	3,128,650	1,661,870	1,466,775
Average employment income \$	33,421	40,354	25,565

Source: 2001 Census, Catalogue number 97F0019XCB01046.

1.6 Visible Minority Women

The employment income picture for visible minorities is shown in Table 10. In general, the average employment earnings for visible minorities are the lowest of all the groups we have considered. While the average employment incomes are low for both sexes, the ratio of women (\$22,301) to men's earnings (\$31,623) is higher – 70%. Among visible minority women, 38% were without employment income compared to 43% of immigrant women and 34% of non-immigrant women. Education may play a factor.

Table 10: Average Employment Income – Visible Minorities			
TITLE	Both	Male	Female
Total - Employment income groups	3,041,655	1,464,665	1,576,980
Without employment income	997,830	401,640	596,185
With employment income	2,043,825	1,063,025	980,795
Average employment income \$	27,149	31,623	22,301

Source: 2001 Census, Catalogue number 97F0019XCB01046

Part 2: Women's Poverty

Poverty is defined in relation to the low income cut offs published by Statistics Canada. Families and individuals are classified as poor if they spend on average about 20% more of their pre-tax income than the Canadian average on food, shelter and clothing. Normally 1992 is used as the base year for calculation and comparing low income trends. The number of people in a family and the size of the rural or urban area where people live are taken into account in calculating the low income cutoffs. The 2001 low income cutoffs before and after tax income are listed in the appendix of the report. Low income before tax includes market income and government transfers. Low income after tax takes into account the redistributive effect of taxes. The income after tax is what most people associate with disposable income. However, it is important to highlight the redistribution of income before tax in order to show the distributive impact of market income and government transfers.

2.1 Low Income Before Tax

Women continue to be among the poorest of the poor. They make up a disproportionate share of the population in Canada with low incomes. The percentage and numbers of poor are shown in Table 11. In 2001, 2,431,000 women, 16% of the female population were living in poverty (compared to 13% of men) before taxes. That is an improvement over 1992 and 1996 when the numbers and percentages were higher but it is still an astonishingly high number for a country as wealthy as Canada.

The widest gap in poverty levels between men and women is between senior men and women. In 2001, 21% of senior women were in poverty, almost double the percentage of senior men who were in poverty (Table 11). The wide differential is a sad commentary on a country which pats itself frequently on the back for the fair way in which it treats seniors.

Family status continues to have a profound effect on poverty (Table 12). In 2001, 12% of women in families lived in poverty. This compares to 40% of unattached women under 65 who lived in poverty. Among elderly unattached women, the percentage was even higher – 46%. In both cases, there has been a marginal improvement during the decade. Also, 45% of persons in female lone-parent families were in poverty. For these three categories of women, close to half of the women or persons living with them were living in poverty.

Table 11						
Numbers (000) and Percentages of Persons with Low Income 1992-2001						
Persons/Year	1992	1992	1996	1996	2001	2001
	Number	Percent	Number	Percent	Number	Percent
All persons	4647	16.7	5385	18.5	4393	14.4
Under 18 years of age	1279	18.7	1484	21.1	1071	15.6
18 to 64	2723	15.3	3237	17.3	2703	13.6
65 and over	645	20.8	664	19.7	619	16.8
Males	2063	15	2462	17.1	1963	13
Under 18 years of age	654	18.6	771	21.4	544	15.4
18 to 64	1239	13.9	1509	16.2	1239	12.5
65 and over	170	12.8	182	12.5	179	11.1
Females	2585	18.4	2923	19.9	2431	15.8
Under 18 years of age	626	18.7	714	20.9	527	15.7
18 to 64	1484	16.6	1728	18.5	1464	14.7
65 and over	475	26.9	482	25.3	440	21.2

Source: Income In Canada, Catalogue # 75-202-XIE

Table 12			
Percentages of Persons with Low Income by Family Status 1992-2001			
Family Status	1992	1996	2001
Economic family persons	13.3	15	11
Males	12.2	14	10.3
Females	14.3	15.9	11.7
Elderly persons	7.9	8.2	6.1
Males	7.8	7.8	6.3
Females	8	8.6	5.9
Persons under 18 years of age	18.7	21.1	15.6
In two-parent families	11.7	14.7	10.8
In female lone-parent families	59.8	61.6	45.4
In all other economic families	24	29	21.4
Persons 18 to 64 years of age	11.6	13.3	9.9
Males	9.8	11.6	8.8
Females	13.3	14.9	11
Unattached Individuals	40.5	42.3	36.3
Males	34.6	37.5	30.2
Females	46.1	47	42.4
Elderly Persons	49.6	45.7	42.2
Males	35.6	33.9	32.8
Females	54.2	49.6	45.6
Persons under 65 year of age	37.1	41	34.2
Males	34.5	38.1	29.8
Females	40.7	45.2	40.3

Source: Income In Canada, Catalogue # 75-202-XIE

When families, as distinct from persons in families are considered, the same pattern holds. Families headed by females, whether under or over the age of sixty five are far poorer than families headed by men. Generally they are two and a half to three times more likely to be poor.

Gender of Head/Major Income Earner	1992	1996	2001
Male, Total	14.3	16.4	12.1
Male less than 65 years of age	14.5	16.8	11.9
Male 65 years and over	12.9	14.3	12.7
Female, Total	44.5	35.9	30.8
Female less than 65 years of age	42.8	33.8	28.7
Female 65 years and over	48.4	43.1	38.5

Source: Income In Canada, Catalogue # 75-202-XIE

2.2 Poverty Gap

While the above tables provide information on the incidence and prevalence of poverty in percentage and numeric terms, they do not indicate the depth of poverty, that is, how much the average family is below the low income cutoff of Statistics Canada. To show the depth of poverty, it is necessary to look at the difference between the average income of low income families and unattached individuals in different categories of economic units and to show how they fall below the poverty line for that category.

In 2001, among poor families with two or more persons, the average depth of poverty was \$8873, the gap between the poverty line (or low income cutoffs shown in the appendix) and the average income for those families (Table 14). For female lone parent families, the gap was \$8886. For unattached non-elderly females, the gap was \$8546 and for elderly unattached females \$3249. The lower figure for elderly unattached women reflects the availability of universal old age security and a guaranteed income supplement. It is also the reason why there was little difference in the depth of poverty between elderly men and women even though, as we have seen earlier, the prevalence of poverty is higher among elderly women.

Table 14			
Poverty Gap - Families and Unattached Individuals			
1992-2001 (Constant \$2001)			
Families and Unattached Individuals	1992	1996	2001
Economic families, two persons or more	8490	8893	8873
Two-parent families with children	9651	10063	10265
Married couples with other relatives	8477	9351	11160
Lone-parent families	9502	9404	8773
Male lone-parent families	10796	8739	7623
Female lone-parent families	9443	9456	8886
Unattached individuals	6308	6967	6959
Elderly male	3105	3644	3984
Elderly female	3479	3362	3249
Non-elderly male	7465	8221	8579
Non-elderly female	8094	8750	8546

Source: Income In Canada, Catalogue # 75-202-XIE

2.3 Low Income After Tax

Taxes, like government transfers, have an impact on the distribution of income. In Canada, that impact marginally improves the level of income for low income individuals and moderates the prevalence as well as the depth of poverty. It does not, however, fundamentally affect the relative position of women who remain among the poorest of the poor. The impact on the prevalence rates of poverty among families and unattached individuals can be compared by reference to Table 15.

For all persons, for example, the poverty rate before taxes in 2001 was 14% but after taxes, it dropped to 10%. Among women, it dropped from 16% to 11%. Within economic families, the rate for women dropped from 12% to 8%. Similarly, when we look at persons under 18 years in female lone-parent families, we can see that the rate dropped from 45% to 36%. For unattached non-elderly females, it dropped from 40% to 36% and for elderly females from 46% to 21%. In all categories, however, the rates for women remained above those of men. Overall, the rate of poverty for families and individuals, including women, declined in recent years after it peaked in the mid 1990s (Statistics Canada, 2003, 121).

The depth of poverty was also lower after taxes in 2001. However, unlike the rate of poverty which declined in recent years, the gap below the poverty line actually widened between 1992 and 2001 for most families and unattached individuals. Hence, while fewer people were in poverty, those who were in poverty were either in a worse financial situation or financially no better off (Table 16). One exception was lone parent families, where there was some improvement but in the case of female lone parent families, there was also deterioration between 1996 and 2001 after an improvement in the first half of the decade. They needed an additional \$6098 in after tax dollars to reach the low income cutoff in 2001 whereas they needed slightly less (\$5847) in 1996. Elderly unattached

females needed more in 2001 than in 1996 or 1992 to bring them up to the poverty line. Non-elderly unattached females needed less in 2001 than in 1996 but more than in 1992.

Table 15		
Prevalence of Low Income After and Before Tax		
2001		
All persons	10.4	14.4
Under 18 years of age	11.4	15.6
18 to 64	10.6	13.6
65 and over	7.3	16.8
Males	9.6	13
Under 18 years of age	11.5	15.4
18 to 64	9.7	12.5
65 and over	5.1	11.1
Females	11.1	15.8
Under 18 years of age	11.3	15.7
18 to 64	11.5	14.7
65 and over	9.1	21.2
Economic family persons	7.7	11
Males	7.2	10.3
Females	8.2	11.7
Elderly persons	2.3	6.1
Males	2.6	6.3
Females	1.9	5.9
Persons under 18 years	11.4	15.6
In two-parent families	7.7	10.8
In female lone-parent families	35.8	45.4
In all other economic families	13.2	21.4
Persons 18 to 64 years of age	7	9.9
Males	6.1	8.8
Females	7.9	11
Unattached Individuals	27.6	36.3
Males	25.1	30.2
Females	30.1	42.4
Elderly Persons	19.4	42.2
Males	16.4	32.8
Females	20.5	45.6
Persons under 65 year of age	30.6	34.2
Males	26.5	29.8
Females	36.2	40.3

Source: Income In Canada, Catalogue # 75-202-XIE

Table 16			
Low Income Poverty Gap After Tax			
1992-2001			
Families and Unattached Individuals	1992	1996	2001
Economic families, two persons or more	6762	6815	7199
Two-parent families with children	8005	7985	8495
Lone-parent families	6661	5883	6046
Male lone-parent families		6374	5477
Female lone-parent families	6514	5847	6098
Unattached individuals	4880	5429	5677
Elderly male	1926	2379	3193
Elderly female	2189	1981	2235
Non-elderly male	5317	6006	6456
Non-elderly female	6002	6530	6396

Source: Income In Canada, Catalogue # 75-202-XIE

2.3 Determinants of Women's Poverty

The 2000 and 2001 data provide an up-to-date cross sectional assessment of women's income and poverty. They do not examine the duration or movement in and out of poverty. According to Statistics Canada (2003, 93), 24% of Canadians experienced poverty from 1996 to 2001. The impact was slightly greater, however, for women (26%) and children under 18 (29%), many of whom would have been members of female lone-parent families. Recently, a study of women's poverty published by Status of Women Canada (2000) confirmed that gender was an important determinant of poverty. In addition, recent immigrants and visible minorities were likely to have a higher incidence of poverty. Some interesting findings of the study include the following:

- The poverty rate of women who started as part of a couple and ended as lone parents was ten times higher than women who remained part of a couple.
- Two thirds of women who climbed out of poverty did so on the basis of an increase in family income of \$10,000 while 75% who fell into poverty experienced a decline in family income of similar scale.
- Significant changes in shifts into or out of poverty were more related to changes in market income than government transfers and with the presence of a second income earner.
- Reliance on income transfers such as social assistance and employment insurance do not afford women sufficient protection to keep them out of poverty.

According to a study by the Canadian Research Institute for the Advancement of Women (2000), there are different structural factors which have an impact on women's poverty. Two primary reasons, according to the study, are low wages for women's work and no wages for women's work. Women form, by far, the bulk of part-time workers (70% in

2001). The expectation that women will quit paid work or work part-time to provide care for children or others in the family has a direct impact on life long earnings as well as women's eligibility for government transfer payments including pensions and employment insurance. According to the study, there is also a direct relationship between women's unpaid work in the family and underpaying in the workforce. Seventy percent of women are concentrated in female dominated sectors such as health, teaching, sales and services which pay less than sectors in which men are concentrated. Another structural factor identified by the study is discrimination, particularly among immigrant and visible minority women. In addition, globalization has had a negative impact on the employment of women in some industries like clothing and agriculture. Globalization has also been indirectly responsible for cutbacks in the public sector where women have historically had a foothold and where income was stable as well as adequate. Finally, it is important to recognize the close relationship between poverty and health (Wilkinson and Marmot, 2003). Poor people live shorter lives and are more often ill than high income people. Health is remarkably sensitive to social determinants including income and its distribution (Raphael, 2001).

Part 3: Role of Policy

The low ratio of women's income to men and the disproportionate number of women in poverty are sadly not new stories. They are old stories told again and again. This report is simply a retelling based on recent census data and income trends in Canada. It confirms what is generally known. Progress in overcoming income differentials between men and women is very slow and essentially has stagnated in recent years. By contrast, there has been some progress in reducing the rate of poverty even though the depth of poverty has deteriorated or remained stagnant.

What then is to be done? In the face of income inequalities and persistent poverty among women, social reformers have debated the merits of various policy initiatives. On the basis of what we have reported above, we think that two types of initiatives are important. The first is to recognize that the best way to reduce income inequality and poverty is education and job experience. For women, this requires comprehensive educational and training programs specifically targeted to enhance women's opportunities for high paying jobs. It also means that for young women with children, particularly lone-parents, inexpensive child care and child support are essential to overcome differences in earnings. "Cutbacks in employment supports, such as training allowances covering child care, transportation and other employment related costs - - - work to increase rather than decrease the economic vulnerability of poor [women]." (Lochhead and Scott, 2000, 45).

The second set of reforms is to recognize that government transfers have made and can make a difference in the reduction of poverty. Transfers such as Old Age Security and the Guaranteed Income Supplement have definitely helped to reduce the rate, if not the depth, of poverty among elderly women. Talk about restricting access to those benefits for seniors or reducing the level of benefits will only serve to threaten the gains that have been made. Similarly, the National Child Benefit has also had a positive impact in

reducing poverty among children under 18, many of whom live in female lone-parent families. However, the benefits have to date been of little value to women on social assistance.⁴ To reduce the disproportionate number of women in poverty, CASW recommends the strengthening of government transfers by directing them more specifically at women's needs. Following Lochhead and Scott (2000) as well as suggestions of Marika Morris of the Canadian Research Institute for the Advancement of Women, CASW supports anti-poverty strategies which reform pensions with women in mind, integrate tax and program expenditures in a progressive manner, provide flexible income benefits which take into account the value of caring labor, address gender inequities in immigration policy, and foster women's equality. CASW does not support policies which attempt to define away poverty by redefining low income cutoffs based on a scanty list of basic needs or a bread basket approach which discounts the relative nature of poverty based on income inequalities.

Part 4: Appendices

4.1 References

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4.2 Glossary of Terms

The glossary has been adapted from Statistics Canada (2003):

After tax Income is total income including government transfers less income tax

Depth of Poverty is the same as poverty or low income gap.

Employment Income is the same as earnings.

Earnings include payments from paid employment and self-employment.

Government transfers include all direct payments from federal, provincial and municipal governments to individuals and families.

Low Income Cutoff is the income level at which a family or individual will spend 20% more of its income on food, shelter and clothing than the average family.

Low Income Rate refers to the proportion of individuals or families who fall below the Low Income Cutoff.

Low Income Gap is the amount of money by which a family or individual falls below the Low Income Cutoff.

Market Income is the sum of earning (from employment and self-employment), investments, and private retirement income.

Mean Income is the total income of all individuals or families divided by the total number of those individuals or families.

Median Income is the half way value of the income of the total number of individuals or families included in the aggregate.

Poverty Gap is the same as the Low Income Gap

Poverty Line is the same thing as the Low Income Cutoff.

Poverty Rate is the same thing as the Low Income Rate.

Total Income refers to income from all sources including government transfers but before taxes.

4.3 Poverty Lines (Low Income Cutoffs)

Low Income Cutoffs – Before Tax 1992 Base – 2001					
Family Size	Rural Areas	Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and more
1 person	13021	14933	16048	16160	18841
2 persons	16275	18666	20060	20200	23551
3 persons	20242	23214	24948	25123	29290
4 persons	24502	28101	30200	30411	35455
5 persons	27390	31412	33758	33995	39633
6 persons	30278	34722	37317	37579	43811
7 or more persons	33166	38033	40875	41163	47988

Source: Statistics Canada (2003), Income in Canada 2001, Cat. No 75-2020XIE

Low Income Cutoffs After Tax 1992 Base Year - 2001					
Family Size	Rural Areas	Less than 30,000	30,000 to 99,999	100,00 to 499,999	500,000 and more
1 person	10201	11791	12904	13107	15559
2 persons	12448	14388	15745	15992	18986
3 persons	15744	18198	19915	20227	24013
4 persons	19609	22665	24804	25192	29908
5 persons	21917	25332	27722	28157	33428
6 persons	24225	27999	30640	31122	36948
7 or more persons	26533	30666	33558	34087	40468

¹ CASW would like to thank Glenn Drover for preparing this report. CASW would also like to thank Patricia Evans and Monica Townson for reviewing an early draft of the report. The comments helped greatly to improve the content and the clarity of presentation.

² Based on 2000 data, the incidence of low income among women using the MBM was 13.9. Under LICO (After tax), it was 11.9 and under LICO (Before Tax), it was 16.3. Under LIM, it was 11.9. However, the MBM is more dependent than the other measures upon the package of goods and services which is included. Hence, if the quantity or quality of the goods and services changes, the incidence of low income will also change.

³ Average incomes in the Yukon (\$31,917) and Northwest (\$35,012) Territories are the highest in Canada. Nunavut (\$26,924) is closer to Manitoba. However, the gap between women's and men's average total income is also smaller. In the Yukon, women's average total income is 85% of men's - \$29,270 compared to \$34,550. In the Northwest Territories, it is 75% - \$29,911 compared to \$39,795. In Nunavut, it is 80% - \$23,859 compared to \$29,766.

⁴ The National Child Benefit initiative has three components. A Canada Child Tax Benefit (CCTB) is available in full or in part to about 80% of families. In addition, a National Child Benefit Supplement is available for low income families. Currently (July 2003 to June 2004), the maximum total benefit is \$2632 per year for the first child, marginally smaller for subsequent children. The third part of the initiative relates to the role of the provinces and territories. Because of the federal benefits to children, most of the provinces and territories have adjusted social assistance benefits provided on behalf of children by the full or partial amount provided under the NCB Supplement. These social assistance adjustments have, in theory, allowed provinces and territories to pay for new and enhanced benefits and services for low income families with children. However, it is virtually impossible to track how much provinces and territories have saved through partial or full reduction of social assistance payments and how much has been put into services for low income people. Also, in the jurisdictions which reduce social assistance payments for children by equivalent amounts which the families receive from the CCTB and NCB, families on social assistance are no better off because of the federal transfers.