

*Note: I was not able to find exact matches to the US data for Canada. However, I tried to replace it with similar data that tells the story of poverty in Canada in the different domains.*

## **Vii - Introduction –**

Income inequality has increased over the past twenty years. The “average” Canadian is better off than they were a generation ago. In 1976, average income was \$51,100 and by 2009 it was \$59,700, an increase of 17% in 33 years (real dollars adjusted for inflation). Average income is not a good measure of how the majority of people are doing. Median income viewed as a better measure as it takes income distribution and divides it into two equal groups. The average income can be distorted by the highest and lowest values. Median income increased from \$45,800 in 1976 to \$48,300 in 2009, an increase of 5.5% over 33 years. The gap between average and median income is growing signally income growth is distributed unequally.

Income inequality is higher in Canada than in 11 of its 17 peer countries. Although Canada’s wealth is distributed more equally than in the U.S. (which came in 17<sup>th</sup>), Canada’s 12th place ranking suggests it is doing a mediocre job of ensuring income equality.

**Source:** <http://www.conferenceboard.ca/hcp/details/society/income-inequality.aspx>

## **Living Wage – Canadian Example:**

### **Living Wage Example : Vancouver, British Columbia 2012 - A Bare Bones Budget**

At \$19.14 per hour for Metro Vancouver — or \$34,835 annually for each parent working full-time — here’s what a family could afford:

FOOD: \$759/month (based on estimates by the Dietitians of Canada for a nutritious diet).

CLOTHING AND FOOTWEAR: \$183/month.

SHELTER: \$1,436/month (includes conservative rent estimate for a three-bedroom apartment, utilities, telephone, and insurance on home contents).

TRANSPORTATION: \$468/month (includes the cost of owning and operating a used car as well as a two-zone bus pass for one of the parents, replaced by a discounted student transit pass, the U-Pass, for eight months of the year).

CHILD CARE: \$1,168/month (for a four year old in full-time care, a seven year old in after-school care, and six weeks of summer care). Notably, child care is the second most expensive item in the living wage family budget after shelter.

MEDICAL SERVICES PLAN (MSP) PREMIUMS: \$128/month

NON-MSP HEALTH CARE: \$133/month (the cost of a basic extended health and dental plan with Pacific Blue Cross Insurance; does not include expenses only partially covered by the insurance plan).

PARENTS’ EDUCATION: \$91/month (allows for two college courses per year).

CONTINGENCY FUND: \$223/month (two week’s wages for each parent, which provides some cushion for unexpected events like the serious illness of a family member, transition time between jobs, etc.).

OTHER: \$699/month (covers personal care, furniture, household supplies, school supplies, some reading materials, minimal recreation and entertainment).

This living wage calculation does not cover:

Credit card, loan, or other debt/interest payments;

Savings for retirement;

Owning a home;  
Savings for children's future education;  
Anything beyond minimal recreation, entertainment, or holiday costs;  
Costs of caring for a disabled, seriously ill, or elderly family member; or  
Much of a cushion for emergencies or tough times.

## Source:

[http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2012/04/CCPA\\_Living\\_Wage\\_Update\\_2012.pdf](http://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2012/04/CCPA_Living_Wage_Update_2012.pdf)

## Pages 5-7 Housing Trends:

- Overall Vacancy Rates in Canada: 1991 – 4.4% 2010 – 3.1% 2012- 2.5% (Canada Mortgage and Housing)
- Vacancy Rates in the Lowest Rent Quintiles in Canada 1991 - 6.8% 2010 – 3.5% (Statistics Canada)
- Overall Rental Housing Starts in Canada as % of all Residential Starts 1991 - 23.44 % 2010 11.88% (CMHC)
- Rent for 25<sup>th</sup> Percentile of Rent for 2 bedroom Unit 1991 - \$440 2010 - \$625 (CMHC)
- % of families with income below the Statistics Canada “*Low Income Cut Off*” (LICO) – viewed as a quasi “poverty line” 1990 – 13% ( 956,244 families) 2005 11.4% (1,003,930) (Statistics Canada)
- Core Housing Need - definition: (Statistics Canada)  
A household is said to be in core housing need if its housing falls below at least one of the adequacy, suitability, or affordability standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three standards).
  - Adequate dwellings are those reported by their residents as not requiring any major repairs.
  - Suitable dwellings have enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements.
  - Affordable dwellings cost less than 30% of total before-tax household income1991- 13.55% of all households in core housing need 2006 – 12.7% of all households
- Renter Households spending more than 30% of income on rent 1990 - 34.79% 2005- 40.07%  
Renter Households spending more than 50% of income on rent 1990 – 15.95% 2005 – 18.06% (Statistics Canada)

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- Average price of buying a new home in Canada nearly doubled from \$234,387 to \$454,154 between 2001 and 2010
  - “Rising housing costs are also cited as a major contributing factor responsible for Canadians’ growing household debt. The Bank of Canada and the International Monetary Fund warn that Canadians’ 158%

level of household debt is too high, with mortgages making up 68% of that debt.<sup>10</sup> The Government of Canada recently made regulatory changes to reduce mortgage amortization periods and protect households from further debt.”

- One third of Canadians are renters

**Source:**

[http://www.fcm.ca/Documents/reports/FCM/No\\_Vacancy\\_Trends\\_in\\_Rental\\_Housing\\_in\\_Canada\\_EN.pdf](http://www.fcm.ca/Documents/reports/FCM/No_Vacancy_Trends_in_Rental_Housing_in_Canada_EN.pdf)

**8- Wages and Net Worth (Statistics Canada unless otherwise noted)**

- 2008 – 751,400 workers were at or below the minimum wage accounting for 5.2% of all workers up from 4.7% in 2000
- 2008- 60% of female workers were at or below minimum wage
- Five times more likely to be at or below minimum wage if you did not complete high school
- Average Hourly wage (2002 constant \$) 1997 \$17.25 2010 \$19.34
- Median Hourly wage (2002 constant \$) 1997 \$15.49 2010 \$17.17
- In 2008, 35% of all jobs were non-standard – part time, temporary, contract or self employed (Campaign 2000. 2009 Report Cards on Child Poverty in Canada)
- There are more working poor: 40% of low income children live in families where at least one parent works full time year round, up dramatically from 33% in the 1990's (Campaign 2000. 2009 Report Cards on Child Poverty in Canada)
- No province in Canada provides a minimum wage that would reach the “poverty line”

**Poverty Research Continuum**

- There were 1.3 million lone-parent families in Canada in 2001. The majority of these families were headed by women (81.3%).
- Over the last decade, there has been a steady increase in the number of lone-parent families. Between 1991 and 2001, the number of male lone-parent families grew by 49%, while the number of female-lead lone-parent families rose by 35%.
- The Northwest Territories (21%) and Nunavut (25.7%) reported the highest percentage of lone-parent families in Canada in 2001.

(Canadian Council on Social Development)

- At 15.1 per cent, Canada's child poverty rate is higher than the 17-country average. More than one in seven Canadian children lives in poverty. Canada ranks 13th on this indicator and scores a “C” grade.
- The Nordic countries—Denmark, Finland, Norway, and Sweden—have the lowest rates of child poverty, with less than 5 per cent of children living in poor households. The relationship between social spending and poverty rates has become more obvious over time, so it is no surprise that the leading countries boast strong traditions of wealth distribution.

- The U.S. continues to have the highest poverty rate among industrialized countries. Along with Germany and Ireland, the U.S. earns a "D" grade. (Conference Board of Canada)
- Policy changes in Canada to try and address child poverty:
  - The 2009 federal budget increased the income levels on which income-testing of the base benefit under the Canada Child Tax Benefit and the National Child Benefit supplement are based.
  - The 2009 Ontario budget phased in the Ontario Child Tax Benefit two years early in July 2009 and made an additional \$400 million available.
  - The 2009 Quebec budget earmarked an additional \$22.5 million per year to offset childcare fees.
  - The 2008 Ontario budget increased the Ontario Child Benefit introduced in the previous year, to assist low-income families.
  - The 2008 Quebec budget created a fund to foster the development of children under the age of five living in poverty.
  - The 2007 federal budget introduced a new non-refundable child tax credit and increased the spousal credit for families with one wage.
  - The 2006 federal budget introduced a Universal Child Care Benefit.

*Hennessey's Index: A number is never just a number*

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### **\$6.6 million**

The average compensation of Canada's best-paid 100 CEOs in 2009. ([Source](#))

### **\$42,988**

The average wage for Canadians working full-time, year-round. ([Source](#))

### **155 times**

How much the best-paid 100 CEOs earn more than average wage. ([Source](#))

### **0**

The number of women among the best-paid 100 CEOs in Canada in 2009. ([Source](#))

### **20<sup>th</sup>**

Canada ranks 20<sup>th</sup>, behind the U.S., in a global ranking of women's equality. ([Source](#))

### **Canada's richest 1%**

Doubled their income share between the late-1970s and 2007. ([Source](#))

### **Canada's richest 0.01%**

Quintupled their share of income during that same period. ([Source](#))

### **Shrinking middle**

The share of income for the bottom 80% of Canadian families with children is smaller today than it was a generation ago. ([Source](#))

### Teetering

6 out of 10 Canadians could be in trouble if their paycheque gets delayed. ([Source](#))

### Debt nation

Canadian consumer debt to financial assets ratio worst of 20 OECD nations. ([Source](#))

### \$1.41 trillion

Canadian household debt. ([Source](#))

### 17<sup>th</sup>

Canada ranks 17 out of 24 OECD nations on children's material well-being. ([Source](#))

### 1 in 10

Canadian children live in poverty. 1 in 4 Aboriginal children live in poverty. ([Source](#))

### A solution

Shifting 1% of Canadians' collective after-tax income to the 1 in 10 Canadians living in low income would eliminate poverty in Canada. ([Source](#))