Growth spurs decline in poverty [1]

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EXCERPTS A strong economy, a booming job market and generous government benefits have lifted more than one million Canadians out of the low-income ranks since 1996. Canadians of all classes are benefiting from the thriving economy, Statistics Canada said yesterday in a study showing that median family income after taxes in 2004 was about 2 per cent higher than a year earlier, after adjusting for inflation. The median income for Canadian families was $54,100, up substantially from $48,800 in 1996. It's also a distinct improvement over 2003, when family income was unchanged, and over 2002, when after-tax family income actually dropped from the year before. And the number of people living in poverty is falling, the report shows, even while the rich have been getting richer. More than one million people moved out of the low-income ranks between 1996 and 2004 and about 108,000 fewer people were considered low-income in 2004, compared with a year earlier. In percentage terms, 11.2 per cent of all people in Canada are below the low-income cut-off, down from 11.6 per cent in 2003, and 15.7 per cent in 1996. ... The income change was most notable for single mothers, mainly because they have become more successful at finding jobs. In 2004, 35.6 per cent of single mothers were considered low-income, down from 38.8 per cent in 2003, and a huge drop from the 52.7 per cent recorded in 1996. ... Still, the gains need to be put in context, analysts said. The war on poverty is far from over. "It is encouraging to see there are real increases in market income, and it's having an impact on the proportion of people in low-income," said Ron Saunders, a research director for the Canadian Policy Research Networks. "Even if there's been some improvement lately, we've still got a long way to go." Although it's falling, the poverty rate for single mothers was the highest among the family types measured by the study. Only 7.8 per cent of all families were considered low-income in 2004, down from 8.5 per cent, compared with a third of families led by single women. ... The number of children living in low-income households was dramatically lower in 2004 than in 1996, but it was slightly higher than in 2003. For now, about 12.8 per cent of people under 18 -- or 865,000 children in total -- are below the low-income cut-off. Plus, the proportion of poor, single people with no children has remained stagnant for three years in a row. And the gap between rich and poor has widened -- an indication that while lower-income people have reaped the benefits of a buoyant economy and low unemployment, rich people have benefited even more. That's true even after taxes are subtracted. ... The biggest income-equalizer is the federal government's child tax benefit, which has been rising steadily over the past decade and is now worth about $10-billion a year, Ken Battle, president of the Caledon Institute of Social Policy, said. He figures that without the child tax benefit, the number of families falling below the poverty line would be about 26 per cent higher than it is. Poverty among seniors is at astoundingly low levels, mainly because of the Guaranteed Income Supplement, Old Age Pensions and the Canada Pension Plan, Mr. Battle said. "It takes a big chunk out of poverty. You can't get it all from labour markets," he said. "For all low-income people, transfers are really important." ... - reprinted from the Globe and Mail

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