



A Study of Poverty and Working Poverty Among Recent Immigrants to Canada

Presentation to the 11th International Metropolis Conference

Workshop: *Poor Immigrants: Are They Working?*

October 2006
Lisbon, Portugal



Objectives of Presentation

1. Are the determinants of poverty among recent immigrants the same as those observed among other Canadians?
2. Are low-income recent immigrants particularly likely to be working poor, unemployed poor, or inactive poor persons?
3. Are they particularly dependent on government transfers?
4. Do recent immigrants leave poverty more or less quickly than do other Canadians?



Technical Details

Data source:

- *Survey of Labour and Income Dynamics (SLID)*, which is the official source of statistics on low income in Canada
 - Limitations: 1) Survey sample contains a limited number of immigrants.
 - 2) Survey contains no information on classes of immigration.

Years of observation:

- 2004 for the cross-sectional analyses
- 2002-2004 for the longitudinal analyses

Target population:

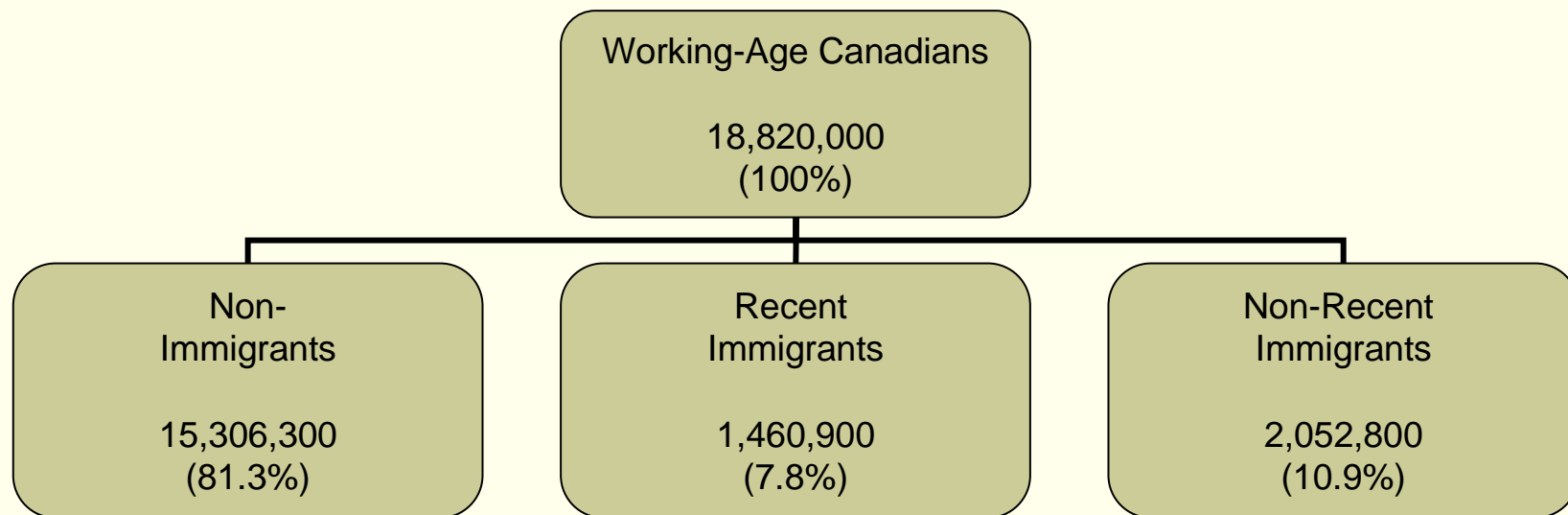
- Working-age individuals (18-64) whose immigrant status is known

Measurement of poverty used:

- In Canada, there are no official definition and measurement of poverty.
- Statistics Canada's After-tax Low-Income Cut-Offs (LICOs) have been used as indicators of poverty.



In 2004, around 8% of all working-age Canadians were recent immigrants.





Recent immigrants have characteristics favourable to labour market participation, but have less experience...

- In comparison with persons born in Canada, recent immigrants were more likely to have a university degree (35%, as compared with 20% in 2004) and less likely to have work-limiting disabilities (7%, as compared with 12%).
- However, in 2004, working-age recent immigrants declared an average of half as many years of labour market experience (8 years, as compared with 15 years for working-age native Canadians).



... no significant difference between their labour market participation and that of other Canadians...

- The proportion of working-age recent immigrants who worked at least 910 hours in 2004 was only slightly lower than that of persons born in Canada (46% vs 53%).
- However, there were differences in their labour market status by gender.
 - While the proportion of male who cumulated hours of work in 2004 was quite similar whether they were immigrants or not (around 80%), female recent immigrants were less likely to have an attachment to the labour market as compared with other Canadian women (54% vs 68%).

Labour Market Status, Adults of Working Age in Canada, by Immigrant Status, 2004

	Non-Immigrants	Recent Immigrants	Non-Recent Immigrants
% Full-time students (FTSs)	11%	15%	5%
% Non-FTSs, 0 hours of work	15%	19%	24%
% Non-FTSs, self-employed	14%	13%	18%
% Non-FTSs, salaried, 1-909 hours of work	7%	7%	6%
% Non-FTSs, salaried, 910-1499 hours of work	7%	6%	5%
% Non-FTSs, salaried, 1500+ hours of work	46%	40%	42%



...however, they had a lower standard of living and were much more likely to live in poverty ...

- In 2004, disposable family income among working-age recent immigrants represented 86% that of the non-immigrant population.
- When family size was factored in, this difference was even more important (only 76%).
- In 2004, more than one in five recent immigrants lived in poverty, as compared with fewer than one in ten for those born in Canada.

Disposable Family Income (Unadjusted, and Adjusted for Family Size) and Incidence of Low Income Among Working-Age Persons, by Immigrant Status, 2004

	Non-Immigrants	Recent Immigrants	Non-Recent Immigrants
Average disposable income	\$64,200	\$55,400	\$66,300
Adjusted average disposable income	\$37,100	\$28,300	\$36,100
Overall incidence of low income	9.5%	21.5%	11.2%



... And this, regardless of labour market attachment.

- In 2004, the incidence of low income was considerably lower among recent immigrants who had worked a large number of hours than among those with lesser attachment to the labour market.
- However, the incidence of low income was much higher among recent immigrants who worked at least 910 hours (13%) than among non-recent immigrants with similar attachment to the labour market (4%).

Incidence of Low Income Among Working Age Persons, By Labour Market Status and Immigrant Status, 2004

	Recent Immigrants	Not Recent Immigrants
% Full-time students (FTSs)	24.1%	16.4%
% Non-FTSs, 0 hours of work	40.1%	22.5%
% Non-FTSs, 1-909 hours of work	29.5%	15.2%
% Non-FTSs, 910+ hours of work	13.4%	4.2%



Recent immigrants were overrepresented among working poor Canadians but also among other groups of poor.

- In 2004, there were over 550,000 working poor persons* in Canada, of whom 19% were recent immigrants. In contrast, they represented only 8% of Canada's total working-age population.
- Recent immigrants were overrepresented among all groups of poor Canadians, regardless of labour market attachment. In 2004, recent immigrants accounted for:
 - **14%** of all poor Canadians with weak labour market attachment (<910 hours of work in 2004);
 - **15%** of all poor full-time students; and
 - **21%** of all poor persons whose labour market status was missing in the SLID.

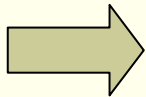
*Working poor persons are defined as working-age persons who are not full-time students, have worked at least 910 hours during the reference year, and have low family income.



As is the case among other Canadians, labour market status and family circumstances are key factors explaining vulnerability to poverty.

- All other characteristics being equal, recent immigrants are always at greater risk of poverty than are other Canadians.

- However, certain characteristics are associated with greater vulnerability to poverty, and these are basically the same as those identified among other Canadians:
 - head of a single-parent family,
 - live alone,
 - do not worked many hours, or
 - are self-employed.





However, recent immigrants do not benefit as much from personal characteristics favourable to labour market participation.

For recent immigrants:

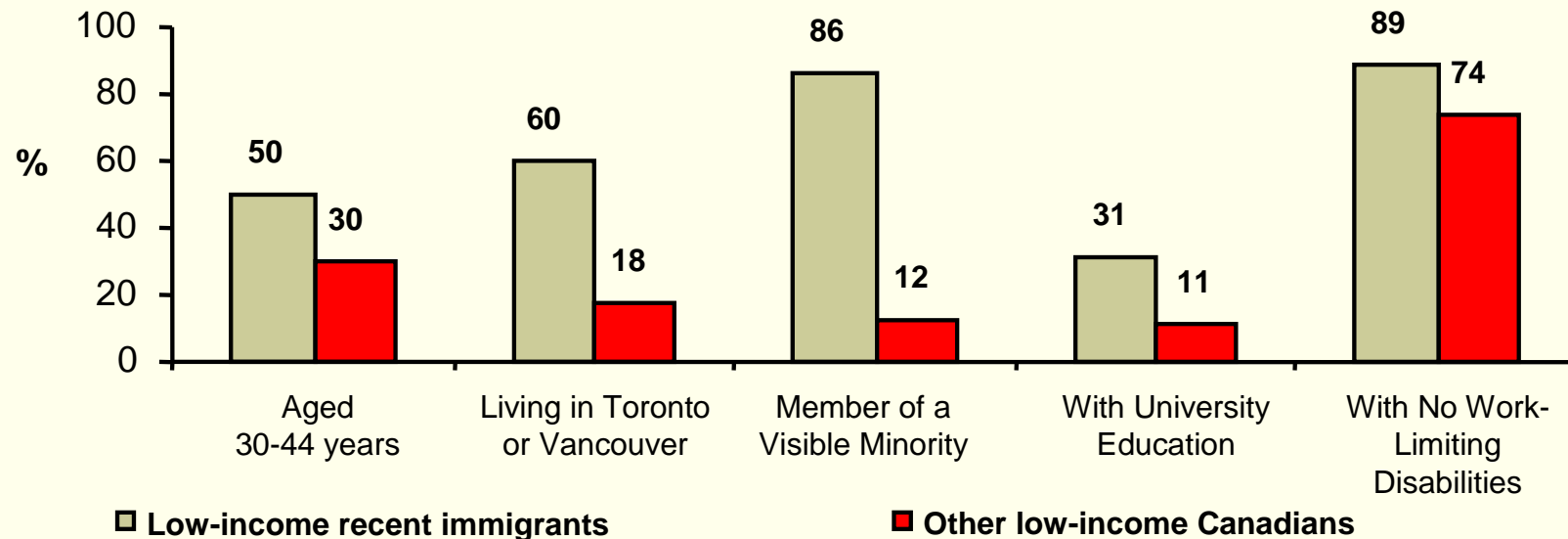
- a higher level of education,
- more labour market experience, and
- not having work disabilities

do not significantly reduce vulnerability to poverty, while this is clearly the case for other Canadians.



In 2004, in comparison with other poor Canadians, poor recent immigrants had a distinct profile.

- In comparison with other Canadians living in low income in 2004, low-income recent immigrants were more likely:
 - to be aged be of prime working age (between 30 and 44 years of age);
 - to live in the large urban areas of Toronto or Vancouver;
 - to be a members of a visible minority;
 - to have a university education; and
 - not to have work-limiting disabilities.





Recent immigrants in poverty were not much more likely to be working poor...

- One-third (33%) of recent immigrants in low income worked enough hours to be considered working poor (i.e. at least 910 hours during the year); this proportion was only slightly higher than among low-income persons who were not recent immigrants (27%).

Distribution (%) of All Low-Income Persons Aged 18-64 in Canada, by Labour Market Attachment and Recent Immigrant Status, 2004

Individual work status	Low-Income Recent Immigrants	Low-Income Persons Not Recent Immigrants
Full-time students (FTSs)	16	17
Non-FTSs, 0 hours of work	32	37
Non-FTSs, 1-909 hours of work	11	13
Non-FTSs, 910+ hours of work	33	27
No data	9	6



... but were much more likely to be members of a poor working family ...

- In 2004, in comparison with other low-income Canadians, far fewer low-income adult recent immigrants were unattached (19% vs 52%).
- As a consequence, although working-age recent immigrants living in poverty were not themselves particularly likely to be working poor persons (which is particularly true for female recent immigrants), they were much more likely to live with a worker, and to be member of a working poor family (53% vs 36%).

Distribution (%) of All Low-income Persons Aged 18-64 in Canada, by Family Labour Market Attachment and Recent Immigrant Status, 2004

Family work status	Low-Income Recent Immigrants	Low-Income Persons Not Recent Immigrants
Inactive family (0 hours of work)	23	47
Unemployed family ^[1]	14	12
Working family ^[2]	53	36
No data	10	5

^[1] Family includes earners but no family member had more than 909 hours of work during the year.

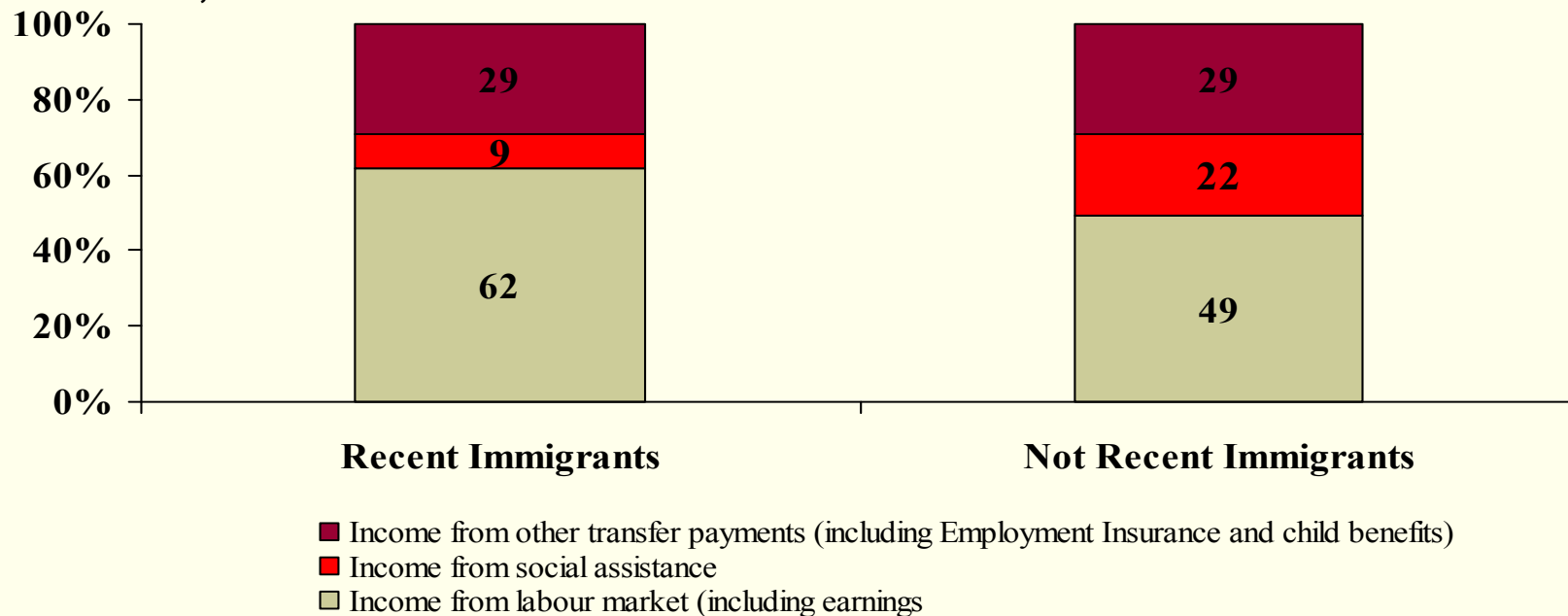
^[2] At least one family member had at least 910 hours of work during the year.



... and were thus less dependent on last-resort forms of government assistance.

- In 2004, income from social assistance represented 9% of the total disposable family income of low-income recent immigrants. This compared with 22% for other Canadians living in poverty.
- Only 14% of recent immigrants living in poverty were social assistance recipients, less than half of that for non-immigrants (33%).

Components of Disposable Family Income of Low-Income Persons (18-64) by Immigrant Status, 2004





No clear-cut conclusions about the working conditions of recent immigrants reporting low income.

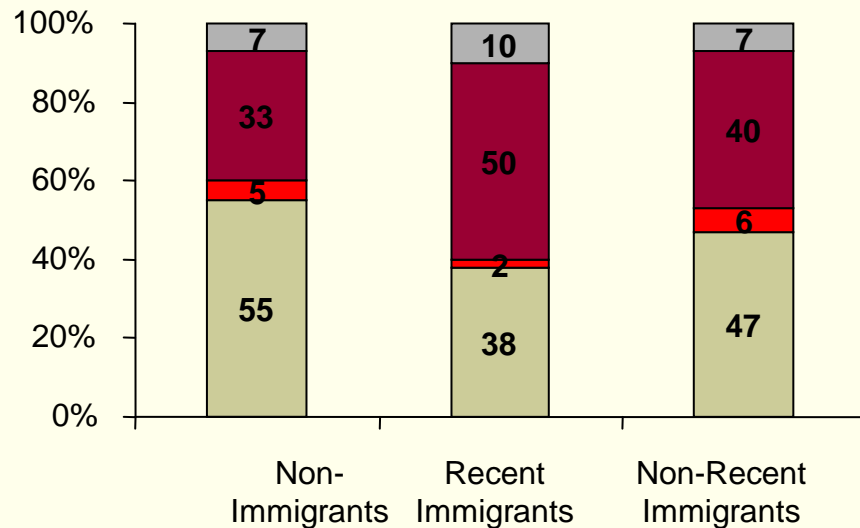
- On the basis of the SLID data used, it cannot be concluded that the working conditions of recent immigrants who were working poor persons were more precarious than those of other working poor Canadians in 2004.
 - Both groups worked approximately the same number of hours.
 - A slightly lower proportion of recent immigrants were self-employed.
 - Among recent immigrants earners, a lower proportion declared atypical working schedule, and a similar proportion were low-paid (i.e. earned <\$10 per hour).

- That said, among all persons living in poverty in 2004, recent immigrants are particularly likely not to have declared their labour market status or working conditions.



As well, of all recent immigrants not living in poverty, three out of five were “vulnerable” to poverty...

Main Sources of Income Allowing Adults to Avoid Poverty, By Immigrant Status, 2004



- Income from transfer payments
- income from other family members
- Income from personal investments
- Income from personal employment

- A significantly higher proportion of working-age recent immigrants escape poverty, not because of their labour market income, but because of support from family members (50%) and government (10%).
- As a result, 60% of recent immigrants not living in poverty in 2004 would have lived in poverty had they relied solely on their own earnings (45% for male and 75% for female); the comparable proportions were around 30% and 50% among other Canadians not living in poverty.



...And, recent immigrants not living in poverty were more likely to fall into poverty in subsequent years than other Canadians.

- Recent immigrants are more vulnerable to poverty in both the short and the long term.
- Between 2002 and 2004, 32% of working-age recent immigrants lived in poverty for at least one year (and 12% were working poor persons), in comparison with 14% (and 6%) of other Canadians.
- As well, 8% of recent immigrants lived in poverty during all the years between 2002 and 2004, in comparison with 4% of other Canadians.
- Between 2002 and 2004, from 7% to 9% of recent immigrants not living in poverty in a given year experienced poverty the following year; these rates of entry into poverty are between two to three times higher than those among non-immigrants.



However, as is the case among other Canadians, poverty among recent immigrants is very dynamic over the longer term.

- Of all recent immigrants who experienced low income between 2002 and 2004, less than 25% were in this situation for the entire period; a proportion similar to that observed among their non-immigrant counterparts.
- Among adults living in poverty between 2002 and 2004, the time spent in poverty, the proportion experiencing poverty, and the main reasons for escaping poverty (for example, formation of a union or increase in personal income) were very similar among those who were recent immigrants and those who were not.
- In fact, there appears no significant difference in the dynamics of poverty or the factors underlying those dynamics between recent immigrants and other Canadians.



Summary: What we have learned...

1) *Are the determinants of poverty among recent immigrants the same as those observed among other Canadians?*

- As is the case among other Canadians, having a paid job, securing sufficient hours of work, and being part of a family with multiple potential earners are characteristics that help recent immigrants avoid poverty.
- However, recent immigrants do not benefit as much from personal characteristics typically associated with favourable to labour market outcomes, such as high education, experience in the labour market and the absence of work-limiting disability.

2) *Are low-income recent immigrants particularly likely to be working poor?*

- Individually, working-age recent immigrants in poverty were not much more likely to be working poor in 2004.
- However, because far more of them were part of families including other working-age adults, they were much more likely to be part of a working poor family in comparison with other poor Canadians.



Summary: What we have learned

- 3) *Are low-income recent immigrants particularly dependent on government transfers?*
 - Working-age recent immigrants are particularly likely to rely on family support to meet their needs. Those who are poor are not as dependant on government assistance as other poor Canadians.

- 4) *Do recent immigrants leave poverty more or less quickly than do other Canadians?*
 - Like the situation of other Canadians, poverty among recent immigrants is a very dynamic phenomenon. The time spent in poverty for working-age adults is very similar to others.



What we need know

- Family labour market strategies of recent immigrants in poverty.
 - In spite of a greater number of potential of earners in recent immigrant families, total labour market participation is not particularly high (is this because of greater family responsibilities, of more important barriers to labour market for second potential earners, of culture, etc.)

- Labour market conditions of recent immigrants in poverty.
 - We need to know more about the reasons for an overrepresentation of recent immigrants among poor persons who do not declare their labour market conditions in SLID.