

Dependence on government transfer payments, 1971-1989

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In 1989, federal, provincial and local governments together spent \$75.9 billion in cash transfers to persons under various income security programs in Canada C an increase of 156% in 1989 dollars since 1971. (1) This represents 11.6% of the total value of goods and services produced in the country in 1989 compared with 8.5% in 1971.

Per capita transfer payments have grown more rapidly than per capita national income. (A summary of the various types of payments is given in *Income security programs in Canada*.) Similarly, expenditures on social security per employed person aged 25 years and over rose from \$4,834 in 1971 to \$7,505 in 1989, an increase of 55% (all dollar amounts in this paper are in 1989 dollars (2)). These indicators show that government expenditure on social security programs rose substantially between 1971 and 1989.

Who benefits from these payments? What proportion of the total payments is received by low-income families and unattached individuals? Does the increase in such expenditure imply a greater dependence on transfer payments? Has the mix of transfer payments changed? If so, what has caused such a change? Do transfer payments alleviate poverty? This paper addresses these questions, using data from the Survey of Consumer Finances (see [Source of data](#)).

The importance of transfer payments to unattached individuals (3) and to families is highlighted separately, for two reasons. First, unattached individuals as a proportion of all households have grown from 25% in 1971 to 31% in 1989 (Table 4). And second, unattached individuals are not eligible for certain transfer payments available to families (for example, Child Tax Credit and Spouse's Allowance). Because incomes of unattached individuals average about 58% less than those of families with two or more persons, (4) any comparison of ratios of transfers to total income for these groups should recognize this average income difference.

Dependence on transfer payments

Dependence on government transfer payments is measured by the ratio of such payments to total income. This ratio may vary between 0% (no dependence) and 100% (complete dependence).

In both 1971 and 1989, 15% of all unattached individuals and about 4% to 5% of all families were totally dependent on government transfer payments. At the other extreme, the proportion of unattached individuals without any form of transfer payment fell sharply, from 62% in 1971 to 27% in 1989. For families, the proportion dropped from 22% to 12% ([Table 1](#)). While the overall proportions of unattached individuals and families fully dependent on transfer payments did not change from 1971 to 1989, the proportions of those receiving some transfers rose dramatically. This was mainly due to the introduction of refundable tax credits; namely, the federal child and sales tax credits and various provincial tax credits for sales taxes, occupancy costs and energy costs. The broadening of coverage under the Canada and Quebec Pension Plans and other transfer programs also contributed to the rise. [\(5\)](#)



Table 1 **Relative dependence* on transfer payments by selected characteristics, 1971 and 1989**

Source: Survey of Consumer Finances

** Measured in terms of the ratio of government transfer payments to total family income.*

Two key factors determine dependence on government transfer payments. First and foremost is the level of income, since several programs (such as the Guaranteed Income Supplement, Spouse's Allowance, social assistance, and refundable tax credits) are income tested. The second factor is the life cycle (proxied by the age of the head of a family), since those under 25 years old or 65 years and over are more likely to have no source of personal income other than government transfer payments. The former group may comprise unattached individuals attending vocational training courses on government allowances or subsisting on social assistance before getting any paying jobs, whereas the latter group may include retirees without any income from investments or private pensions.



Chart **Ratios of transfer payments to household income and GDP.**

Sources: System of National Accounts and survey of Consumer Finances

Dependence by income quintile

Among unattached individuals in the lowest income quintile, 42% received some cash transfers in 1971 compared with 94% in 1989. Such a dramatic change in the proportion of individuals with at least one transfer payment was largely the result of changes in the age-mix of individuals in this quintile: the proportions constituting the young and the old shrank by 9 percentage points while that of individuals in the 25 to 44 age group rose by 11 percentage points. Individuals in the latter group are more vulnerable to labour market related problems such as low earnings and instability of employment. They are more likely to receive unemployment insurance and refundable tax credits. Even among individuals in the highest income quintile, the proportion who received transfers rose from 14% in 1971 to 32% in 1989 ([Table 1](#)). The proportion of unattached individuals whose incomes consisted solely of government transfers, however, rose from 29% to 46% in the lowest income quintile.

The changes in the proportions of families who received transfers were not as large as for unattached individuals. Since most of these families were in the 25 to 64 age group and had children under 18 years of age, they all received the universal Family Allowance. Therefore, the proportion of families who received at least one transfer payment would be largely unaffected by the availability of additional transfer payments.

Among families in the highest income quintile, 71% received some transfers in 1971 compared with 81% in 1989. Part of this increase may be attributable to the growth in the number of families with multiple labour force participants who may have been eligible for Unemployment Insurance benefits (for unemployment, maternity, job training, and so on) or Spouse's Allowance. Among families in the lowest income quintile, 97% received transfers in 1989 compared with 85% in 1971. For about one-fifth of all such families, government transfers constituted 100% of their total income in both years.

Dependence by life cycle

Government transfers play a vital role in protecting the economic well-being of older unattached individuals as well as families with older heads (65 and over). In 1971, 40% of all older unattached individuals and 16% of families with heads aged 65 and over received their total incomes from transfers. Eighteen years later, these proportions had declined to 31% and 10%. This drop may be partly attributable to the proliferation of benefits accruing from coverage under employer-sponsored pension plans and ownership of Registered Retirement Savings Plans. [\(6\)](#)

More non-elderly unattached individuals and families received transfers in 1989 than in 1971. Among unattached individuals less than 25 years old, only 13% received at least one type of transfer payment in 1971 compared with 74% in 1989 ([Table 1](#)). This dramatic rise may be attributable to several factors including lower incomes, high unemployment, or a lack of job opportunities. As a result, these individuals might have received benefits from job-training programs, refundable provincial or federal sales tax credits, or other social assistance.

Transfer payments by type

Two major developments have taken place over the 1971 to 1989 period. First, the proportion of unattached individuals as well as of families receiving payments under the Canada and Quebec Pension Plans rose dramatically. As these plans have expanded their coverage, more and more persons have become eligible to receive benefits (see [note 5](#)). For example, 25% of all unattached individuals received such pension benefits in 1989 compared with only 4% in 1971; the corresponding proportions for families were 20% and 4% ([Table 2](#)).



Table 2 Transfer payments by components, 1971 and 1989

Source: Survey of Consumer Finances

Second, the introduction of several refundable tax credit schemes to assist low- and middle-income families has contributed to the growth in the proportion receiving transfer payments. For example, the amount spent on the Federal Sales Tax Credit in 1989 was only \$629 million out of total transfers of \$47.4 billion, but more than half of all unattached individuals and one-third of all families claimed this credit ([Table 2](#)). Also in 1989, 50% of all families received family allowances. But only 31% claimed the Child Tax Credit. Family allowances are taxable and are paid to families regardless of income, whereas child tax credits are not available above a pre-defined maximum family income level. Nevertheless, both count as transfer payments.

More people received social assistance (including provincial and municipal assistance) in 1989 than in 1971. Since this assistance is aimed at helping individuals and families with very low or no other personal incomes, a greater incidence may indicate hardship (caused by lack of jobs, high unemployment, family dissolution, and so on) or improvements in social benefits. Unattached individuals are more likely to receive such assistance because they do not have the income support usually available to members of families with multiple-income recipients. One in seven individuals received social assistance or provincial income supplements in 1989 compared with one in seventeen in 1971; the proportions for families were 9% and 6%.

Among recipients of transfer payments, unattached individuals received, on average, 24.3% more in benefits in 1989 than in 1971, while families received 95.4% more ([Table 2](#)).

Composition of total transfers

So far this article has looked at changes in the proportions of unattached individuals and families who received at least one transfer. Now the change in the composition of total transfers over the 1971 to 1989 period will be discussed.

In 1971, 85% of total transfers to families and 90% of those to unattached individuals came from the general revenue funds of governments. These are benefits from programs such as Old Age Security, Guaranteed Income Supplement, social assistance and Family Allowance, for which no direct contributions are paid by workers or employers. By 1989, the proportions had dropped to 57% and 65%. Although more than one-half of total transfers were still financed from general revenue funds, governments' direct costs of total transfers to persons had declined. This was largely due to changes in the funding of certain transfer programs and cutting back on benefits for high-income families from previously universal programs.

For example, the Canada and Quebec Pension Plans are self-financed. Administrative costs and benefits are paid from employee and employer contributions and income earned from investment of accumulated funds. The Unemployment Insurance plan, however, is not yet totally self-financed C some benefits to long-term unemployed in economically depressed areas are paid from general revenue. However, employee and employer contributions to these plans have also been increasing. To further reduce the costs of transfers paid from general revenue, the federal government has recently introduced measures to tax back benefits from Old Age Security and Family Allowance programs, starting with incomes in excess of \$50,000. (7)

For both unattached individuals and families, most of the drop in the proportion of benefits from Old Age Security (including Guaranteed Income Supplement and Spouse's Allowance) was compensated for by the increases in benefits from Canada or Quebec Pension Plans, social assistance and the introduction of several refundable tax credits. The proportion of family allowances in transfers to families dropped because of a decline in the number of families with children. The proportion of benefits from Unemployment Insurance, on the other hand, rose due to an increasing number of labour force participants who experienced unemployment, job sharing, job training, maternity, and so on (Table 2).



Chart Percentage composition of transfer payments.

Source: Survey of Consumer Finances

Multiple transfer payments

Significant shifts have occurred in the proportions of unattached individuals and families receiving three or more types of transfers C 1% to 3% in 1971; 24% to 28% in 1989. Among recipients of transfers in

1971, 86% of all unattached individuals and 75% of families received only one type of transfer: Old Age Security for unattached individuals, and Family Allowance for families. The dramatic rise in the proportion of those receiving three or more transfers in 1989 can be largely attributed to several refundable tax credits currently available to low- and middle-income families.

The amount of transfers received is affected by income level and demographic variables which, in turn, determine the types and amounts of benefits received. For example, in 1989, each dollar of income for families receiving three or more transfers consisted of 26 cents of transfer payments compared with only 3 cents for families receiving only one type of transfer. For unattached individuals the amounts were 60 cents and 12 cents.



Table 3 Overview of recipients of one or more transfers, 1971 and 1989

Source: Survey of Consumer Finances

Where did the total transfers go?

In 1971, unattached individuals, accounting for 25% of all households, received 19% of total transfers, compared with 31% receiving 26% of total transfers in 1989. This shows that families, on the whole, received proportionately more benefits than their representation among all households.

Of the total transfers paid to unattached individuals, those 65 years and over received 77% in 1971 but only 67% in 1989. Such transfers made up 47% of their total income in 1971 compared with 54% in 1989. Since more unattached individuals in the 25 to 64 age bracket received transfers in 1989 than in 1971, their overall share of the total transfers also rose, raising their transfer/income ratio from 3% to 8%.

In both years, more than half of the transfer payments went to families with heads aged 25 to 64 years and about 40% to those with heads 65 years old and over. The overall average transfer payment received by families in each of these two groups nearly doubled over the 1971 to 1989 period. Transfer payments made up 30% of the total income of older families in 1971, and 37% in 1989.



Table 4 Selected statistics on transfer payments by age of head, 1971 and 1989

Source: Survey of Consumer Finances

Transfers received by type of family

Transfer payments are highly concentrated among husband-wife families. They received 64% of total transfers in 1971 and 61% in 1989. The proportions with at least one transfer payment increased from 77% to 86% over the same period. But since average incomes of husband-wife families are also usually higher than incomes of other types of families, the overall contribution of transfer payments to their incomes remained rather small: 5% in 1971, 9% in 1989.

Almost all husband-wife families with children under 18 years received transfer payments, but these accounted for only 4% of their total income in 1971 and 6% in 1989. The respective ratios for married couples only (a mix of younger and older couples without children) were 8% and 14% ([Table 5](#)).



Table 5 Transfer payments by type of family unit, 1971 and 1989

Source: Survey of Consumer Finances

In both 1971 and 1989, the overall proportion of female-headed lone-parent families who received transfers was almost the same as that for husband-wife families with children (largely because most of them received family allowances). The difference between the two groups of families, however, was found in the ratio of government transfers to total family income. This was three to seven times higher for female-headed lone-parent families than for husband-wife families ([Table 5](#)). This higher ratio for lone-parent families headed by women reflects their relatively smaller income base.

Compared with husband-wife families with single children, female-headed lone-parent families averaged 3.2 times more in transfers in 1971 but only 1.6 times more in 1989. Overall, such lone-parent families accounted for 10% of total transfers in 1971 compared with only 7% in 1989.

Over the 1971 to 1989 period, the ratio of transfers to total income dropped for lone-parent families headed by females, as relatively more of them were working in 1989 than in 1971, making earnings their major source of family income. Another factor that may have contributed to the drop in the transfers/income ratio is the improvement in laws governing the division of matrimonial property when a marriage is dissolved. Alimony payments and other financial support provided by natural fathers to

children in custody of single or separated mothers may also have contributed. [\(8\)](#)

Change in overall average transfer payments

Unattached individuals received an average of \$2,187 more in 1989 than in 1971; families received \$2,724 more. What caused these increases in transfers paid to unattached individuals and families?

More than half the total increase can be attributed to demographic shifts (age and type of family) and the remainder to new programs and changes in amounts of benefits. New transfer payments after 1971 include Spouse's Allowance, and refundable child and other tax credits. Changes in benefits can arise from changes in needs, wider eligibility for social assistance (largely provided by the provinces), or other legislative changes in benefits. [\(9\)](#)

Three groups were responsible for 63% of the total demographic shift: married couples with heads 65 years and over; unattached individuals 65 years and over; and families with heads in the 25 to 64 age group with single children. These groups accounted for 60% of the total change in amounts of benefits.



Table 6 **Decomposition of change in overall average transfer payments, 1971 to 1989**

Source: Survey of Consumer Finances



Chart **Composition of transfer payments by low-income status*, 1989.**

Source: Survey of Consumer Finances

* See box for the definition of [low-income status](#).

Do transfer payments alleviate financial hardship?

Government transfer payments reduce inequality in the distribution of income. Since many studies [\(10\)](#) have documented this, it is not at issue here. However, whether such transfers reduce financial hardship

(measured in terms of the proportion of unattached individuals and families with low incomes⁽¹¹⁾) warrants consideration.

In 1989, only 20.7% of total transfers went to low-income unattached individuals and persons in families (the remaining 79.3% went to the non-low-income group). Their share of total transfers was, however, slightly higher than their proportion in the population. Among unattached individuals, 30% were in the low-income group and they received 41% of the total transfers; 10% of families were in the low-income group received 14% ([Table 7](#)).



Table 7 Selected statistics by size of ratio of family income to low income cut-off, 1989

Source: Survey of Consumer Finances

Unattached individuals with incomes between 80% and 120% of their low income cut-offs (identifying individuals on the fringes of low income cut-offs) received 38% of the transfers and those with incomes twice the size of their cut-offs received another 19%; while 60% of all families in the latter situation received 46% of the total transfers paid to them.

Generally, the greater the deficit between actual income and the level of subsistence (measured in terms of the pre-defined low income cut-offs), the greater the financial hardship. This also implies a greater dependence on government transfer payments (measured in terms of the transfers to income ratio). For example, for families with incomes between 40% and 80% of their low income cut-offs, transfers accounted for 61% of total income compared with 45% for those with incomes between 80% and 100% of cut-offs. Overall, government transfers were the major source of income for low-income groups, accounting for 66% of total income for unattached individuals and 54% for families ([Table 7](#)).

In 1989, 974,000 unattached individuals and 682,000 families fell into the low-income category. Other things being equal, the absence of government transfers would have increased the numbers to 1,459,000 individuals and 1,483,000 families. Cash transfers from government in 1989, therefore, kept 354,000 elderly unattached individuals, 360,000 married couples with heads aged 65 or over, and 572,000 non-elderly households out of the low-income group ([Table 8](#)).



Table 8 Effect of transfer payments on incidence of low income by type of family unit, 1989

Source: *Survey of Consumer Finances*

The incidence of low income is much more predominant among unattached individuals and lone-parent families headed by females than among husband-wife families. Government transfers help alleviate financial hardship by providing these groups with about two-thirds of their total incomes, compared with about half for low-income husband-wife families. In the absence of such transfers, about one-half of all unattached individuals and female-headed lone-parent families likely would have fallen into the low-income category.

Summary

In both 1971 and 1989, about 15% of all unattached individuals and 4% to 5% of all families depended on government transfer payments as their sole source of income, but significant shifts have occurred in the proportions receiving three or more transfers.

Overall, transfer payments accounted for 18% of the total income of unattached individuals in 1989 compared with 10% in 1971; for families the figures were 10% and 6%. The change over this 18-year period in average transfer payments was largely attributable to two factors: (1) the demographic shift in households in terms of age mix and family type (51%); and (2) changes in benefits, arising either from programs introduced after 1971 or from changes in benefits from programs that existed in 1971 (49%).

The make-up of total transfers changed considerably over the 1971 to 1989 period. In 1971, 87% of total transfers came from general revenue funds compared with 59% in 1989. As the Canada and Quebec Pension Plans matured and eligibility widened, their benefits reached 22% of total transfers in 1989 (up from only 4% in 1971).

Cash transfers from government help reduce the incidence of low income, more so among unattached individuals and female-headed lone-parent families than among husband-wife families. In 1989 these payments constituted two-thirds of total income of low income unattached individuals and lone-parent families headed by women.

Income security programs in Canada

Canadian income security programs can be categorized into five broad groups: (1) *age-related* C Old Age Security, Guaranteed Income Supplement, and Spouse's Allowance; (2) *employment-related* C Canada and Quebec Pension Plans, Unemployment Insurance, manpower training allowances, and Workers' Compensation; (3) *family-related* C Family Allowance and refundable Child Tax Credit; (4) *means-tested programs* C refundable federal sales tax and provincial tax credits, and social assistance; and (5) *other* C pensions to the blind, the disabled, and veterans.

Benefits from most of these programs are adjusted using the Consumer Price Index (CPI), but the adjustment factor may vary from program to program. For instance, Old Age Security, Guaranteed Income Supplement and Spouse's Allowance are indexed each quarter by the rate of growth in the CPI, but benefits from the Family Allowance program are indexed by the annual rate in excess of 3%. Benefits from the Canada and Quebec Pension Plans are adjusted by the increase in the CPI for the 24-month period ending October 31 of the preceding year. For details about other programs, see [Health and Welfare Canada's](#) booklet, *Basic Facts on Social Security Programs*, July 1989.

Benefits from Canada and Quebec Pension Plans

Why are benefits from the Canada and Quebec Pension Plans treated as transfer payments when such benefits are related to tenure of employment and level of earnings? The answer lies in the conceptual framework used by the System of National Accounts (SNA), which treats contributions paid to and benefits from these plans as an integral part of the government sector. Employer and employee contributions to the plans are transfers from the private to the public sector. Benefits are therefore treated as part of government transfers to persons.

Source of data

Data in this paper were drawn from the Survey of Consumer Finances conducted in April 1972 and 1990. This annual survey, piggybacked to the monthly Labour Force Survey, collects data on sources and amounts of incomes received by all persons aged 15 years and over residing in private households in the 10 provinces. Excluded are persons living in the Yukon and Northwest Territories, on Indian reserves, or in nursing homes and other institutions. Also, excluded from the tables are unattached individuals and families whose major source of income was military pay and allowances. Annual statistics from this survey are published in *Income Distributions by Size in Canada* (Statistics Canada, Catalogue No. 13-207).

Since this survey does not collect data on transfers in kind (subsidized rents or transportation, prescribed drugs, dental and eye care, etc.), benefits from such transfer programs are not included in this analysis.

Most of these programs are income tested, and are usually administered by municipal and provincial governments.

After adjusting for major conceptual differences, the ratio of aggregate transfers estimated from the survey to the National Accounts estimate of transfers was 71% in 1971 and 79% in 1989. The relatively better reconciliation for 1989 was due to better reporting, more easily identifiable transfer components, and improvements in the capture and editing of data. Most of the gap in the two sources is attributable to differences in sample coverage, accounting periods (calendar year versus fiscal year), and above all, the effect of sampling and non-sampling errors (mainly non- and under-reporting of sources and amounts of income). The relatively better reconciliation of the 1989 survey data on transfer payments, however, was not a major factor contributing to the findings highlighted in this article.

Definitions of concepts used

Unattached individual: A person living alone or in a household where he or she is not related to other household members.

Family: A group of persons sharing a common dwelling unit and related by blood, marriage or adoption. The definition of family used in this paper is that of the "economic family".

Total income: This is the sum of incomes reported by all family members aged 15 years and over. Income consists of earnings, investment income, government transfers, private pensions, alimony, etc. All income in kind, gambling gains and losses, capital gains and losses, windfall profits, and so on, are excluded.

Total government transfers: These consist of all social welfare payments from federal, provincial and municipal governments. They may include Family Allowance, Old Age Security, Guaranteed Income Supplement, Spouse's Allowance, pensions under the Canada and Quebec Pension Plans, Unemployment Insurance benefits, Worker's Compensation, training allowances, veterans' pensions and allowances, social assistance, pensions to the blind and the disabled, and refundable tax credits (both federal and provincial).

Income quintile: Quintile data were compiled by ranking weighted survey returns in ascending order by size of total income. Then the array was divided into five equal parts or quintiles. The ranking was performed separately for unattached individuals and families.

Low income: Unattached individuals or families with incomes below the pre-defined cut-offs for their

family size and place of residence according to its urbanization classification are labelled as "low income"; all others with incomes equal to or above the cut-offs are labelled as "other". For low income cut-offs used in 1989, see *Income Distributions by Size in Canada, 1989*: Text Table V, p.42 ([Statistics Canada](#), Catalogue No. 13-207).

Notes

Note 1

See Table 1.7, [Statistics Canada](#), *Canadian economic observer: historical statistical supplement, 1988/89* (1989).

Note 2

Data on incomes and transfer payments were converted to 1989 dollars using Consumer Price Index.

Note 3

Unattached individuals may constitute single-person households or multiple-person households as long as they are unrelated to one another.

Note 4

See Statistics Canada, [Income distributions by size in Canada 1971](#) (1973) and [Income distributions by size in Canada 1989](#) (1990).

Note 5

It is beyond the scope of this paper to summarize all of the changes in benefits pertaining to programs that existed in 1971. However, to illustrate the point, certain changes have been made to the initial Canada and Quebec Pension Plans: (1) pensions were previously payable beginning at age 65 whereas since the 1980s, contributors have the option of receiving retirement benefits as early as age 60 with a reduction in benefits of 0.5% in monthly benefits prior to age 65; (2) equal division of total pension credits earned by spouses during their married life on the dissolution or legal annulment of their marriage; and (3) persons receiving survivors' benefits from these plans could remain eligible for such benefits even after they remarried.

In the case of Unemployment Insurance (UI), the initial 8-week minimum has been replaced by a variable entrance requirement depending on the regional rate of unemployment in conjunction with the number of weeks of insurable employment. As well, a parent can claim UI benefits for legally adopting a child. Effective January 1984, either parent can draw up to 15 weeks of benefits providing his or her presence is required in the home and both have at least 20 weeks of insurable employment during the

past year.

Note 6

For instance, only 4% of all tax-filers paid contributions to Registered Retirement Savings Plans in 1971 compared with 20% in 1987; see [H. Frenken](#), *Perspectives on labour and income* (Winter 1990).

Note 7

For example, individuals with incomes up to \$50,000 would keep full benefits whereas those with incomes of \$75,000 and over would pay back in full benefits from these programs. Persons with incomes between \$50,000 and \$74,999 would keep only part of such benefits.

Note 8

See the [National Council of Welfare's](#) most recent report *Women and poverty revisited: a report* (1990).

Note 9

It is beyond the scope of this paper to mention changes over the 1971 to 1989 period in amounts of benefits pertaining to all social security programs. To illustrate, however, average Unemployment Insurance (UI) benefits rose from \$141 in 1971 to \$216 in 1989. The UI benefit rate was 66.6% of a claimant's weekly insurable earnings in the 1970s compared with 60% in 1989. Since UI benefits became taxable, recipients with incomes over \$47,190 in 1989 had to pay back 30% of UI benefits.

Note 10

For instance, see [S. Danziger, R. Haveman and R. Plotnick](#), *Journal of economic literature* (1981); [J. Curtis et al.](#), *Social inequality in Canada: patterns, problems, policies* (1988); [K.G. Banting](#), *The Canadian review of sociology and anthropology* (1987); [L. Osberg](#), *Perspective 2000: proceedings of a conference sponsored by the Economic Council of Canada* (1988); [G.L. Reuber](#), *Canadian public policy* (1978); and [A. Rashid](#), *Perspectives on labour and income* (Autumn 1990).

Besides excluding reference to the effect of government transfers on the distribution of income, this analysis has not dwelt on the effects of such transfers on a family's savings and consumption behaviour or on its labour force participation.

Note 11

Canada has no "official" poverty lines. Statistics Canada's low income cut-offs are a statistical tool widely used to identify the low-income population. For details about this concept, see [Statistics Canada](#), *Income distributions by size in Canada* 1989 (1990).

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Source

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Table 1								
Relative dependence* on transfer payments by selected characteristics, 1971 and 1989								
Characteristics	1971				1989			
	0%**	1-99%	100%	Total	0%**	1-99%	100%	Total
	%							
Unattached individuals								
Total	61.7	23.6	14.7	100.0	27.0	57.8	15.3	100.0
Income quintiles								
Lowest	58.2	13.2	28.6	100.0	6.5	47.1	46.5	100.0
Second	23.5	34.1	42.4	100.0	0.5	71.8	27.7	100.0
Middle	58.3	39.0	2.7	100.0	13.2	84.9	1.9	100.0
Fourth	82.2	17.8	0.0	100.0	47.0	52.7	0.3	100.0
Highest	86.5	13.5	0.0	100.0	67.7	32.3	0.0	100.0
Age								
Under 25 years	87.3	11.2	1.5	100.0	26.1	71.5	2.4	100.0
25-64 years	81.2	11.4	7.4	100.0	40.4	49.0	10.6	100.0
65 years and over	1.8	42.2	40.4	100.0	0.2	69.2	30.6	100.0
Families 2 +								
Total	22.4	73.0	4.6	100.0	12.3	84.0	3.7	100.0
Income quintiles								
Lowest	15.4	62.1	22.5	100.0	3.0	78.6	18.4	100.0
Second	19.6	79.9	0.5	100.0	8.8	90.8	0.3	100.0
Middle	22.0	78.0	0.0	100.0	13.5	86.5	0.0	100.0
Fourth	25.6	74.4	0.0	100.0	16.9	83.1	0.0	100.0
Highest	29.3	70.7	0.0	100.0	19.1	80.9	0.0	100.0
Age of head								
Under 25 years	44.9	51.1	4.0	100.0	20.3	72.7	6.9	100.0
25-64 years	23.7	73.4	2.9	100.0	14.0	83.6	2.4	100.0
65 years and over	1.5	82.4	16.1	100.0	0.5	89.1	10.4	100.0

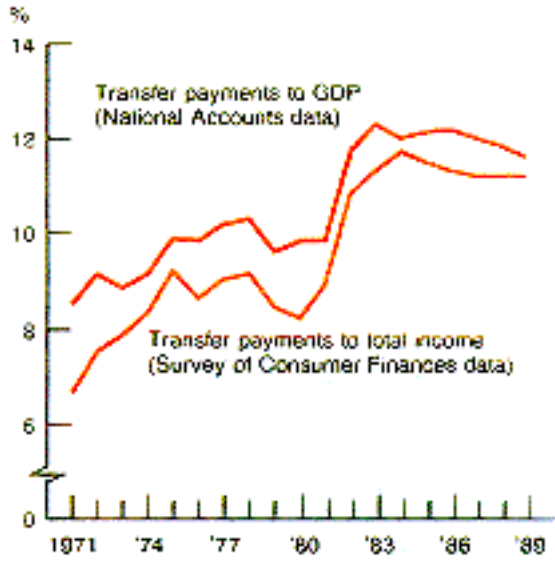
Source: Survey of Consumer Finances

* Measured in terms of the ratio of government transfer payments to total family income.

*** Includes a small number of self-employed swho reported income losses during the reference years.*

Ratios of transfer payments to household income and GDP

Ratios from both data sources show a similar trend.



Sources: *System of National Accounts and Survey of Consumer Finances*

Table 2

Transfer payments by components, 1971 and 1989

Type of family unit and transfer payments	Proportion who received transfer payments		Average amount received (in 1989 dollars) (recipients only)		Composition of transfer payments	
	1971	1989	1971	1989	1971	1989
	%		\$		%	
Unattached individuals						
Canada/Quebec pension plans (CPP/QPP)	3.8	24.8	1,668	3,745	4.0	24.6
Old age security*	25.5	29.0	4,388	5,835	70.2	44.8
Unemployment insurance benefits	4.4	10.3	1,947	3,935	5.4	10.7
Family allowances	...	...	...	...	...	...
Social assistance	5.8	13.7	3,059	3,129	11.2	11.3
Other income from government**	3.9	13.0	3,745	1,693	9.1	5.8
Provincial tax credits	...	19.7	...	239	...	1.2
Child tax credits	...	...	...	...	...	...
Sales tax credits	...	53.8	...	101	...	1.4
Total	38.3	73.1	4,162	5,172	100.0	100.0
Aggregate transfers (in 1989 dollars)(\$ Million)..	...	...	...	...	2,753	12,091
Families 2 +						
Canada/Quebec pension plans (CPP/QPP)	4.4	19.9	1,943	5,128	3.8	20.5
Old age security*	15.1	16.8	6,084	7,534	40.8	25.4
Unemployment insurance benefits	10.2	25.2	2,252	4,494	10.2	22.8
Family allowances	59.6	50.5	774	765	20.5	7.8
Social assistance	6.0	9.1	5,605	5,087	15.0	9.3
Other income from government**	5.1	11.3	4,272	2,919	9.7	6.6

Provincial tax credits	...	19.2	...	256	...	1.0
Child tax credits	...	30.8	...	866	...	5.4
Sales tax credits	...	35.6	...	181	...	1.3
Total	77.6	87.8	2,900	5,666	100.0	100.0
Aggregate transfers (in 1989 dollars)	...	...	...	...	11,498	35,270

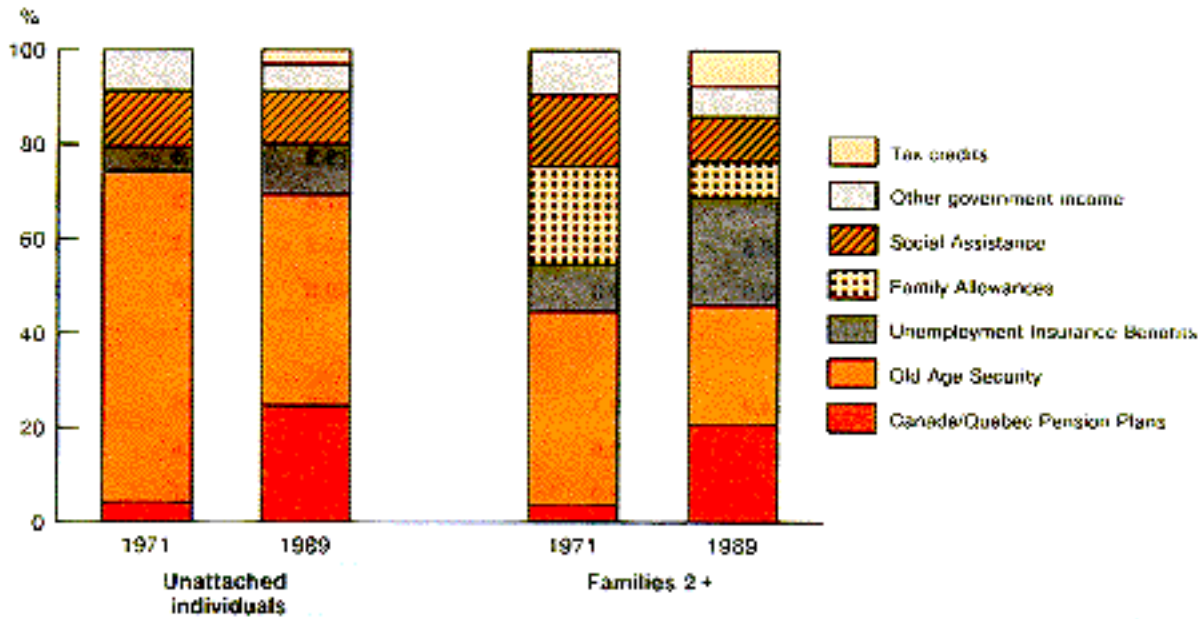
Source: Survey of Consumer Finances

** Includes guaranteed income supplements and regular or extended spouse's allowances.*

*** Includes manpower training allowances, worker's compensation and pensions to veterans, the blind and the disabled, etc.*

Percentage composition of transfer payments

Relative declines in Old Age Security and Family Allowance benefits have been offset by increases in Canada/Quebec Pension Plans and tax credits.



Source: Survey of Consumer Finances

Table 3

Overview of recipients of one or more transfers, 1971 and 1989

Number of transfer payments received*	Distribution of recipients		Distribution of aggregate transfers		Transfer payments to income ratio	
	1971	1989	1971	1989	1971	1989
	%					
Unattached individuals						
One	86.1	46.5	80.3	19.2	38.4	12.5
Two	13.1	29.8	18.0	37.6	54.3	43.4
Three or more	0.8	23.6	1.7	43.2	52.7	59.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
Families 2 +						
One	74.9	29.1	45.5	9.8	4.6	3.1
Two	21.8	42.9	44.3	37.2	20.6	11.1
Three or more	3.3	28.0	10.2	53.0	29.7	26.3
Total	100.0	100.0	100.0	100.0	8.1	11.7

Source: Survey of Consumer Finances

** In order to reduce the number of possible combinations of transfer payments, we considered only five types of benefits from programs, namely, Family Allowances, Canada/Quebec Pension Plans, Unemployment Insurance, Old Age Security, and the rest*

(ie. Social Assistance and/or Tax Credits and/or other transfers not shown separately).

Table 4

Selected statistics on transfer payments by age of head, 1971 and 1989

		1971				1989			
		24 years or less	25-64 years	65 years and over	Total	24 years or less	25-64 years	65 years and over	Total
Unattached individuals									
Estimated number	('000)	398	877	454	1,729	425	1,857	918	3,199
Distribution	(%)	23.0	50.7	26.3	100.0	13.3	58.0	28.7	100.0
Proportion received transfer payments	(%)	12.7	18.8	98.2	38.3	73.9	59.7	99.8	73.1
Distribution of recipients	(%)	7.6	25.0	67.5	100.0	13.4	47.4	39.2	100.0
Total transfers paid*	(\$ Million)	78	552	2,122	2,753	415	3,611	8,064	12,091
Distribution of transfers	(\$)	3.0	21.1	81.0	105.0	3.4	29.9	66.7	100.0
Overall average transfer payment*	(\$)	196	630	4,676	1,592	978	1,945	8,785	3,779
Ratio of transfer payment to income	(%)	1.6	3.1	47.2	10.2	6.6	7.8	53.8	17.9
Families 2 +									
Estimated number	('000)	331	4,157	620	5,107	247	5,820	1,022	7,089
Distribution	(%)	6.5	81.4	12.1	100.0	3.5	82.1	14.4	100.0
Proportion received transfer payments	(%)	55.1	76.3	98.5	77.6	79.7	86.1	99.5	87.8
Distribution of recipients	(%)	4.6	80.0	15.4	100.0	3.2	80.5	16.3	100.0

Total transfers paid*	(\$ Million)	371	6,651	4,476	11,498	825	20,426	14,018	35,270
Distribution of transfers	(%)	3.4	60.7	40.9	105.0	2.3	57.9	39.7	100.0
Overall average transfer payment*	(\$)	1,121	1,600	7,222	2,251	3,336	3,510	13,719	4,975
Ratio of transfer payment to income	(%)	4.0	4.1	29.7	6.1	10.7	6.6	36.6	9.9

Source: Survey of Consumer Finances

** In 1989 dollars*

Table 5

Transfer payments by type of family unit, 1971 and 1989

Type of family unit	Proportion who received transfer payments		Distribution of total transfer payments		Overall average transfer payments in 1989 dollars		Ratio of transfer payments to income	
	1971	1989	1971	1989	1971	1989	1971	1989
	%				\$		%	
Unattached individuals	38.3	73.1	19.3	25.5	1,592	3,779	10.2	17.9
Husband-wife families	76.8	86.4	64.0	61.3	1,982	4,760	5.1	9.0
Married couples only	41.7	67.2	22.6	28.1	2,472	5,977	7.5	13.7
Married couples with single children only*	90.7	97.3	32.2	27.6	1,512	3,654	3.8	6.4
Others**	90.4	98.2	9.3	5.6	4,928	8,966	10.6	13.5
Lone-parent families	87.6	98.3	10.5	8.3	4,410	5,804	20.9	19.5
Male head	79.1	97.3	0.9	1.0	2,436	4,695	7.4	10.7
Female head	89.1	98.5	9.6	7.3	4,759	5,996	25.0	21.9
Other families	79.8	93.1	6.2	4.8	5,314	7,439	18.6	18.0
Families 2 +	77.6	87.8	80.7	74.5	2,251	4,975	6.1	9.9
All family units	67.7	83.2	100.0	100.0	2,085	4,603	6.6	11.2

Source: Survey of Consumer Finances

* *Children irrespective of age*

** *Includes married couples with single and married children, and/or with other relatives.*

Table 6

Decomposition of change in overall average transfer payments, 1971 to 1989

Factors	Age of head			Total
	24 years or less	25-64 years	65 years and over	
	%			
Due to change in demographic structure of:	-0.7	23.1	28.9	51.3
Unattached individuals	0.1	5.8	12.3	18.1
Husband-wife families:				
Married couples only	-0.2	4.5	13.8	18.2
Married couples with single children only*	-1.1	5.9	1.5	6.3
Others**	-0.1	0.7	-0.1	0.5
Lone-parent families	0.4	4.6	0.7	5.6
All other families	0.2	1.7	0.7	2.5
Due to change in amounts caused by various factors†:				
Unattached individuals	3.1	27.7	17.9	48.7
Husband-wife families:				
Married couples only	0.6	4.3	7.3	12.2
Married couples with single children only*	1.2	16.3	1.8	19.4
Others**	0.1	2.5	1.0	3.6
Lone-parent families	0.2	0.7	1.0	1.8
All other families	0.1	0.4	1.1	1.6
Total	2.4	50.8	46.8	100.0

Source: Survey of Consumer Finances

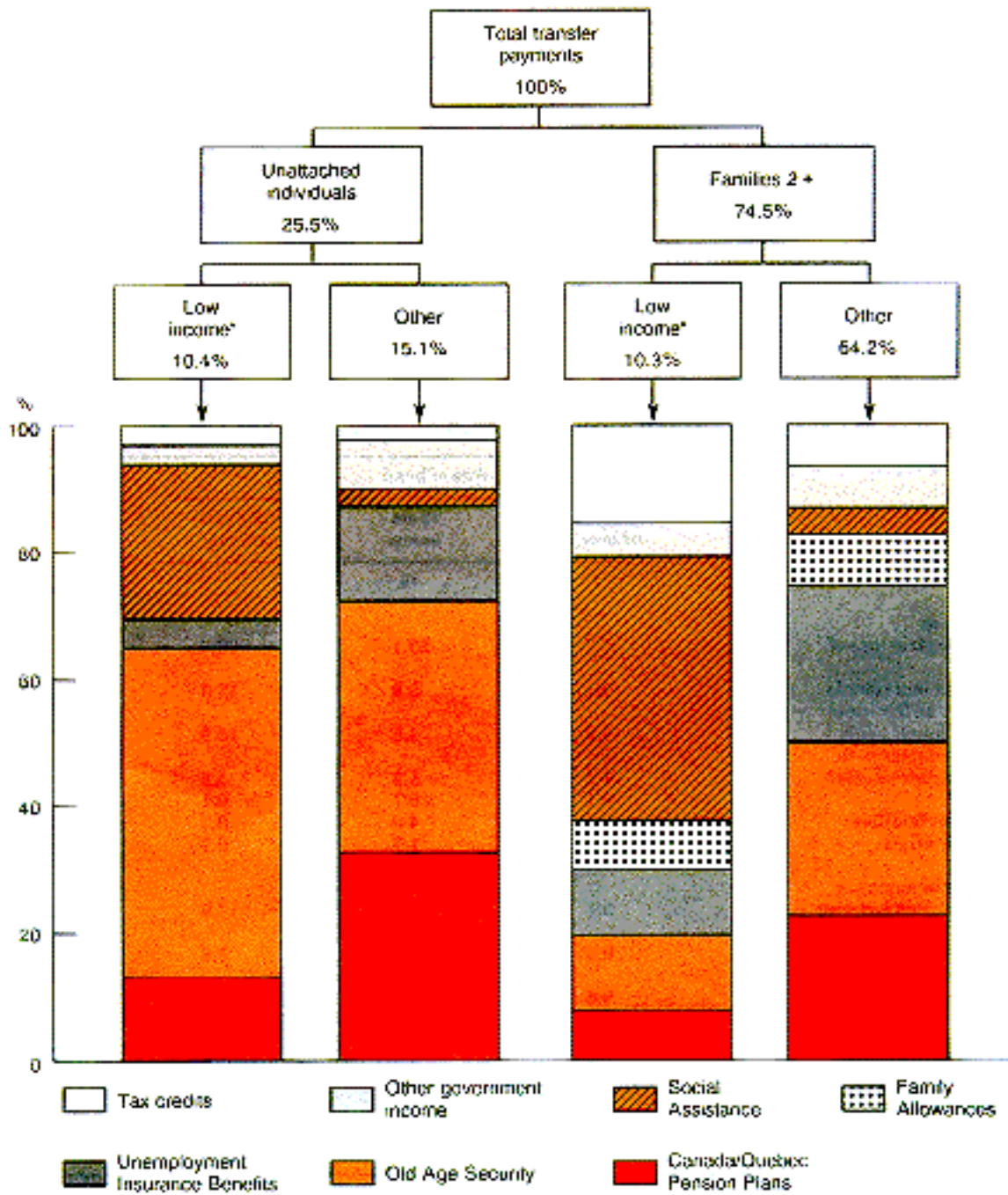
* *Children irrespective of age*

** *Includes husband-wife families with single and married children and/or with other relatives.*

† *Such as changes in programs since 1971, new programs established after 1971, and maturation of some programs.*

Composition of transfer payments by low-income status*, 1989

The mix of transfer payments varies considerably by income status.



Source: Survey of Consumer Finances

* See box for the definition of low-income status

Table 7

Selected statistics by size of ratio of family income to low income cut-off, 1989

Ratio (%) of family income to low income cut-off	Unattached individuals			Families		
	Number	Distribution of transfer payments	Ratio of transfer payments to income	Number	Distribution of transfer payments	Ratio of transfer payments to income
	%					
Under 40.0	4.4	1.1	42.9	1.0	0.6	114.1*
40.0 - 79.9	14.2	18.6	68.9	5.0	7.5	61.4
80.0 - 99.9	11.8	20.9	65.3	3.6	5.7	45.2
100.0 - 119.9	10.2	17.1	52.2	4.7	8.1	41.0
120.0 - 159.9	13.0	15.5	29.3	12.4	18.1	27.0
160.0 - 199.9	10.0	7.7	14.3	12.9	14.5	15.6
200.0 and over	36.4	19.1	5.3	60.4	45.5	5.7
Total	100.0	100.0	17.9	100.0	100.0	9.9
Low- income units	30.5	40.6	66.0	9.6	13.8	54.4
Other units	69.5	59.4	11.9	90.4	86.2	8.8

Source: Survey of Consumer Finances

** Includes a small number of self-employed who reported income losses during the reference year.*