



END CHILD AND FAMILY POVERTY IN CANADA

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2007 Report Card on Child and Family Poverty in Canada



It Takes a Nation to Raise a Generation: Time for a National Poverty Reduction Strategy

In 1989, the House of Commons unanimously resolved to eliminate child poverty in Canada. Eighteen years later - despite a 50% real increase in the size of our economy over the same period - far too many children are still living in poverty across the country.

At 11.7% the child poverty rate is exactly the same as it was in 1989.

1 in 8 children in Canada - 788,000 - live in poverty when income is measured after income taxes. Before income taxes, 1 in 6 or 1.13 million children live in poverty.

41% of children living in poverty live in families with at least one income earner working full-time all year.¹

The risk of poverty is not the same for all children. In families that face systemic discrimination before-tax child poverty rates are as high as 1 in 2 children.

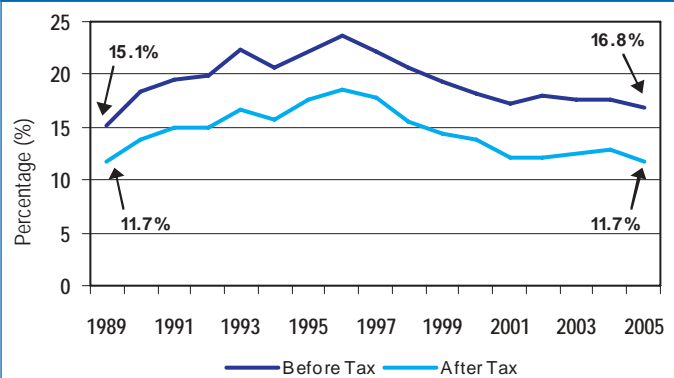
A new approach is needed. It's time to go beyond heartfelt rhetoric and adopt measurable poverty reduction targets, clear timetables and strategies to achieve both.

These are economic good times with successive federal budget surpluses. Parents working full-time, year-round should be able to provide a living standard for their children beyond poverty.

Canadians know that action by government can reduce poverty in Canada. Now is the time for a national poverty reduction strategy.

Statistics Canada produces two sets of low income indicators, the first based on before-tax income and the second based on after-tax income. Campaign 2000 uses both indicators to track child poverty. There is about a 5 percentage point difference between child poverty rates based on before-tax income and after-tax income. Both poverty indicators reveal that there has been little change in the material circumstances of children given current levels of prosperity.

TABLE 1: PERCENTAGE OF CHILDREN IN LOW INCOME 1989 - 2005



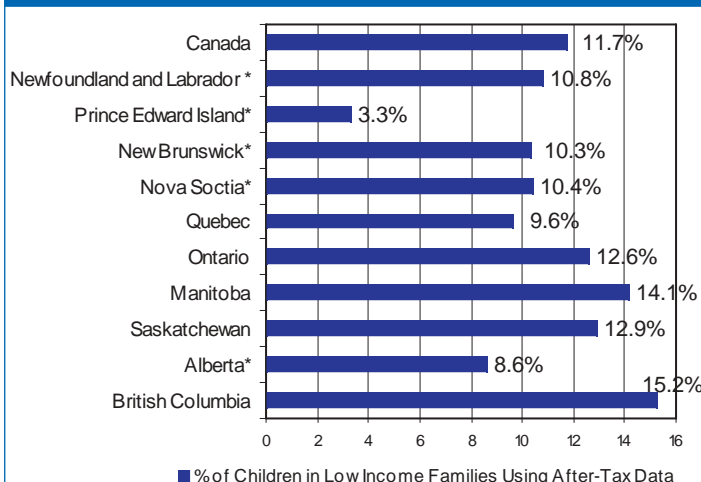
Source: Statistics Canada's *Income Trends in Canada 1980-2005*, Table 802.

Children live in poverty across Canada.

Prosperity has not solved the challenge of persistent poverty, but strong economic growth has helped to slowly move child poverty rates down in a number of provinces. Child poverty rates remain at double digit levels in all provinces except Alberta, Quebec and PEI.

Despite a growing economy, British Columbia continues to report the highest provincial child poverty rate at 15.2%. Even in the Alberta boom economy, 64,000 children (8.6%) are living in poverty. Ontario, as the largest province, remains the child poverty capital of Canada with 345,000 or 44% of Canada's low income children living in that province.

TABLE 2: CHILD POVERTY IN CANADA AND THE PROVINCES, 2005



* Statistics Canada listed the data as 'use with caution' due to small sample size. Source: Statistics Canada's *Income Trends in Canada, 1980-2005*, Table 802.

Quebec continues to show a declining trend in its child poverty rate since a peak of 22% in 1997. New family supports were implemented that year including expansion of affordable child care, an increased child benefit, and improved parental leave. In 2004, the Quebec government implemented an action plan for poverty reduction. Two years later, Newfoundland and Labrador introduced a poverty reduction plan, but it is too soon to assess the impact.

The following discussion uses before-tax income and therefore reflects poverty based on market income and government transfers. After-tax poverty indicators are also available but are only reliable for some provinces. To ensure consistency, Campaign 2000 has chosen to use before-tax data in the following analysis of child poverty at the national and provincial levels. Where comparable data are available, the patterns of poverty based on before-tax income and after-tax income are similar.

Child poverty is family poverty. And some families are more vulnerable than others.

CHILD POVERTY RATES AMONG SELECTED SOCIAL GROUPS

- 1 in 2 for children in recent immigrant families (49%)
- 1 in 2.5 for First Nations children living outside First Nations communities (40%)
- 1 in 3 for children in racialized families (34%)
- 1 in 4 for children with disabilities (28%)
- 1 in 4 for children living in First Nations communities (28%)

Source: Statistics Canada's *Canada Census 2001* and Assembly of First Nations 2006.

Persistent social and economic inequality in Canada based on gender, race, length of time in Canada and ability is reflected in disproportionately high child poverty rates among families that face barriers of systemic discrimination. Lone mothers and their children continue to be one of the most economically vulnerable groups with almost 1 in every 2 female lone parent families (47% before tax) living in poverty. Women earn approximately 71% of what men earn for full-time, year-round work, and are more likely to be found in low wage work.²

New immigrants are key to our continued economic and labour force growth, yet low income rates among this group are more than three times higher than for people born in Canada.³ One in every two children in recent immigrant families (49%) lives below the

poverty line according to the 2001 Census. Despite the highest educational credentials and skills of arrivals to Canada, current newcomers experience a sharp decline in living standards when compared with immigrants from past decades. Valuable skills are squandered and wealth creation is foregone when Canadian employers fail to recognize international work experience and credentials.

For immigrants of colour, barriers to employment are compounded by discrimination faced by racialized communities.⁴ One in every three children in racialized families (34%) lived in poverty in 2001. When compared to people of European background, racialized people experience higher unemployment rates and are more likely to be in low paying occupations.⁵

The poverty rate for children with disabilities is 28%. Families with a parent or child with a disability are more likely to rely on social assistance as a primary source of income. They face barriers to full inclusion and encounter immense financial, social and emotional stresses. For adults with disabilities, employment rates are low, with 51% of working age adults with disabilities employed.⁶ We need a guaranteed income system for persons with disabilities equivalent in adequacy and design to that in place for seniors.

Along with a broad national poverty reduction strategy, we need specific policies and investments that address systemic barriers and promote equity.

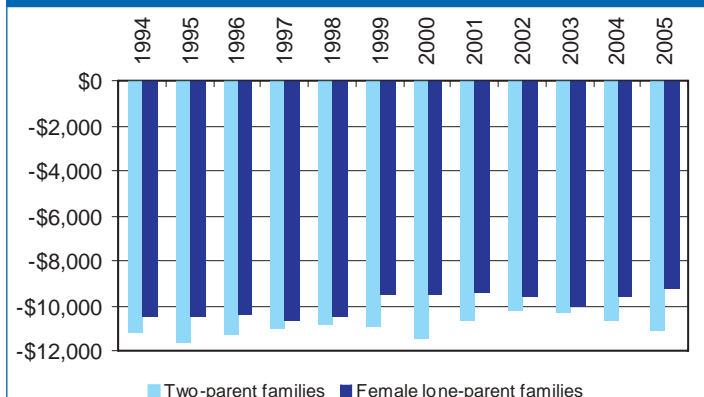
Families are still living in deep poverty.

The average low income family is living on an annual income that is \$9,000 to \$11,000 below Statistics Canada's before tax Low Income Cut-off. The average low income two parent family would need an additional \$11,100 a year to bring them up to the poverty line, and the average female lone parent low income family would need \$9,200 per year.

Why do families continue to live in deep poverty in Canada during great prosperity? Many are stuck in a poverty trap where parents cycle between social assistance and low wage work. People most often rely on welfare due to unemployment and underemployment, separation from a spouse and poor health or disability. Welfare rates in all provinces and territories remain far below the poverty line. Adjusted for inflation, many provincial welfare rates are lower now than they were in 1986.⁷

Income is so inadequate to providing the basic necessities of life that in 2007, 720,230 people in Canada used food banks, including 280,900 children. The number of children has almost doubled (86% increase) since the 1989 federal resolution to end child poverty.⁸

TABLE 3: DEPTH OF POVERTY IN CANADA 1994-2005



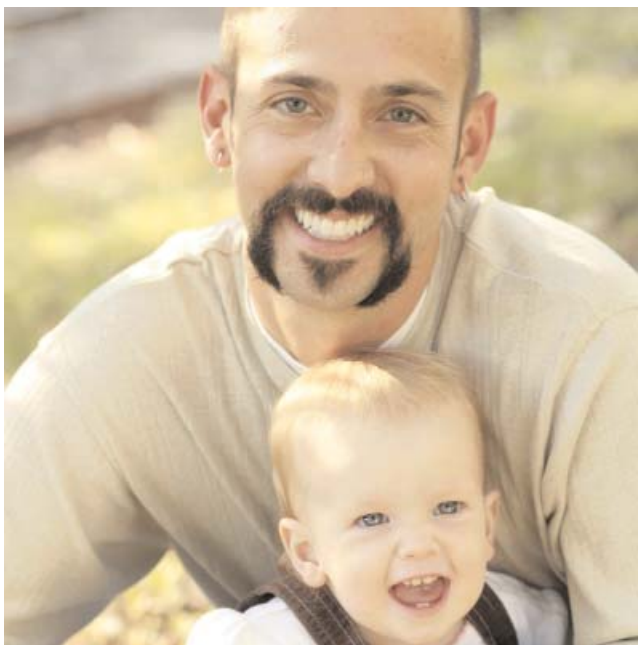
Source: Statistics Canada's *Income Trends in Canada 1980-2005*, Table 804. (using before-tax income)

More parents are working, but they're still poor. Full-time work at minimum wage is not an escape from poverty.

A growing Canadian economy has led to more access to the work force for low income parents, but they're not finding jobs with sufficient pay, hours and benefits to lift their families out of poverty.

In 2005, 41% of all low income children lived in families where at least one income earner had a full-time job all year, but the family still lived in poverty.

Government welfare programs aim to move people off social assistance and into jobs, but with low wages and poor working conditions, social assistance poverty is often replaced by labour market poverty. No matter where you live in Canada, the minimum wage does not bring a full-time, year-round minimum wage worker up to the poverty line. In 2006, 2.1 million workers across Canada - full and part-time - were low wage workers earning less than \$10/hour.⁹ Working poor parents are stuck behind a "low wage wall" in poorly paid jobs with few, if any, benefits or opportunities for education, training and advancement. Almost 2 out of every 5 jobs - 37% - are considered "precarious", that is part-time, temporary, contract or self-employed.¹⁰ These jobs are unlikely to provide families with health and dental benefits or pensions. Well-paid manufacturing jobs are being lost while the number of temp agencies has grown from 1,300 in the early 1990s to over 4,200 in 2004.¹¹



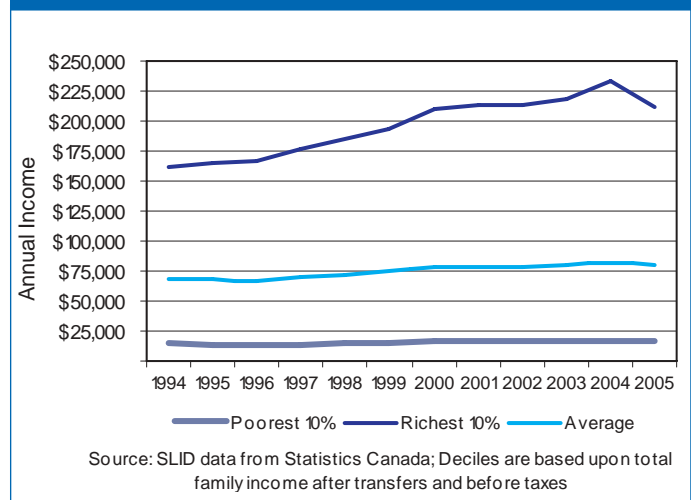
Canadians believe increasing the minimum wage is part of the answer.

A recent Environics poll found that 88% of Canadians believe that increasing the minimum wage to raise people in full time minimum wage jobs out of poverty is an effective way to reduce the gap between rich and poor.¹² A key component of a poverty reduction strategy is to assure every parent working full time, full year a living standard out of poverty by increasing the minimum wage to \$10/hour (2007 dollars) with annual indexation to reflect the cost of living. In addition, increasing federal work tax credits to \$200/month can help bring earnings up to the poverty line for parents who are not able to get (or take on) full time work year-round.

The economy is growing, but prosperity doesn't benefit everyone equally.

Average incomes for the poorest 10% of Canadian families with children have increased over the past 10 years by \$2,576 or 18%. In contrast, the richest 10% of families with children saw average income increases of \$50,115 or 31% between 1994-2005.

TABLE 4: AVERAGE INCOMES FOR FAMILIES WITH CHILDREN UNDER 18 IN CANADA, 1994-2005 (in constant 2005 \$)



For every \$1 earned by the poorest 10% of families with children, the richest 10% earned \$12.57 in 2005. The benefits of a strong Canadian economy have not been evenly distributed among Canadian families. The federal government should invest a portion of the budget surplus in a poverty reduction strategy that helps reduce inequality, instead of implementing tax cuts that disproportionately benefit the wealthiest Canadians.

More than half the First Nations population is under 23. And child poverty is a formidable barrier.

The First Nations population of Canada is young and growing. The birthrate among First Nations families hugely outstripped that of the non-Aboriginal community over the last decade. The percentage of Canadian children who are Aboriginal varies from a low of 2% in some eastern provinces, to roughly a quarter of all children in Manitoba and Saskatchewan, a third in the Yukon, two-thirds in NWT and ninety-five percent in Nunavut. The data paints a picture in need of action:

- 41% of Aboriginal children under 14 were living in poverty nationally in 2001, rising to 51% in Manitoba and 52% in Saskatchewan
- 35% of Aboriginal children were being raised by a lone parent in 2001, rising to 46% in large cities
- one in four Aboriginal lone mothers reported incomes below \$10,000 per year
- nationally 19% of Aboriginal multiple-family households live in core-housing need, as do 47% of Aboriginal lone parents.¹³

From poverty to child welfare ward: the cycle needs to be broken.

Aboriginal children are drastically over-represented in the child welfare system with more Aboriginal children in the care of the child welfare authorities than at any other time in our history. A one-day snapshot of the national justice system conducted in 2004 revealed that structural barriers faced by Aboriginal children and youth create a cycle of poverty, removal from their family into care, dropping out of school, followed by a high risk of arrest and incarceration.¹⁴

While the First Nations population grows, the federal government cap on budget increases for services to First Nations communities remains at 2% and for health expenditures at 3%.¹⁵ Campaign 2000 joins the Assembly of First Nations and the National Council of Welfare in calling for comprehensive strategies that are interconnected and holistic:

- remove the (INAC) budget caps, fund real costs
- meet the basic needs of every Aboriginal child and youth for food, clothing, clean drinking water, safe housing, early learning and child care
- increase funding to successful community-run programs for Aboriginal children and youth
- build fair sustainable governance frameworks that render the *Indian Act* null and void.¹⁶

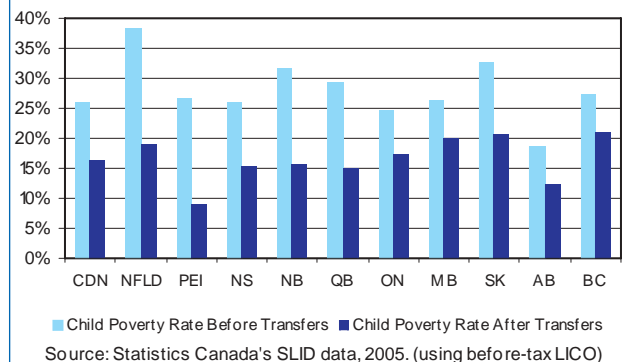
Government programs make a difference.

Government programs such as the GST credit, the Canada Child Tax Benefit, and Employment Insurance play an important role in preventing child and family poverty. In 2005, for example, the child poverty rate would have been a third higher without public investments.¹⁷ Effective poverty reduction requires additional investment.

The Canada Child Tax Benefit (CCTB) is expected to provide a basic living income for children under 18. To achieve this requires an increase in the child benefit to \$5,100 (2007 dollars) for each child in low income families.¹⁸ Currently the CCTB has reached its maximum scheduled amount of \$3,240/year for a first child and no further increases are scheduled by the federal government.

Employment Insurance was intended to protect workers from falling into poverty during periods of unemployment yet it now covers only 40% of unemployed Canadians at rates that are only 40% of average income.¹⁹ Access to Employment Insurance should be restored with a 360 hour qualifying requirement, benefit levels based on the best 12 weeks of earnings, and increased benefit rates to 60% of average earnings.

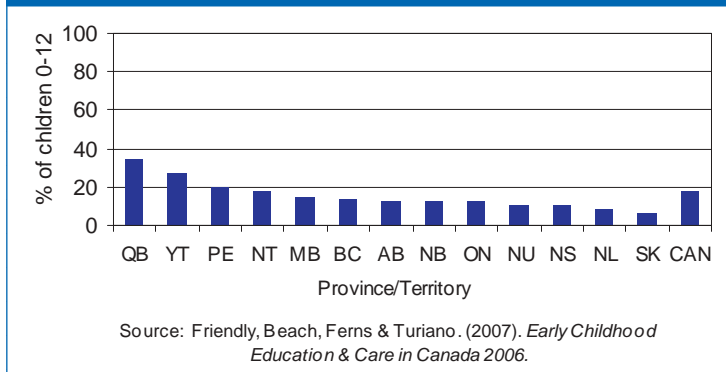
TABLE 5: IMPACT OF INCOME TRANSFERS ON CHILD POVERTY, CANADA & PROVINCES, 2005



Child care is a critical element of poverty reduction.

Access to affordable, high quality early learning and child care programs promote children's well being while enabling their parents to work or receive training. A universally accessible system of early learning and child care services is a critical element in a comprehensive poverty reduction strategy. The federal government must continue to play a role to ensure a national universal system is put in place.

TABLE 6: PERCENTAGE OF CHILDREN 0-12 BY PROVINCE/TERRITORY FOR WHOM THERE IS A REGULATED CHILD CARE SPACE, 2006



In 2006 there were only enough regulated child care spaces for 17.2% of children aged 0-12 in Canada - about 1 in 6 children. Almost 45% of these spaces are in Quebec, the only province with a universal type of child care program.²⁰ The cancellation of federal funding agreements in 2007 has slowed the expansion of child care spaces in many provinces. It is reported that parent fees can range up to \$12,000 a year. Out of 14 OECD countries, Canada spends the least amount per capita on early learning and child care programs. Canadian families continue to need a system of child care that is high-quality, publicly funded and accessible to all.

When housing is affordable, income can stretch far enough for food, clothing, school supplies and transportation.

About 1.5 million Canadians live in housing that is either not affordable, over-crowded, substandard, or all three.²¹ Although there is no reliable reporting on how many people in Canada experience a period of homelessness each year, a recent estimate put the figure at 250,000.²² In Toronto alone, between 3500 and 7000 children have experienced a period of homelessness every year since 1990.²³

This fall, Canada received a sharp reprimand from the United Nations Special Rapporteur on the Right to Adequate Housing, Miloon Kothari, who investigated our nationwide housing crisis. "Everything I witnessed on this mission confirms the deep and devastating impact of this national crisis on the lives of women, youth, children and men," Mr. Kothari reported. "Canada is one of the richest countries in the world, which makes the prevalence of this crisis all the more striking." Mr. Kothari also called for a "comprehensive and properly-funded poverty reduction strategy."²⁴

Federal spending as a percentage of GDP dropped from 20% in 1991 to just over 13% in 2007 which reduced funds available for social programs.²⁵ Our social housing program, which once created more than half a million homes, no longer exists. Canada has fallen behind most countries in the OECD in investment in affordable housing.

To bring children out of poverty and protect existing affordable housing units, Canada needs, at minimum:

- a comprehensive national housing strategy, with specific initiatives for women, Aboriginal families, youth, families from racialized communities and immigrant families, coordinated with the provinces and territories
- large-scale building of social housing units
- immediate extension of the federal government's affordable housing and housing renovation programs beyond the end of fiscal 2008
- reverse the erosion of subsidies for housing co-operatives that support rent-geared to income units.



Notes:

1. Latest available child poverty data is for 2005. Data prepared by Canadian Council on Social Development (CCSD) using the Survey of Labour and Income Dynamics (SLID) masterfile data (1993-2005), via remote access and by SPARC BC using Statistics Canada's *Income Trends in Canada*. These Statistics Canada sources exclude those on First Nations reserves, in the Yukon, Northwest Territories, and Nunavut, and children living in institutions. A child is defined as a person under age 18 living with parent(s) or guardian(s). Poor children are those living below the Low Income Cut-Off (LICO) as defined by Statistics Canada. LICOs vary by family size and community size. For example, the after tax LICO for a lone parent with one child in a large urban centre (population over 500,000) was \$20,956 in 2005.
2. Canadian Research Institute for the Advancement of Women. (2005). *"Women and Poverty"*. Ottawa: CRIAW. After tax data indicates 33% of female lone parent families live in poverty.
3. Picot, G., Hou, F., Coulombe, S. (Jan. 2007). *Chronic Low Income and Low Income Dynamics Among Recent Immigrants*. Ottawa: Statistics Canada.
4. "Racialized persons" refers to people who face systemic discrimination based on socially constructed concepts of race and includes those born in Canada as well as newcomers.
5. Teelucksingh, Cheryl and Grace Edward Galabuzi. (May 2005). *Working Precariously: the impact of race and immigrant status on employment opportunities and outcomes in Canada*. Toronto: Canadian Race Relations Foundation.
6. Human Resources Development Canada. (2003). *Disability in Canada: A 2001 Profile*. Ottawa: Human Resources Development Canada.
7. National Council of Welfare. (August 2006). *Welfare Incomes 2005*. Ottawa: NCW.
8. Canadian Association of Food Banks. (2007). *Hunger Count 2007*. Toronto: CAFB.
9. Data prepared by CUPE from Statistics Canada Labour Force Historical Review 2006. SC# 71F0004XCB.
10. Saunders, Ron. (2003). *Defining Vulnerability in the Labour Market*. Ottawa: Canadian Policy Research Networks.
11. Workers Action Centre. (2007). *Working on the Edge*. Toronto: Workers Action Centre.
12. Hennessy, Trish. (March 2007). *What Can Governments Do About Canada's Growing Gap?* Toronto: Canadian Centre for Policy Alternatives.
13. National Council of Welfare. (Fall 2007) *First Nations, Métis and Inuit Children and Youth: Time To Act*, Volume 127. Ottawa: NCW.
14. National Council of Welfare. (Fall 2007). *First Nations, Métis and Inuit Children and Youth*
15. Assembly of First Nations. (September 2007). *From Poverty to Prosperity: Opportunities to Invest in First Nations*, Assembly of First Nations Pre-budget Submission, Ottawa: AFN.
16. National Council of Welfare. (Fall 2007) *First Nations, Métis and Inuit Children and Youth*
17. Without government transfers, 26.1% of low income children would have been living below the LICO Before Tax in 2005, compared to 16.2% after government transfers (according to SLID 2005 data).
18. It will be necessary to incorporate the federal Universal Child Care Benefit and provincial child benefit measures into the development of a full child benefit of \$5,100 (\$2007).
19. National Council of Welfare. (November 2006). *Brief to the Standing Committee on Human Resources, Social Development, and the Status of People with Disabilities concerning Factors Aggravating Poverty*. Ottawa: NCW.
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21. Shapcott, Michael. (2007) *Ten things you should know about housing and homelessness*. Toronto: Wellesley Institute.
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24. Kothari, Miloon. (Oct. 2007). Remarks of the United Nations Special Rapporteur on Adequate Housing: Mission to Canada. Ottawa.
25. Shapcott, Michael. *Ten things you should know about housing*
26. Hennessy, Trish. *What Can Governments Do*

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Campaign 2000 is a non-partisan, cross-Canada coalition of over 120 national, provincial and community organizations committed to working together to end child and family poverty in Canada. For a complete list of our partner organizations, please visit www.campaign2000.ca

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Campaign 2000 urges all federal parties to set *minimum* targets of a 25% reduction in child poverty rate over the next five years, and a 50% reduction over 10 years. This would lift about 400,000 children out of poverty and put Canada well on the path to eradicating child poverty.

Time for a National Poverty Reduction Strategy

Almost all Canadians think that action by government can reduce poverty in Canada. In a recent poll 85% of Canadians said that if government took concrete action, poverty in Canada could be reduced.²⁶ We agree. That's why it's time for a clear, national poverty reduction strategy with targets and timetables.

Our nation can afford to include everyone in prosperity. It's not acceptable that 18 years after deciding to end child poverty, there has been no improvement. It's time to set some achievable targets and meet them.

Currently 41% of all children in poverty live in families where at least one parent works full-time, all year. Economic growth has not provided a way out of poverty. **The cornerstone of a national poverty reduction strategy is to assure every parent working full-time, year-round a living standard beyond poverty.** The federal government can make that happen with these initiatives:

- Increase the National Child Benefit Supplement to create a full child benefit for low income families of \$5,100 per child per year
- Increase federal work tax credits to \$2,400 per year
- Establish a federal minimum wage of \$10 per hour (in 2007 dollars)
- Restore broad eligibility for Employment Insurance
- Invest major federal funding in social housing
- Invest major federal funding in early learning and child care
- Establish a basic income system for persons with disabilities
- Adopt specific poverty reduction targets, timelines, indicators for Aboriginal families with intergovernmental coordination and accountability to First Nations on results.



All federal savings from lower debt charges should be invested in poverty reduction until the targets are met. **Let's not just get out of debt, let's get out of poverty.**

Poverty Reduction is a growing strategy. Two provinces have adopted strategies, and two more - Ontario and Nova Scotia are working on them. It can also work municipally. From Toronto - Canada's biggest urban centre - to smaller centres, active citizens are pushing municipal governments to adopt measures to reduce poverty where they live. For more information visit www.campaign2000.ca and read *Summoned to Stewardship: Make Poverty Reduction A Collective Legacy*, (September 2007).

To send the federal government the message that Canada needs a national poverty reduction strategy now, go to www.campaign2000.ca and join the growing list of supporters.