

Child and Family Poverty

Saskatchewan Profile 2008

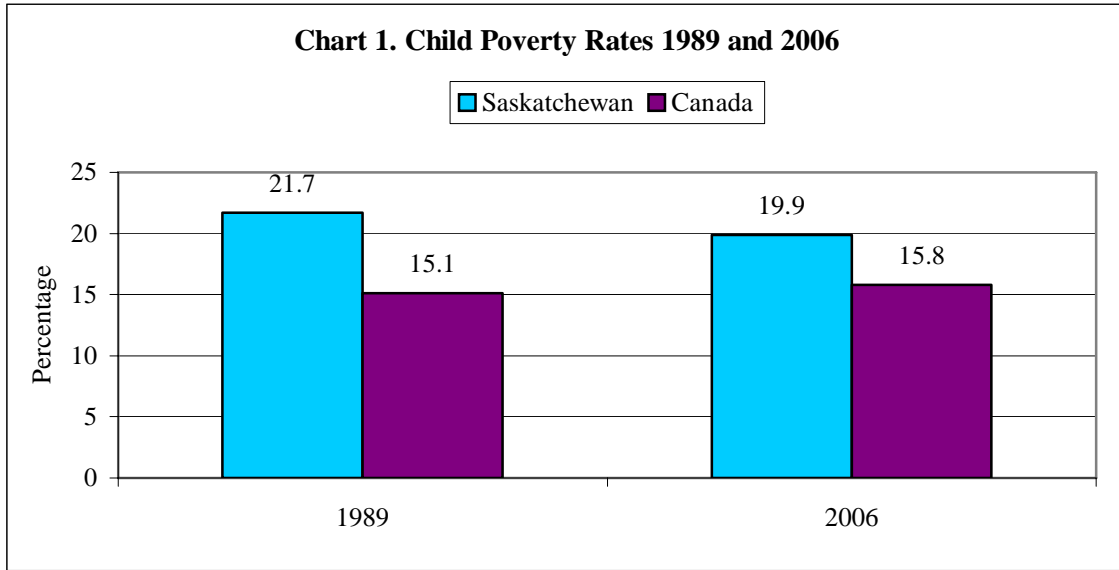
Summary

- 19.9% of Saskatchewan's children under 18 years of age live in families with incomes below the low-income cut-off line (LICO).¹
- Saskatchewan's child poverty rate is the second highest in the country, following only British Columbia's.
- Nearly half (47.5%) of the children living in female lone-parent families are poor, four times the prevalence of poverty among children of two-parent families.
- The average depth of poverty, measured in constant dollars, for children living in two-parent families has almost doubled since 2002; these families required \$12,600 in additional income to bring them up to the LICO in 2006.
- 29.8% of poor children live in families in which at least one family member works full time and full year.
- Income inequality widens the rich/poor gap regardless of labour market activity.
- Government transfers prevent slightly more than one of seven (13.5%) children from poverty.

Little Change in Child Poverty Rates

In 1989, when the Canadian House of Commons resolved to end child poverty by the year 2000, the child poverty rate was 15.1% in Canada and 21.7% in Saskatchewan (Chart 1). Seventeen years later, in 2006, the national child poverty rate had increased slightly to 15.8% (1,063,000 children), while the provincial rate showed a small decline, to 19.9% (42,000 children). Despite government resolve, little has changed for poor children. Nearly one in every five Saskatchewan children lives in a family with an income below the LICO.

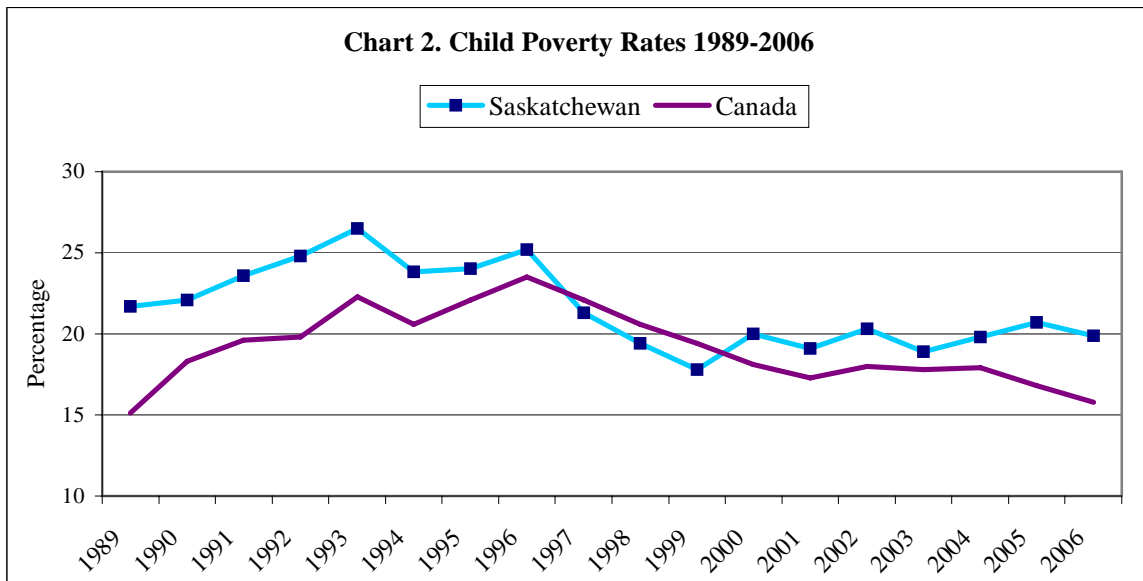
¹ Based on the latest (2006) available Statistics Canada's data and using the Low Income Cut-off (LICO) before-tax indicator. LICOs identify the income level at which families spend more than 20% than average to meet basic living costs of food, shelter and clothing, adjusted for family and community size. The Canadian Council on Social Development (CCSD), the Social Planning and Research Council of BC (SPARC) and the Canadian Centre for Policy Alternatives (CCPA) provided some data for use by Campaign 2000 provincial partners. Children are those under 18 years of age living with parents or guardians, excluding First Nations children on reserves and children living in institutions.



Source: Statistics Canada - *Income Trends In Canada 1976-2006*, Table 802.

Child Poverty Rate above the National Average

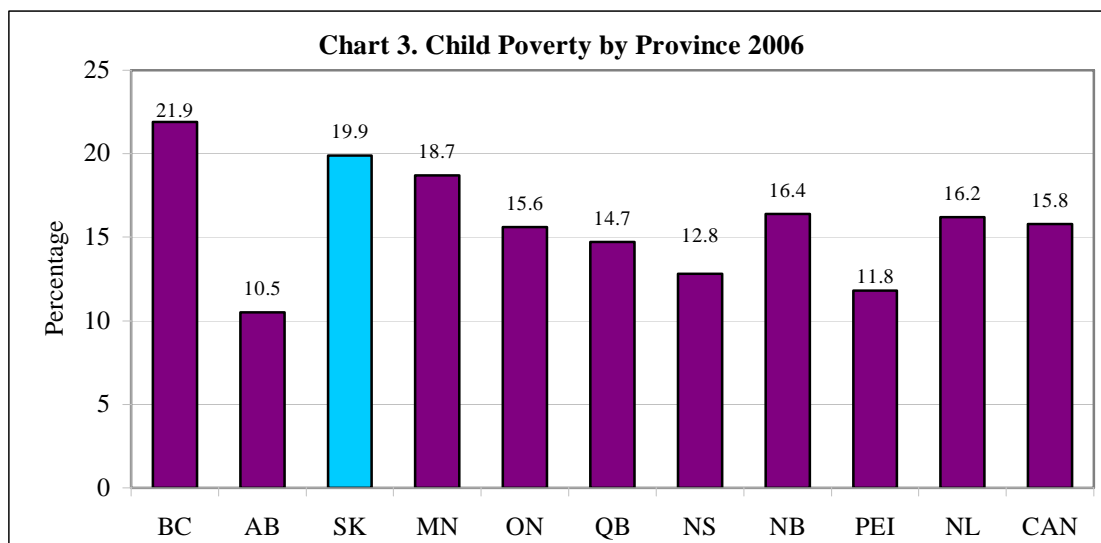
Saskatchewan has almost continuously experienced a higher prevalence of child poverty than the rest of Canada. In fact, 1997, 1998 and 1999 were the only years when the provincial child poverty rate fell below the national average (Chart 2). The lowest child poverty rate occurred in 1999 when it stood at 17.8%, slightly less than the national level of 19.3% for that year. Notwithstanding short-term fluctuations over the years, child poverty is long term and persistent.



Source: Statistics Canada - *Income Trends In Canada 1976-2006*, Table 802.

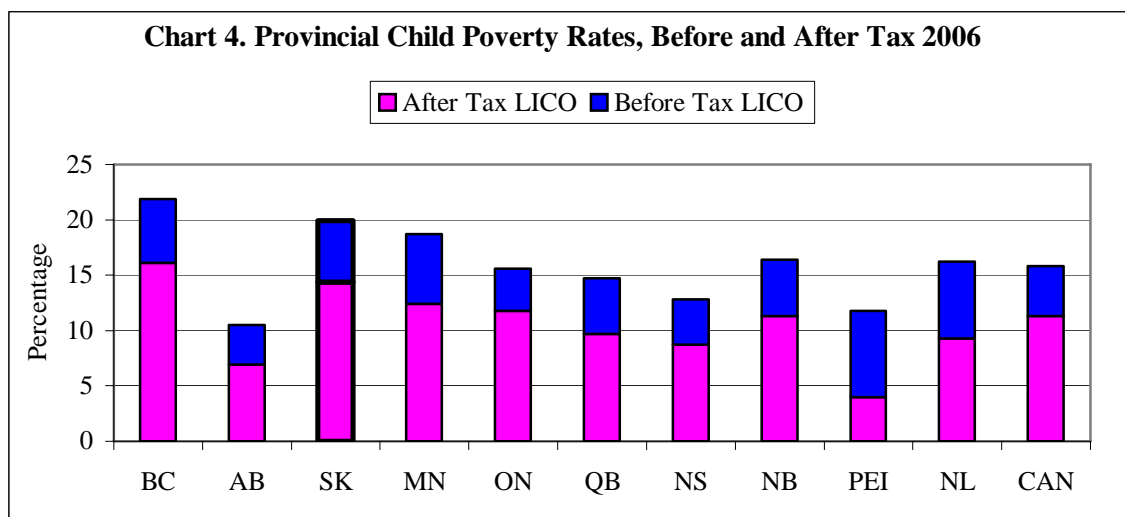
Second Highest Child Poverty Rate of all Provinces

A comparison of child poverty rates across the provinces shows that Saskatchewan has the second highest incidence at 19.9%, following British Columbia at 21.9% (Chart 3).



Source: Statistics Canada - *Income Trends In Canada 1976-2006*, Table 802.

Even if we use the after-tax LICO measure² as a basis for calculating child poverty rates, Saskatchewan still has the second highest rate in the country at 14.4% (Chart 4). Despite the small 0.8% decrease in the before-tax LICO child poverty rate between 2005 and 2006, the after-tax LICO child poverty rate increased by 1.5% (from 12.9% to 14.4%) in that time, providing conflicting evidence regarding any improvement for poor children in Saskatchewan.



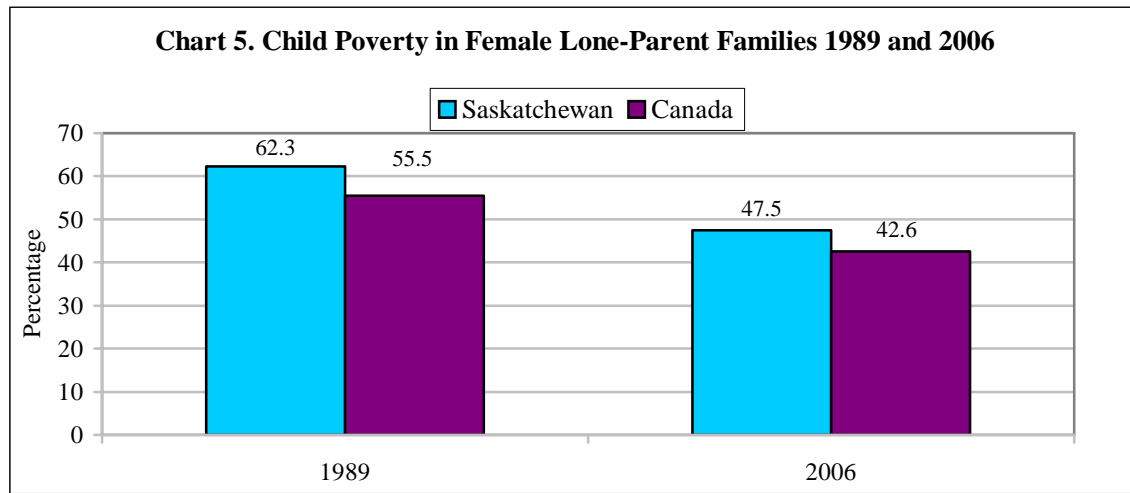
Source: Statistics Canada - *Income Trends In Canada 1976-2006*, Table 802.

Almost Half of the Children in Female Lone-parent Families are Poor

Most of Saskatchewan’s poor children live with only one parent or one wage earner. Since 1989, child poverty in female lone-parent families has declined somewhat in both Saskatchewan and Canada. Nonetheless, more than two of five Canadian children (42.6%) and nearly half of

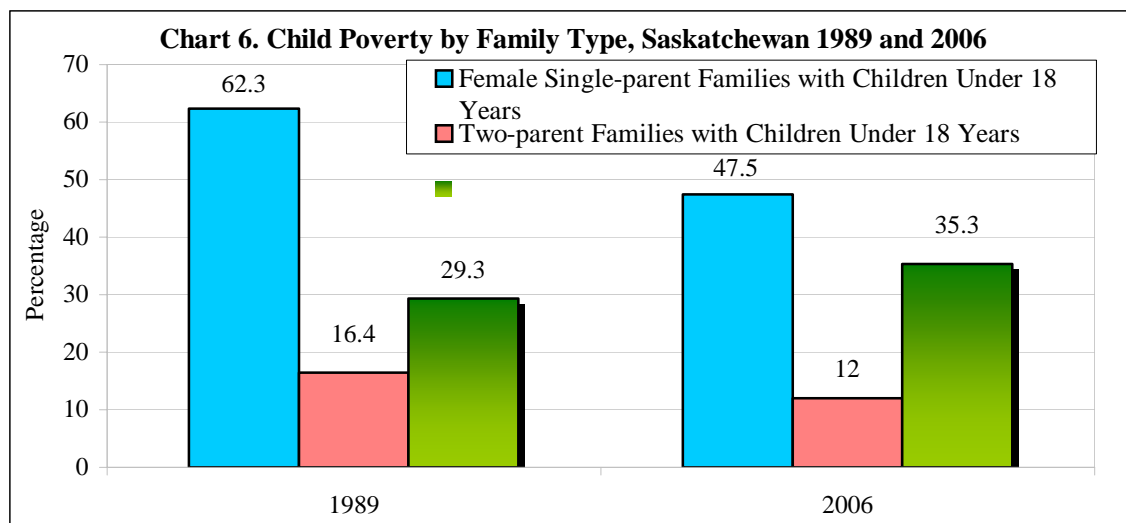
² The after-tax measure, favoured by the federal government, typically provides lower poverty rates than before-tax LICOs. The before-tax rate indicates poverty according to market income and transfers outside the personal taxation system, while the after-tax rate includes the effects of the income tax system.

Saskatchewan's children (47.5%) living in this family type are poor (Chart 5). Moreover, poverty in female lone-parent families is proportionally greater in Saskatchewan than in the rest of Canada.



Source: Statistics Canada - *Income Trends In Canada 1976-2006*, Table 802.

The child poverty rate in Saskatchewan's two-parent families also shows some improvement, falling from 16% in 1989 to 12% in 2006. Chart 6 compares poverty rates by family type and illustrates the degree of this improvement. Of note is the increased poverty for children living in "other" economic families, such as foster families or skip generations (i.e., children who live with one or both grandparents where no parent or middle generation is present). The much smaller frequency of these other family types (~2% of all families), however, renders any conclusions unreliable.

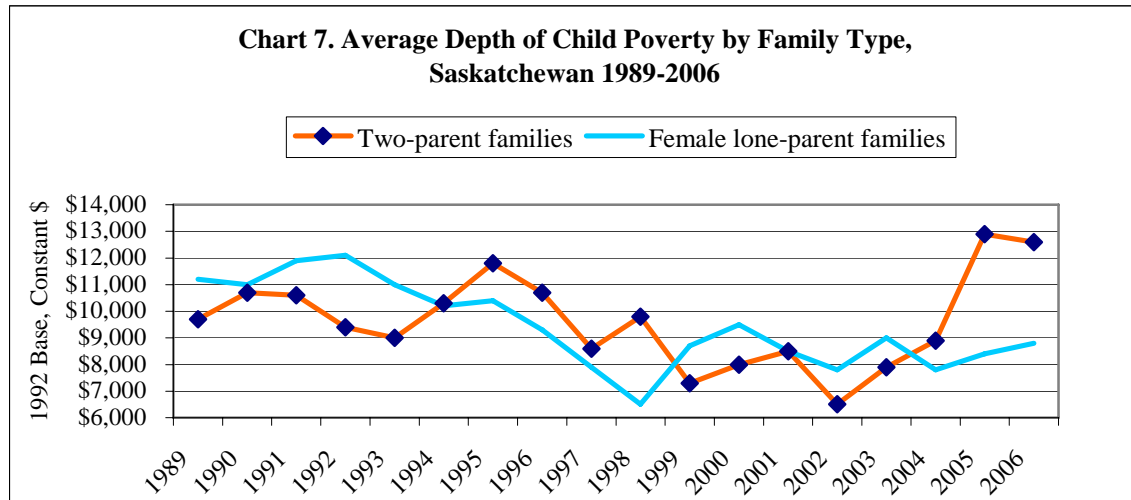


Source: Statistics Canada - *Income Trends In Canada 1976-2006*, Table 802.

Children in Two-parent Families are Getting Poorer

Child poverty rates offer insight into the number of children living below the LICO. The *depth* of poverty, on the other hand, represents the severity of poverty and measures how far a family with children lives below the LICO.

The average poverty gap for female lone-parents with children under 18 years has generally decreased since 1989 (Chart 7). In that year, this family type required an average of \$11,200 in additional income to reach the poverty line. By 2006, the amount had fallen to \$8,800 (in constant dollars). Meanwhile, the average gap for two-parent households with children under 18 years has grown substantially in recent years, despite improvements in the poverty rate. While there may now be relatively fewer poor children in two-parent families, those who are poor suffer greater deprivation than before.



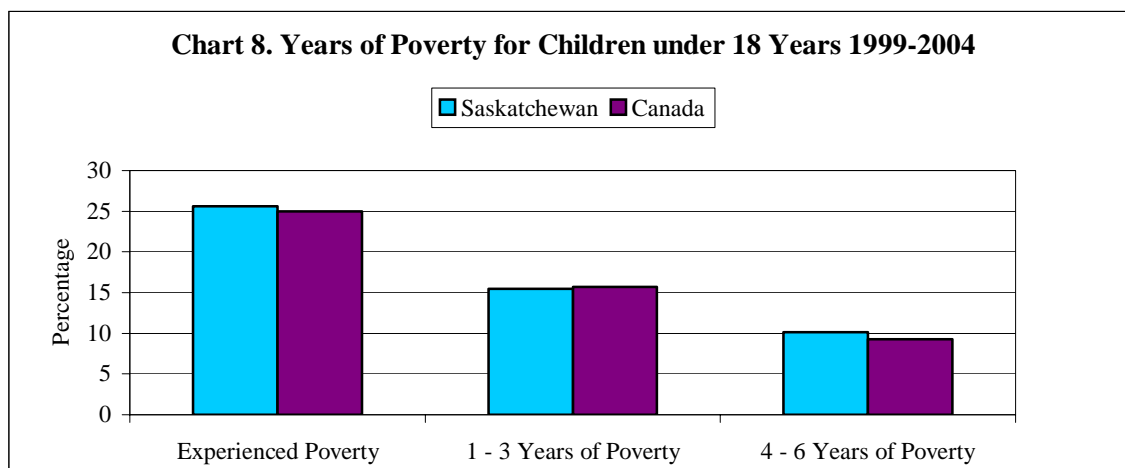
Source: Statistics Canada - *Income Trends In Canada 1976-2006*, Table 804.

In 2006, two-parent households with children required \$12,600 (in constant dollars) to close the poverty gap and bring them up to the LICO. This is slightly less than in 2005 when the poverty gap for this family type was \$12,900, but a significant increase from 2004 when \$8,900 was required to close the poverty gap. It is also more than the 1989 level of \$9,700 and almost double the lowest level of \$6,500 in 2002.

One in Ten Children Endures Long-term Poverty

The longer the duration of poverty, the greater is the risk to personal and social development. Between 1999 and 2004, more than one-quarter of all children under 18 years experienced poverty (Chart 8). While almost 16% of these children experienced similar short-term (1-3 years) poverty, those in Saskatchewan (10.1%) were more likely to endure longer-term poverty (4-6 years) than their counterparts across Canada (9.3%).³ Short-term poverty has deleterious effects on children, families and communities, but longer-term poverty can be even more harmful.

³ Duration in poverty is based on the most recent Statistics Canada data, gathered between 1999 and 2004. Updated durational data is expected in 2009.

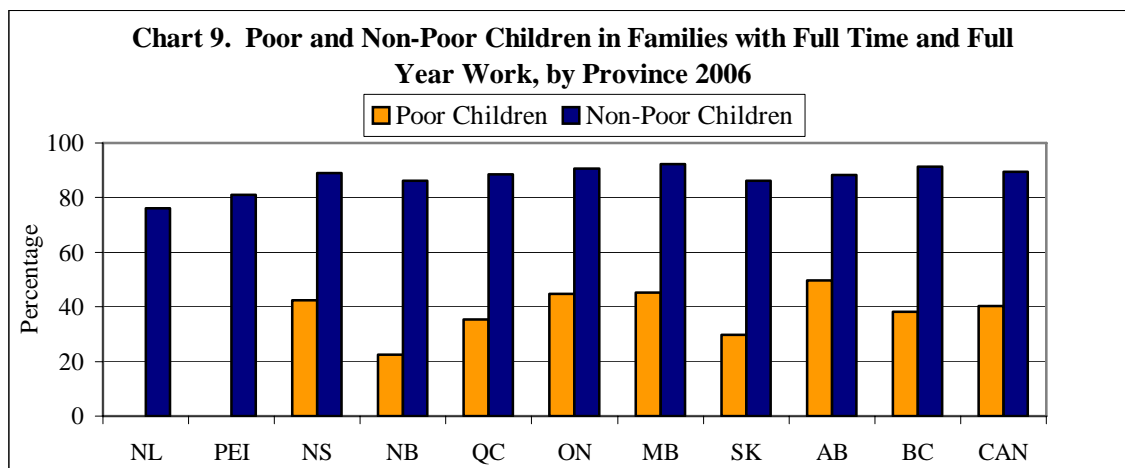


Source: Statistics Canada - *Income Trends In Canada 1976-2006*, Table 807.

Labour Market Involvement No Guarantee

Poor families do work but their labour market involvement does not necessarily alleviate poverty. Nearly one-third (29.8%) of Saskatchewan's poor children live in families in which at least one family member works full time and full year. Across Canada, 40.2% of poor children live in families where at least one person is employed full time and full year (Chart 9).

In 2006, a single parent with one child residing in Regina and working full time would have to earn \$10.93 per hour (or \$22,728 per year) to reach the poverty line. With two children, the value increases to \$13.43 per hour (\$27,941 annually). In March 2006, Saskatchewan's minimum wage was \$7.55 per hour. This amounts to 69% of the wage required for a lone parent raising one child to reach the poverty line. Low wages in most entry-level jobs, often occupied by young parents, contribute to Saskatchewan's high rate of child poverty.



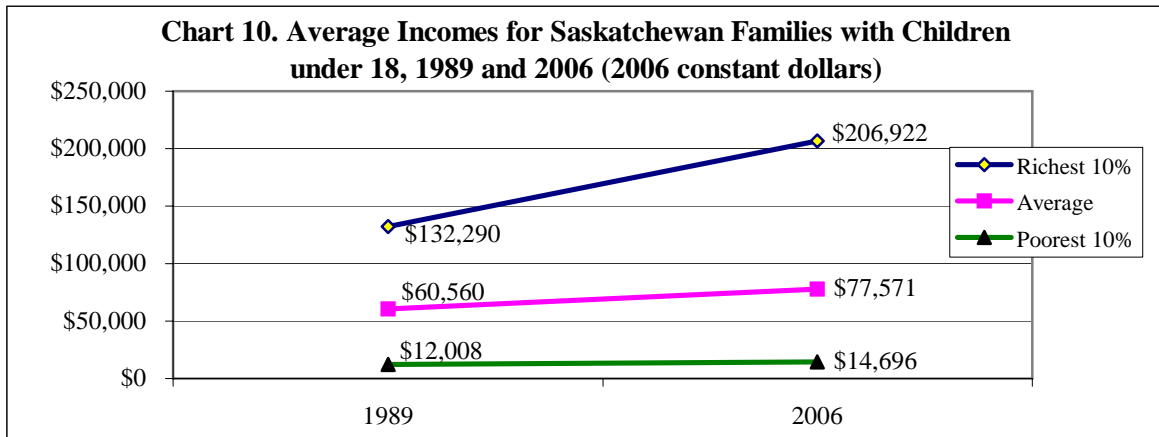
Source: Canadian Centre for Policy Alternatives (CCPA), based on Statistics Canada *Survey of Labour and Income Dynamics* (SLID, 2006) custom tabulations.

Note: Data unavailable for Newfoundland/Labrador and Prince Edward Island.

Widening Disparity between Poor and Rich

Saskatchewan's recent prosperity, generated largely from the extraction and export of its natural resources, has not benefited all of the people. Chart 10 illustrates the income disparity, as well as the ever-widening income gap, between the richest and poorest families with children under 18 years. The poorest 10% of Saskatchewan's families had an average income of \$14,696 in 2006; the richest 10% had an average income of \$206,922. In other words, for every \$1.00 in the hands of very poor families, the very rich have \$14.08

In 1989, the difference between the average income of the poorest and the richest was \$120,282 (in 2006 dollars). By 2006, the difference was \$192,226 in constant dollars. Put another way, between 1989 and 2006, the average annual income of Saskatchewan's poorest families with children under 18 grew by 22.4%, while the income of the richest families with children under 18 increased by 56.4%.

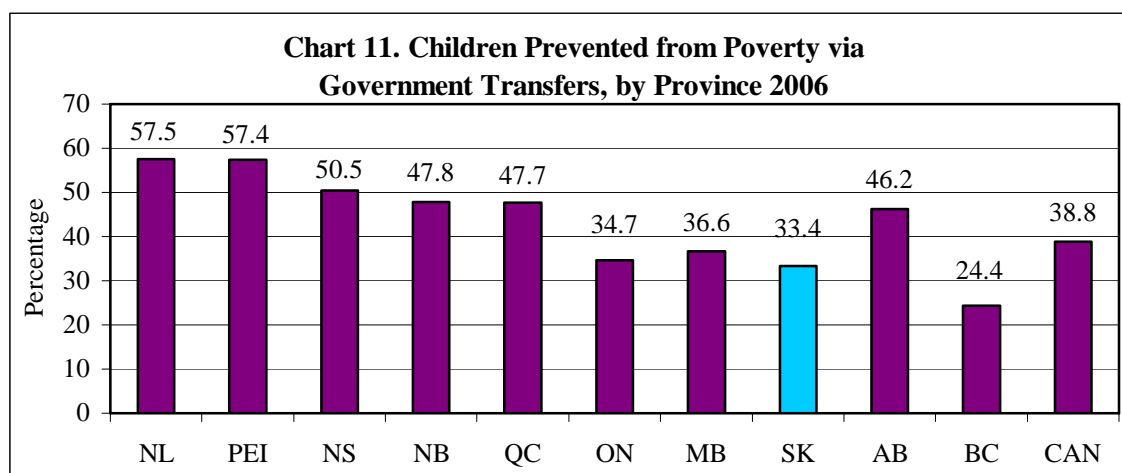


Source: Canadian Centre for Policy Alternatives (CCPA), based on Statistics Canada *Survey of Labour and Income Dynamics* (SLID, 2006). Custom tabulations: total family income (market income plus all transfers), average by decile.

Poor Children Benefit from Government Transfers

Child poverty would be more severe without government transfers such as Employment Insurance payments, the Canada Child Tax Benefit, the Goods and Services Tax credit and welfare payments. Without these kinds of cash benefits, 33.4% of Saskatchewan's children would have fallen below the poverty line (Chart 11). With government transfers, 13.5% of the province's children were prevented from poverty, leaving 19.9% living in poverty. The impact of government transfers is quite clear; however, it must also be recognized that some of these 13.5% of children benefited very little as their family income moved from just below to just above the poverty line.

The impact of government transfers on child poverty levels is most notable in eastern Canada, particularly in the Atlantic provinces with the lowest average incomes in Canada. Of the three western provinces, government transfers provided the most help to the province of Alberta, preventing 46.2% of its children from poverty. This includes the one-time \$400 payment (from resource revenues) that the Alberta government extended to each of its residents, including children, in 2006.



Source: Canadian Council on Social Development (CCSD), based on Statistics Canada *Survey of Labour and Income Dynamics*, Master file. (SLID, 2006).

Conclusion

Saskatchewan consistently carries the dubious distinction of having one of the highest child poverty rates in the country. Almost 20% of the province's children under 18 years live in families with incomes below the LICO. To put this in some perspective, it is estimated that 10% of children in developed countries live below the poverty line.⁴ Saskatchewan's child poverty rate would be even higher if we were to account for children in First Nations communities, where one in four (28%) lives in poverty.⁵ Also of concern is an alarming increase in the average depth of poverty experienced by two-parent households with children under 18 years. In 2006, these families required nearly twice as much in additional income as they did in 2002 to bring them up to the poverty line.

Poor families rely on government transfers such as employment insurance and family benefits as a significant source of income. Yet, according to the Organization for Economic Co-operation and Development (OECD), Canada spends less on cash benefits than other OECD countries. Partly as a result, income inequality in this country has increased dramatically since the 1990s.⁶ The trend is evident in Saskatchewan where, in 1989, the richest 10% of the population with children under 18 years had, on average, ten times the total income of the poorest 10% and over 14 times that of the poorest by 2006. Reducing taxes across the board and scaling back government transfers for low-income earners while promoting labour force attachment in their stead, do not seem to help prevent poverty; 30% of the poor with children in Saskatchewan and 40% of their counterparts in Canada hold jobs.

Clearly, there is much more to do in the way of increasing public investment in poor families. In particular, government leaders are being called upon to meet their promise to prevent and end child and family poverty and to move in a direction towards equality. A recent poll conducted by

⁴ <http://www.freethechildren.com/getinvolved/geteducated/childpoverty.htm> Note: figure based on the European Union relative measure of 60% of median income.

⁵ Campaign 2000. *It takes a Nation to Raise a Generation* (November 2007).
<http://www.campaign2000.ca/rc/>

⁶ *Growing Unequal? Income Distribution and Poverty in OECD Countries* (October 2008).
http://www.oecd.org/document/53/0,3343,en_2649_33933_41460917_1_1_1_1,00.html. Country Note: Canada, p.1

the Canadian Centre for Policy Alternatives bears this out: 90% of the Canadians polled believe the time is now for strong leadership to reduce the number of poor in the country and 89% say that the Prime Minister and provincial premiers must set concrete targets and timelines to eliminate poverty and to monitor progress.⁷

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National and Provincial Partners

- Campaign 2000 - 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 partner organizations and to access the annual national and provincial child and family reports, visit www.campaign2000.ca



- Saskatoon Communities for Children www.communitiesforchildren.net or suedelanoy@communitiesforchildren.net



⁷ Hennessy, T. and A.Yalnizyan. *Ready for Leadership-Canadians' Perceptions of Poverty*. (October 2008) Toronto: CCPA.