

Oh Canada! Too Many Children in Poverty for Too Long ...



2006 Report Card on Child and Family Poverty in Canada

In 1989, the House of Commons unanimously resolved to "seek to achieve the goal of eliminating poverty among Canadian children by the year 2000." Yet, close to 1.2 million children - almost one child out of every six in Canada - still live in poverty.

Poverty is

- "... feeling ashamed when my dad can't get a job"
- "... pretending that you forgot your lunch"
- "... being teased for the way you are dressed"
- "... being afraid to tell your Mom you need gym shoes"
- "... hearing Mom and Dad fight over money"
- "... hiding your feet so the teacher won't get cross when you don't have boots"

Grade 4 & 5 children in North Bay¹



It's Time to Honour Canada's Commitment to Children

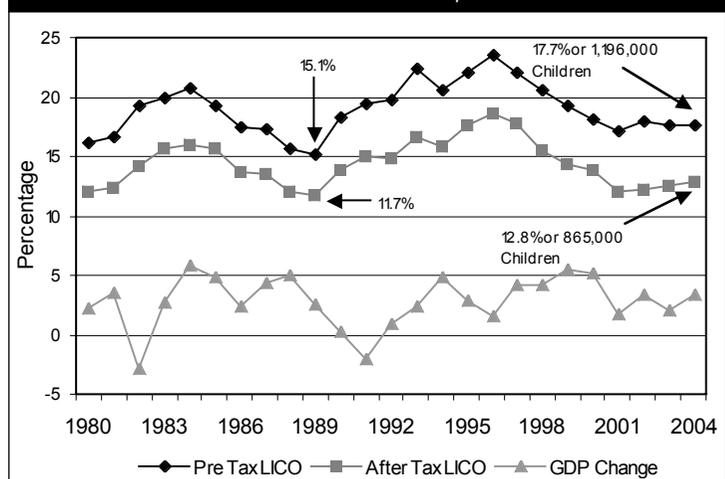
Despite continued economic growth Canada's record on child poverty is worse now than it was in 1989. There have been cyclical variations, reflecting economic recessions and recoveries, but the rate of one in six has remained tenacious. This figure does not include the shameful situation for First Nations communities where one in every four children is growing up in poverty.

Canada has failed to honour its commitments to children, including:

- the unanimous, 1989 House of Commons all-party resolution to end child poverty;
- the UNICEF World Summit for Children in 1990 which agreed on the principle of first call for children;
- the U.N. Convention on the Rights of the Child ratified by Parliament and all provincial legislatures by 1999, that recognized an adequate standard of living for children;
- the Early Learning and Child Care Agreements signed by the government of Canada and all the provinces in 2005 that laid the foundation for a universally accessible system;
- the historic agreement among First Ministers and First Nations leaders in Kelowna in 2005 that held promise for improved quality of life for First Nations, Métis and Inuit children and their families.

Some important initiatives in child benefits, early learning and child care services and affordable housing were started. Some of these have been stalled and others have been rescinded. It is time for Canada to adopt a poverty reduction strategy that will honour the commitments to children and their families.

FIGURE 1: PERCENTAGE OF CHILDREN IN LOW INCOME AND ANNUAL GDP CHANGE, 1980-2004²



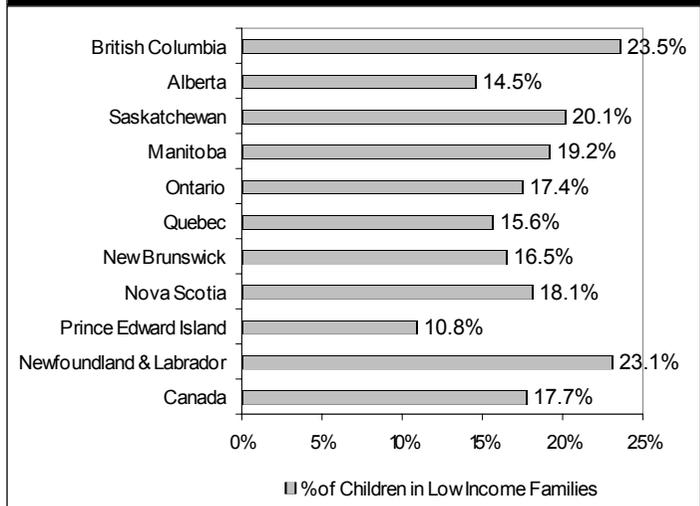
Source: Statistics Canada. *Income in Canada 2004* and *Canadian Economic Observer 2003/04* and 2006.

Child Poverty Rates Vary Across Canada

The proportion of children living in poverty differs considerably from province to province as a result of varying public policies on income security and affordable housing, different labour markets and patterns of economic growth. The common thread is that no province has yet reduced poverty to a single digit figure as UNICEF challenged Canada to do.

Quebec is the only province where child poverty rates have been consistently declining since 1997. This is likely attributable in part to a package of family support benefits implemented in 1997 including rapid expansion of affordable early learning and child care services, an expanded child benefit and enhanced parental leave. Even with a booming economy, Alberta's child poverty rate is double digit and has fluctuated between 14%-15% since 1999. Newfoundland and Labrador, with a child poverty rate of 23%, introduced a poverty reduction strategy in June 2006 with financial investments, a long term plan and commitments to measure progress. British Columbia remains the province with the highest child poverty rate at 23.5%. There are too many working poor families in BC who are unable to get jobs with sufficient pay, hours and benefits to lift them above the poverty line.

FIGURE 2: CHILD POVERTY IN CANADA AND THE PROVINCES, 2004



Source: CCSD using Statistics Canada's *Survey of Labour and Income Dynamics (SLID)* masterfile, 2004.

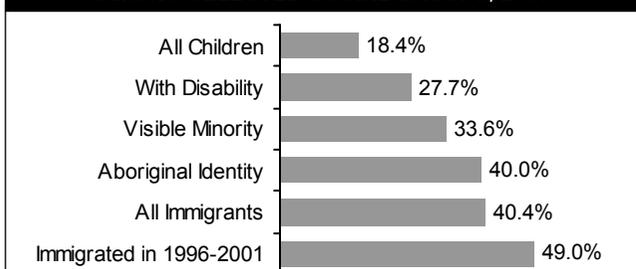
Are Some Children More Vulnerable to Poverty?

Child poverty rates are disproportionately high among vulnerable social groups. Approximately half (52%) of low income children in Canada live in female lone parent families.

According to the 2001 census, 49% of children in recent immigrant families and 34% of children in racialized families are poor. Factors behind these high rates include: an over-representation of racialized groups in low-paying jobs, market failure to recognize international work experience and credentials, and racial discrimination in employment.³ Forty percent of off-reserve Aboriginal children live in poverty. Data collected separately for First Nations communities also show a bleak picture. The child poverty rate for children with disabilities is 28%.

Within a broad poverty reduction strategy, specific policies and investments are needed to address systemic sources of disadvantage and promote greater equity in our communities.

FIGURE 3: CHILD POVERTY RATES AMONG SELECTED SOCIAL GROUPS, 2001

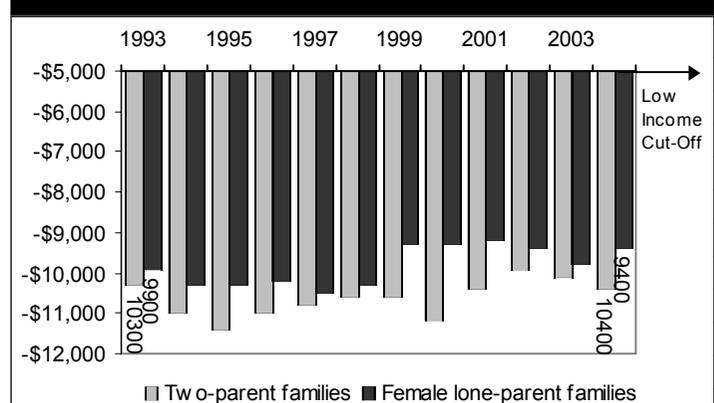


Source: Statistics Canada's *Canada Census 2001*.

How Poor is the Average Low Income Family?

The average low income family is living in deep poverty. The average two parent low income family would need an additional \$10,400/year to bring them up to the poverty line. The average female lone parent family is living \$9,400 below the poverty line. In spite of a strong economy the average low income two parent family is still living as far below the poverty line as they were 11 years ago. Female lone parent families have experienced only marginal improvement in the depth of poverty.

FIGURE 4: DEPTH OF POVERTY IN CANADA 1993-2004 (IN CONSTANT 2004 DOLLARS)

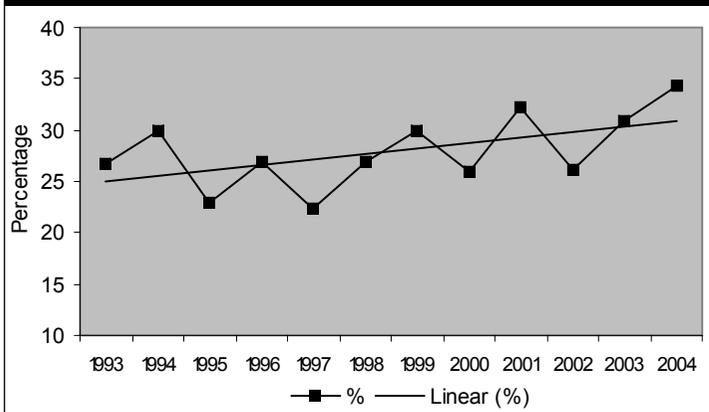


Source: Statistics Canada's *Income Trends in Canada, 1989-2004*. Table 804.

The poverty gap (the amount of money needed to bring all poor families with children up to the low income line) was approximately \$5.7 billion in 2003⁴. The GST tax cut is estimated to reduce federal tax revenues by \$5.3 billion in 2007 - an amount that could have been used to eliminate poverty among families with children⁵.

Is a Job the Best Pathway out of Poverty?

FIGURE 5: PERCENTAGE OF LOW INCOME CHILDREN IN FAMILIES WORKING FULL TIME FULL YEAR



Source: CCSD using SLID Masterfile, 1993-2004.

As Figure 5 shows, finding employment is not a guaranteed way to escape poverty. About one-third (34%) of low income children live in families where at least one parent worked full-time for the entire year. This percentage has risen from 27% in 1993.

The trend shows that despite strong economic growth and job creation, there is a steady increase in the proportion of children living in families who are working full time full year but unable to lift themselves out of poverty.

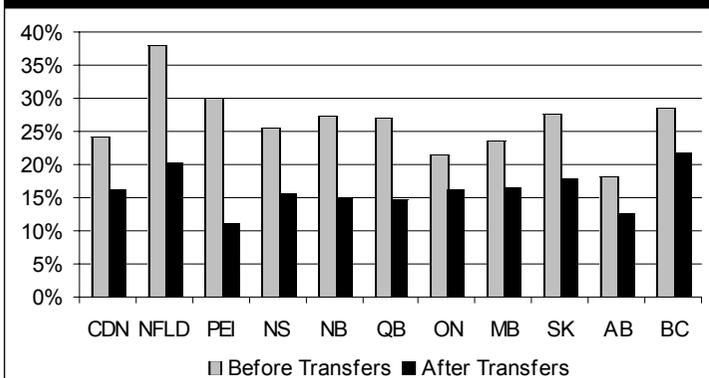
Many low income families have some employment income, yet are not working full time. Low wages, poor working conditions, and the challenge of finding full time work with benefits are key factors behind the struggle for families who are working yet in poverty. One in every four jobs in Canada pays less than \$10/hour, and two in every five jobs are precarious - part-time, temporary, contract or self-employed⁶. Research with food bank clients in Greater Toronto who are working found they were only able to get an average of 25 hours work weekly, yet most wanted more hours⁷.



Government Programs Do Help Reduce Child Poverty

Government programs like the GST credit, the Canada Child Tax Benefit, and Employment Insurance do help reduce the rate of child and family poverty. Without these public investments the poverty rate for low income families with children would have been much higher at 24% in 2004. But to significantly reduce child poverty to rates less than 5% we need to follow the model of northern European countries with strong government investments in social programs and good jobs at living wages. Families with jobs at the lower end of the labour market cannot earn enough to meet the costs of raising a family in decency and dignity.

FIGURE 6: IMPACT OF INCOME TRANSFERS ON FAMILY POVERTY, CANADA & PROVINCES, 2004



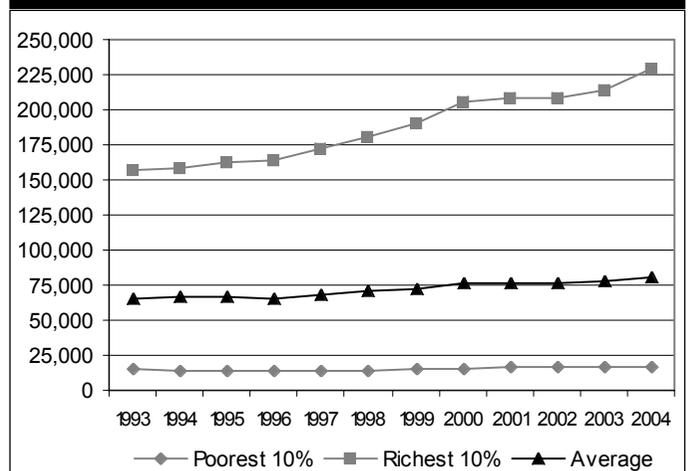
Source: CCSD using Statistics Canada's SLID Masterfile, 2004.

Is the Gap between Poor Families and Rich Families Widening?

Average incomes for the poorest 10% of Canadian families with children have increased slightly over the past 11 years by \$1,184 or 18%. In contrast, the richest 10% of families with children saw average income increases of \$71,559 or 46% between 1993 and 2004.

The gap between the incomes of low income families and well-off families has continued to widen. For every \$1 earned by the poorest 10% of families with children, the richest 10% earned \$14 in 2004. Clearly the benefits of a strong Canadian economy have not been evenly distributed among Canadian families and income inequality is growing.

FIGURE 7: AVERAGE INCOMES FOR FAMILIES WITH CHILDREN IN CANADA, 1993-2004 (IN CONSTANT 2004 DOLLARS)



Source: CCSD using Statistics Canada's SLID masterfile (1993-2004). Deciles are based upon total family income after transfers and before taxes.

Early Learning and Child Care: Still Struggling for a Universal System

Early learning and child care (ELCC) programs support the development of children across the economic spectrum and improve children's chances for good health and academic success while supporting parents. Campaign 2000 continues to call for a universally accessible system of early learning and child care services (ELCC) as one of the key pathways out of poverty for Canadian families.

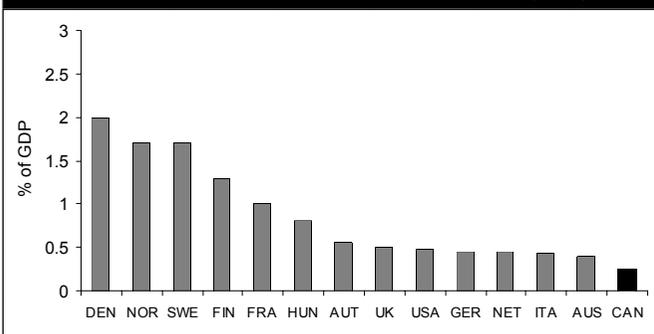
However, as the Organization for Economic Co-operation and Development (OECD) reminds us, persistent child poverty is a barrier to the potential achievements of ELCC.

The reduction of child and family poverty is a precondition for successful early childhood care and education systems. Early childhood services do much to alleviate the negative effects of disadvantage by educating young children and facilitating the access of families to basic services and social participation. However, a continuing high level of child and family poverty in a country undermines these efforts and greatly impedes the task of raising educational levels.

OECD. (2006)⁸.

Progress toward building the foundation for a universal system of ELCC was stalled when the federal government notified the provinces and territories that existing bi-lateral agreements on ELCC would not be honoured beyond March 31, 2007. The resulting cut of \$950 million in funding to the provinces and territories for ELCC will not improve access to services that now provide spaces for less than 16% of children 0 - 12 years in Canada - about 1 in 6 of all children. A focused policy framework, substantially increased public funding and sustained political commitment are required to improve Canada's abysmal spending record on ELCC provision.

FIGURE 8: PUBLIC SPENDING ON ELCC PROGRAMS FOR CHILDREN 0-6 YEARS AS A % OF GDP (2004)



Source: OECD. (2006). *Starting Strong II: Early Childhood Education and Care*. Annex C, p. 246.

Needed: Sustained Action Against Child Poverty in First Nations and Aboriginal communities

... Indian and Northern Affairs reported a 70 per cent increase in child welfare cases from 1995- 2003. The key reason for taking children into care is physical neglect due to poverty... Only through a comprehensive plan supported by real investments can First Nations finally and forever break free from the prison of poverty.

Phil Fontaine, National Chief of the Assembly of First Nations⁹

The plight of First Nations children in their local communities and the conditions of urban Aboriginal children require sustained action to ensure that children will thrive, and not merely survive. A decade has passed since the Royal Commission on Aboriginal Peoples (RCAP) was completed. Just one year ago the landmark Accord reached in Kelowna among First Ministers on Aboriginal Issues was the first meaningful response to RCAP. Yet, the current government has not honoured this commitment nor made any alternative proposals.

With an increasing First Nations and Aboriginal population that is both rural and urban, young, vital and rapidly expanding, Canada must address the extremes of poverty that First Nations face on a daily basis. This poverty is systemic and long-standing, and requires concerted attention from all levels.

One in four children in First Nations Communities Lives in Poverty¹⁰

- One in eight First Nations children are disabled - double the rate among all children in Canada.
- More than four in ten First Nations children (43%) need basic dental maintenance; those in more isolated communities more likely to need dental care.
- Overcrowding is double the Canadian rate.
- Mould contaminates almost half of all First Nations households.
- Nearly 100 First Nations communities must boil their water.

Urban Aboriginal children challenged to achieve social inclusion¹¹

- Almost half (46%) of Aboriginal children under 15 years old live with a lone parent.
- Forty percent of off-reserve Aboriginal children live in poverty.

Now is the time for governments at all levels to collaborate with First Nations governments and Aboriginal organizations to ramp up social investments that enable young Aboriginals to succeed.

Affordable Housing: Still No National Strategy

The availability of affordable housing is a key factor affecting the rate and depth of child and family poverty. Two in every three low income families with children lived in unaffordable housing in 2003 where shelter costs were more than 30% of their total income. CMHC has identified 1.5 million households as being in core housing need.¹² Increasing energy costs are putting additional pressure on low income households.

Average shelter costs increased by more than 20% between 1993 and 2006. Yet federal government spending on housing went from \$1.98 billion in 1993 to \$2.03 billion in 2006. This increase looks encouraging but is actually a 25% decline when adjusted for inflation.¹³ The 2006 federal budget allocation of \$1.4 billion for affordable housing for the provinces, territories, and urban Aboriginal communities is a positive start. But this is a one-time allocation.

Canada remains one of the few countries in the world without a comprehensive affordable housing strategy and permanent funding. Low income families need a strategy with predictable long-term funding of \$2 billion annually. This could assist all levels of government, the community and private sector to provide affordable and social housing. Federal funding must be renewed to support the continuation of the Supporting Community Partnerships Initiative (SCPI) addressing homelessness, and the Residential Rehabilitation Assistance Program (RRAP). A National Low Income Energy Efficiency Program is needed to assist low income renters and homeowners undertake energy efficiency upgrades to reduce energy consumption and fuel costs.

In May 2006, the U.N. Committee on Economic, Social and Cultural Rights reviewed Canada's housing and homelessness record and called it a "national emergency". It called on the federal government to honour its international housing obligations and develop a national housing strategy that includes provincial, territorial and municipal governments, the community and private sectors. Canada Mortgage and Housing Corporation, the federal government's national housing agency, is running a profit estimated at \$1 billion in 2006. The federal government has to date rejected calls to reinvest the national housing profits in new affordable housing initiatives and is instead considering a plan to fully privatize CMHC.

Components of a Poverty Reduction Strategy for Canada

RANKING: E= Excellent G= Good S=Satisfactory N=Needs Improvement F=Failure

Component	Assessment	Recommendation
Good jobs at living wages → Raise living standards for working poor families. Ensure full-time full year adult worker at minimum wage can rise above poverty line	N - Needs Improvement Needs federal leadership to re-establish federal minimum wage, ensure labour protection for precarious workers, reform EI and invest in adult education and lifelong learning programs.	→ Raise minimum wage to \$10/hr with inflation index. → Strengthen Canada Labour Code to cover precarious workers. → Restore eligibility for EI. → Address multi-dimensional labour market barriers of excluded groups.
Effective Child Income Benefits → Provide income supports to recognize cost of raising a child	N- Needs Improvement No plan to raise Canada Child Tax Benefit beyond 2007. Universal Child Care Allowance is taxable; benefits upper income one-earner couples most.	→ Commit to increase child benefits a maximum of \$5,000/child with assurance all low and modest income families retain full payment.
Universally accessible system of quality Early Learning and Child Care → Support optimal early development of children; → Enable parents to work or receive training	F - Failure Cancellation of bilateral Child Care Agreements puts in jeopardy expansion of Canada's fledgling child care services. Regulated child care meets the needs of only 15.5% of 0-12 yr olds.	→ Create Pan-Canadian system of Early Learning and Child Care which is accessible, affordable, high quality. → \$1.2 billion/year minimum expenditures to support existing child care agreements with provinces and territories with commitment to increase annually.
Expand affordable housing → End adult and family homelessness; enable parents to raise their children in healthy community environments	N - Needs Improvement \$1.4 billion of new housing funding allocated to provinces, territories, urban Aboriginal communities. But no comprehensive affordable housing strategy in place.	→ Commit \$2 billion/year for new social housing as part of affordable housing strategy. → Renew and enhance homelessness program (SCPI) and housing rehabilitation (RRAP). Fund new energy conservation program for low income households.
Affordable and accessible post secondary education and training → Ensure access to post secondary education for qualified students from low and modest income families	N - Needs Improvement Tuition fees rising in six provinces.	→ Create separate funding transfer for post-secondary education. → Increase student financial aid with higher proportion for needs based grants.

Working Together on a Poverty Reduction Strategy for Canada

We urge the Government of Canada with the provinces, territories and First Nations to take up the UNICEF challenge to establish credible targets and timetables in order to bring the child poverty rate well below 10 per cent. Canada needs to follow the lead of the UK which in 1999 set out a twenty year mission to end child poverty in phases with reductions by 25% by 2004, and by 50% by 2010. Additional targets to strengthen early learning, education, affordable housing, and health services were set, as well as increases to the minimum wage and child benefits. The UK government is on track to meet its poverty reduction goals.

The provinces of Quebec and Newfoundland and Labrador have each developed provincial poverty reduction strategies. Campaign 2000 calls on the federal government to develop a cross-Canada Poverty Reduction Strategy in conjunction with provinces, territories and First Nations.

How is Canada doing in meeting 1989 unanimous resolution to end child poverty, and its international commitments including UN Convention on the Rights of the Child?

Progress

- Progressing well toward commitment
- Progressing with some difficulty
- No progress - Children at risk

Strengths:

- ✓ Strong financial position to make needed investments - projected federal surplus of over \$13 billion for 06/07;
- ✓ Proven track record in reducing poverty among seniors;
- ✓ Lessons from other OECD countries prove child poverty can be reduced;
- ✓ 2 provinces already committed with provincial Poverty Reduction Strategies;
- ✓ Public opinion supports government spending to reduce child poverty.

Weaknesses:

- Insufficient political will and leadership to establish plan with targets and timetables;
- Federal /provincial inter-jurisdictional issues can complicate implementation;
- Competing/shifting political priorities compromise progress.

Next Steps:

Campaign 2000 challenges each of the leaders of Canada's political parties to develop a Poverty Reduction Strategy with targets, timetables and funding commitments. The strategy should be developed in substantive consultation with Canadians, including those with lived experience of poverty.

Concerned about the findings of this report and want to know what you can do? Visit www.campaign2000.ca to send a message to your MP and get other ideas for action.

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. Visit us on the web at www.campaign2000.ca for a complete list of our partners.

Notes:

1. Interfaith Social Assistance Reform Coalition (1998). *Our Neighbours' Voices: Will We Listen*. James Lorimer and Company Ltd., Toronto.
2. Latest available child poverty data is for year 2004. Child poverty data prepared by the Canadian Council on Social Development (CCSD) using Statistics Canada's *Income Trends in Canada, 2004* and *Survey of Labour and Income Dynamics (SLID)* masterfile data (1993 to 2004), via remote access. Poor children are those living in families whose total income lies below the Low Income Cut-Off (LICO) as defined by Statistics Canada. Figure 1 includes statistics on total family income before taxes and after taxes. All other charts are based on total family income before taxes. A child is defined as a person under the age of 18 living with parent(s) or guardian(s), excluding those who are unattached individuals, those that are the major income earner or those who are the spouse or common law partner of the major income earner. Statistics Canada data excludes those on First Nations reserves; those in the Yukon, Northwest Territories and Nunavut; and children living in institutions.
3. 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.
4. National Council of Welfare. (2006). *Poverty Profile, 2002 and 2003*. Ottawa: Minister of Public Works and Government Services Canada.
5. Block, Sheila and Ellen Russell. (March 2006). *Standing Up for Which Families?* Ottawa: Canadian Centre for Policy Alternatives.
6. Jackson, Andrew. (2003). *Good Jobs in Good Workplaces: Reflections on medium-term labour market challenges*. Ottawa: Caledon Institute. And Saunders, Ron. (2003). *Defining Vulnerability in the Labour Market*. Ottawa: Canadian Policy Research Networks.
7. Daily Bread Food Bank. (2006). *Who's Hungry?* Toronto: Daily Bread Food Bank.
8. OECD. (2006). *Startling Strong II: Early Childhood Education and Care*. <http://213.253.134.29/oecd/pdfs/browseit/9106031E.PDF>
9. Fontaine, Phil. (Oct 30, 2006). "The Native Fiscal Imbalance", *Globe and Mail*. October 30, 2006, p. A19.
10. Assembly of First Nations. (2006) *Make Poverty History for First Nations* and First Nations Centre, National Aboriginal Health Organization. (2005). *First Nations Regional Longitudinal Health Survey 2002-2003*. Ottawa: National Aboriginal Health Organization.
11. Anderson, J. (June 2003). *Aboriginal Children in Poverty in Urban Communities: Social Exclusion and the Growing Racialization of Poverty in Canada*. Ottawa: Canadian Council on Social Development.
12. Chisholm, Sharon. (2006). *Report to the Parliamentary Finance Committee*. Ottawa: Canadian Housing & Renewal Association.
13. Shapcott, Michael. (2006). *Pre-budget submission to Standing Committee on Finance, House of Commons*. Toronto: Wellesley Institute. *More data and analysis is available on our website after Dec. 1st, 2006.*

Campaign 2000 thanks the following for their support: The Laidlaw Foundation, Atkinson Charitable Foundation, Sisters of St. Joseph of the Diocese of London (ON), Sisters of Providence of St. Vincent de Paul, Diesel Canada, Canadian Auto Workers, Canadian Labour Congress, Canadian Feed the Children, Campaign Against Child Poverty, Ontario Secondary School Teachers' Federation, Ontario English Catholic Teachers Association, Elementary Teachers' Federation of Ontario, Toronto Catholic District School Board, Children's Aid Society of Toronto/Metro Campaign 2000, Canadian Federation of University Women, our most dedicated national, provincial and community partner organizations, as well as many individual and organizational supporters.

Thanks also to the Canadian Council on Social Development for their research support. For its ongoing, generous support, thanks to Family Service Association of Toronto, our host agency supported by the United Way of Greater Toronto.

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Publication: Campaign 2000
Design: Nancy Steckley
French Translation: Jocelyne Tougas
Website: Design by Billie Carroll
Photos: Courtesy of Photosensitive
ISBN: 1-894250-44-3 Disponible en français
Produced with Union Labour, OPSEU Local 594