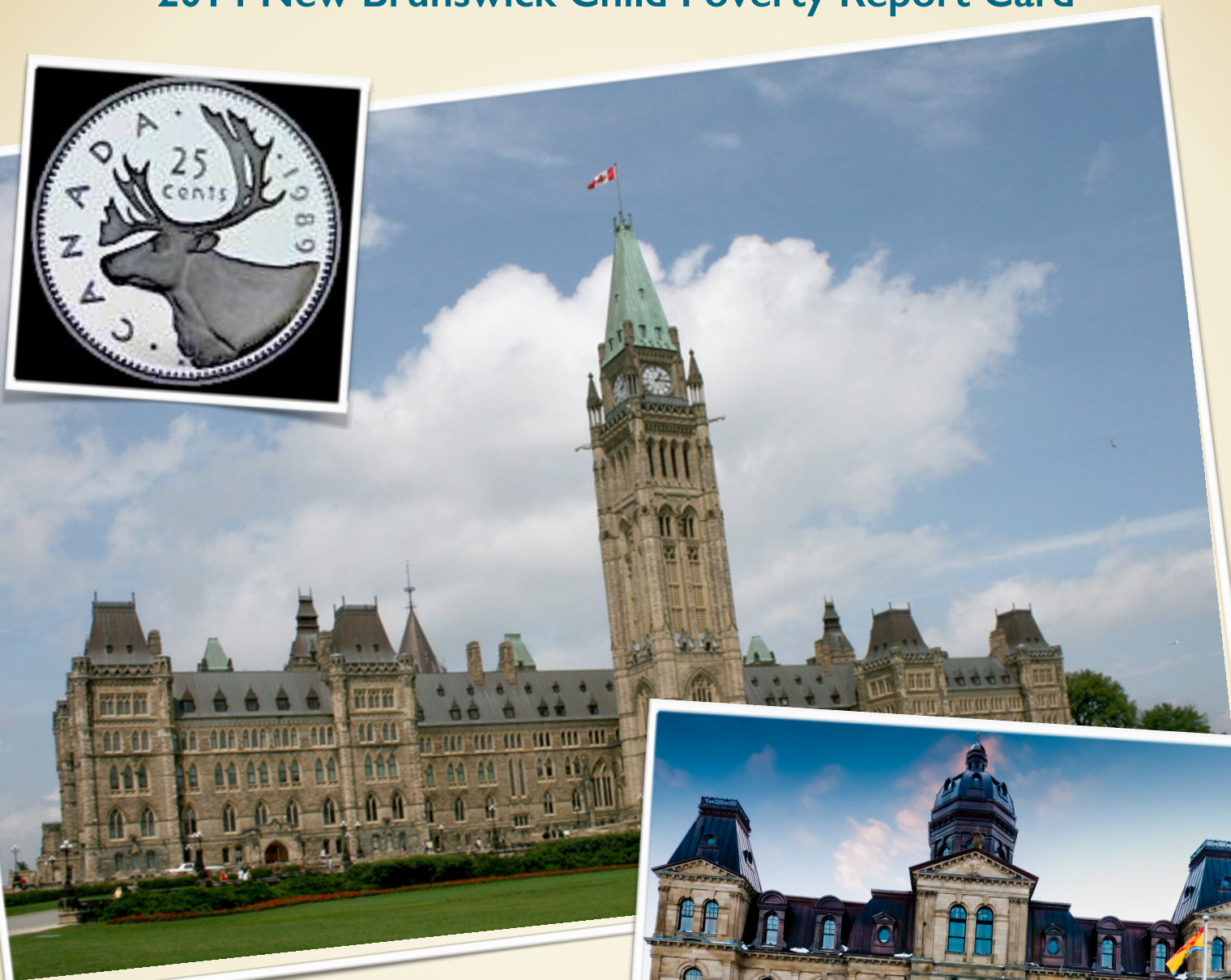


A QUARTER OF A CENTURY AND NOT MUCH CHANGE

2014 New Brunswick Child Poverty Report Card



"Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life..."

-Nelson Mandela



Human Development Council



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INTRODUCTION

This year marks the 25th anniversary of the federal all party resolution to end child poverty by the year 2000. Sadly, this goal has not been achieved. The rates of child poverty have been stubborn – too high for too long. It's time for a federal action plan with targets and timelines.

Twelve out of thirteen provinces and territories have a poverty reduction plan in place or are in the process of developing one. It's time for a coordinated, determined and robust effort to eliminate child poverty. We can't afford to wait another quarter of a century.

New Brunswick's initial poverty reduction plan was launched in 2009. It included the creation of a Crown Corporation – the Economic and Social Inclusion Corporation (ESIC) – to oversee an ambitious plan with the following global objective: *by 2015, New Brunswick will have reduced income poverty by 25% and deep income poverty by 50%, and will have made significant progress in achieving sustained economic and social inclusion* (s. 4 Economic and Social Inclusion Act).

The first five year plan contained 22 priority measures, the majority of which, according to ESIC, have been completed. For example:

- social assistance rates were raised, although a new category “designated” returned a two tiered system for single claimants that attempts to distinguish those who can pursue employment from those who present with obvious “barriers”;
- the minimum wage was raised to \$10.00 in April, 2012. Although the plan called for annual adjustments for inflation, the minimum wage has not increased and it is now tied for lowest in the country with the Northwest Territories;
- in September 2012, the province introduced *Healthy Smiles, Clear Vision*, a vision and dental plan for children of low-income families;
- a prescription drug plan was introduced. The thorny issues of the amount that employers will contribute and the level of subsidy for low income families and individuals have yet to be decided;
- in April 2014 the government tabled legislation amending the Small Business Investor Tax Credit, to allow for the creation of Community Economic Development Investment Funds in order to provide greater access to capital for social enterprises and co-operatives.

We await the release of data from ESIC to see if the global objective has been achieved. In the meantime, a second five year plan has been introduced for the period 2014-2019. While it affirms the priorities initially set out in 2009, its tone is aspirational. It contains 28 recommendations – 19 of them begin with either “Foster”, “Support” or “Promote”.

Along with joining our Campaign 2000 partners in urging the federal government to play its proper role in eliminating child poverty, it is hoped that this annual Child and Family Poverty Report Card will reinforce the urgent need for provincial leadership and action.

This report uses the Low Income Measure (LIM), which identifies families with incomes below 50% of median income, adjusted for family size. LIM After Tax 2012 for one parent with one child 16 years is \$23,755.

(Source: Statistics Canada, Income Statistics Division, *Annual Income Estimates for Census Families and Individuals (T1 Family File)*, July 2014.)

2012 After-Tax Low-Income Measure			
Number of Adults	Number of Children		
	0	1	2
1	\$16,968	\$23,755	\$28,846
2	\$23,755	\$28,846	\$33,3936
3	\$30,542	\$35,633	\$40,723

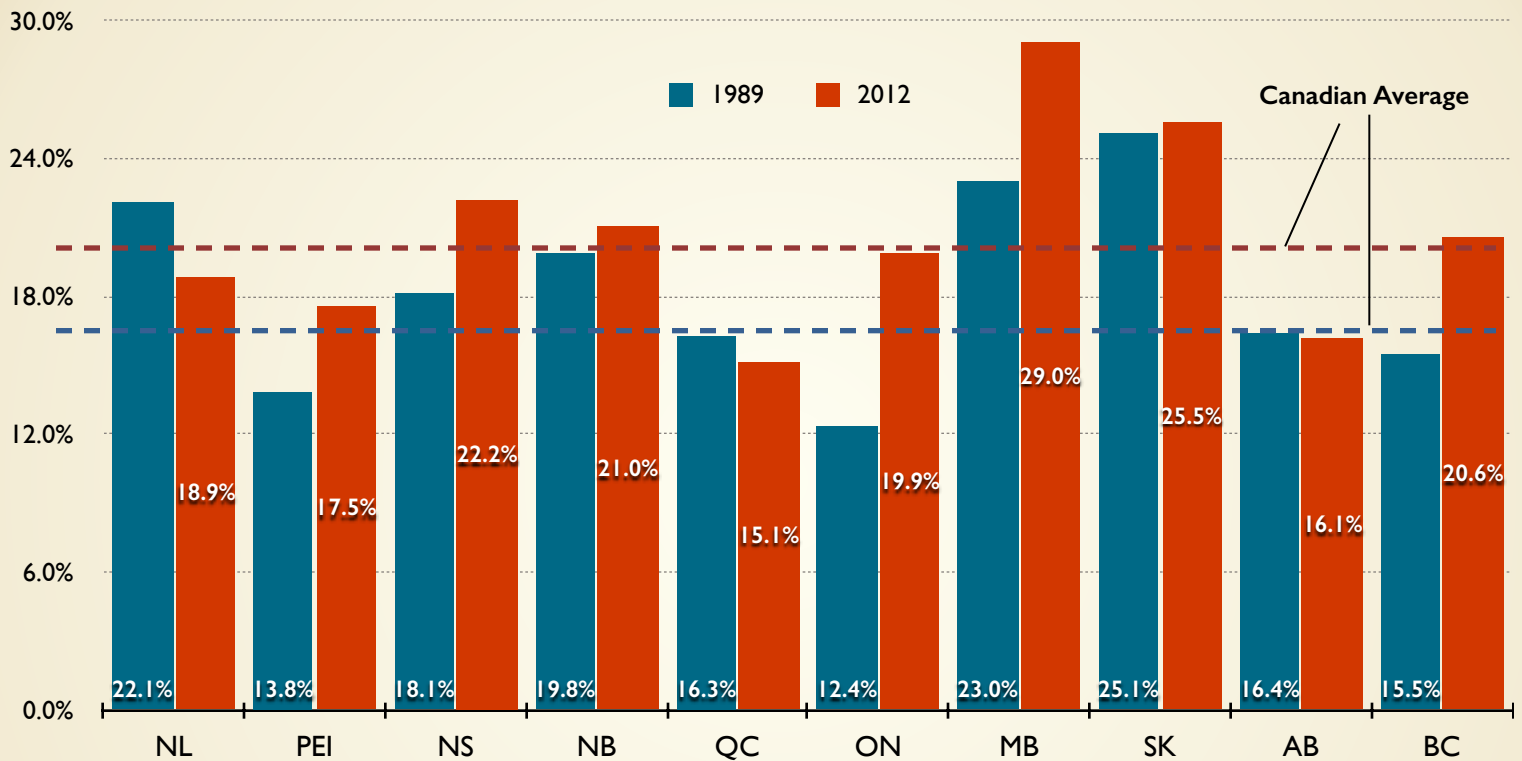
CHILD POVERTY ACROSS CANADA

Since the House of Commons adopted the unanimous resolution: *“to seek to achieve the goal of eliminating poverty among Canadian children by the year 2000”* child poverty rates have increased.

In 1989, when the resolution was passed, 1,066,150 children (15.8%) in Canada lived in poverty. In 2012, both the number and percentage of children living in poverty had increased – to 1,340,530 (19.2%).

The child poverty rate in New Brunswick has increased from 19.8% in 1989 to 21.0% in 2012—more than 29,000 children live in poverty in our province.

Child LIM-AT, Canadian Provinces (1989-2012)



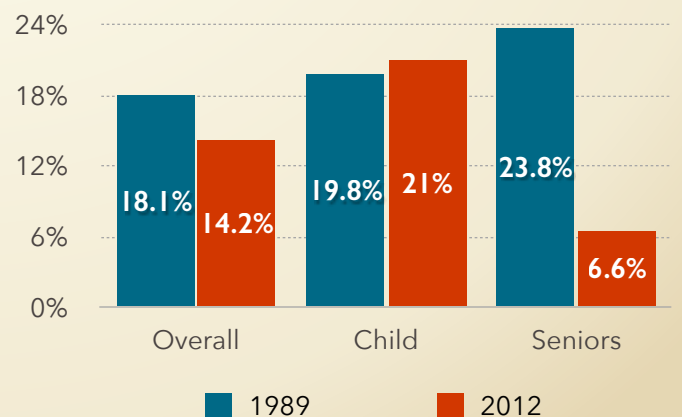
(Source: Statistics Canada, T1 Family File, 1989 and 2012)

We can fix this!

Although the lack of progress is discouraging and the current situation looks bleak, we *can* fix this. There are policy interventions that would go a long way in addressing the problem.

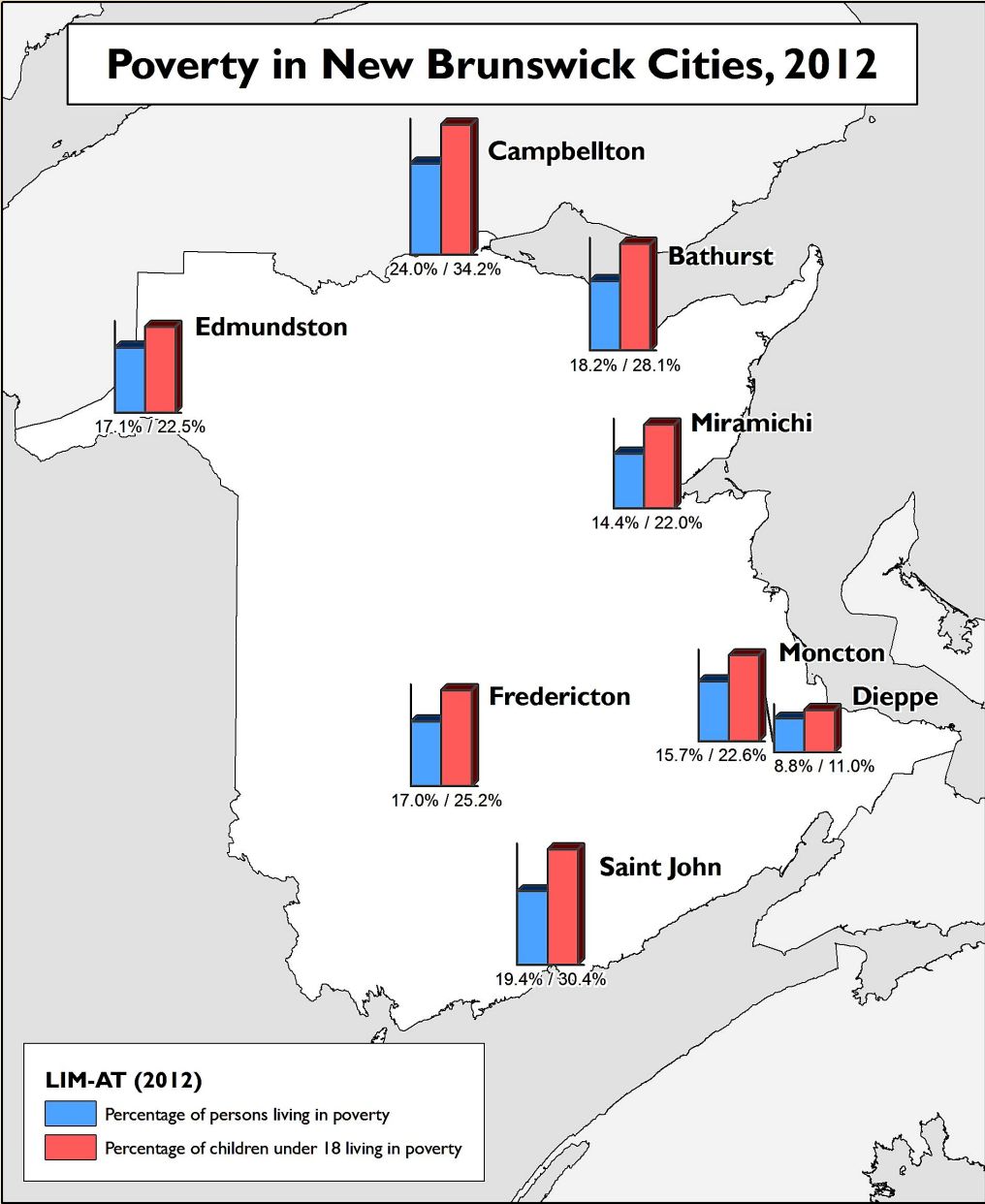
Poverty reduction among senior citizens has been one of the great success stories of Canadian social policy. In 2012, the poverty rate for seniors in New Brunswick was 6.6%, down sharply from 23.8% in 1989. The decline in poverty rates has been attributed to transfer programs that include a universal component (Old Age Security), a negative income tax piece (the Guaranteed Income Supplement) and an earnings related pension (the Canada Pension Plan). In other words, **taxation and transfer policies have a huge impact on poverty rates. It's time to address child poverty with similar focus and political will.**

Poverty Rates in NB (LIM-AT)



(Source: Statistics Canada, T1 Family File, 1989 and 2012)

CHILD POVERTY IN NEW BRUNSWICK



Rates of child poverty vary among New Brunswick's eight cities – from a low of 12.0% in Dieppe to a high of 34.2% in Campbellton.

New Brunswick has two Census Metropolitan Areas (CMAs) – Moncton and Saint John.

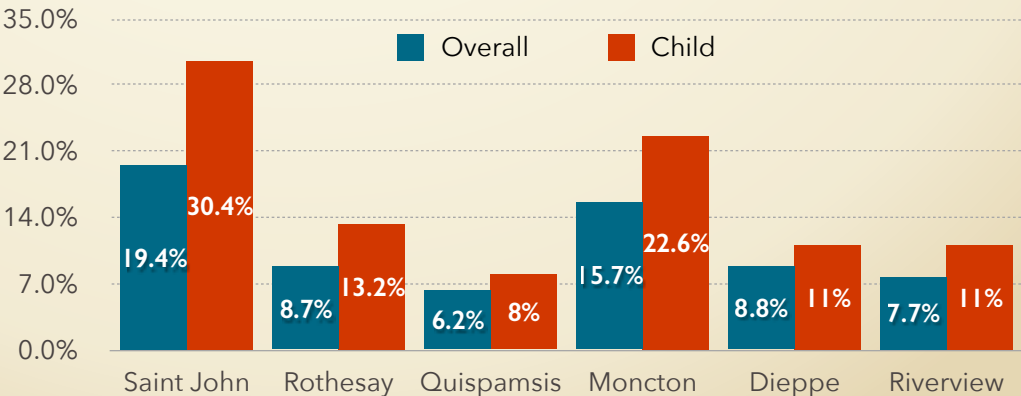
Statistics Canada defines a CMA as an area consisting of one or more neighbouring municipalities with a combined population of at least 100,000 people of which 50,000 or more live in the core.

There is a striking difference in child poverty rates between the two core cities and their adjacent, more affluent suburban neighbours.

(Source: Statistics Canada, T1 Family File, 2012)

LIM-AT, Urban-Suburban Differences (2012)

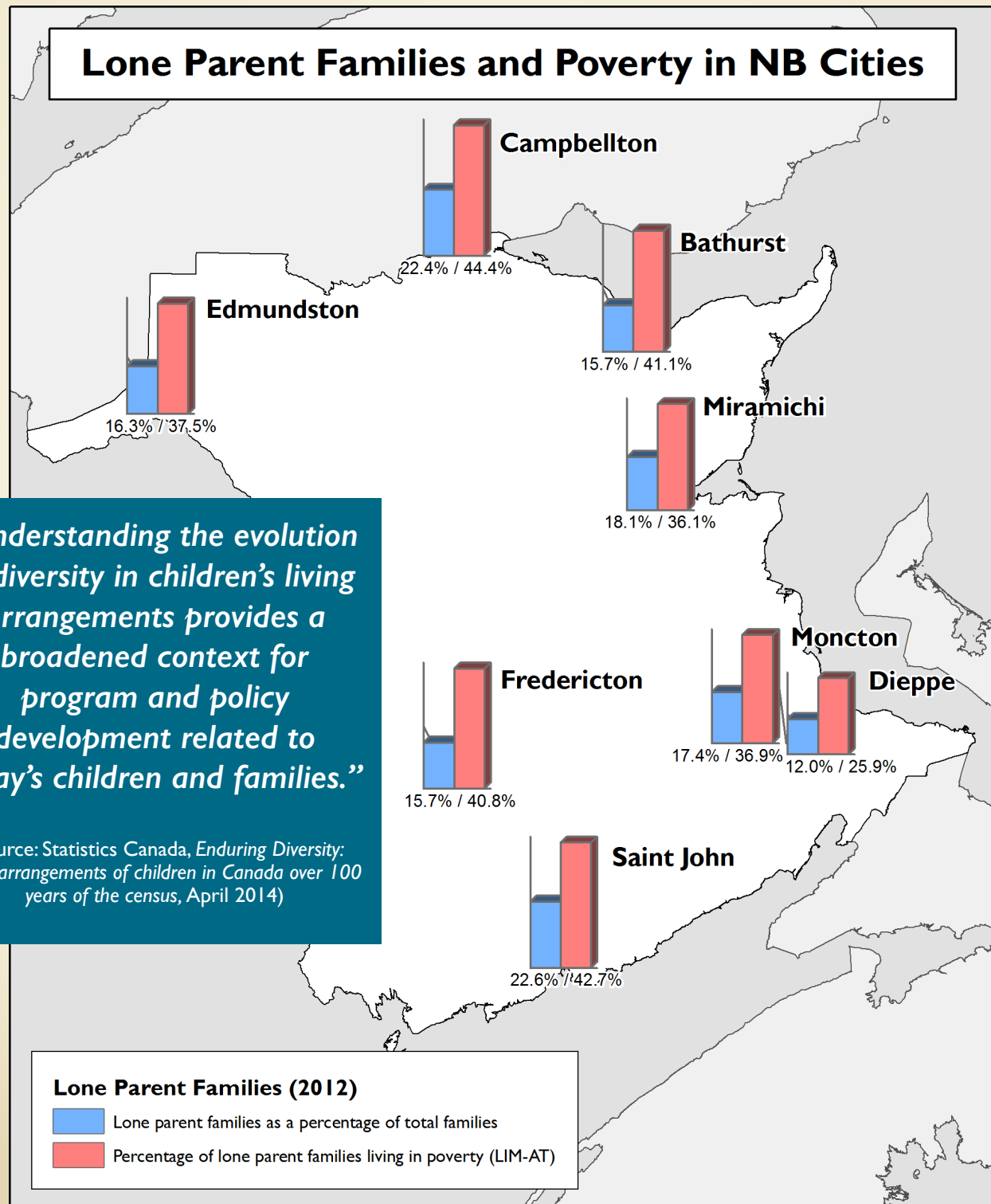
With 1 in 5 children living in poverty in New Brunswick—and as many as 1 in 3 in some of our cities—we're facing a persistent economic, social and moral issue.



(Source: Statistics Canada, T1 Family File, 2012)

LONE PARENT FAMILIES & POVERTY

According to the 2011 census, 16.3% of families in Canada are headed by a lone parent. The percentage of lone parent families in New Brunswick is slightly lower – 16.1%. The province's cities have a lone parent family rate ranging from a low of 12.0% in Dieppe to a high of 22.6% in Saint John. Many of these families live in poverty. As the accompanying map shows, the percentage of lone parent families living in poverty (based on 2012 Tax-filer information) ranges from 25.9% in Dieppe to 44.4% in Campbellton.



YOUTH IN CARE: A VULNERABLE POPULATION

Some children have no parent. In 2014 there are 498 children and youth in the permanent care of the province —60% of these children are over 11 years of age. Every year about 90 youth age out of the care system in NB and face a future truly “on their own” (source: NB Adoption Foundation).

As of March 2013, there were 38 youth group homes in the province (Department of Social Development 2012-2013 Annual Report).

In April, the government of New Brunswick named November 29th as *New Brunswick Children and Youth in Care Day*.

Some troubling youth in care statistics include the following:

- **Only 44 % of youth in the child welfare system graduate high school, and only 5 % of those go on to post-secondary education.**
- **73 % of those who have aged out of the system are unemployed.**
- **41 % of youth in care have had a run-in with the criminal justice system.**

(source: Adoption Council of Canada, cited in Keynote address by The Governor General of Canada, His Excellency the Right Honourable David Johnston at the Adoption Council of Canada's Urgency Around Permanency: A Stakeholder's Summit, November 5, 2014.)

ELIMINATING CHILD POVERTY: A FIRST STEP FORWARD

Campaign 2000 has long advocated for universal child care as a key component of a broader plan to end child and family poverty.

Canada is a very low spender on early childhood education and care (ECEC) compared to other OECD countries. Canada's public spending is between 0.2% and 0.34% of GDP — extremely low even in the best case. At best, Canada spends half the OECD average for children 0–5. (Quebec's public spending on child care skews the Canada-wide figures; Quebec's spending accounted for 60% of Canada-wide spending in 2012).

A recent study of unsubsidized child care fees showed that women in Laval, Montreal, Longueuil and Quebec City pay between 5% and 6% of their income on child care. This equates to working less than a month to pay for a year's worth of child care. On the other hand, women in Winnipeg spend 15% of their pre-tax income on child care. This is roughly equivalent to two months of salary for women living there. While New Brunswick was left out of the survey, the remaining cities saw child care consume between one-quarter and one-third of a woman's pre-tax income (source: Canadian Centre for Policy Alternatives, The Parent Trap; Child Care Fees in Canada's Big Cities, November 2014).

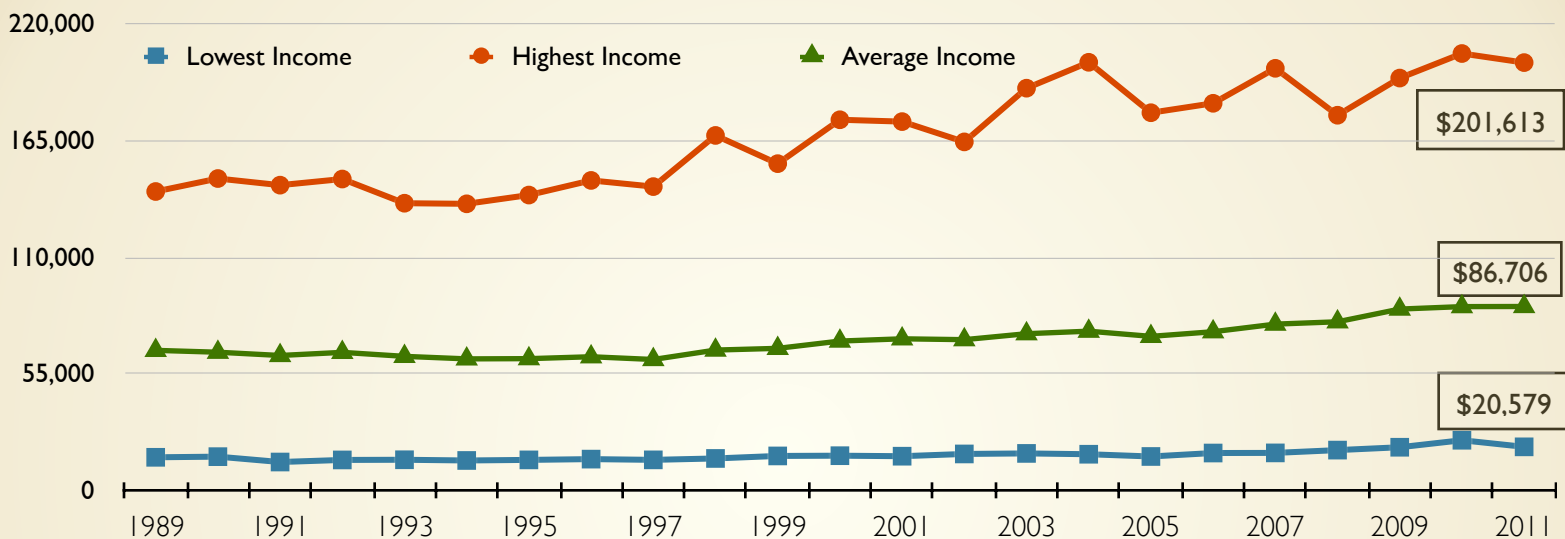
An ECEC program has the potential to enhance children's well-being, healthy development and lifelong learning; support parents in education, training and employment; help to build strong, inclusive communities; help to provide inclusive environments for children with disabilities; strengthen women's equality and prevent and reduce child poverty.

INCOME & WEALTH INEQUALITY

“...high inequality can diminish economic growth if it means that the country is not fully using the skills and capabilities of all its citizens or if it undermines social cohesion, leading to increased social tensions...high inequality raises a moral question about fairness and social justice.” (Conference Board of Canada, 2011)

The average **income** of the wealthiest families with children in New Brunswick rose to \$201,613 in 2011, nearly 10 times higher than the average income of the lowest income family at \$20,579. Middle class average incomes stood at \$86,706. Between 1989 and 2011 average incomes for the wealthiest increased \$60,732 (43.1%) while the poorest saw increases of \$4,928 (31.5%). Middle class average incomes rose \$20,669 (31.3%).

Average Income for Lowest, Middle and Highest Decile Families with Children under 18 in NB (1989-2011)



(source: Canadian Centre for Policy Alternatives' custom tabulations, using Statistics Canada's pre-tax SLID data.)

Statistics Canada data for 2012 on the assets, debts and net worth of family units confirmed that **wealth** is very unequally distributed in Canada. It is concentrated heavily in the top 10%, while the bottom 10% actually held more debts than assets. The graph below from the Broadbent Institute's report *Haves and Have-nots: Deep and Persistent Wealth Inequality in Canada* (Broadbent Institute, September 2014) illustrates the disparity in distribution of wealth in Atlantic Canada, with those in the poorest decile actually having debt rather than wealth.

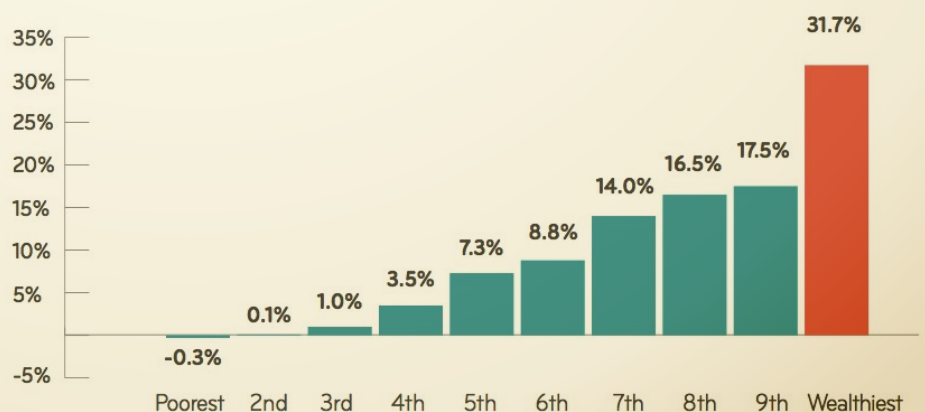
Other findings include:

The top 10% of Canadians accounted for almost half (47.9%) of all wealth in 2012.

In 2012, the bottom 30% of Canadians accounted for less than 1% of all wealth; the bottom 50% combined controlled less than 6%.

The median net worth of the top 10% was \$2,103,200 in 2012. It rose by \$620,600 (41.9%) since 2005. In contrast, the median net worth of the bottom 10% was negative \$5,100 in 2012, dropping more than 150% from negative \$2,000 in 2005.

DISTRIBUTION OF WEALTH IN ATLANTIC CANADA BY DECILE, 2012



(source: Broadbent Institute. *Haves and Have-nots: Deep and Persistent Wealth Inequality in Canada*. September 2014.)

MINIMUM WAGE

Current minimum wage rates	
Nunavut	\$11
Ontario	\$11
Yukon	\$10.72
Manitoba	\$10.70
Nova Scotia	\$10.40
Quebec	\$10.35
Prince Edward Island	\$10.35
British Columbia	\$10.25
Newfoundland and Labrador	\$10.25
Saskatchewan	\$10.20
Alberta	\$10.20
New Brunswick	\$10
Northwest Territories	\$10

New Brunswick's current \$10 minimum wage is the lowest in the country, tied with the Northwest Territories.

The new Liberal government pledged to increase the minimum wage during the recent election campaign. The party's platform contained the following:

A Liberal government will give a hand up to those who need it most by:

- Honouring the commitment made by all parties in the first Poverty Reduction Strategy and immediately raise the minimum wage to \$10.30 per hour.
- *Raise the minimum wage further to \$11.00 per hour by 2017 and thereafter annually by the rate of inflation.*

The minimum wage is important for many New Brunswickers. Our province leads the country in the percentage of its labour force that works for the legislated minimum.

In 2012, 11.1% of the workforce earned \$10.00 an hour and 38% of them – the second highest percentage in the country – were aged 35 years and over.

	Share of employees	
	working for minimum wage	earning minimum wage, ages 35+
New Brunswick	11.1%	38.0%
Prince Edward Island	11.0%	25.0%
Ontario	9.3%	27.1%
Nova Scotia	8.8%	32.6%
Manitoba	8.5%	29.0%
Newfoundland and Labrador	8.0%	38.6%
British Columbia	7.2%	31.3%
Canada	7%	28.4%
Quebec	5.5%	25.8%
Saskatchewan	2.5%	30.6%
Alberta	1.9%	32.7%

(source: Statistics Canada Labour Force Survey, custom tabulations, 2012.)

#14 on the List of Priority Actions in
*Overcoming Poverty Together: The
 New Brunswick Economic and Social
 Inclusion Plan 2014-2019:*
**Explore the concept of a
 Living Wage**

What Is A Living Wage?

A Living Wage is different from the minimum wage, which is the legislated minimum set by the provincial government. A living wage is based on actual expenses. It considers what level of pay families need to be able to afford basic everyday things. A living wage isn't extravagant. It doesn't allow families to save for retirement, to save for their children's education or to service their debt. But it does reflect the cost of affording the basics of life – something the minimum wage doesn't do.

WELFARE

New Brunswick's first five year poverty reduction strategy (Overcoming Poverty Together 2009-2014) saw changes to welfare categories and rates. The interim assistance rate for single employables (\$294/month) was abolished leaving two categories – Transitional Assistance and Extended Benefits.

Although the interim assistance rate was abolished, the province continues to attempt to distinguish “employable” claimants from those with significant barriers to employment. A new status - “Designated Needs” - has been introduced. According to the province, the Designated Needs status will be given to single clients who have “multiple educational, health, housing, and social challenges that present chronic, significant barriers to employment”.

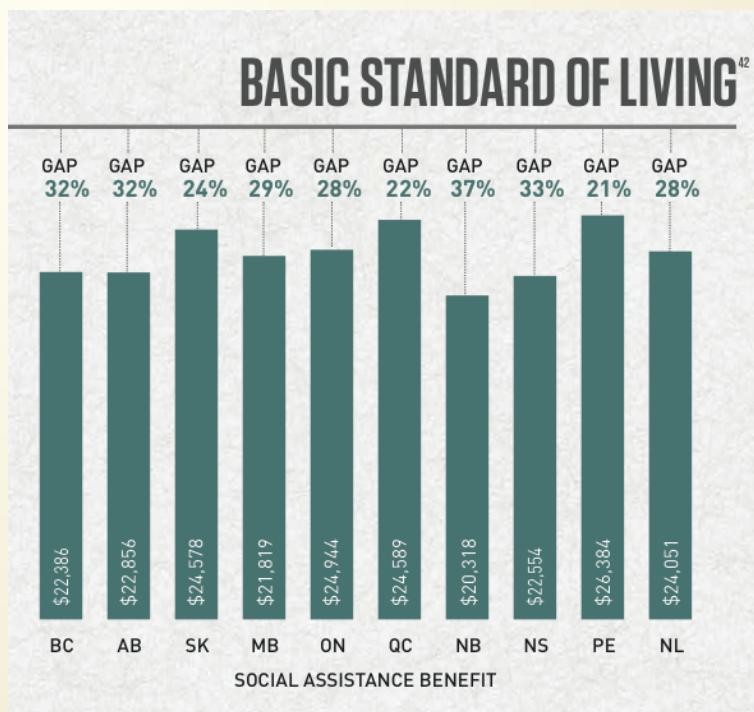
Single clients who are not designated are ineligible for a 7% increase that was applied to all rates in 2013/14. Current provincial welfare rates are as follows:

Extended Benefits Program	
Unit Type/ Rate Type	Amount
1 person	\$663
2 persons, at least 1 of whom is less than 19 years of age	\$974

Transitional Assistance Program	
Unit Type/ Rate Type	Amount
1 person	\$537
1 person - designated	\$576
2 persons, at least 1 of whom is less than 19 years of age	\$887

“Canadians go to food banks when their basic expenses outgrow income – when they run out of breathing room...”

48% of households that visit food banks are on social assistance. This graphic compares the gap between the social assistance benefit provided in each province to a couple with two children and what it costs to achieve a modest, basic standard of living. Far from having breathing room, these families are under water.”



Source: Food Banks Canada (2014). *HungerCount 2014*. Toronto: Food Banks Canada.

The above graph uses data which does not include the 7% increase to NB assistance rates since 2012. Even with this modest increase, however, welfare incomes are inadequate. Families are unable to make ends meet. Hunger Count 2014 reports that nationally, 48% of households that visit food banks are on social assistance—in NB it is 63.2%. There remains a significant gap between our social assistance rates and a basic standard of living.

FOOD (IN)SECURITY

Every year, Food Banks Canada releases a report called Hunger Count. As Hunger Count 2014 explains “Once one has fallen on hard times, it can be very difficult to climb back up. This is true for any person in Canada, and particularly for people managing long-term physical or mental health issues, people with disabilities, indigenous peoples, immigrants, and refugees. The systems we have put in place to ensure individuals and families do not fall into destitution often fail to do the job” and that “without poverty, food banks would not need to exist”.

The report outlines five areas for action that would significantly reduce the need for food banks. The fourth area is “reduce the incidence of child poverty and address poverty’s harmful effects on children”. Their recommendations for this area include:

“Support the most vulnerable families with young children by rationalizing the current alphabet soup of federal child benefits – including the Canada Child Tax Benefit (CCTB), the Universal Child Care Benefit (UCCB) and the Children’s Fitness Tax Credit – into a new Child Well-Being Benefit.”

“Invest in predictable, stable funding at the federal and provincial levels for professional, affordable, flexible, regulated child care, to contribute to child development and enable parents to enter and remain in the labour force.”

Almost 20,000 New Brunswickers were helped by a food bank in March of 2013. Many of them were families and over a third of those helped were children. A total of 9,076 households were assisted; 5.8% of them for the first time. Close to 10% of those served had a job, and over 70% were receiving assistance from government programs whose purpose is to make sure peoples’ basic needs are being met. This highlights the fact that our minimum wage and social assistance rates are too low. It is telling that Food Banks Canada’s recommendations echo those of Campaign 2000 and our own. It is no longer a question of what needs to be done; it is a question of political will to implement the changes necessary.

19,590

people helped by
food banks
in March

+25.3%

change
since 2008

33.9%

are children

“Several decades of research has shown that childhood poverty, particularly in the early years (i.e. prenatal to age 5), has a profound effect on the physical, mental, and economic outcomes of those who experience it once they reach adulthood. Further, the lower the family income, and the longer poverty persists, the more severe is the effect on adult outcomes.”

(Source: Food Banks Canada (2014). *HungerCount 2014*. Toronto: Food Banks Canada.)

PRIMARY SOURCE OF INCOME	All
% Job income	9.6
% Employment Insurance	5.5
% Social assistance	63.2
% Disability-related income support	5.9
% Pension	6.0
% Student loans/scholarships	0.7
% No income	3.7
% Other	5.5
Number of food banks reporting	35

HOUSEHOLD TYPE	All
% Single-parent families	23.0
% Two-parent families	19.0
% Couples with no children	12.4
% Single people	45.6
Number of food banks reporting	39

(Source: Food Banks Canada (2014). *HungerCount 2014*. Toronto: Food Banks Canada.)

RECOMMENDATIONS

Federal Actions Required:

- Introduce a federal action plan with targets and time lines to reduce and eradicate poverty in consultation with provincial and territorial governments, Aboriginal governments and organizations, non-governmental organizations and people living in poverty. Secured in legislation, this plan should identify key roles for all levels of government and recognize the particularities of how Québec pursues social policy in the Canadian context.
- Provide an enhanced child benefit for low-income families to a maximum of \$5,600 per child (2014 dollars, indexed to inflation) by streamlining support to families through the taxation and transfer systems.
- Create a plan to prevent, reduce and eventually eradicate child and family poverty in indigenous families developed in conjunction with indigenous organizations.
- Make enhancements to Employment Insurance that expand access, duration and levels of benefits.
- Create a national ECEC program, led by the federal government and developed collaboratively with provinces/territories and indigenous communities, which includes a well-developed policy framework based on the principles of universality, high quality and comprehensiveness.
- Develop a comprehensive national housing strategy reflecting the needs of local communities and First Nations in partnership with provinces, territories, municipalities, First Nations, the non-profit sector and the private sector. As a first step, reverse the trend of decreasing federal investment in affordable housing by providing funds for affordability, funds for capital renewal and support for transforming the social housing sector for future success.
- Address growing income inequality by restoring fairness to the personal income taxation system and re-introducing the principle of taxation based on ability to pay.

Provincial Actions Required:

- Provide sustained funding for poverty reduction programs in order to achieve the targets set out in the Economic and Social Inclusion Act.
- Press the federal government to introduce a national poverty reduction strategy.
- Bring the minimum wage up to a living wage. Start by fulfilling the platform commitment to increase the minimum wage and index it to inflation.
- Provide more high quality child care spaces and increase the child care subsidy so that it covers the true cost of care.
- Accelerate the full implementation of the Prescription Drug Plan.
- Make early childhood education and early literacy an immediate priority.
- Some children, schools, families and communities require supports and services beyond typical per capita allocations. Future funding and programs should reflect this.

NOTE TO READERS

Major changes to the collection of statistics in Canada in 2014 have made this another difficult year to report on child and family poverty in New Brunswick. Until 2013, we relied on the annual release of "Incomes in Canada" for data on the rate and number of people living in poverty collected in the Survey of Labour Income Dynamics (SLID). In 2013, SLID was discontinued and replaced by the Canadian Income Survey (CIS). As of October, CIS data have yet to be released and assessed for their comparability to SLID data, making it difficult to track progress, or lack thereof, against child poverty. The ability to compare and assess trends in child poverty rates was also hampered by the 2010 cancellation of the Mandatory Long Form Census which was replaced by the National Household Survey (NHS). Data from the Mandatory Long-Form Census was previously used to track and compare child poverty rates for specific groups with the highest levels of poverty, namely recent immigrants, Aboriginal and disabled people.

Statistics Canada cautions that the 2011 NHS data is not comparable with previous census data because participation in the survey was voluntary, making the results "subject to potentially higher non-response error" than 2006's Mandatory Long-Form Census. Tracking the experiences of marginalized groups through a mandatory census is crucial to the design of effective poverty reduction initiatives by all three levels of government. Campaign 2000 strongly urges the federal government to reinstate the Mandatory Long Form Census or a similarly reliable data source immediately. This report uses Statistics Canada's T1 Family File (T1FF) to report on poverty unless otherwise indicated. The T1FF is based on Taxfiler data collected from income tax returns and Canada Child Tax Benefit (CCTB) records. Statistics Canada constructs households and family income levels by matching individual tax files, though family income calculations do not include income from other relatives living in the household.

Since the introduction of the UCCB in 2006, the process of identifying children under 6 has improved. Compared with the official Statistics Canada population estimates, T1FF has better coverage of children. It is important to note that due to methodological differences, low income rates derived from T1FF cannot be compared or contrasted with those calculated through the NHS and SLID.

CHILD POVERTY REPORT CARD

New Brunswick • November 2014

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Campaign 2000 is a non-partisan, cross-Canada network of 120 national, provincial and community partner organizations committed to working to end child poverty in Canada. See www.campaign2000.ca for further information on actions you can take to help end child poverty.

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