

# Child and Family Poverty

## Saskatchewan Report, November 2009

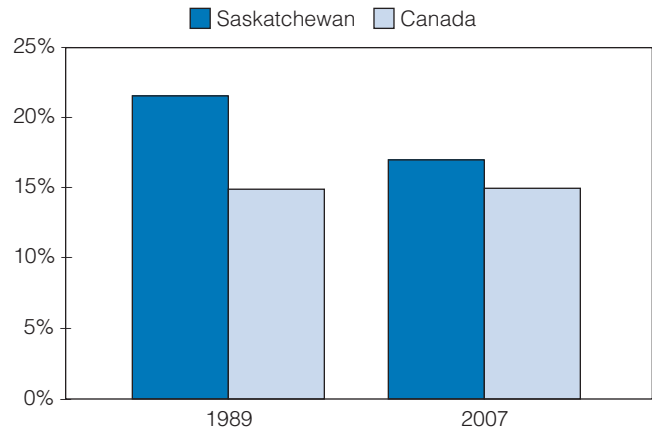
### Highlights

- In 2007, there were 35,000 (16.7%) children under age 18 living beneath the poverty line (before-tax Low Income Cut-off) in Saskatchewan.
- Saskatchewan has the third highest provincial child poverty rate.
- 45% of Aboriginal children live in low-income families.
- More than one in three immigrant children are poor.
- 41% of children in female headed lone-parent families live in poverty.
- 20% of children spent three or more years in poverty, exceeding the national average of 15%.
- One-third of poor children live in families with full-time, full-year employment.
- Government transfers prevented 25,600 children from falling into poverty.
- Since 1989, the average income of the wealthiest families with children increased by 66%; the least well off, by 30%; low-to middle-income families, by 20%.

### 35,000 Children in Poverty

Since the 1989 House of Commons all-party resolution to eliminate child poverty by the year 2000, the child poverty rate<sup>1</sup> across Canada is little changed: 15.3% in 1989 and 15.0% (1,009,000 children) in 2007. Saskatchewan has shown some progress with its rate dropping from 21.7% in 1989 to 16.7% (35,000 children) in 2007 (Chart 1).

Chart 1: Child Poverty Rates 1989 and 2007



Source: Statistics Canada. *Income Trends In Canada 1976-2007*, Table 802.

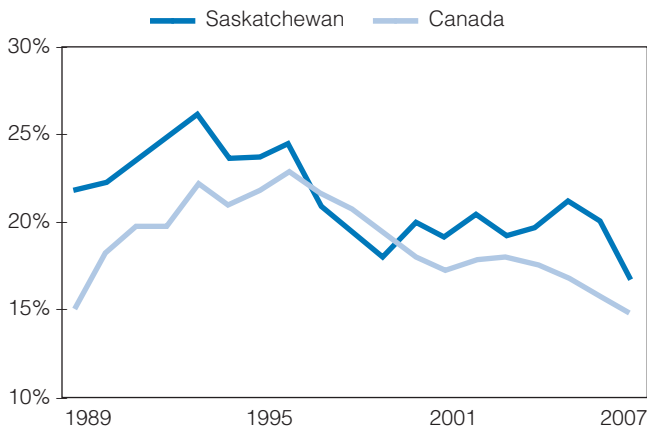
### No Consistent Improvement Over Time

Although the child poverty rate has slowly declined, no deep or consistent improvement is evident over time. Saskatchewan's rate grew from 1989 to 1993 when it peaked at 26.4% (Chart 2). It declined from 1996 to 2000, followed by upswings and downturns before reaching 16.7% in 2007. The trend in the Canadian rate is similar.

Poverty rate fluctuations can be attributed largely to prevailing economic conditions—good economic times tend to produce downward trends, while recessions lead to upswings. As well, social policies such as the national child tax benefit system introduced in 1998 can reduce poverty rates. The global financial crisis beginning in 2008 may lead to increases in child poverty, thus reversing recent improvement. Government resolve, social involvement, a comprehensive plan of action and strong investment in areas such as child care, housing, education, training, labour market enhancement and sustainable development could steadily reduce child and family poverty.

<sup>1</sup> Based on Statistics Canada 2007 data and using the Low Income Cut-off before-tax indicator. Children are those under 18 years living with parents or guardians, excluding children living on Indian reserves or in institutions, and who are not the major earner, or the spouse of the major earner, in a family.

**Chart 2: Child Poverty Rates 1989-2007**

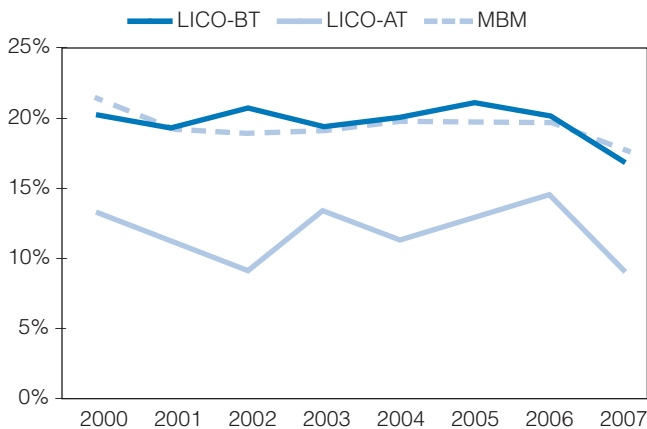


Source: Statistics Canada. *Income Trends in Canada 1976-2007*, Table 802.

## Comparing Three Measures of Poverty

Tracking Saskatchewan's child poverty rate using several indicators reveals little change in this decade (Chart 3). The LICO before-tax measure and the MBM demonstrate similar trends, whereas the LICO after-tax measure provides consistently lower poverty rates. Regardless of the measure used, child poverty remains persistent. (For an explanation of the different poverty measures see page 7.)

**Chart 3: Child Poverty Rates Saskatchewan 2000-2007**

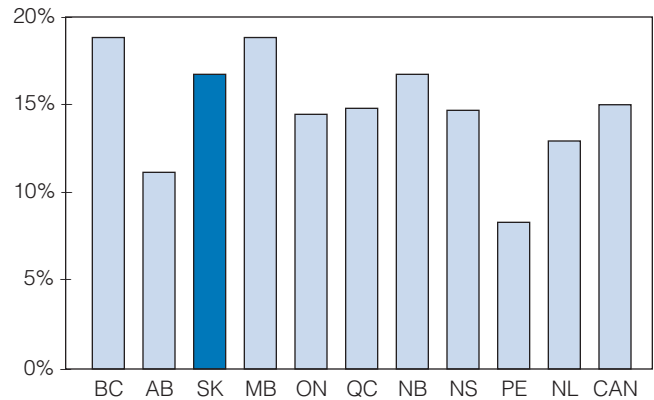


Sources: Statistics Canada. *Income Trends in Canada 1976-2007*, Table 802 (LICO BT & AT). MBM for Saskatchewan from Human Resources and Skills Development Canada, *Low Income in Canada: 2000-2007 Using the Market Basket Measure, Final Report* (Ottawa, August 2009), Table 8h.

## Third Highest Provincial Child Poverty Rate

Saskatchewan's child poverty rate (16.7%) continues to be greater than the national average (15.0%). Along with New Brunswick, Saskatchewan has the third highest provincial rate, following British Columbia and Manitoba, both at 18.8%.

**Chart 4: Child Poverty Rates Canada and Provinces 2007**



Source: Statistics Canada. *Income Trends in Canada 1976-2007*, Table 802.

## 45% of Aboriginal Children in Low-Income Families

Aboriginal children<sup>2</sup> are substantially more likely to live in poverty than non-Aboriginal children (Chart 5). Based on Census of Canada data, Canada's child poverty rate in 2005 was 18.3%.<sup>3</sup> For those children living in families reporting an Aboriginal identity, the rate doubled to 36.1%. For children reporting North American Indian identity, 43.2% lived in families below the poverty line.

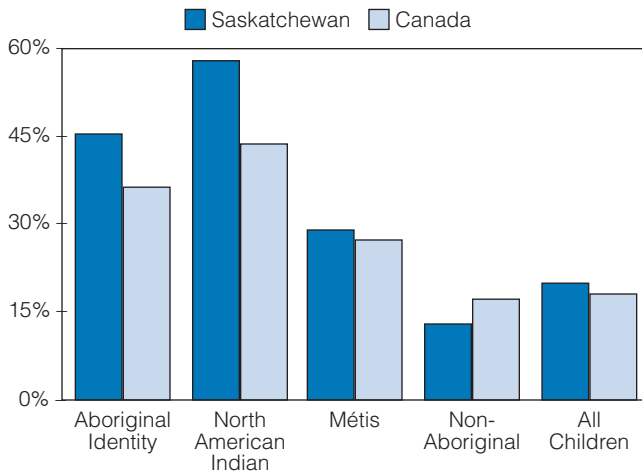
Saskatchewan's child poverty rate in 2005 was 19.5%, with a rate of 13.3% for children in families not reporting an Aboriginal identity. In contrast, the poverty rate was 45.1% for Aboriginal children; 57.9% for children in families reporting a North American Indian identity; and 28.3% for those identifying as Métis. These rates may be understated since data on incomes from Indian reserves are not included in these Census figures.

<sup>2</sup> The 2006 Census of Canada identifies Aboriginal individuals and families as of North American Indian, Métis, or Inuit origin.

<sup>3</sup> Based on before-tax family income reported in 2005. Children are those aged 0-14, excluding those in economic families living in the territories and Nunavut and on Indian reserves.

With Saskatchewan's relatively large percentage of children with Aboriginal identity (26.5%) and with their high incidence of poverty, the provincial child poverty rate exceeds the national average. For children who are not Aboriginal, the poverty rate is lower for Saskatchewan (13.3%) than for Canada (17.5%).

**Chart 5: Child Poverty Rates by Aboriginal Identity 2005**



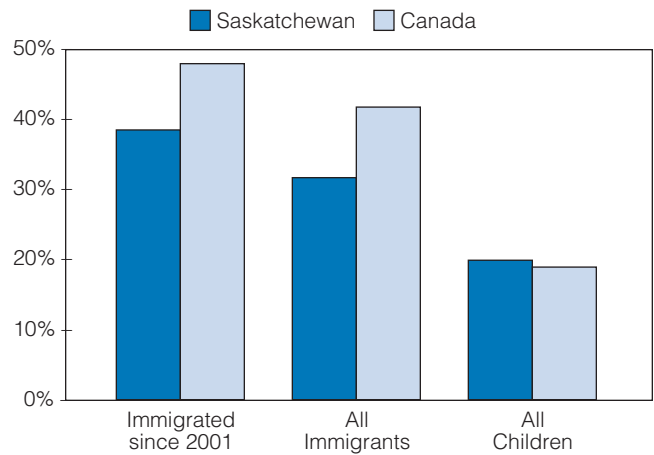
Source: 2006 Census of Canada, Statistics Canada catalogue no. 97-564-X2006002.

## More than One in Three Immigrant Children Poor

Immigrant children also experience a high rate of poverty (Chart 6). Just under one-half (47.5%) of Canadian children who were born outside the country and immigrated since 2001 live in low-income families.<sup>4</sup> Of all 343,000 children who immigrated to Canada, relatively few (2,900) immigrated to Saskatchewan.

Although the child poverty rates for immigrants to Saskatchewan (38.1% for those immigrating since 2001 and 31.3% for all immigrant children) are lower than for immigrants to Canada, they are well above the provincial child poverty rate. These rates are not as high as for Aboriginal children in the province, at 45.1% (Chart 5).

**Chart 6: Child Poverty Rates by Immigration Status 2005**

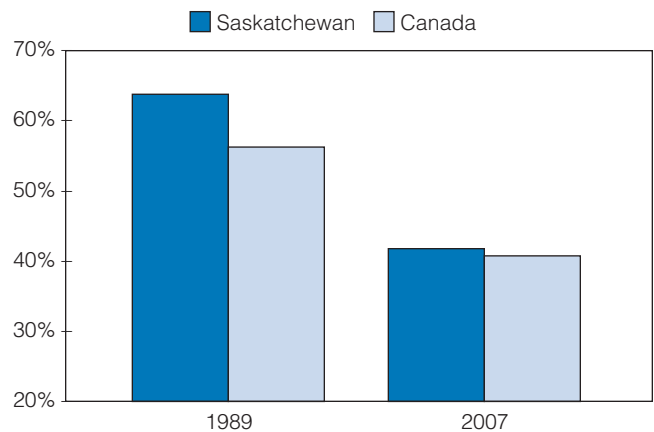


Source: 2006 Census of Canada, Statistics Canada catalogue nos. 97-564-X2006002 and X2006008.

## 40% of Children in Female Lone-parent Families in Poverty

Female lone parent families are almost five times more likely to experience low income than two-parent families with children.<sup>5</sup> The extremely high rate of poverty experienced by children living in female lone-parent families has eased since 1989 (Chart 7). Still, the poverty rate for these children is very high—40.9% (13,000) for Saskatchewan and 40.2% (373,000) across Canada; over one-third of all poor children live in female lone-parent families.

**Chart 7: Child Poverty Rates in Female Lone-parent Families 1989-2007**



Source: Statistics Canada. *Income Trends in Canada 1976-2007*, Table 802.

<sup>4</sup> Based on before-tax family income reported in 2005. Children are those aged 0-14.

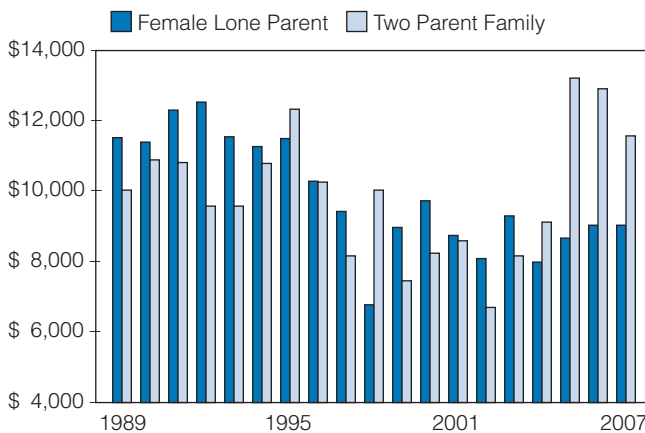
<sup>5</sup> Monica Townson (September 2009). *Women's Poverty and the Recession*. Canadian Centre for Policy Alternatives.

## Families Deeply in Poverty

The depth of poverty<sup>6</sup> for female lone-parent families has declined since 1989 when these families required, on average, an additional income of \$11,500 (in 2007 constant dollars) to reach the poverty line (Chart 8). By 2007, they required \$9,000 in additional income to reach the poverty line. Considering the last ten years alone, however, the poverty gap for female lone-parent families has stayed much the same.

The depth of poverty in two-parent families with children showed some relief between 2006 and 2007. But when compared with 1989, these families now require more income to close the poverty gap: an average of \$11,600 in 2007 versus \$10,000 (in 2007 dollars) in 1989.

**Chart 8: Depth of Poverty by Family Type Saskatchewan 1989-2007**



Source: Statistics Canada. *Income Trends in Canada 1976-2007*, Table 804.

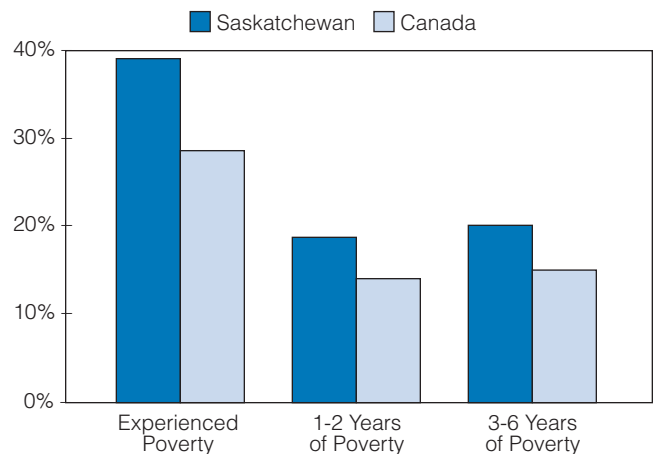
## Saskatchewan Child Poverty Often Long Term

Length of time in poverty tends to be greater for children in Saskatchewan than for children across Canada (Chart 9). Between 2002 and 2007, 39.0% of all children in Saskatchewan under age 18 had some experience with poverty, a rate well above the national average of 28.7%. Over these years, a larger

percentage of children in Saskatchewan experienced poverty than in any other Canadian province.

While some (18.7%) of the province's children spent no more than one or two years in poverty, more (20.3%) spent three to six years in poverty, again exceeding the Canadian average of 14.9%. Long-term poverty is especially worrisome—the longer the time in poverty, the more harmful and lasting the effects can be.

**Chart 9: Years in Poverty for Children 2002-2007**



Source: Statistics Canada. *Income Trends in Canada 1976-2007*, Table 807.

## One in Three Poor Children in Families with Full Employment

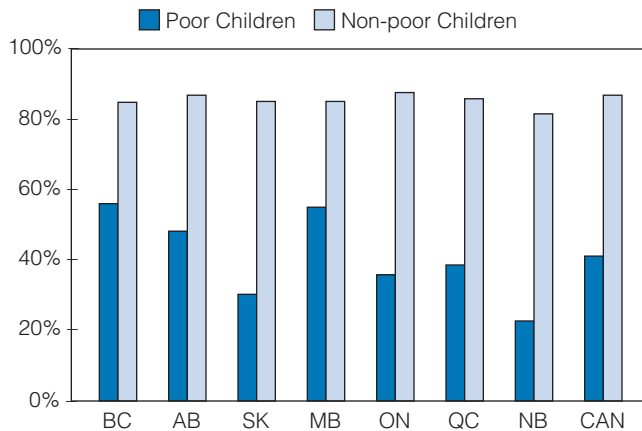
Employment is no guarantee that a family will rise above the poverty line. In Saskatchewan, nearly one-third (30.9%) of poor children lives in a family with at least one member employed full time and full year (Chart 10). Across Canada, 41.2% of poor children live in families with at least one family member employed full time, full year.

In 2007, an adult employed at minimum wage full year and full time in Saskatchewan would have earned an income of \$16,328.<sup>7</sup> For a single parent with one child this amounts to only 70% of the income required to rise above the poverty line (before-tax LICO). From these data, it is evident that many of Saskatchewan's children live in families with earnings at a level insufficient to lift them out of poverty.

<sup>6</sup> The depth of poverty represents the severity of poverty and measures how far a family with children lives below the before-tax LICO.

<sup>7</sup> This assumes 40 hours per week for 52 weeks at minimum wage of \$7.55 per hour from January 1 to March 31 and \$7.95 per hour as of April 1. The poverty line (LICO BT) for a single parent with one child is \$23,288 and for a single parent with two children, \$28,556.

**Chart 10: Poor and Non-poor Children in Families with Employment 2007**



Source: Statistics Canada, *Survey of Labour and Income Dynamics*.

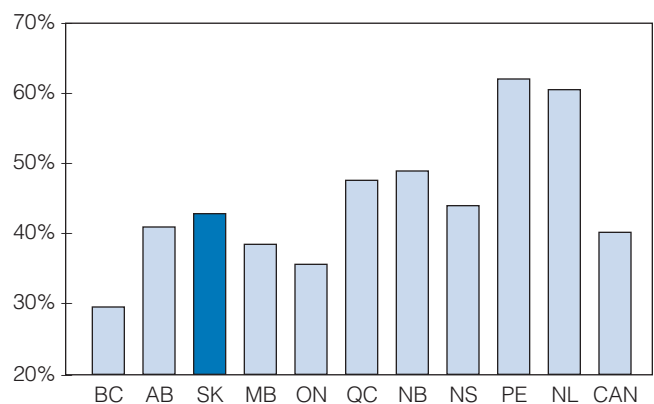
Note: Data unavailable for three eastern provinces.

## Government Transfers Benefit Children

Provincial and federal government transfers provide income assistance to low-income families, thus reducing the number of children who would be in poverty. Provincial transfers include the Saskatchewan Assistance Program, the Transitional Employment Allowance, the Saskatchewan Employment Supplement, the Saskatchewan Rental Housing Supplement, the Saskatchewan Child Care Subsidy and other income supports. Federal transfers include Employment Insurance, the Canada Child Tax Benefit, the Universal Child Care Benefit and the GST/HST Credit. The largest government transfers are through the Canada Pension Plan and Old Age Security — programs that are aimed at the elderly and that provide little direct benefit to families with children.<sup>8</sup>

Without government transfers, 60,000 Saskatchewan children (equivalent to a child poverty rate of 28.7%) would have been in poverty if their families had to rely solely on their market income. With government transfers, 25,600, or 42.7%, of these children were prevented from falling into poverty (Chart 11).

**Chart 11: Child Poverty Prevented by Government Transfers 2007**



Source: Statistics Canada, *Survey of Labour and Income Dynamics*.

Across Canada, 650,000 children (39.5%) were lifted from poverty with the aid of government transfers. Transfers account for greater poverty reduction in the eastern provinces than they do in western provinces and in Ontario. They also account for a larger reduction in child poverty in 2007 than in 2006 when they prevented 33% of Canadian children from falling into poverty.

At the same time, compared with 29 other countries forming the Organization for Economic Cooperation and Development (OECD), Canada ranks near to last in terms of public social expenditure as a percentage of national income.<sup>9</sup>

## Growing Gap Between Rich and Poor

The income gap between the best off and the less well off has widened since 1989 (Chart 12). Saskatchewan families with the highest incomes have made great gains, with limited gains for low and middle income families.

In Saskatchewan in 2007, the top 10% of families with children under 18 years had an average income of \$228,600. This is 14 times the average income (\$16,400) of the poorest 10% of families with children under 18. Since 1989, the average income

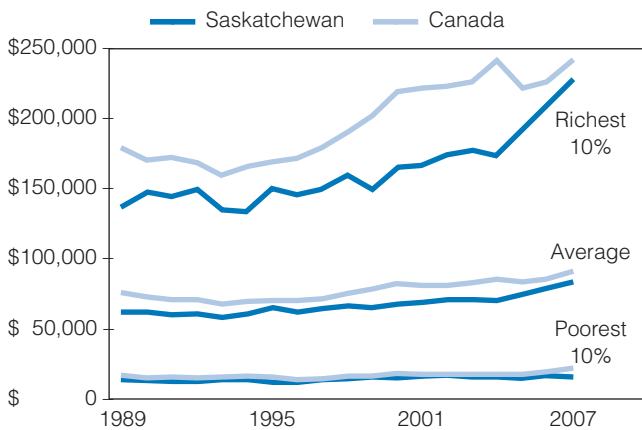
<sup>8</sup> Paul Gingrich (September 2009). *Boom and Bust: The Growing Income Gap in Saskatchewan*. Table A3. Canadian Centre for Policy Alternatives.

<sup>9</sup> OECD (2008). Social Expenditure database 1980-2005, ([www.oecd.org/els/social/expenditure](http://www.oecd.org/els/social/expenditure)), Public Social Spending, Table EQ5.XLS. Social expenditures are supportive funds and benefits targeted at households and individuals faced with circumstances adversely affect their welfare.

of the top 10% rose by two-thirds (66%), while the incomes of the least well off grew less than half of this (30%). Low to middle incomes grew even less — around 20%.

Average incomes across Canada were above those for Saskatchewan. For Canada, the top 10% made the greatest gains, with the poor and those with low and middle incomes making limited gains, thus widening the gap between the richest and poorest families.

**Chart 12: Average Income of Richest, Average, and Poorest Families**



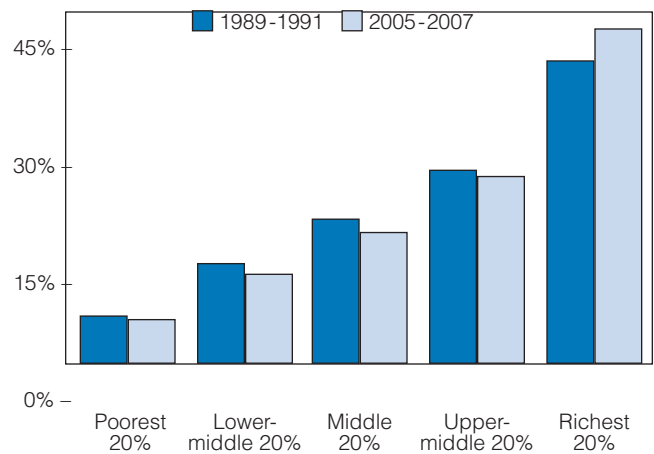
Source: Canadian Centre for Policy Alternatives, using custom tabulations from Statistics Canada, *Survey of Labour and Income Dynamics*.

The widening gap since 1989 has increased the share of before-tax income for only the most affluent 20% of families. In contrast, the income share for the remaining 80% of families has declined (Chart 13). By 2007, the poorest 20% of Saskatchewan families with children experienced a decline in the small share of income they had in 1989. The families with low to middle incomes lost the most (second and third sets of bars in Chart 13). This 40% of families saw their share of before-tax income fall from 31% to 28%. The best off (20% of families) increased their share from 39% to 43%.

The ever-increasing gap between the best off and the less well off hurts not only the poorest children but

also those in families with low to middle incomes. Unlike their affluent counterparts, these children will have fewer education and career possibilities (hence less earning power), will less likely be full participants in society and will more likely struggle with health concerns and hardship in life.

**Chart 13: Share of Before-tax Income, Saskatchewan**



Source: Canadian Centre for Policy Alternatives, using custom tabulations from Statistics Canada, *Survey of Labour and Income Dynamics*.

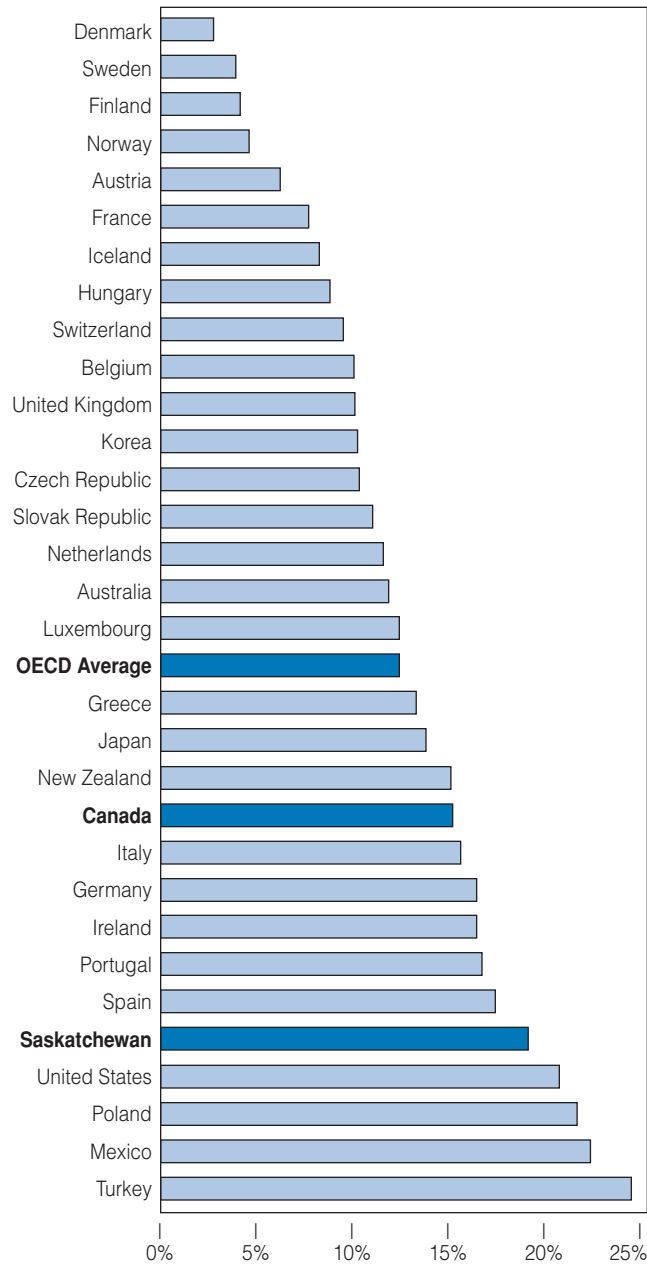
## Child Poverty Rate High by International Standards

Across 30 OECD countries, the average child poverty rate was 12% in the middle years of this decade (Chart 14). Canada, at 15%, exceeds the OECD average.<sup>10</sup>

North and central European countries generally have a child poverty rate below 10%. In contrast, the estimated rate for Saskatchewan is 18-19%, ranking the province among those countries with very high child poverty. This rate is greater than that for Spain and Portugal and lesser only for the United States, Mexico, Poland and Turkey. The fact that the rates in several OECD countries are less than one-half that for Saskatchewan demonstrates that child poverty can be dramatically reduced.

<sup>10</sup> Poverty thresholds are set at 50% of median income.

**Chart 14: Child Poverty Rates in OECD Countries, Mid 2000s**



Source: OECD, *Growing Unequal*, Table 5.2. (2008).  
 Note: The rate for Saskatchewan estimated by the authors.

## Poverty Measures

There is no official level of poverty in Canada but there are four commonly used measures of low income produced by Statistics Canada or other federal agencies:

**LICO.** The most commonly used indicators of low income are the Low Income Cut-offs (LICOs), before

tax or after tax — two measures that have been produced by Statistics Canada since 1967. Any family that spends more than 20% above the average on food, clothing, and shelter, adjusted for family and community size, is below the LICO. The **before-tax LICO** is based on income from market sources and transfers delivered outside of the taxation system. The **after-tax LICO** is based on disposable income and accounts for tax credits and deductions. While Statistics Canada recommends use of the after-tax LICO, in this report the before-tax LICO is used to provide comparability with previous reports and with national and other provincial reports. In addition, for Saskatchewan, Statistics Canada reports greater reliability for before-tax than for after-tax measures. Variations from year to year in the two measures are quite similar (Chart 3). Before-tax and after-tax LICOs by population and household size are listed below.

Before-tax LICO by household size and population area					
Household Size	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1 person	\$21,666	\$18,659	\$18,544	\$16,968	\$14,914
2 persons	\$26,972	\$23,228	\$23,084	\$21,123	\$18,567
3 persons	\$33,159	\$28,556	\$28,379	\$25,968	\$22,826
4 persons	\$40,259	\$34,671	\$34,457	\$31,529	\$27,714
5 persons	\$45,662	\$39,322	\$39,081	\$35,760	\$31,432
6 persons	\$51,498	\$44,350	\$44,077	\$40,331	\$35,452
7 or more	\$57,336	\$49,377	\$49,073	\$44,903	\$39,470
After-tax LICO by household size and population area					
Household Size	500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1 person	\$17,954	\$15,184	\$14,994	\$13,441	\$11,745
2 persons	\$21,851	\$18,480	\$18,250	\$16,360	\$14,295
3 persons	\$27,210	\$23,011	\$22,725	\$20,370	\$17,800
4 persons	\$33,946	\$28,709	\$28,352	\$25,414	\$22,206
5 persons	\$38,655	\$32,691	\$32,285	\$28,940	\$25,287
6 persons	\$42,869	\$36,255	\$35,805	\$32,095	\$28,044
7 or more	\$47,084	\$39,819	\$39,324	\$35,250	\$30,801

**MBM.** The Market Basket Measure (MBM) is a measure of low income based on the cost of a minimal family budget. More specifically, it represents a “standard of consumption which is close to median standards of expenditure for food, clothing and footwear and shelter and somewhat below that standard for other categories of expenditure” (p. 5 of MBM

reference, see below). Low income rates by province using the MBM are available for the years 2000 to 2007. For Saskatchewan, the percentage of children in poverty using the MBM is very similar to the before-tax LICOs used in this report (Chart 3).

**LIM.** From the Low Income Measure (LIM), a family is in poverty if its income is less than one-half the median income (alternatives based on 40% or 60% of median income are also provided in some publications). The LIM is a useful way of comparing poverty levels across countries. Unfortunately, estimates of poverty for Saskatchewan using the LIM are unavailable at this time.

**References.** For information about LICO and LIM, see Statistics Canada, *Low income cut-offs for 2008 and low income measures for 2007* (Catalogue no. 75F002M – No. 002, Ottawa, June 2009). Description of the MBM and estimated low income rates by province using this measure are provided in Human Resources and Skills Development Canada, *Low Income in Canada: 2000-2007 Using the Market Basket Measure, Final Report* (Ottawa, August 2009). International comparisons are available from the Organization of Economic Cooperation and Development (OECD) in its publication *Growing Unequal* (Paris, 2008).

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This report is produced in partnership with **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 national and provincial child and family poverty reports, visit [www.campaign2000.ca](http://www.campaign2000.ca). Special thanks to the Social Planning and Research Council of BC (SPARC) and the Canadian Centre for Policy Alternatives (CCPA) for the data tabulations used in this report.

