



## MANITOBA CHILD AND FAMILY REPORT CARD 2017

NOVEMBER 21, 2017

# *WAITING FOR THE PLAN*

## Introduction

This is the twenty-eighth annual Manitoba Child and Family Poverty Report Card. In the 2016 report card, we hoped that in November 2017 Manitobans would not still be asking ourselves how we justify more than 1 in 3.5 of our children living in poverty. There has been marginal change. The Manitoba child poverty rate has decreased from 29% to 27.5%, as the rate for all of Canada has decreased from 18.5% to 17.4%. This is too small a change to allow us to let ourselves off the hook.

We must now ask ourselves how we can justify more than 1 in 3.7 Manitoba children living in poverty.

The crisis that became a chronic nightmare continued in 2015. Manitoba continued to have the highest child poverty rate of any province, more than 10% above the national rate. Only the Territory of Nunavut had a higher rate at 36.1%. We should take no solace in this second place, as Nunavut is a special case with approximately 84% of its population being Indigenous (Crump, 2016).

Cultural disruption and dispossession of the land in Canada has created among Indigenous peoples a “near total psychological, physical and financial dependency on the state” (Alfred, 2009, p. 42). In Nunavut, the upheaval caused by relocation and resettlement continues to be felt several generations on (Crump, 2016:75).

The child poverty rate in Manitoba remains 4.5 percentage points higher than our rate in 1989. In 1989, only the Northwest Territories and Saskatchewan had higher rates, and their 2015 rates are lower than their 1989 rates. The Northwest Territories and Saskatchewan have gone in the right direction, while Manitoba has not.

In its 2017 budget, the Pallister government noted that “The year 2017 marks a renewal of Manitoba’s Poverty Reduction and Social Inclusion Strategy (PRSI) and an end to the previous five-year All Aboard cycle.” Given the chronic crisis that Manitoba’s children experience, the government went on to make an important commitment:

**The updated provincial strategy is anticipated to be launched in late 2017.**

This is admirably clear and direct. This means that in 40 days or less Manitobans should receive the strategy.

This is why we expect to hear much more about the government's plans in this afternoon's throne speech.

In this report card, we outline the problem and recommend the essential elements of a solution that will work.

## The Facts

In this section, we report on the rate and depth of child and family poverty, and its distribution by family structure, ethnicity and age of child. We also report on the role of income transfers in preventing child poverty and demonstrate the level of inequality among families with children.

## Measuring Poverty

Statistics Canada produces several measures of low income, including the Low Income Cut-Off (LICO) Before-Tax and After-Tax, the Market Basket Measure (MBM) and the LIM Before- and After-Tax. Because Canada does not have an official low income threshold, debates about measuring poverty can overtake the urgent need for solutions.

This report uses Statistics Canada's T1 Family File (T1FF) to report on low income according to the Low Income Measure-After Tax (LIM-AT), unless otherwise indicated.<sup>1</sup> The T1FF includes personal income tax and Canada Child Tax Benefit (CCTB) records.<sup>2</sup> The most recent data are from the 2015 calendar year. Child benefit records improve the coverage of children in the T1FF data set in comparison with official population estimates but T1FF provides limited demographic information.<sup>3</sup>

We present census data on low income here, but note that there are methodological differences in the calculation of low income rates between the 2016 Census and the T1FF. While both report on low income based on Taxfiler data from 2015, T1FF uses the census family as the unit of measure while the 2016 Census uses the household. This, coupled with the application of

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<sup>1</sup>Statistics Canada data on low income always have a 2-year time lag.

<sup>2</sup>Statistics Canada (July 2016). Annual Income Estimates for Census Families, and Individuals (T1 Family File) Family Data User's Guide. Income Statistics Division.

<sup>3</sup> 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.

different equivalency scales to the data, results in different low income thresholds and therefore slightly different rates of child and family poverty (27.5% from T1FF and 21.9% according to the Census). It is notable that the 2016 census calculation of low income rates excludes First Nations people living on reserve, while these individuals are included in the T1FF low income rates.

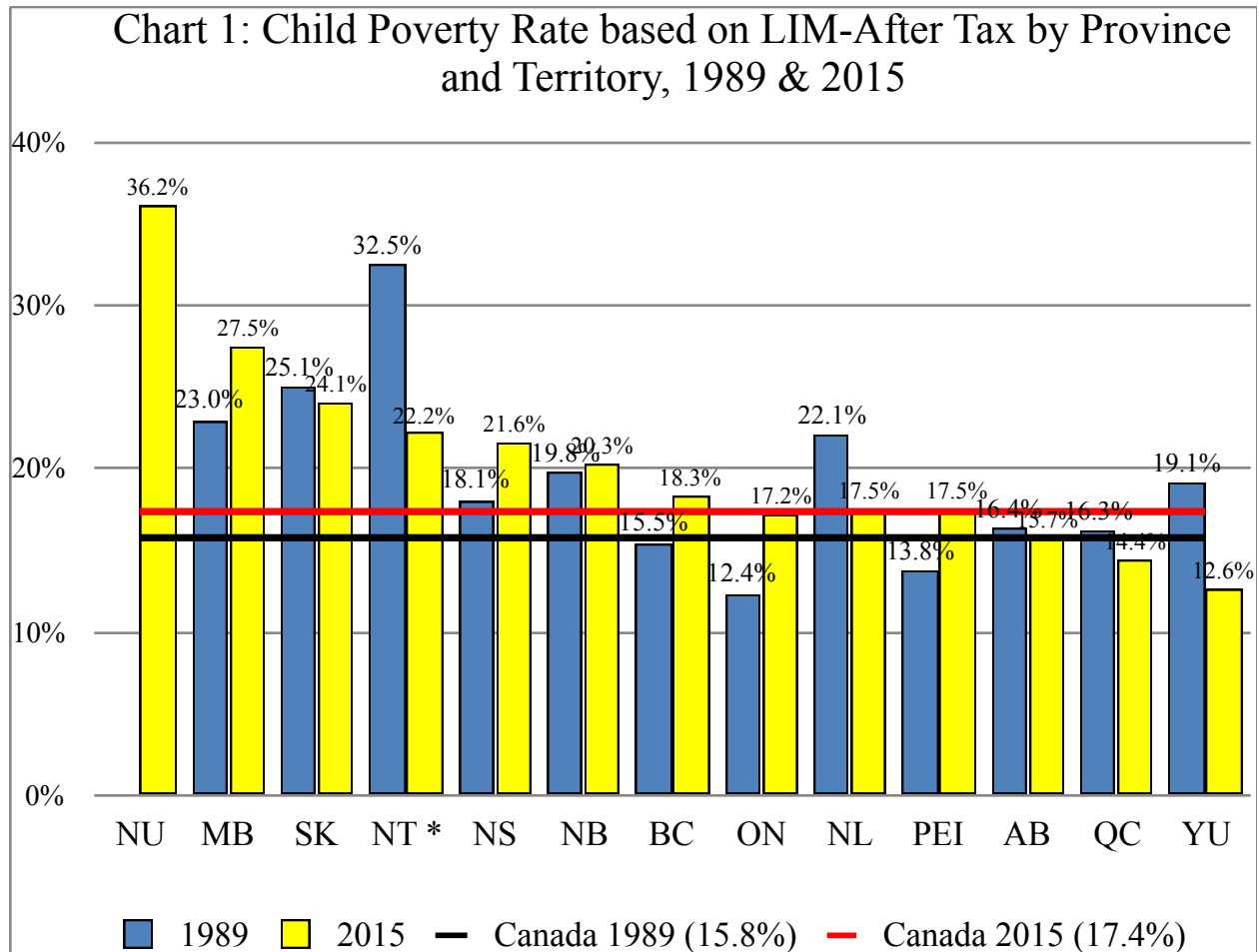
The LIM is a relative measure of poverty. It is a fixed percentage (50%) of median adjusted household income that takes household size into account and it is internationally comparable. It is most strongly related to health status and developmental outcomes.

### Low Income Measure, After Tax 2015

Family Type	LIM-AT
Single Adult (no child)	18,213
Lone Parent with one child*	25,498
Lone Parent with two children	30,962
Couple (no child)	25,498
Couple with one child	30,962
Couple with two children	36,426

\*Includes parents/spouses, children 16 years of age and over and the first child in lone-parent families regardless of age.

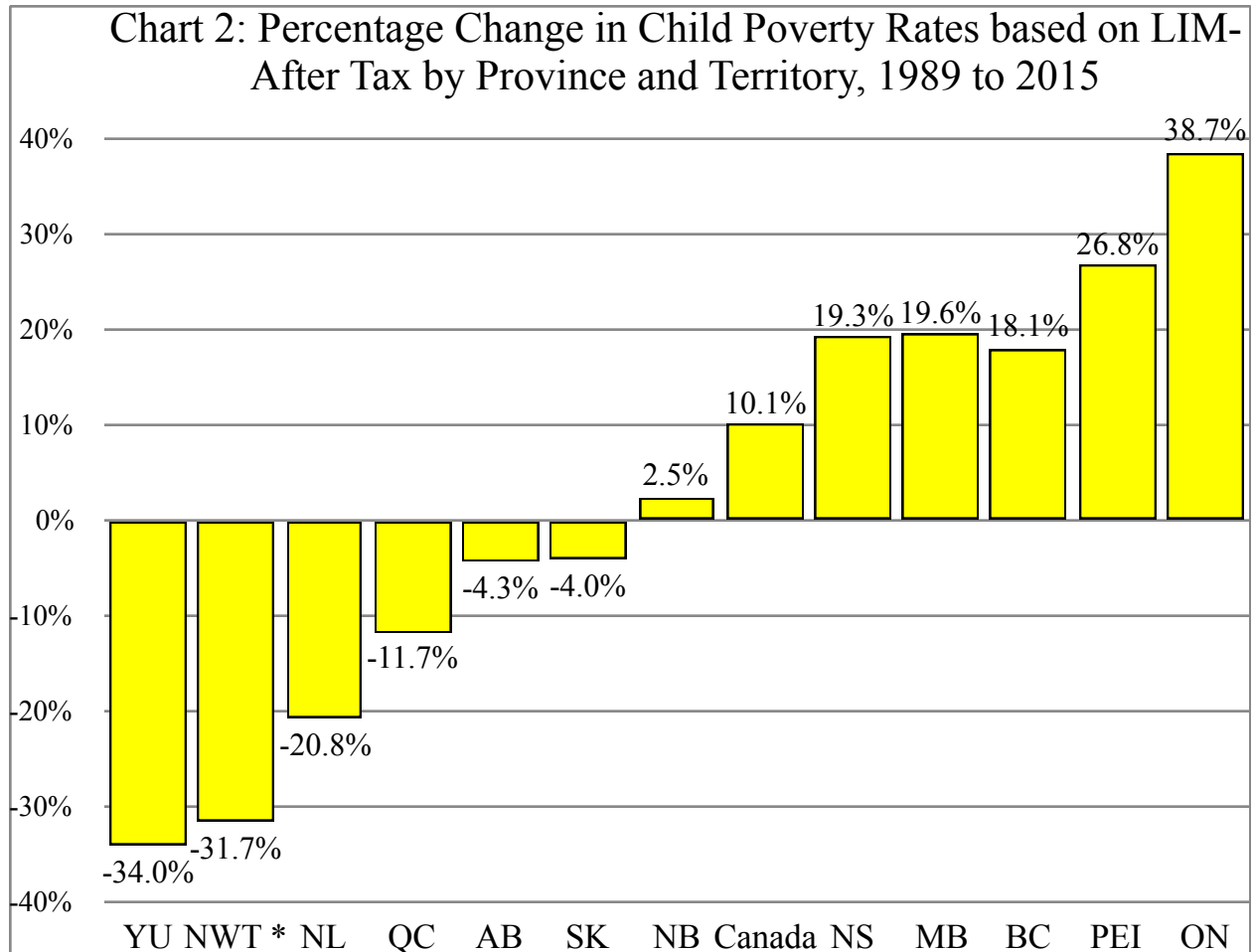
Source: Statistics Canada. Income Statistics Division (2017 July). Annual Income Estimates for Census Families and Individuals (T1 Family File) Family Data User's Guide 2017



As described above, Manitoba continues to have the highest child poverty rate of any province, and more than 10% above the national rate. Among the territories, only the unique case of Nunavut has a higher rate.

This means that 81,970 Manitoba children lived in poverty in 2015. This is more than 1 in 3.7 of Manitoba children.

\* Nunavut became a new territory, formed out of the Northwest Territories, in 1999.



In 1989 the House of Commons unanimously voted to end child poverty by the year 2000. In six provinces and territories the rate has decreased between 1989 and 2015. In Manitoba, the percentage increase in the child poverty rate over that period was almost 20%, almost double the percentage increase in the national rate.

\* Nunavut became a new territory, formed out of the Northwest Territories, in 1999.

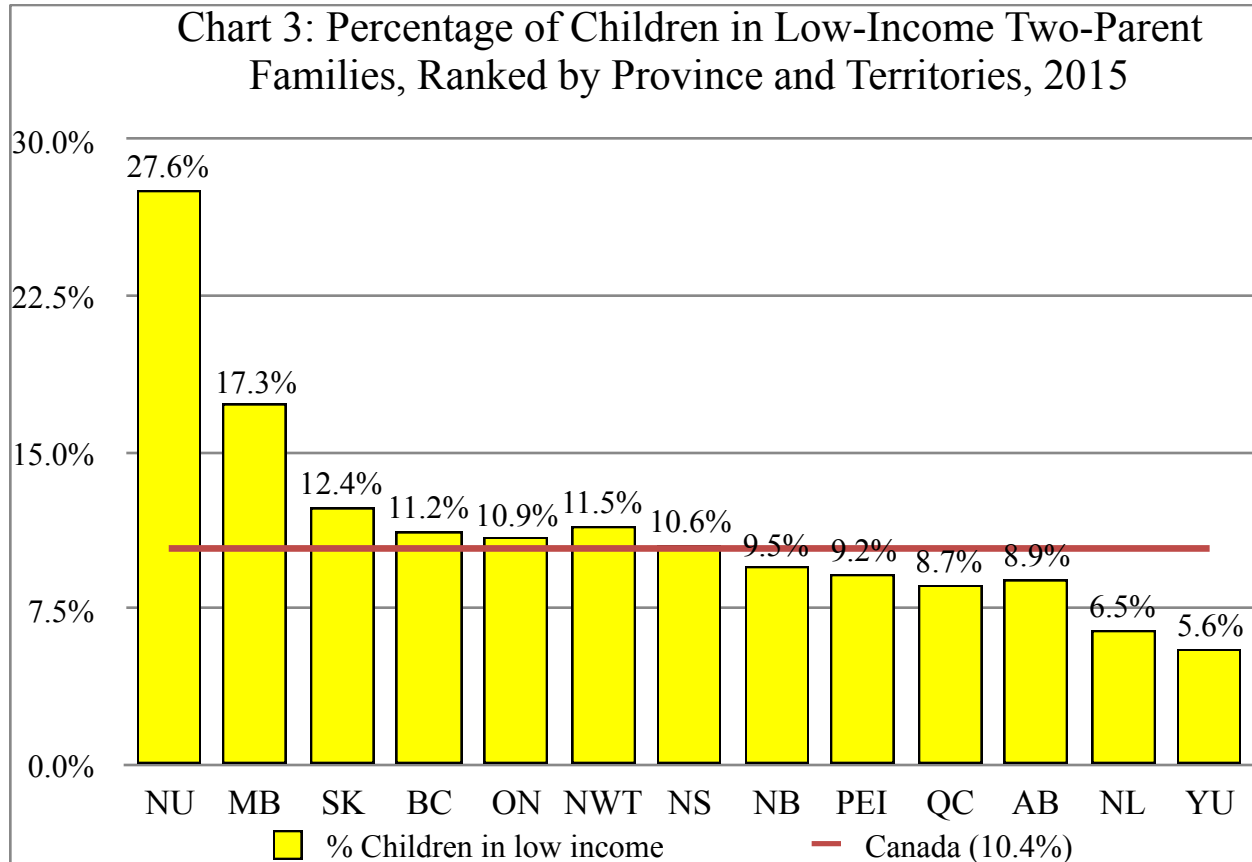


Chart 3 shows that in 2015 Manitoba continued to exhibit the highest provincial rate of poverty among children in two-parent families at 17.3%, 6.9 percentage points above the rate for all of Canada. Only the territory of Nunavut had a higher rate.

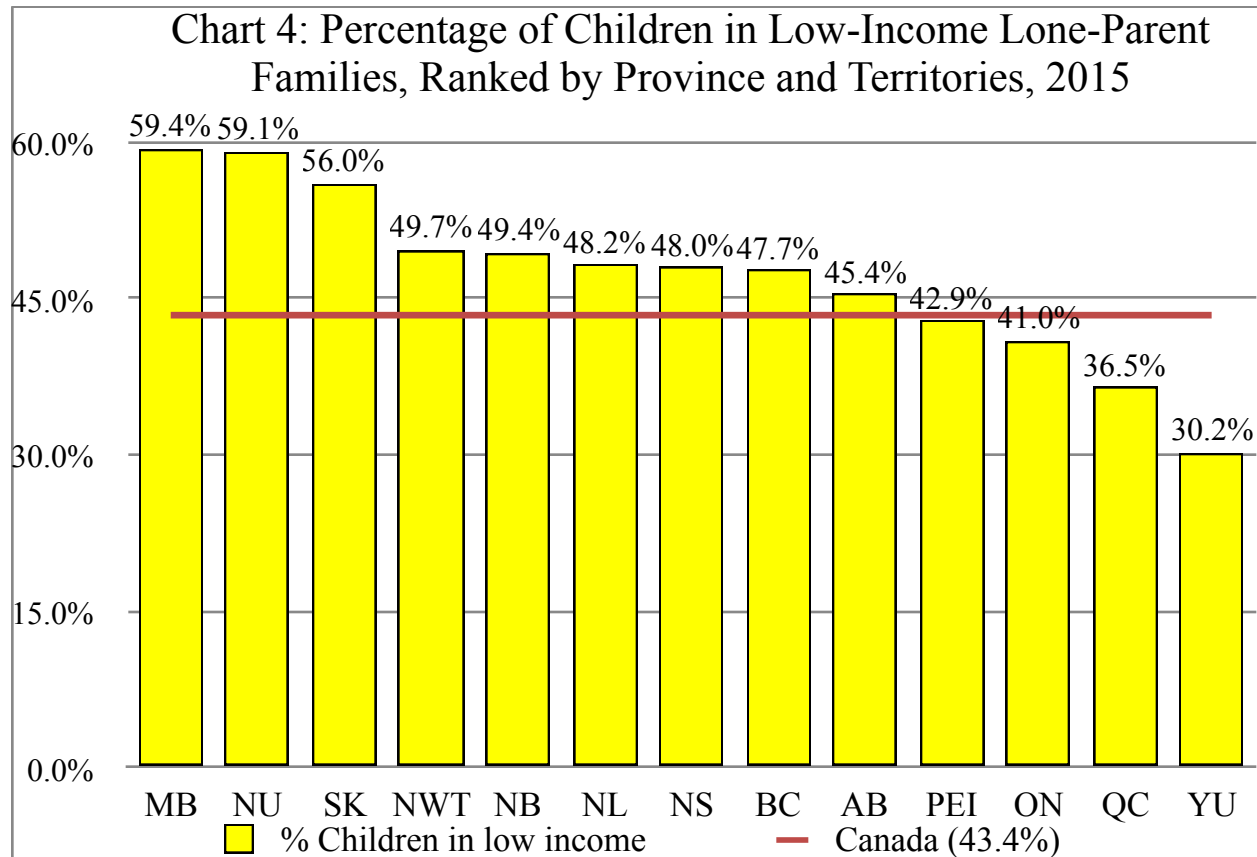


Chart 4 shows that in 2015, almost 60% of Manitoba children living in lone-parent families were living in poverty. This is higher than in any other province or territory and 16% above the national rate.



Chart 5: Percentage of Children in Low-Income Families, Ranked by Province and Territory, 2015

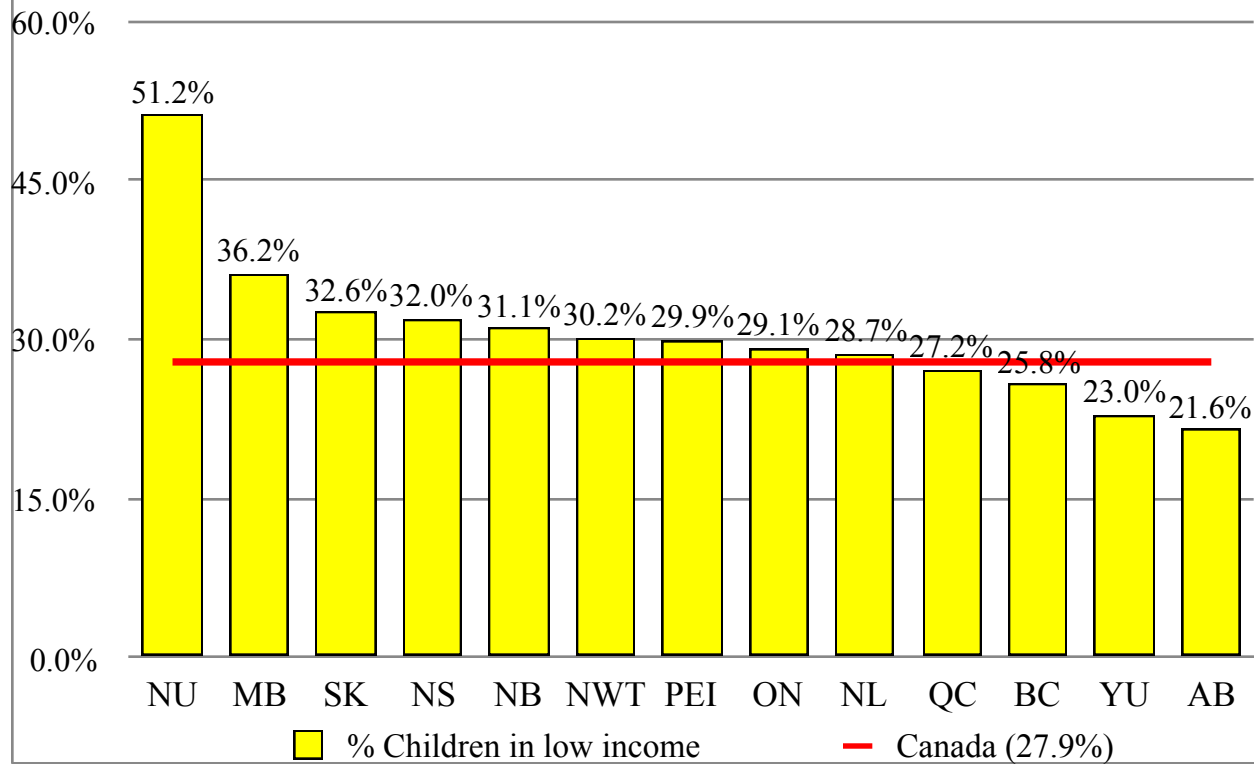


Chart 5 shows the percentage of children living in families with market incomes below LIM, ranked by provinces and territories. It describes what the rate of child poverty would be, if only market income from earnings and investments, and no government transfer payments, were considered. From these sources alone, well over one-third (36.2%) of Manitoba children would be poor. This is the highest rate of any province, and 8.4% above the national rate. Only the exceptional case of the territory of Nunavut is higher. It is clear that the Manitoba labour market is failing many Manitoba children. While Manitoba's 2015 unemployment rate for those 15 years and older was the second lowest of any province (5.6%)<sup>4</sup>; in that year Manitoba ranked fifth lowest among the 13 provinces and territories for average weekly earnings (including

<sup>4</sup> Statistics Canada. Table 282-0002 - Labour force survey estimates (LFS), by sex and detailed age group, annual (persons unless otherwise noted), CANSIM (database). (accessed: November 15, 2017)

overtime) for all industries excluding unclassified businesses.<sup>5</sup> A low unemployment rate is not sufficient to prevent poverty. Well-paying and sustainable jobs are required.

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<sup>5</sup> Statistics Canada, CANSIM, table 281-0027.  
Last modified: 2017-03-31.

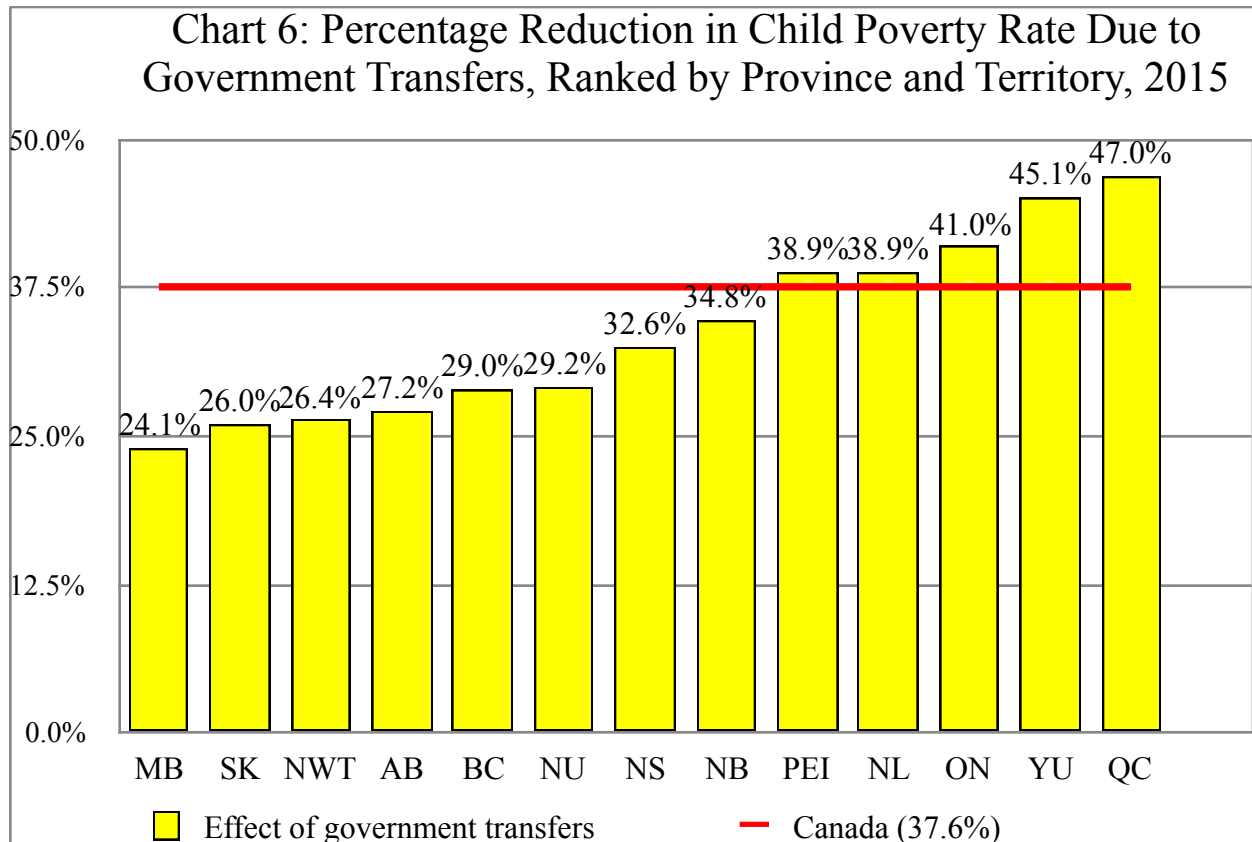


Chart 6 demonstrates that government transfers do not do as good a job in Manitoba in preventing child poverty as in any other province or territory. Manitoba's percentage improvement is 13.5 percentage points below the national percentage. Federal benefits are consistent throughout Canada, although differences in age, disability rate, unemployment rate, and family structure may partially account for differences in their receipt. However, it is clear that Manitoba's provincial government income transfer programs are failing children. For example, Tweddle, Battel and Torjman (2016) report that in Manitoba for a single parent Employment and Income Assistance recipient with a two-year-old child, welfare income in constant 2015 dollars was lower in 2015 at \$17,103 than it was in 1986 (\$17,225). Similarly, the welfare income for a couple with two children (\$24,719) was nearly \$2,400 lower than what they received in 1986. All welfare incomes were well below the Low Income Measure after-tax poverty line.

Chart 7A: Depth of Poverty, Canada, 2015

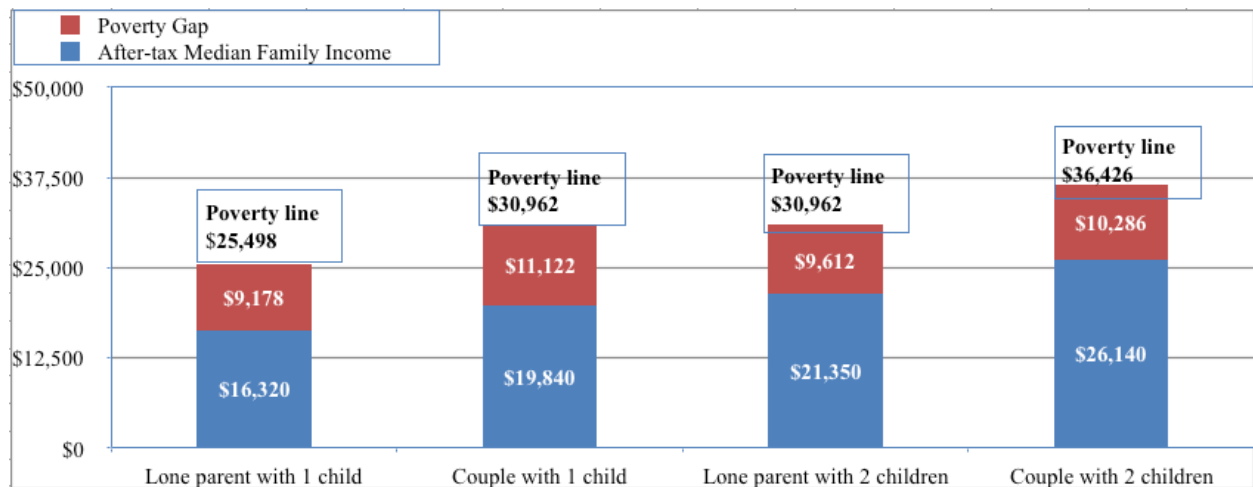
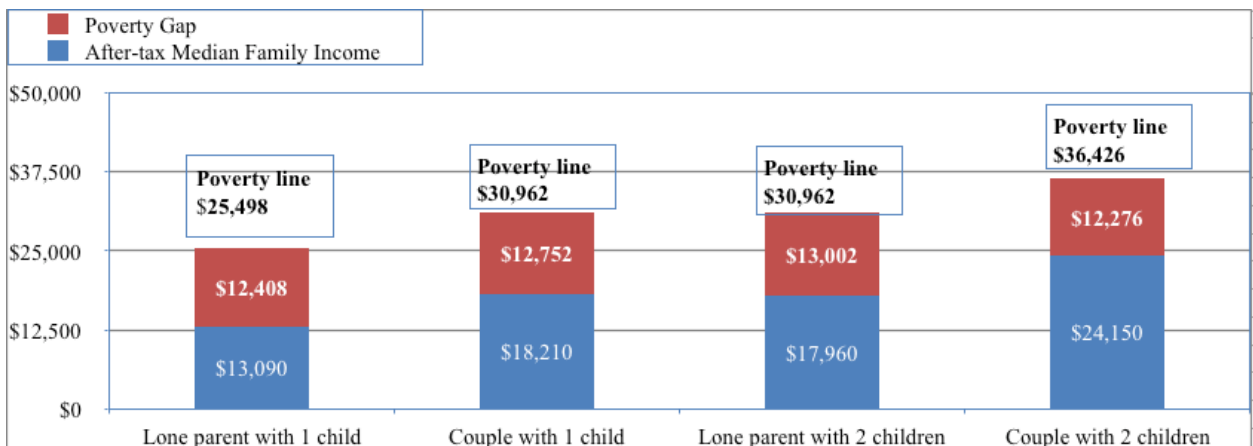
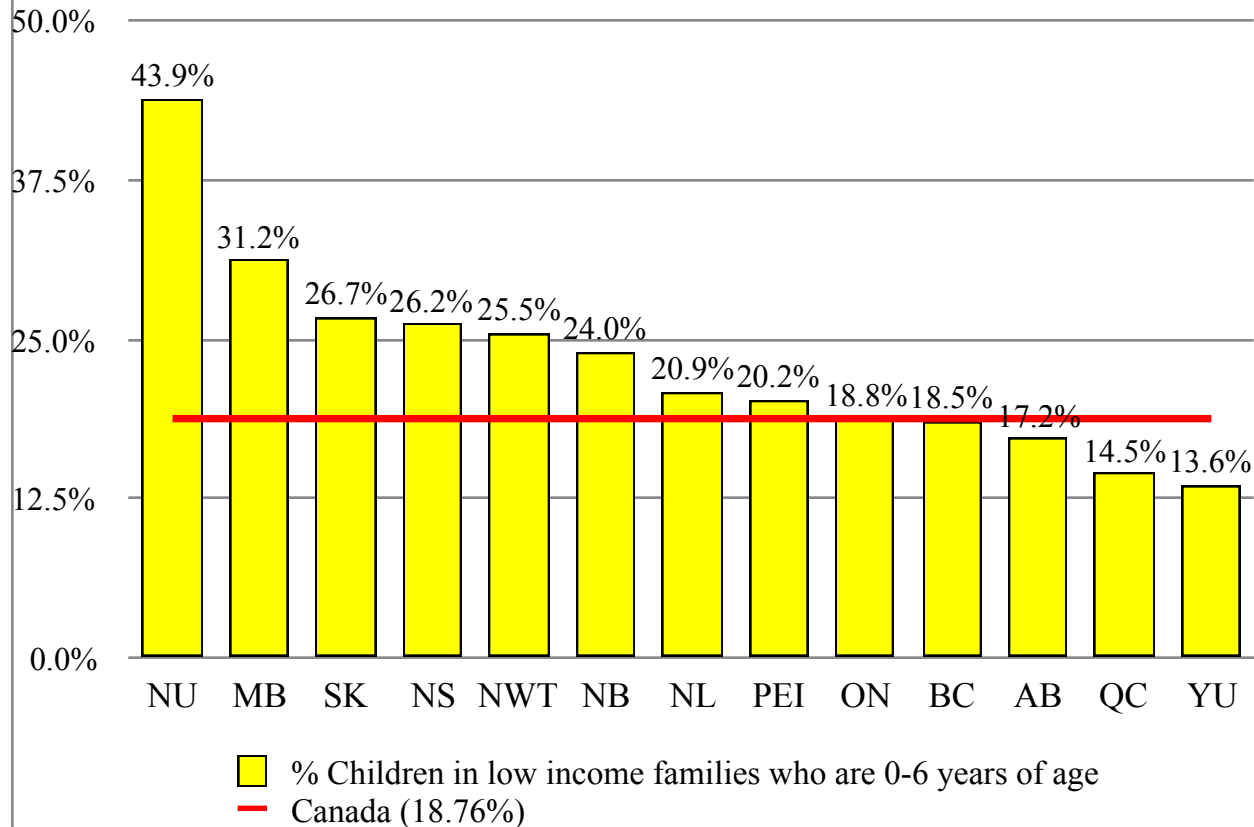


Chart 7B: Depth of Poverty, Manitoba, 2015



Charts 7A and 7B demonstrate that low-income Manitoba families with children are living in much deeper poverty than those in Canada as a whole. The poverty gap is the amount needed by a typical family at the median to reach the poverty line. Many families are living in deep poverty. For example, half of lone parents with two children would require more than \$13,002 just to reach the poverty line, and half of couples with two children would need more than \$12,276.

Chart 8: Percentage of children in low-income families, 0-6 years of age, ranked by province and territory, 2015



Living in poverty is especially damaging to the lifelong health, development and school readiness of pre-school children. Unfortunately, almost one third (31.2%) of Manitoba children under six years of age lived in poverty in 2015. This is 12.5 percentage points higher than the national rate, and the highest of any province. Only the territory of Nunavut had a higher rate.

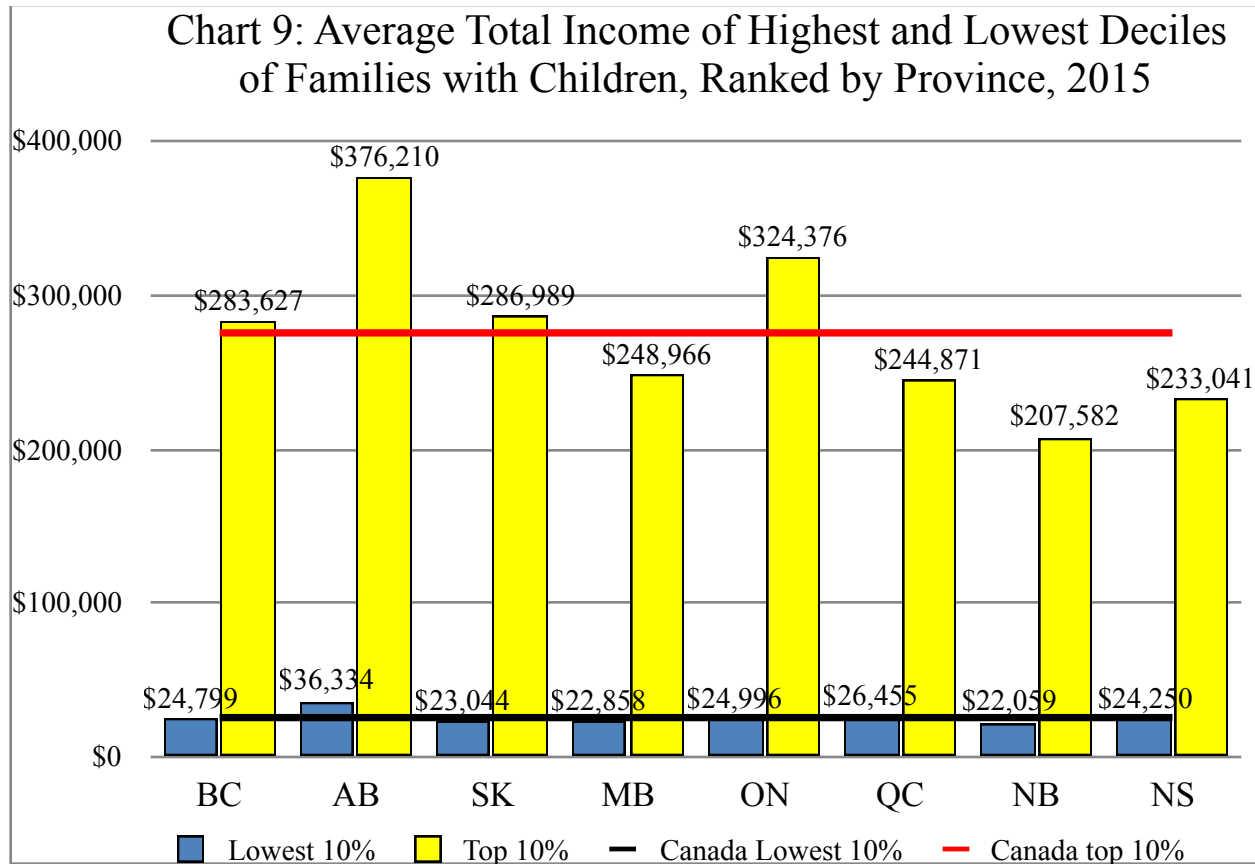


Chart 9 demonstrates considerable inequality among Canadian families with children in 2015 in every province based on the difference between the average incomes of the highest earning 10% of families and the lowest earning 10%. In Manitoba, the most affluent families had total incomes almost 11 (10.9) times higher than those of the poorest families. This was the fourth highest level of inequality among the eight provinces which could be described.

Note: NL, PEI, NT, YU and NU have been omitted from Chart 9 because sample sizes are too small for the data to be reliable. The Canada figure is an unweighted average of the eight listed provinces.

Source: Statistics Canada, special tabulations based on Canadian Income Survey (CIS) and Survey of Labour and Income Dynamics (SLID), provided by the Canadian Centre on Policy Alternatives. These surveys do not include the territories or persons living in First Nations communities

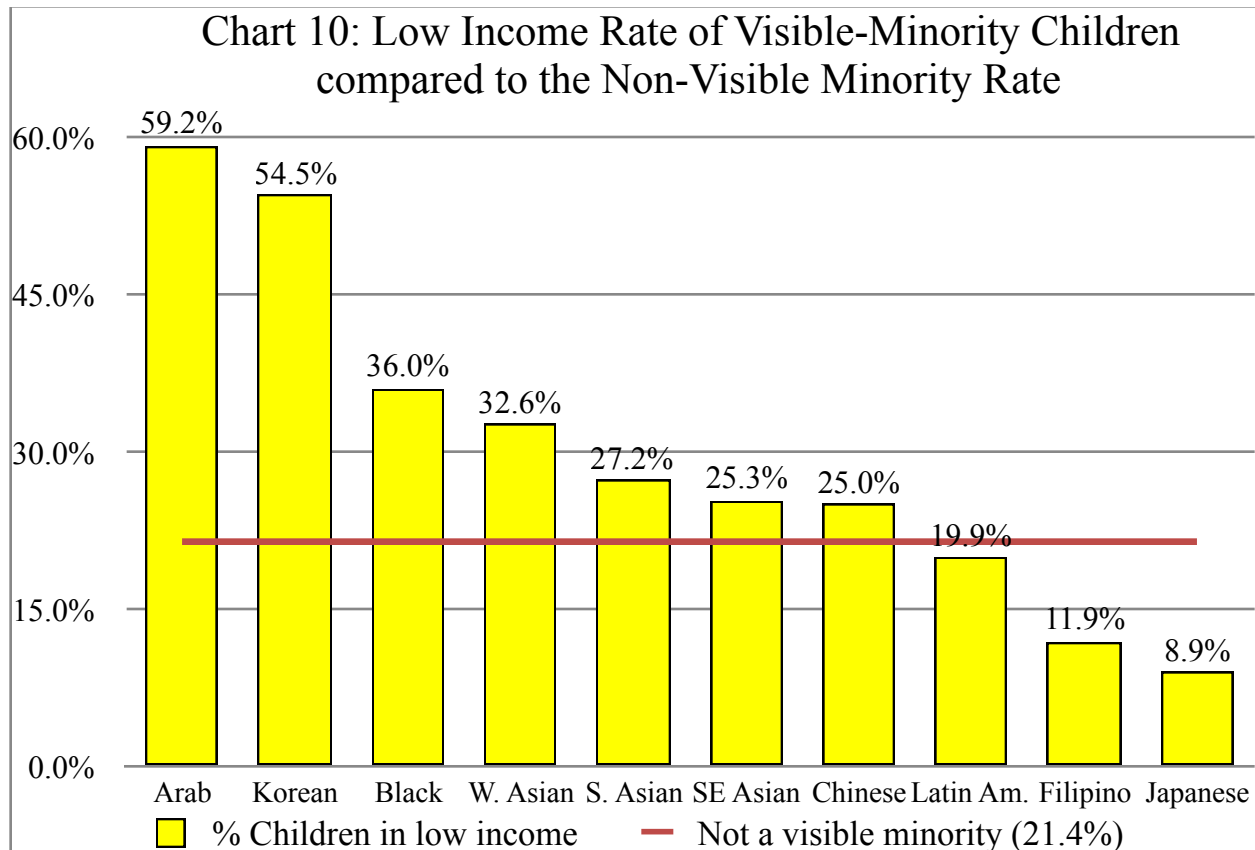


Chart 10 demonstrates that child poverty is not equally distributed. Some visible minority children experience rates much higher than those of non-visible minority children. Notably, more than 50% of Manitoba children of Arab and Korean backgrounds are living in poverty.

Source: Statistics Canada, 2016 Census

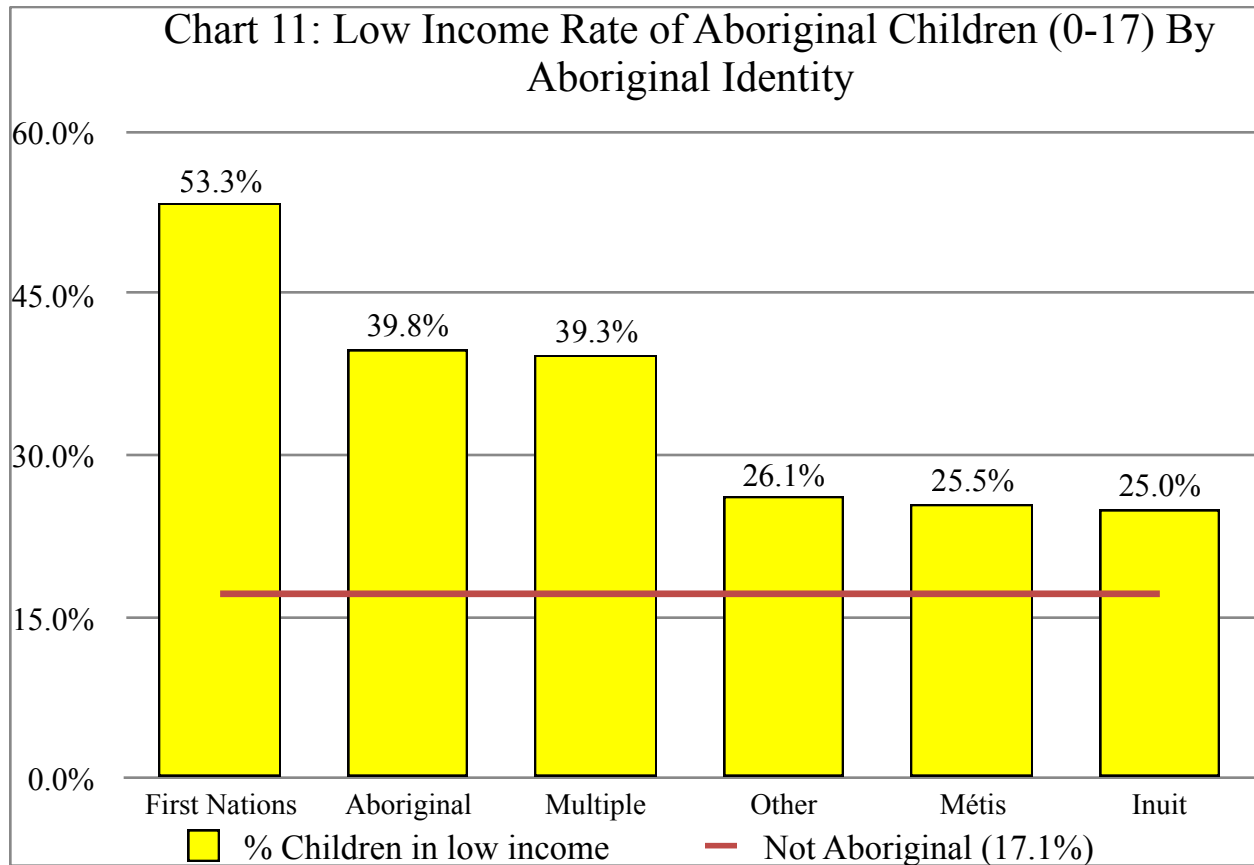


Chart 11 is from the 2016 census, which, as described above, does not include children living in First Nations communities in applying the Low Income Measure. Therefore, it underestimates the Aboriginal child poverty rate. Even so, all Aboriginal identity groups exhibit child poverty rates much higher (25% to 53.3%) than the rate experienced by non-Aboriginal children (17.1%).



## Recommendations

Child and family poverty continues to exist as a chronic nightmare in Manitoba. The 2015 rate is the highest of any province and is significantly higher than our 1989 rate. Manitoba's poverty rate for pre-school children is alarmingly high, with almost one-third of Manitoba preschoolers experiencing poverty during this highly vulnerable developmental stage.

Furthermore, typically, Manitoba's poor children are living in deep poverty.

The promised Made-in-Manitoba strategy could put an end to the tragedy and waste but only if it includes:

### 1. Targets, timelines and resources

To be effective, the poverty reduction plan should state specific targets regarding the rate and depth of poverty attached to a clear time line to accomplish these targets.

We suggest a reduction in the rate and depth of child poverty as measured by LIM After-Tax calculated from Statistics Canada's T1 Family File of 25% by the year 2023 for the entire population of Manitoba children.

Furthermore, a 25% decrease in the rate and depth of poverty must be experienced by Indigenous and visible minority children.

The strategy must also contain a detailed description of the policies and programs that will be implemented to reach these targets, and a detailed budget of expenditures required for each policy and program

### 2. Making Work Pay

The Manitoba labour market performs least well of any provincial labour market when it comes to preventing child poverty. Working parents should not have to raise their children in poverty.

We recommend:

- Raising the minimum wage to \$15 per hour by the end of 2019;
- Implementing a plan to increase the supply of well-paying, non-precarious full time jobs;

- Improving accessible education, training and supports for low-income parents so that they can attain and maintain these jobs.

### 3. Improving Manitoba's Income Support Programs

Income support programs are less effective in Manitoba than in any other province in preventing child poverty.

We recommend gradual implementation of a **universal, unconditional income guarantee** for all Manitobans, adequate to meet their basic needs.

This implementation should begin with:

- Immediately raising the Manitoba Child Benefit so that it commands the same purchasing power as when it was introduced in the early 1980s. The Manitoba Child Benefit is a supplement for working-poor families with children. It was introduced by the Sterling Lyon administration as the Child-Related Income Support Program. In 2008, the Doer government renamed it and increased its maximum by only \$5 per month. It has not even kept up with inflation. Significantly higher benefits are required to move the children of the working poor out of poverty.
- Indexing the Manitoba Child Benefit so that it is not eroded by inflation over time.
- Immediately raising Employment and Income Assistance Benefits so that recipients' total income achieves the LIM After-Tax Poverty Threshold.

### 4. Accessible, high quality public services

The strategy must include plans to increase the supply, accessibility and quality of public services in four areas which are essential to reduce and prevent child and family poverty:

- Early learning and child care – so parents can train and work and so that the developmental damage of poverty on children can be reversed;
- Social and affordable housing – so that children can experience safe housing with ample space without consuming too much of the family budget to afford other necessities;
- Public transportation – to facilitate children attending school, child care and recreation; and to facilitate parental work and training;

- Health Care, including the range of rehabilitation services – to begin to reverse the negative effects on child health of poverty.

## **5. Decreasing neighbourhood deprivation**

Too often, poor children live in neighbourhoods which present too many risks and not enough developmental opportunities.

We recommend that to change this balance, a plan for increased funding and technical support for local community civil society organizations that support children and families be developed.

So, we are waiting for a strategy to end this chronic nightmare. We are well past the point when vague promises will do. We need specific targets with timelines and budgets attached.

Single bullets will not do. The causes and effects of child poverty are too numerous. We must see plans for improvements in the labour market, income support programs, public services and support of community organizations.

**To the Pallister government: You have made a promise for a Poverty Reduction Strategy in 2017.**

**We'd like to see you start to keep that promise this afternoon.**

## References

Tweddle, A., Battle, K., & Torjman, S. (2016). *Canada social report: Welfare in Canada*, 2012. Caledon Institute of Social Policy.

Crump, M. (2016). Public Engagement and the Nunavut Roundtable for Poverty Reduction: *Attempting to Understand Nunavut's Poverty Reduction Strategy*. *Northern Review*, (42), 69-96.

Alfred, G. T. (2009). *Colonialism and state dependency*. *Journal of Aboriginal Health*, November, 42-60