

# NEW BRUNSWICK'S 2019 CHILD POVERTY REPORT CARD

January 2020



Human Development Council

CAMPAIGN 2000  
END CHILD & FAMILY  
POVERTY





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# Introduction

*This House seek(s) to achieve the goal of eliminating poverty among Canadian children by the year 2000.*

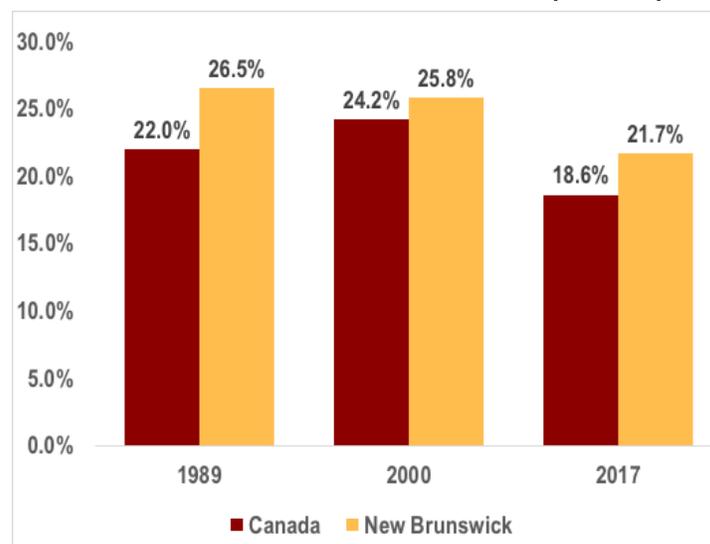
*- House of Commons, November 24, 1989*

2019 marks the 30th anniversary of the House of Commons resolution to eliminate child poverty. Every year, in partnership with Campaign 2000, we release a report card updating the state of child poverty in New Brunswick. These report cards serve as a reminder of the House's unfulfilled promise to end child poverty in Canada.

Over the last 30 years there have been small changes in child poverty rates [1] in Canada and New Brunswick. Figure 1 below shows child poverty rates (children age 0-17) for three important years: 1989, 2000 and 2017. In 1989 the House of Commons unanimously resolved to end child poverty in Canada by 2000. Unfortunately, the government did not reach this goal. By 2017, which is the most recent year with data available, child poverty rates dropped from where they were in 1989. Although the 2017 child poverty rate is historically low there is still a long way to go to eliminate child poverty.

While there is no “magic policy” that will eliminate child poverty, with the right policy interventions at all levels of government child poverty *is* solvable. Progress has been made in recent years and child poverty rates are declining slowly. This report is intended to examine the current state of child poverty in New Brunswick, acknowledge the progress that has been made, shed light on recent policy changes, and present recommendations for the federal and provincial governments.

**Figure 1: Child Poverty Rates (CFLIM-AT)  
Canada & New Brunswick: 1989, 2000, 2017**



Source: Statistics Canada, Income Statistics Division, Annual Income Estimates for Census Families and Individuals (T1 Family File), Custom Tabulation

[1] This report uses data from T1 Family File 2017, and CFLIM-AT as the measure of poverty. For more on this please see "MBM vs. LIM" on page 4.

# KEY EVENTS IN *Poverty Reduction* 2016-2019



## July 2016: Canada Child Benefit

Parents begin receiving the CCB, which offered more generous support than the previous family benefits.



## November 2017: National Housing Strategy



## March 2018: Designated Centre Parent Subsidy

NB Government introduces subsidized child care for families with household income under \$80K.



## February 2018: Advisory Council on the Implementation of Pharmacare



## December 2017: Extended Parental Leave

Parents have the option to extend parental leave by 6 months for a total of 18 months parental leave at a replacement rate of 33%.



## August 2018: Opportunity For All

Canada's First Poverty Reduction Strategy is released.



## August 2018: Official Poverty Line

The Marker Basket Measure is established as Canada's Official Poverty Line.



## June 2019: Sustainable Development Goals

The Federal Government adopts and commits to reporting progress made with UN's Sustainable Development Goals.



## March 2019: Parental Sharing Benefit

Parents can receive additional weeks of parental benefits if they share the leave with their partner.



## February 2019: First target met

Statistics Canada released results showing that between 2015 and 2017 poverty fell by more than 20%.



## June 2019: Poverty Reduction becomes law

The Federal Government entrenches poverty reduction targets, the National Advisory Council and official poverty line into legislation.



## August 2019: National Advisory Council on Poverty established

The Government of Canada released the members of the National Advisory Council on Poverty.

# MBM vs LIM

In 2018 the federal government adopted the Market Basket Measure (MBM) as Canada's official poverty line. Although the MBM is the official poverty line, this report uses the Low-Income Measure (LIM) as the measure of poverty. While we recognize that no measure of poverty is perfect, the MBM has a few shortcomings which are discussed in Appendix A. For these reasons, Campaign 2000 and its regional partners have chosen to use the LIM in the 2019 Child Poverty Report Cards.

**Market Basket Measure (MBM):** A household is considered to be in poverty if it does not have enough money to buy a specific basket of goods and services that allows it to meet its basic needs and achieve a modest standard of living in its community. As this measure is based on having or not having enough money to purchase a fixed basket of goods and services, it is an absolute measure of poverty.

Source: Opportunity For All, Canada's Poverty Reduction Strategy

**Low-Income Measure (LIM):** A household is considered to be in low income if its income is below 50 percent of median household incomes, accounting for household size. As this measure moves according to the changing incomes of the total population, it is a relative measure of poverty.

Source: Opportunity For All, Canada's Poverty Reduction Strategy

**Table 1: Low Income Thresholds -  
Census Family Low Income Measure, After-Tax 2017 and MBM**

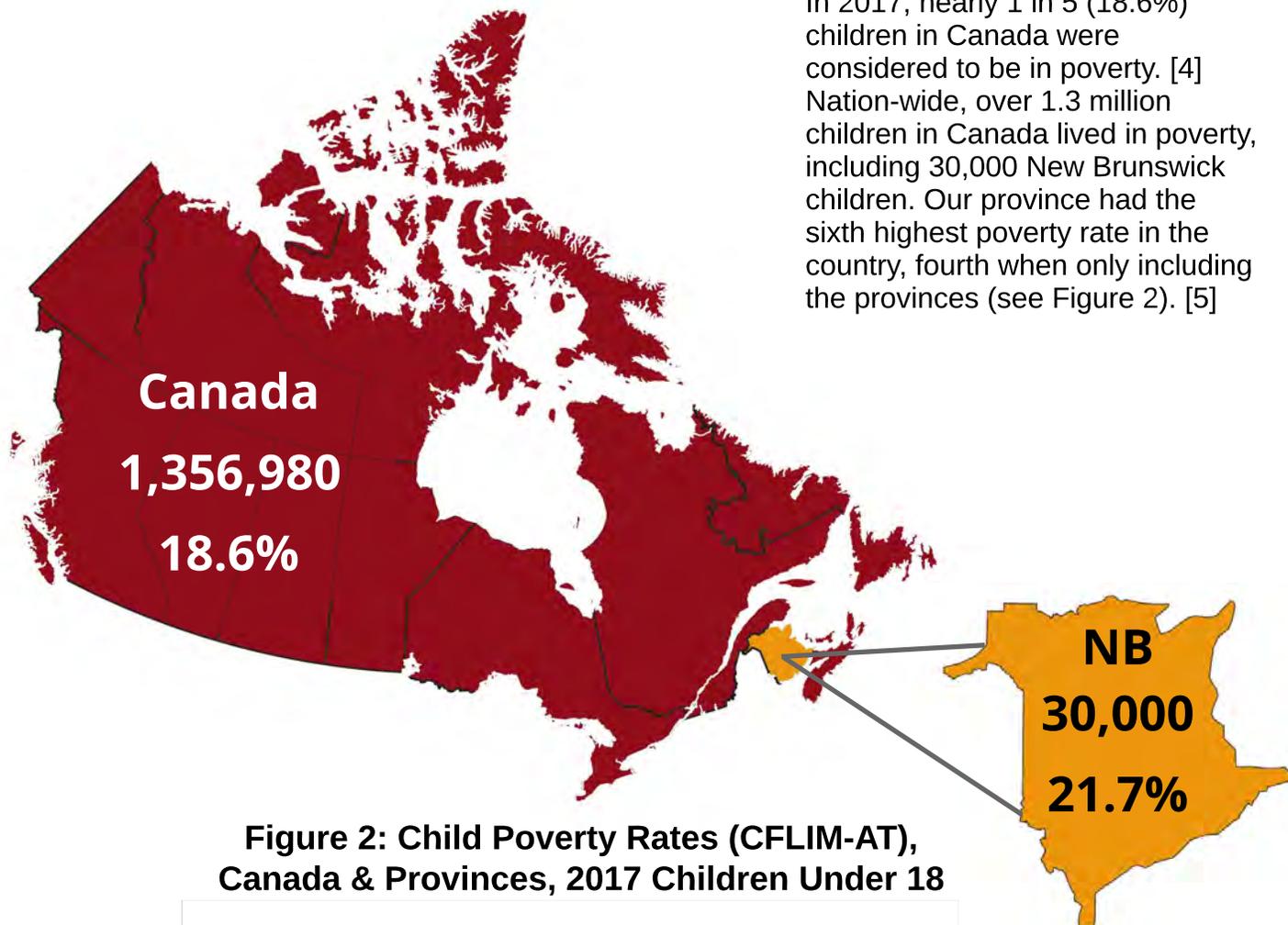
<u>Family Type</u>	<u>CFLIM-AT [2]</u>	<u>MBM [3]</u>
Single person (no child)	\$21,234	\$18,322
Lone parent with one child	\$30,029	\$25,911
Lone parent with two children	\$36,778	\$31,735
Couple with one child	\$36,778	\$31,735
Couple with two children	\$42,468	\$36,644

[2] T1 Family File, Final Estimates, 2017. Technical Reference Guide for Census Families, Individuals and Seniors.

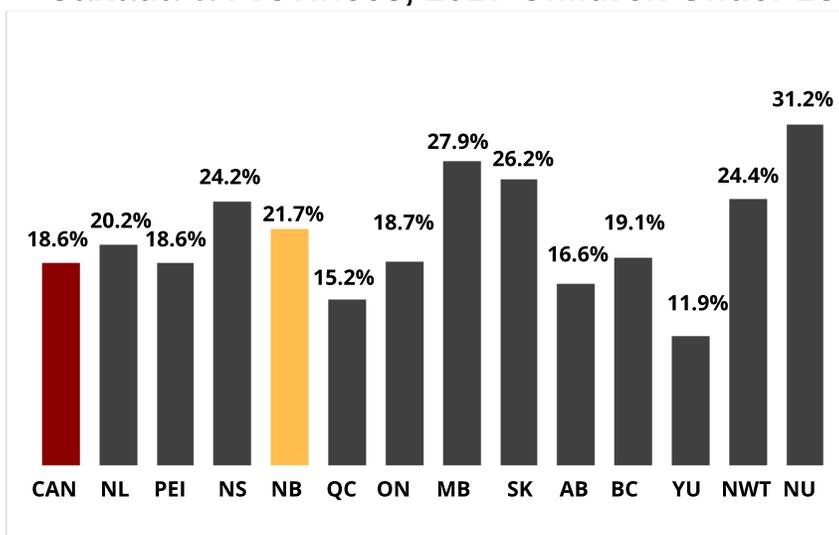
[3] Source: Statistics Canada. Table 11-10-0066-01 Market Basket Measure (MBM) thresholds for the reference family by Market Basket Measure region, component and base year. Calculated using square root equivalency methodology. Please see Appendix B for more information on square root equivalency.

# Child Poverty Across Canada

In 2017, nearly 1 in 5 (18.6%) children in Canada were considered to be in poverty. [4] Nation-wide, over 1.3 million children in Canada lived in poverty, including 30,000 New Brunswick children. Our province had the sixth highest poverty rate in the country, fourth when only including the provinces (see Figure 2). [5]



**Figure 2: Child Poverty Rates (CFLIM-AT), Canada & Provinces, 2017 Children Under 18**



Source: Statistics Canada. T1 Family Files. 2017

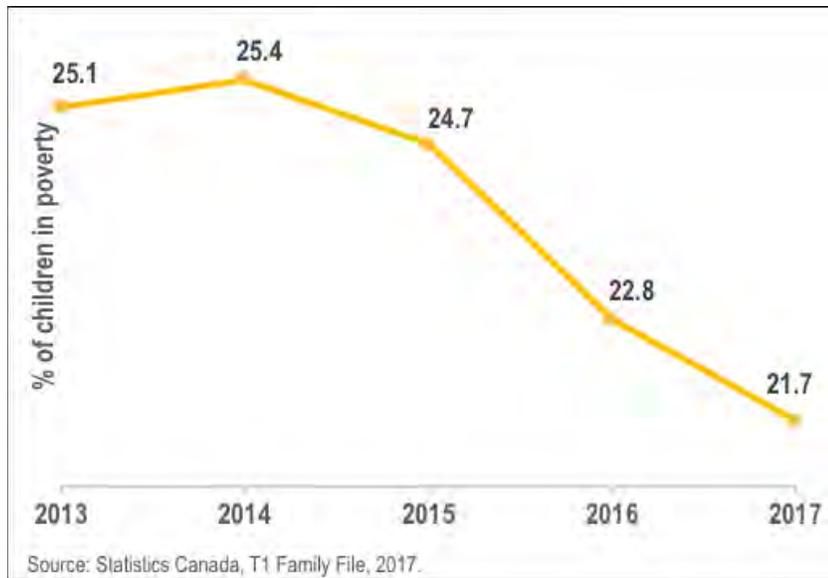
[4]Statistics Canada. T1 Family Files, 2017.

[5]For a comparison between Canadian children and children in eight other similarly affluent countries, please see Burton, P., & Phipps, S. (2017).

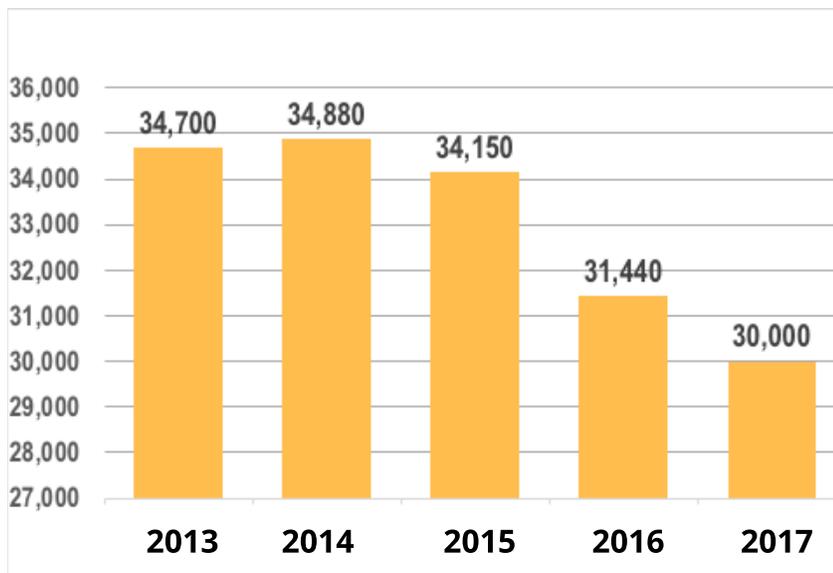
# Child Poverty In New Brunswick

Small victories in the fight to end child poverty should be celebrated. In 2017 the child poverty rate decreased in New Brunswick by 1.1 percentage points (see Figure 3), with the number of children living in poverty falling by 1,440 (see Figure 4). [6] As a province we have a long way to go to eliminate child poverty, but the indicators are moving in the right direction.

**Figure 3: Child Poverty Rate, 2013-2017, New Brunswick (CFLIM-AT 2017)**



**Figure 4: Number of Children in Poverty, 2013-2017, New Brunswick (CFLIM-AT)**



[6] While the number of children living in poverty has declined, so has the overall number of children. Census data shows that the population of children (ages 0-17) in New Brunswick dropped from 140,580 in 2011 to 134,725 in 2016 (4.2%).

# Depth of Poverty

Although the number of New Brunswick children living in poverty is dropping, the depth of poverty, which is the amount of money needed to lift a family out of poverty, remains a concern. In 2017, the median family income for low-income families is approximately \$10,000 below the poverty line for four family types (see Figure 5).

When there is such a large poverty gap (the difference between the poverty line and after-tax median family income) one can assume that many New Brunswickers are struggling to meet their basic needs: 1 in 3 people accessing a food bank in the province are children [7] and 16.8% of New Brunswick households spend more than 30% of their income on housing - the threshold at which housing is considered affordable [8]. Basic needs will continue to be unmet for many families if the poverty gap remains large.

This year is the first full year that we can evaluate the impact of the Canada Child Benefit. Although the federal government claims that the CCB lifted nearly 300,000 children out of poverty [9], the depth of poverty remains quite high. For more on the Canada Child Benefit please see page 16.

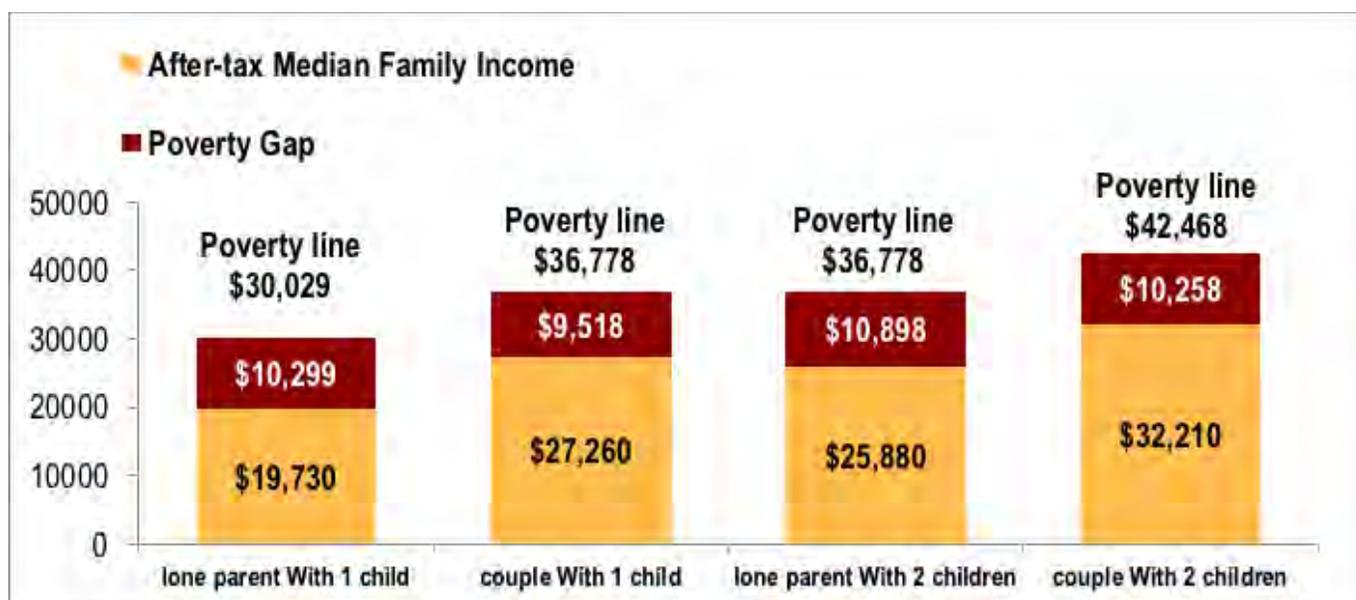
**1 out of 3**  
people accessing  
food banks in NB  
are children.



**16.8%** of NB  
households spend  
more than **30%** of  
their income on  
housing.



**Figure 5: Depth of Poverty for Low Income Families in New Brunswick (CFLIM-AT 2017)**



[7]Food Banks Canada. 2019. "Hunger Count 2019".

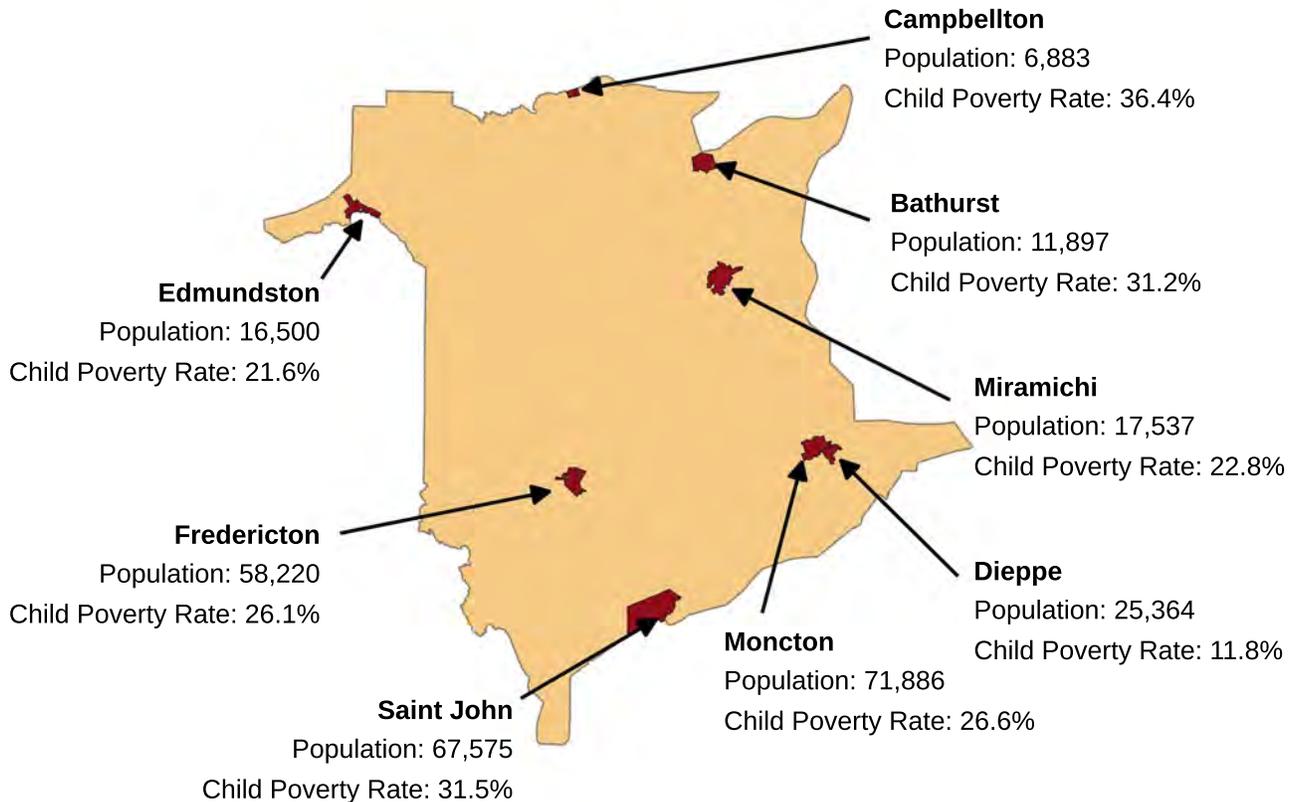
[8]Census 2016

[9]<https://www.canada.ca/en/employment-social-development/news/2019/02/canadas-first-poverty-reduction-target-met-three-years-ahead-of-schedule.html>

# The Distribution of Poverty in New Brunswick

Poverty is unevenly distributed among the province's eight cities, from a high of over 30% in Bathurst, Campbellton and Saint John, to a low of 11.8% in Dieppe. [10] Some of the highest child poverty rates in are found in northern cities.

## Variation in Population and Child Poverty Rates in New Brunswick's Cities

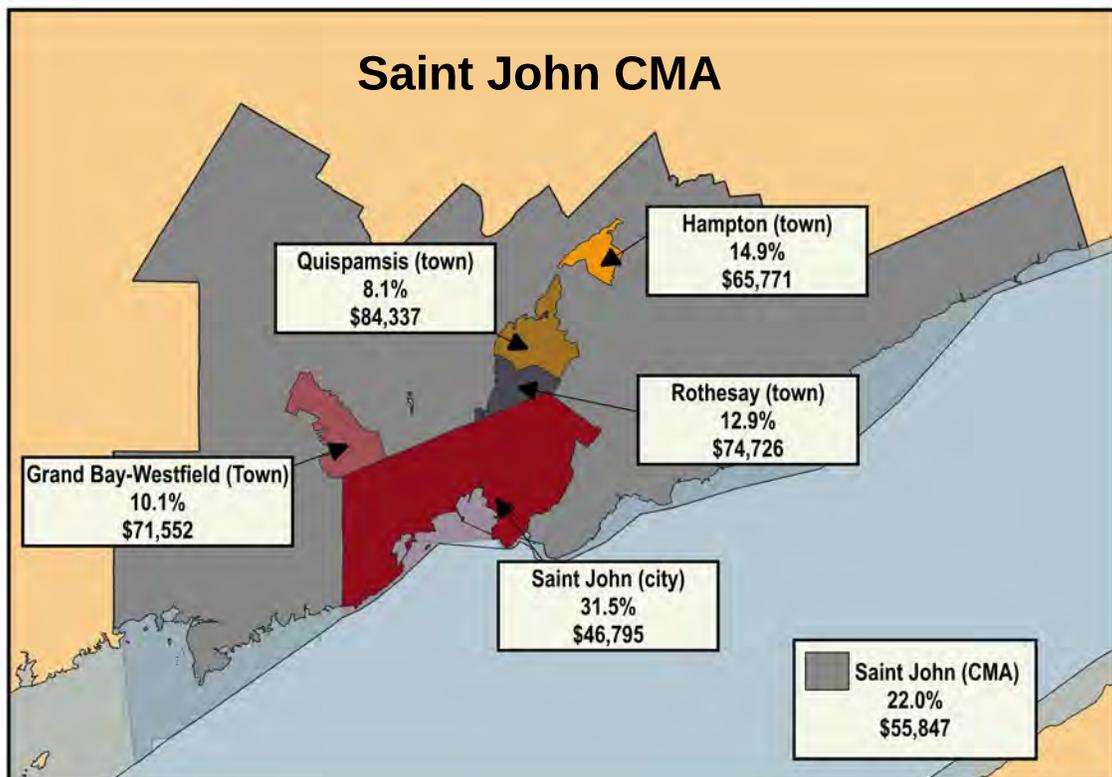
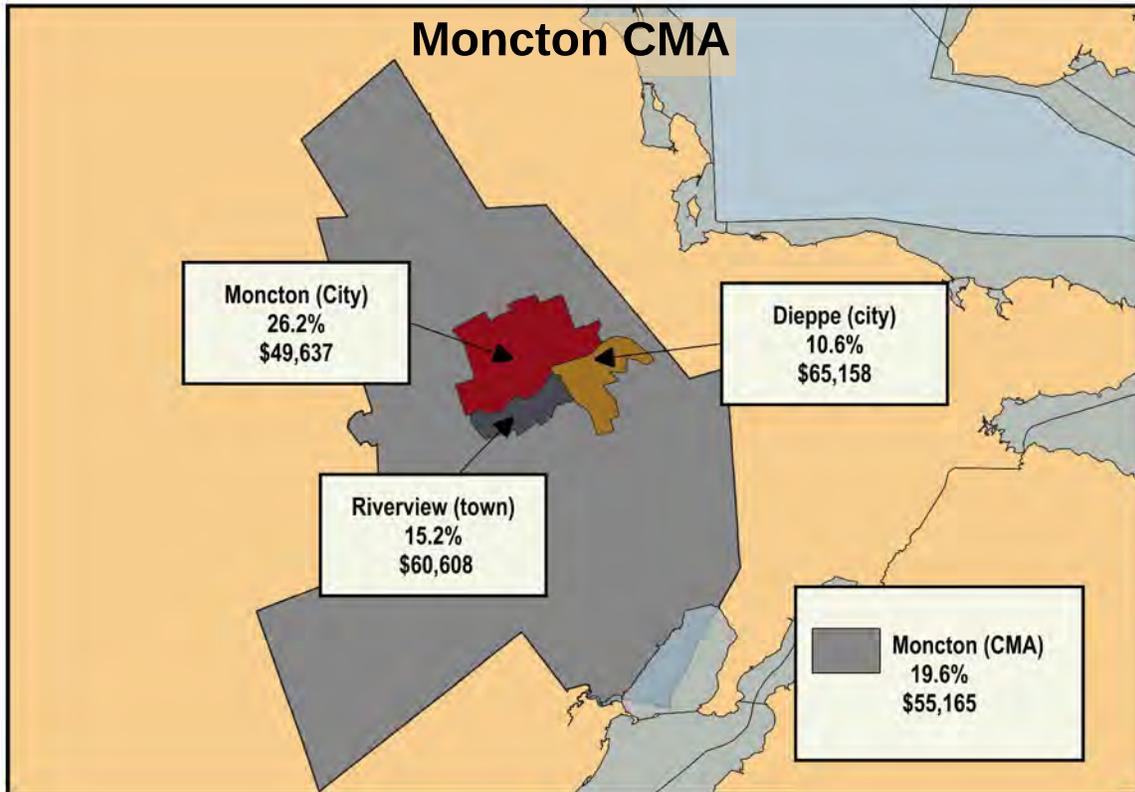


Source: Population - 2016 Census, Statistics Canada. Poverty Rates - T1FF 2017. CFLIM-AT

The province's two major metropolitan areas in Moncton and Saint John see large differences in overall and child poverty rates between the central city and neighboring suburban municipalities. The City of Dieppe's child poverty rate is less than half the rate of the adjoining City of Moncton. In the Saint John region there is even a larger difference in rates between the city and its neighbouring suburban towns. Saint John's child poverty rate is more that 3 times higher than the rate in nearby Quispamsis.

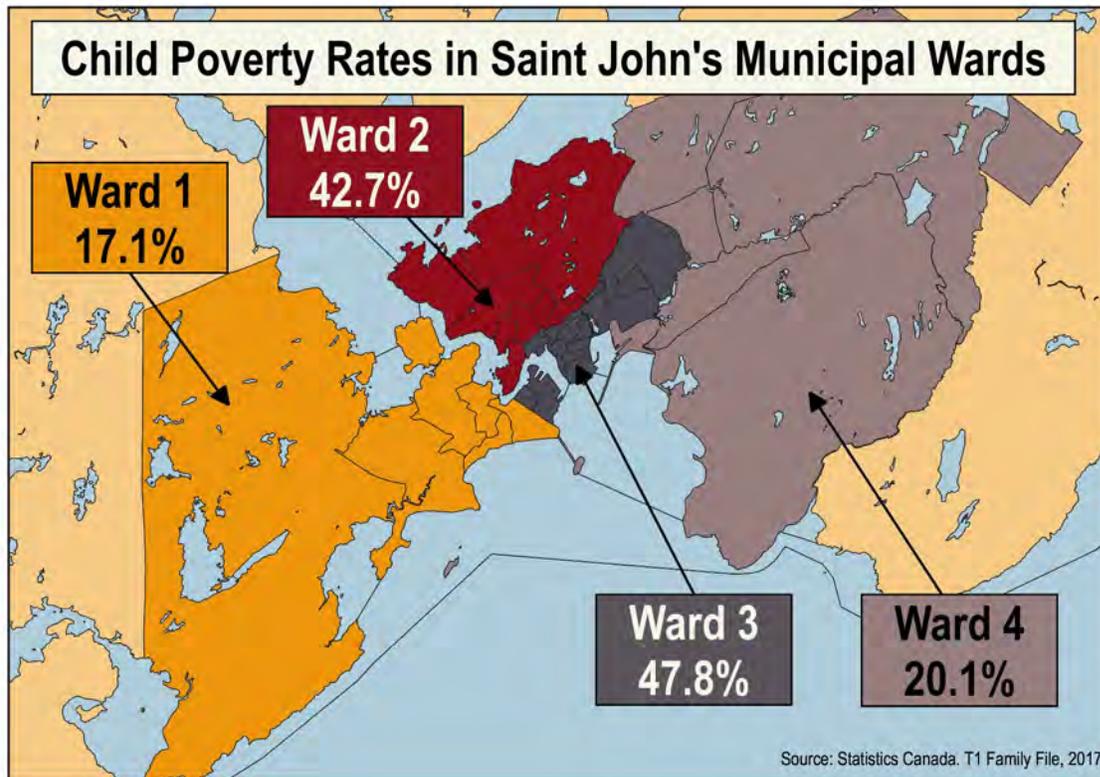
[10] The poverty statistics for New Brunswick municipalities are reported at the Postal City level. Generally speaking, Postal Cities approximate, but do not exactly match the boundaries of Census Subdivisions and/or municipalities.

## Child Poverty Rates and Median Household Income Moncton CMA and Saint John CMA (cities and towns)



Source: Child Poverty Rates - Statistics Canada, T1 Family File, 2017.  
 Source: Median Household Income - 2016 Census.

Even within Saint John's boundaries there are large differences in the spatial distribution of poverty. Wards 1 and 4, for example, have child poverty rates that fall below the provincial average, while Wards 2 and 3 (containing the city's five priority neighbourhoods) have rates of 42.7% and 47.8% respectively.



# The Face Of Child Poverty in NB

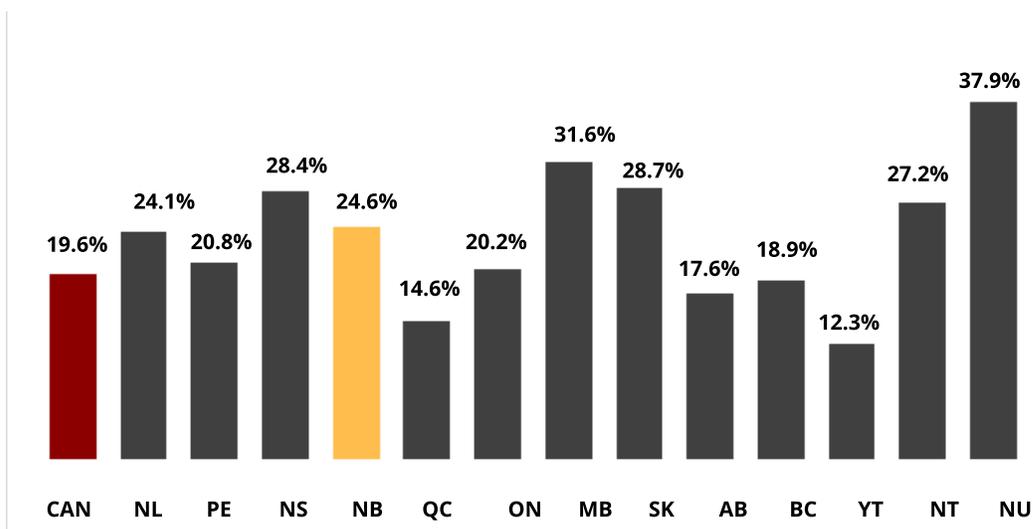
There are some child populations in New Brunswick that face higher poverty rates than others; young children, children in lone-parent families, Indigenous children [11], racialized children and those who are newcomers all have child poverty rates that are higher than the New Brunswick rate of 21.7%.

## Young Children (Under 6)

Raising children is costly, especially young children. For example, full time day care for a non-school age child is more expensive than after-school care and can take up a large portion of the household budget (Hicks, 2018, Ivanova et al., 2018, Johnston and Saulnier, 2015). When combined with lost wages through the motherhood pay gap (where mothers suffer interruptions in their earning potential during pregnancy, maternity leave and in transitioning back to work), the financial stress on families is substantial [12]. Poverty impacts one out of four (24.6%) children under the age of six in New Brunswick (see Figure 6 below).



**Figure 6: Child Poverty Rates (CFLIM-AT), Canada & Provinces, 2017, Children Under 6**



(Source: Statistics Canada, Custom Tabulation. T1 Family Files, 2017.)

[11] The data used in this report only examines children living off reserve. For more information, please see page 14.

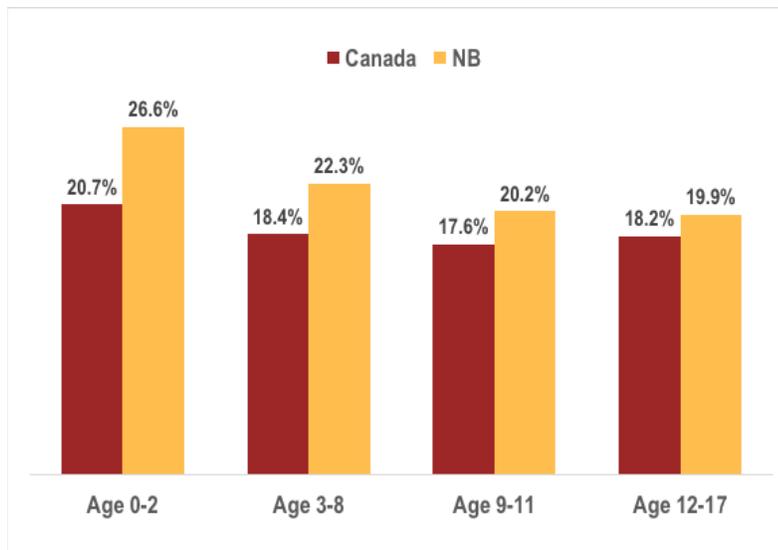
[12] For more on The Motherhood Pay Gap, please see:

- Grimshaw, Damian, and Jill Rubery. 2015. "The Motherhood Pay Gap: A Review of the Issues, Theory and International Evidence." *Conditions of Work and Employment Series. International Labour Office, Geneva*
- Zhang, X. (2010). Can Motherhood Earnings Losses Be Ever Regained? Evidence From Canada. *Journal of Family Issues*, 31(12), 1671-1688.
- Phipps, S., Burton, P., & Lethbridge, L. (2001). In and out of the labour market: Long-term income consequences of child-related interruptions to women's paid work. *Canadian Journal of Economics/Revue Canadienne D'économique*, 34(2),

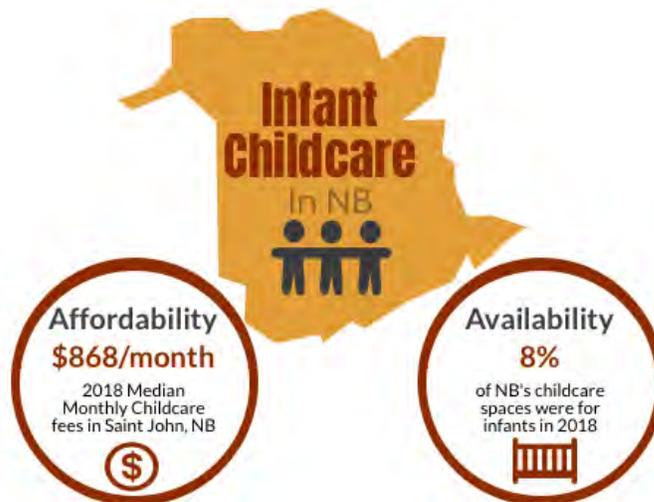
## Young Children (Under 2)

Children under the age of 2 have the highest poverty rate, with 26.6% of children under the age of two living in poverty (see Figure 7). Many families experience a significant drop in household income when a new baby arrives; those that qualify for maternity or parental benefits receive 55% of their weekly earnings (up to \$562/week) while on leave. Those who don't qualify must choose whether to return to work early or stay home without paid leave, and those who decide to return to work face higher infant childcare rates (MacDonald and Friendly, 2019) assuming they can find a childcare space for their baby. Only 8% of licensed childcare spaces in New Brunswick are designated for infants. [13]

**Figure 7: Child Poverty Rates (CFLIM-AT) By Developmental Ages, Canada & New Brunswick, 2017**



(Source: Statistics Canada, Custom Tabulation. T1 Family Files, 2017.)



[13] For more information on childcare in New Brunswick, please see page 20. You can also see Government of New Brunswick (2018). Early Learning and Childcare Services Annual Statistics Report 2017-2018. <https://www2.gnb.ca/content/dam/gnb/Departments/ed/pdf/ELCC/ECHDPE/ELCCAnnualStatisticalReport2017-2018.pdf>

## Children of Lone Parents

In New Brunswick, 50.5% of children in lone parent families are living in poverty, compared to 10.0% of children in couple-headed families. The province's poverty rate for children in lone parent families is slightly higher than the national rate of 47.4% (CFLIM-AT, 2017).

In New Brunswick, the poverty gap for a lone parent with one child is \$10,299. [14] In addition, total welfare incomes for a lone-parent with one child in Moncton, New Brunswick is \$19,978, which is the third lowest in the country, and well below both the MBM and LIM threshold. [15] Total welfare incomes include basic social assistance payments, plus additional social assistance benefits, federal child benefits, provincial child benefits, GST credit, and provincial tax credits/benefits. While total welfare incomes are low in general in New Brunswick, lone parent families on social assistance who are receiving child support payments are particularly disadvantaged. Currently, social assistance payments are reduced by the amount a parent receives in child support payments. [16] As a result, these children do not benefit from the income of both parents.



## Racialized Children and Newcomer Children *(from 2017 Child Poverty Report Card)*

Recent census data reports a disturbing incidence of poverty among visible minority children: 46.7% of racialized children [17] in New Brunswick are living in poverty, nearly twice the national rate of 24.6%. Although the number of visible minority children is not large (7,840, representing almost 6% of children), it appears that as New Brunswick becomes more diverse, the province is mirroring the national experience of elevated vulnerability and income poverty among racialized groups.

Many of the racialized children living in New Brunswick are newcomers. According to the 2016 census, nearly 2500 immigrant children in New Brunswick (57.1%) were living in poverty (LIM-AT). The rate is higher – 71.0% - for immigrant children who arrived in Canada between 2011 and 2016. Our responses to poverty need to take into account this new reality. We must challenge narratives of racial oppression, and facilitate equal access to employment opportunities, and competitive rates of pay for all racialized people including those who face intersectional marginalization. And we must also welcome newcomers in a substantive way, offering quality coordinated settlement services by supporting initiatives such as Local Immigration Partnerships, and services such as English and French language classes, and workforce attachment programs.



[14] For more, please see Depth of Poverty discussion on page 7.

[15] According to Welfare Incomes in Canada 2018, the 2018 MBM threshold for a lone parent with one child is \$25,747 and the 2018 LIM threshold for a lone parent with one child is \$34,017.

[16] [https://www2.gnb.ca/content/gnb/en/services/services\\_renderer.10295.Social\\_Assistance\\_Program.html](https://www2.gnb.ca/content/gnb/en/services/services_renderer.10295.Social_Assistance_Program.html)

[17] Here, our numbers on racialized children are taken from the Census' visible minority category: "persons, other than Aboriginal peoples, who are non-Caucasian in race and non-white in colour."

## Indigenous Children (from 2017 Child Poverty Report Card)

It is difficult to obtain accurate rates of poverty for Indigenous populations in Canada. The 2016 Census reports that 37% of Indigenous children are living in poverty in New Brunswick. However, this number does not include poverty rates for children living on reserve.

Children living on first nations reserves are thought to have some of the highest poverty rates in the country [18]. And even though national poverty lines might not perfectly align with First Nations culture, we do know that reserves across Canada are challenged by substandard housing, unsafe drinking water, health challenges, and high rates of suicide [19]. Low income is not the only indicator of poverty that can be measured or taken into account. It could be that being poor means something different to indigenous communities in the context of traditional culture mixed with experiences of colonialism and racism. The newly established definition of indigenous homelessness in Canada [20] is an excellent tool (written by indigenous people) that reminds us all that there are many aspects of homelessness that extend beyond a lack of shelter to incorporate displacement, spiritual disconnect, and a loss of culture and language, among other things. Until Statistics Canada establishes an accurate and culturally situated poverty line for reserves (which is imperative), we may have to supplement hard numbers with a more tangible understanding of poverty for indigenous communities, one that addresses obstacles to resources, opportunities, and power in the context of colonialism.



"Clearly, household income is an important determinant of a family's capacity to give their children the best possible start in life. However, it tells us nothing about other barriers that may impede a child's ability to achieve their full potential. Unfortunately, for Indigenous children, particularly those on reserves, the barriers to achieving their full potential do not end with low family income." McDonald and Wilson, 2016

According to Indigenous and Northern Affairs Canada's Indian Register System, as of December 31, 2018, there are approximately 16,246 First Nations people in New Brunswick, 9,781 on reserve and 6,465 off reserve.

Source: Government of New Brunswick, Aboriginal Affairs  
[https://www2.gnb.ca/content/gnb/en/departments/aboriginal\\_affairs/fnc.html](https://www2.gnb.ca/content/gnb/en/departments/aboriginal_affairs/fnc.html)

**Table 2: Prevalence of low income based on LIM-AT by Aboriginal Identity - Children age 0-14 [21]**

Aboriginal Identity	First Nations	Métis	Inuk (Inuit)
38.5	39.2	36.2	26.3

[18] McDonald David and Daniel Wilson. 2016. "Shameful Neglect: Indigenous Poverty in Canada." Canadian Centre for Policy Alternatives.

[19] *ibid.*

[20] Thistle, Jesse, A. 2017. "Definition of Indigenous Homelessness in Canada" Canadian Observatory on Homelessness. <http://homelesshub.ca/sites/default/files/COHIndigenousHomelessnessDefinition.pdf>

[21] 2016 Census

## Children with Disabilities

Although census and tax filer data do not give child poverty rates for those who have a disability, studies show that families who have a child with a disability are another economically vulnerable population. Families that have a child "with a severe and prolonged impairment in physical or mental functions" [22] are currently eligible for the Child Disability Benefit, which is a tax-free monthly payment up to \$236/month, as well as other disability tax credits. While these benefits help offset some of the costs of caring for children with disabilities, these benefits are often inadequate if a child has a severe or chronic condition, or if parents need to make adjustments to their employment to care for their child (Burton and Phipps, 2009). Some parents must quit their job or reduce their weekly working hours to care for their child. [23] Simply being unable to find childcare that can accommodate a child's special needs may force parents to make employment decisions that drastically impact their household income. According to the Survey of Early Learning and Child Care Arrangements 3.7% of families with children under 5 in Canada had difficulty finding child care that could accommodate their child's special needs. [24]

Children with a disability often require medications, special equipment or additional health services, and parents may incur extra expenses for help and transportation to appointments. [25] Families in Atlantic Canada spend more on transportation than other regions in Canada (Burton and Phipps, 2009). New Brunswick families who require a specialist for their child often need to travel to the IWK Health Centre (the only paediatric hospital and trauma centre in Atlantic Canada) in Halifax, Nova Scotia. Out of province trips to attend appointments are costly for families, especially those that are low income.

Low income families are less likely to have private extended health coverage—44.7 percent of families who did not have an extended health plan felt that their child did not receive some equipment or service because there was not enough money to pay for it (Burton and Phipps, 2009).

Children who have a parent with a disability are also economically vulnerable. Adults who have a disability are less likely to be employed and have lower median incomes (Wall, 2017). Children of lone parents who have a disability are even more vulnerable. According to Statistics Canada the probability of persons with a disability living in poverty was over 50% for lone parents and persons living alone, compared to 8% for persons with a disability who lived with a spouse who did not have a disability.

There are several policy options that could help families that have a parent or child with a disability. Increasing access to child care spaces for children with special needs, implementing a universal pharmacare program and having Child Disability Benefits on a sliding scale so that families who are in the most need receive the highest benefit are a few options that lessen the financial burden.

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[22]<https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-disability-benefit.html>

[23]Burton and Phipps (2009) find that 58 percent of parents who have a child with a disability reported experiencing at least one labour market problem, such as quitting their job, not taking a job, turning down a promotion, working fewer hours or changing work hours.

[24]Data for New Brunswick (and most provinces) was suppressed.

[25]Burton and Phipps (2009) also find that 62 percent of families who have a child with a disability report out-of-pocket expenditure associated with their child's condition.

# Canada Child Benefit

Families with children receive the Canada Child Benefit, which was introduced in July 2016. It is a tax-free, monthly payment made to families with children under 18 and the amount each family receives is based on their household income, ensuring that low and middle-income families benefit the most. It provides significant income support for families. In July 2018 the government indexed the CCB to inflation and, as of July 2019, the maximum annual benefit was \$6,639 per child under age 6, and \$5,602 per child age 6 to 17. [26]

Government transfers, such as the Canada Child Benefit, play a major role in reducing child poverty. Without investments in the CCB, 14,990 more New Brunswick children would live in poverty today. [27] This transfer alone reduced the child poverty rate by 10.9 percentage points (see chart below). Additional government transfers [28] further reduce child poverty by an additional 6.4 percentage points. Without programs like these an additional 8,870 New Brunswick children would be living in poverty.

This is the first full year we are able to evaluate the impact of the CCB, given the two-year lag in data acquisition. [29] And the magnitude of the impact depends on the measure that is used. For instance, using the MBM threshold and data from the Canadian Income Survey, Employment and Social Development Canada claims that between 2015 and 2017 the CCB lifted 300,000 children out of poverty. [30] That number is halved if the LIM is used to define poverty. These differing statistics demonstrate the challenge policy makers face regarding selecting the appropriate measurement and evaluating the impact of their programs. No matter the measure, the CCB has lifted a number of children out of poverty.

**Table 3: Number of Children Living in Poverty:  
With Transfers, Without Transfers and Without the Canada Child Benefit**

	With Government Transfers	Without Government Transfers	Without Canada Child Benefit
<b>Canada</b>	<b>18.6%</b> <b>1,368,700</b>	<b>33.7%</b> <b>2,459,950</b>	<b>27.9%</b> <b>2,041,320</b>
<b>NB</b>	<b>21.7%</b> <b>30,000</b>	<b>39.1%</b> <b>53,910</b>	<b>32.6%</b> <b>44,990</b>

[26] For more information, please see:

- <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/canada-child-benefit-overview/canada-child-benefit-ccb-calculation-sheet-july-2017-june-2018-payments-2016-tax-year.html>

- <https://www.canada.ca/en/employment-social-development/campaigns/canada-child-benefit.html>

[27] Statistics Canada. (2017). Income Statistics Division. T1 Family File. Reference 19048.

[28] Government transfers include: employment insurance benefits, Old age security pension, Canada Pension Plan and Québec Pension Plan benefits, Workers' Compensation benefits, Social Assistance, Net Federal Supplement, Provincial Refundable Tax Credit and Provincial Family Benefits, GST/HST credits, Canada Child Benefits, Universal Child Benefits, and Other Government Transfers\*. In 2017, "Other Government Transfers" included Working Income Tax Benefits and Eligible Educator School Supply Tax Credits.

[29] <https://www.canada.ca/en/employment-social-development/campaigns/canada-child-benefit.html>

[30] In 2015, the year before the CCB was introduced, there were over 1.5 million children living in poverty in Canada, compared to over 1.3 million in 2017. While a reduction of 145,730 is significant progress, and likely attributed to the increased child benefits that families receive, it is much less than the number released by the federal government.

# Maternity and Parental Leave

Maternity leave benefits in Canada (excluding Quebec) are administered through Employment Insurance (EI), which has had stringent eligibility criteria since the 1990s. In order to qualify, women must demonstrate that they have worked 600 hours within the previous year. In 2013 35.7% of all women outside Quebec did not qualify for EI; 56.4% of women who earned less than \$30,000 did not qualify that year (McKay, Mathieu and Doucet, 2016).

Benefits for parents who have a newborn have two components: 1. Maternity benefits, which can only be used by the woman who gave birth to the child, and 2. Parental leave benefits, which can be taken by either parent (including adoptive parents) and, as of 2019, additional weeks are offered if the parental leave is shared between parents. [31] The new Parental Sharing Benefit is similar to the program Quebec implemented in 2006. Margolis, Hou, Hann and Holm, 2019 find that having a specific weeks that can only be used by the partner promotes gender equality and increases sharing of parental leave between parents. However uptake is three times higher among middle- and high-income families than for low-income families. According to the authors, “further research should examine whether barriers to sharing leave among low-income households are due to income constraints, workplace constraints, or preferences.”

## Benefits of maternity and parental leave:

- increased labour force attachment among new mothers
- improved employee morale
- reduced cost to employer by improving employee retention
- improved child health through increased rates and duration of breastfeeding
- improved vaccination rates
- more frequent well-baby checkups
- prevents depression and stress for mothers
- leave for fathers promotes involvement in childcare and relationships with children

Source: Margolis, Hou, Hann and Holm, 2019. Use of Parental Benefits by Family Income in Canada: Two Policy Changes. Journal of Family and Marriage.)

## Overview of Maternity and Parental Benefits in Canada [28]



[31] For more information, please see <https://www.canada.ca/en/services/benefits/ei/ei-maternity-parental.html>.

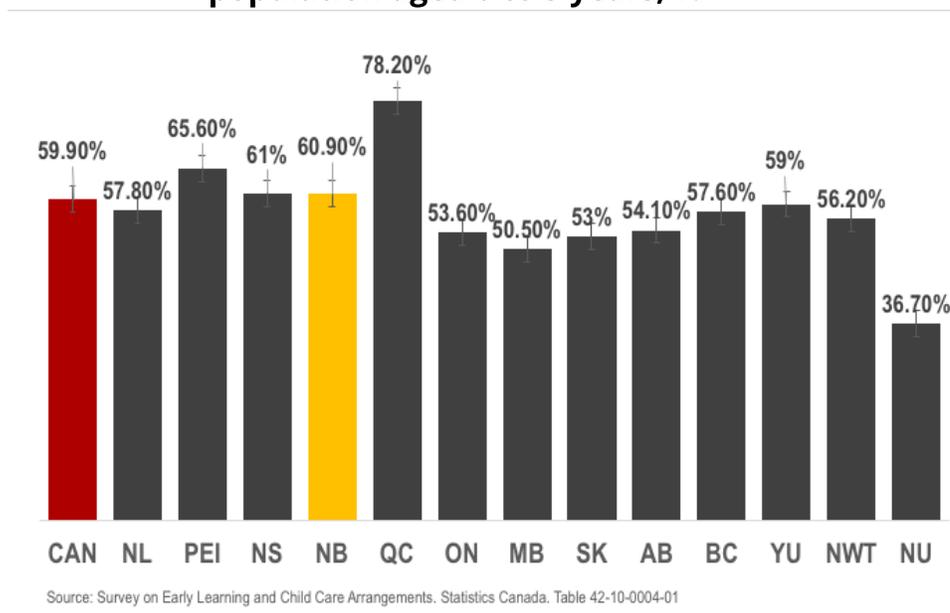
# Child Care in New Brunswick

Child care availability and affordability are issues many parents face, especially parents with non-school age children. In Canada 44% of non-school age children live in a "child care desert", where there are 3 children in potential competition for every licensed child care space. [32] With 2018 median monthly childcare fees in Saint John ranging from \$868 for an infant to \$716 for a toddler [33], child care expenses place an enormous financial burden on families with young children.

According to the 2019 Survey of Early Learning and Child Care Arrangements, 3 out of 5 children under the age of 5 in New Brunswick are enrolled in some form of child care; 60.9% of these children attend a daycare center or preschool, however many families are using other forms of care which are not covered under New Brunswick's child care benefits.

Although New Brunswick has higher child care and early learning utilization than many provinces, Figure 8 shows that almost 4 out of 5 children under the age of 5 in Quebec use child care or early learning arrangements. Since 1997 families in Quebec have had federally funded (and very generous) child care programs, causing more families to use child care and early learning arrangements, which led to increased labour force participation among mothers (Baker et al., 2008). Today, families in Quebec with household income less than \$52,220 pay \$8.25/day for child care, with a maximum daily fee of \$22.85 for families with household income greater than \$166,320. [34]

**Figure 8: Use of early learning and child care arrangements, household population aged 0 to 5 years, %**



[32] MacDonald, D. (2018). Child Care Deserts in Canada. Retrieved from the Canadian Centre for Policy Alternatives' website: <https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2018/06/Child%20Care%20Deserts.pdf>

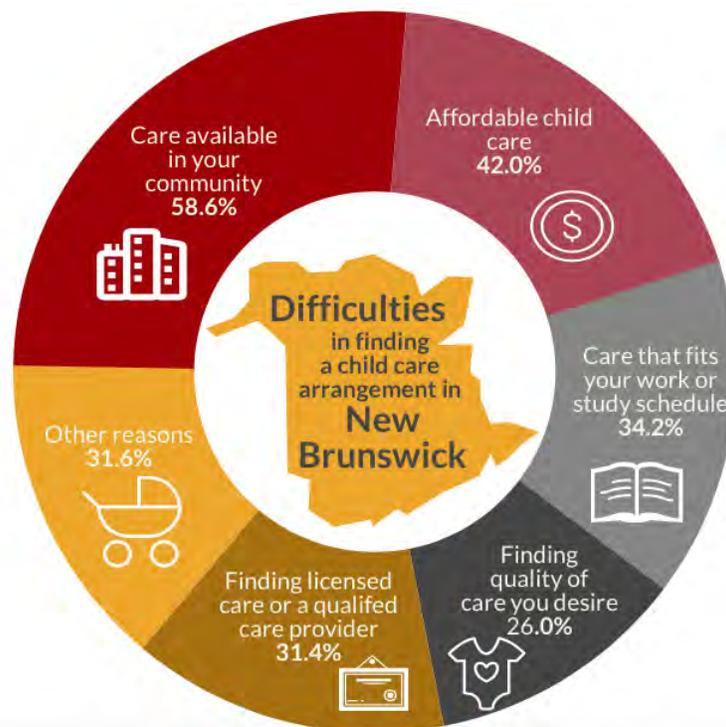
[33] MacDonald, David, and Martha Friendly. 2019. "Developmental Milestones: Child Care Fees in Canada's Big Cities 2018" Canadian Centre for Policy Alternatives.

[34] [http://www4.gouv.qc.ca/EN/Portail/Citoyens/Evenements/DevenirParent/Pages/progr\\_plac\\_contr\\_redt.aspx](http://www4.gouv.qc.ca/EN/Portail/Citoyens/Evenements/DevenirParent/Pages/progr_plac_contr_redt.aspx)

The Government of New Brunswick now offers a child care subsidy [35] on a sliding scale to parents with household incomes under \$80,000 who enroll their child in a licensed center. Families with household income under \$37,500 receive fully subsidized child care under this new program. The program was piloted in Saint John and Edmundston in March 2018. Over the remainder of 2018 and early 2019 this program was rolled out over the rest of the province. Due to the two year lag in data acquisition, the effects of this program will not be evaluated until the 2021 report card.

Childcare affordability is only one piece of the childcare puzzle; many families struggle to find child care spaces in New Brunswick. The results from the 2019 Survey of Early Learning and Child Care Arrangements (SELCCA) suggest 34% of families using child care had difficulty finding such services, and 58.6% of those families had difficulty finding care in their community, among other challenges. Many of those who had difficulty finding care ended up using multiple care or temporary arrangements to meet their child care needs.

There are various reasons why 2 out of 5 children under the age of 5 may not be enrolled in child care in New Brunswick. According to the SELCCA, 28.5% of parents not using child care said it was because the cost is too high, while 30.6% said one parent decided to stay home. Affordable care and enough spaces for families who need them (and at the quality they desire) are policies that will help eliminate child poverty.



Source: Statistics Canada. Table 42-10-0008-01 Type of difficulties for parents/guardians in finding a child care arrangement, household population aged 0 to 5 years

Note respondents could select multiple reasons therefore the sum is greater than 100%. In addition, "Care that could accommodate more than one child in your family" or "Care that meets your child's special needs" were other options included in the survey, however the results are not presented as they are suppressed to meet the confidentiality requirements of the Statistics Act, or unreliable/to be used with caution.

[35] The new program is called Designated Centre Parent Subsidy and differs from the Daycare Assistance subsidy that is available for school aged children. For more information please see [https://www2.gnb.ca/content/gnb/en/corporate/promo/improved\\_early\\_learning\\_and\\_child\\_care/dcs\\_info.html](https://www2.gnb.ca/content/gnb/en/corporate/promo/improved_early_learning_and_child_care/dcs_info.html)

# Welfare

New Brunswick welfare transfers are woefully inadequate. They are among the lowest in the country. Welfare in Canada 2018 [22] looked at the maximum total amount that four household types in New Brunswick would have received in 2018. The resource focused on the welfare incomes of a: single person considered employable, single person with a disability, lone parent with one child age 2, and a couple with two children ages 10 and 15.

The incomes were compared to the Market Basket Measure (MBM) for Moncton, the province's largest city. For each household type, the maximum welfare income fell well below the MBM. Welfare incomes as a percentage of the cost of a basket of goods and services representing a modest, basic standard of living ranged from 39% for a single person considered employable to 78% for a single person with one child. Rates for New Brunswick are presented below, and rates for all of the provinces are set out in Appendix D.



**Table 4: Adequacy of Welfare Incomes in New Brunswick,  
Source: Welfare Incomes in Canada, 2018**

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
Total welfare income	7,126	9,839	19,978	26,505
MBM threshold (Moncton)	18,206	18,206	25,747	36,412
Welfare income as % of MBM	39	54	78	73
LIM threshold (Canada-wide)	24,054	24,054	34,017	48,108
Welfare income as % of LIM threshold	30%	41%	59%	55%

# Recommendations

Progress has been made in the fight to end child poverty. The federal government has taken important and ground breaking steps, and poverty reduction needs to be a priority for the new minority government. The provincial government is about to release its third five year poverty reduction strategy. In keeping with previous report cards we offer the following recommendations [36]:

## We Urge the Federal Government to:

- Strengthen the Poverty Reduction Strategy through strategic investments to meet more ambitious poverty reduction targets;
- Collaborate with First Nations, Inuit and Métis governments and Indigenous organizations to develop plans to prevent, reduce and eradicate child and family poverty in Indigenous communities;
- Increase the CCB so that it, in combination with a proposed new benefit called the Dignity Dividend, achieves a 50% reduction in child poverty by 2025, according to the CFLIM-AT calculated through tax filer data;
- Increase the maternity and parental leave benefit level to 70% of employment income and reduce the number of qualifying hours to 300 over the best 12 weeks of the last 12 months of work. All new parents (adoptive, student, trainee, self-employed parents, part-time and casual workers) should be included;
- In 2019-20, transfer \$1 billion to provinces/ territories/Indigenous communities for building accessible, affordable, high quality, inclusive early learning and childcare (ELCC) with the understanding that earmarked funds for ELCC will grow by an additional \$1 billion annually;
- Restore minimum wage within federally regulated industries, set at \$15/hour and inflation-indexed annually starting 2020;
- Enhance EI to expand access, duration and levels of benefits. The number of qualifying hours should be reduced to 360 for all workers. Benefit levels should be extended over a longer benefit period of 50 weeks.;
- Enact proactive strategies, including improved employment equity in the public and private sectors;
- Enhance the National Co-Investment Fund with an additional \$3 billion annually for new builds and repairs to existing units, allocate \$2 billion annually for new supportive housing for vulnerable populations and double the federal contribution to the Canada Housing Benefit;

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[36] Please see Campaign 2000's National Report Card for more in-depth federal recommendations.

- Commit to implementing a universal, comprehensive, public pharmacare plan and enhance the Canadian medicare program to include dental, vision and various rehabilitation services;
- Address growing income inequality by continuing to restore fairness to the personal income taxation system, re-introducing the principle of taxation based on ability to pay and closing regressive tax loopholes.

## We Urge the Provincial Government To:

- Provide sustained funding for poverty reduction programs in order to achieve the targets set out in the Economic and Social Inclusion Act;
- Revisit Social Assistance Reform in the province and provide increases to welfare rates as recommended by the Common Front for Social Justice in their Information Document of March, 2018;
- End the claw-back of child support payments from lone parents receiving social assistance;
- Make early childhood education and early literacy an immediate priority;
- Reform and streamline the New Brunswick Daycare Assistance Program for school-aged children. The rates should be raised to reflect the cost of childcare;
- Provide more high quality, subsidized childcare spaces under the Designated Centre-Parent Subsidy program, as well as the Daycare Assistance Program;
- Ensure child care centers are inclusive and that there are more spaces for children with special needs;
- Set a timetable to raise the minimum wage to \$15 per hour;
- Ensure that those implementing the provincial housing strategy have the funding required to end chronic and episodic homelessness. Invest in social housing;
- Prioritize the support of newcomers through settlement programs, language classes, and workplace attachment initiatives. Where available, support Local Immigration Partnerships;
- Work with Indigenous communities to support poverty reduction. Ensure that indigenous realities are included in poverty reduction and housing strategies;
- Work with Statistics Canada, the federal government, and indigenous communities to improve the way in which poverty on reserves is measured.

# Appendix A: Limitations of the MBM

The MBM is an absolute measure of poverty - it determines the absolute minimum a family needs to survive. The MBM is based on the cost of a specific, predetermined basket of goods and services for a reference family of two adults (aged 25-49) and two children (a girl age 9 and a boy age 13). Unfortunately, it does not include some goods and services that are essential for Canadian's well-being. [37] It is based upon expert's norms, and without reference to social and cultural needs.

For example, childcare is not a basket item [38] and can be quite expensive for families, especially families with non-school aged children. One in ten parents with non-school aged children in Canada had difficulty finding affordable childcare, and one-quarter of parents of non-school age children who chose not to use childcare said they made this decision because the cost of childcare was too high (Findlay, 2019). People with lived experiences in poverty sometimes feel it is not worth working because childcare is so expensive (Heisz, 2019).

The MBM also does not include non-insured but medically prescribed health-related expenses such as dental and vision care, prescription drugs, private health insurance and aids for persons with disabilities. According to a 2012 study, two-thirds of Canadians incur out-of-pocket expenses for prescription drugs each year, and 1 in 10 Canadians who receive a prescription indicate cost-related nonadherence to the drug (Law et al., 2012). This number increases to 1 in 5 for those with household income under \$20,000 per year.

The predetermined basket of goods and services does not automatically change with changes in cost of living (Kneebone and Wilkins, 2019). It only changes when the government updates the basket, which can be a lengthy and costly process. Although Statistics Canada is currently undergoing the second comprehensive review of the MBM [39] it has not been "rebased" or updated since the first comprehensive review that took place between 2008-2010. The standard of living for Canadians has arguably changed in many ways since the last review [40] and the MBM currently does not reflect these changes. It focuses only on material deprivation, which does not account for social exclusion, stress and exposure to difficult environments related to a household's or family's relative position in the income hierarchy.



[37]For a comprehensive list of what is included in the MBM please see HRSDC (2010)

[38]Child care is currently represented as a deduction from disposable income. Statistics Canada is exploring whether this is the best way to treat child care expenses in the MBM calculation, and whether they would be better represented as a basket item. For more information, please see Heisz, A. (2019).

[39]This is anticipated to be released in February 2020

[40]For example, ten years ago communication technology would not have been a necessity for Canadians. Over the past year, as part of the MBM comprehensive review process, Statistics Canada consulted with people with lived experiences of poverty. Many participants, especially students and parents with school-age children, deemed that internet access and a computer at home essential in today's society.)

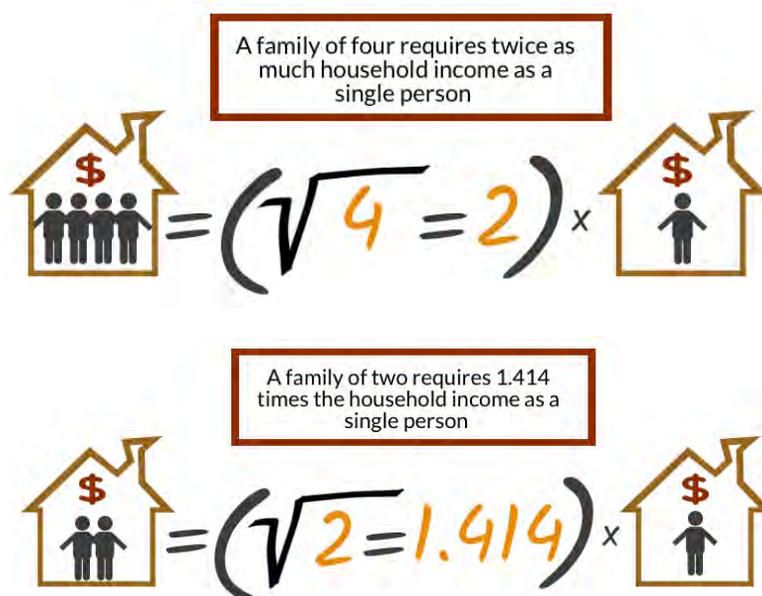
The LIM, on the other hand, is a relative measure of poverty. The LIM is defined as income that falls below 50 percent median household incomes, it accounts for changes in social norms, as well as the growing disparity between the rich and the poor. It naturally rises as societies become richer which accounts for higher standard of living. The idea that the poverty line should be drawn to the current standard of living is not new; in the 1700's Adam Smith thought that necessities in life change as “established rules of decency” (today, known as social norms) change. [41]

Another limitation of the MBM is that income data is obtained through the Canadian Income Survey, which is sample based. Census or taxfiler data are more reliable when studying those living in poverty. The LIM uses taxfiler data. Sample based surveys are not the best way to get an accurate picture of those at the top and bottom of the income distribution (Osberg, 2018). Some of the most vulnerable Canadians (for example First Nations communities, or the homeless population) are not represented in Statistics Canada surveys due to the way the data is collected.

In addition, many international organizations (such as the United Nations and the Organisation for Economic Cooperation and Development), along with most countries in the world use a measure of poverty based upon 50% median income, similar to the LIM (Hunter & Sanchez, 2018). Lastly, populating a market basic requires many decisions about what foods to eat, what clothes to wear and what furniture to purchase. The basket designers' preferences may not match with those of many Canadians.

## Appendix B: Square Root Equivalency

In 2018 the CFLIM methodology was updated. It adopted the square root equivalency method to calculate adjusted family income and the CFLIM threshold which are used to determine whether a household is low income. Under this new methodology household income is divided by the square root of the number of people living in the household. This method is preferred since larger families benefit from economies of scale and the square root equivalency accounts for this. The MBM also uses the square root equivalency to adjust for different family sizes. [42]



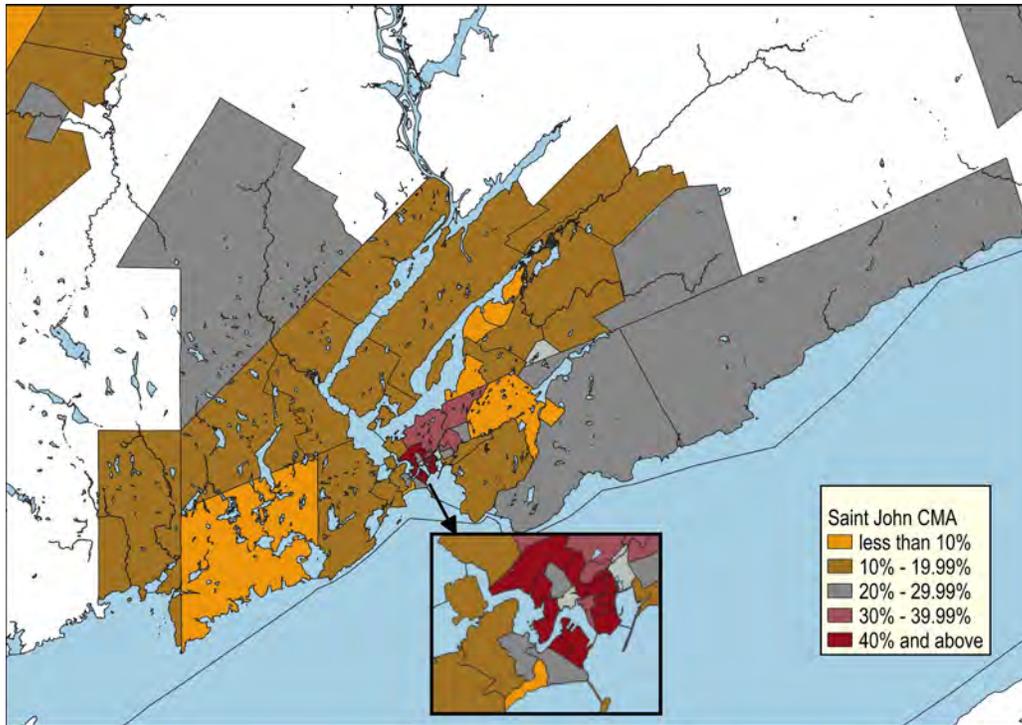
[41] For further reading please see Osberg, L. (2018).

[42] For more information on the CFLIM methodology please see Statistics Canada. 2019. *Technical Reference Guide for the Annual Income Estimates for Census Families, Individuals and Seniors*. T1 Family File, Final Estimates, 2017.

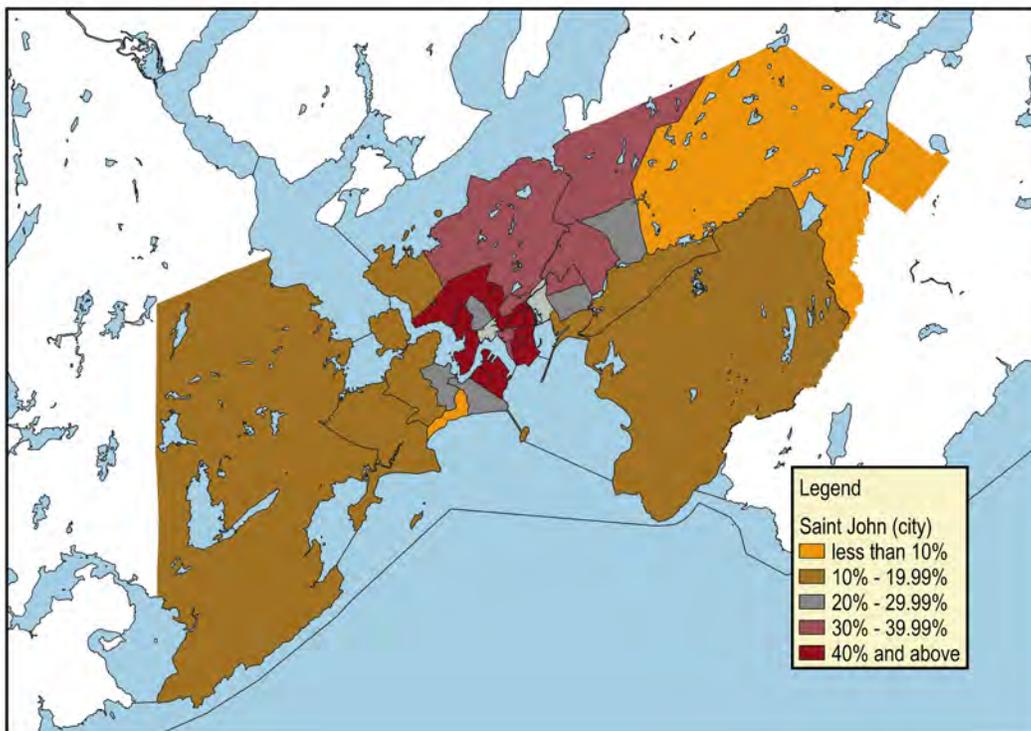
# Appendix C: Child Poverty Rates by CT

Source: T1FF 2017

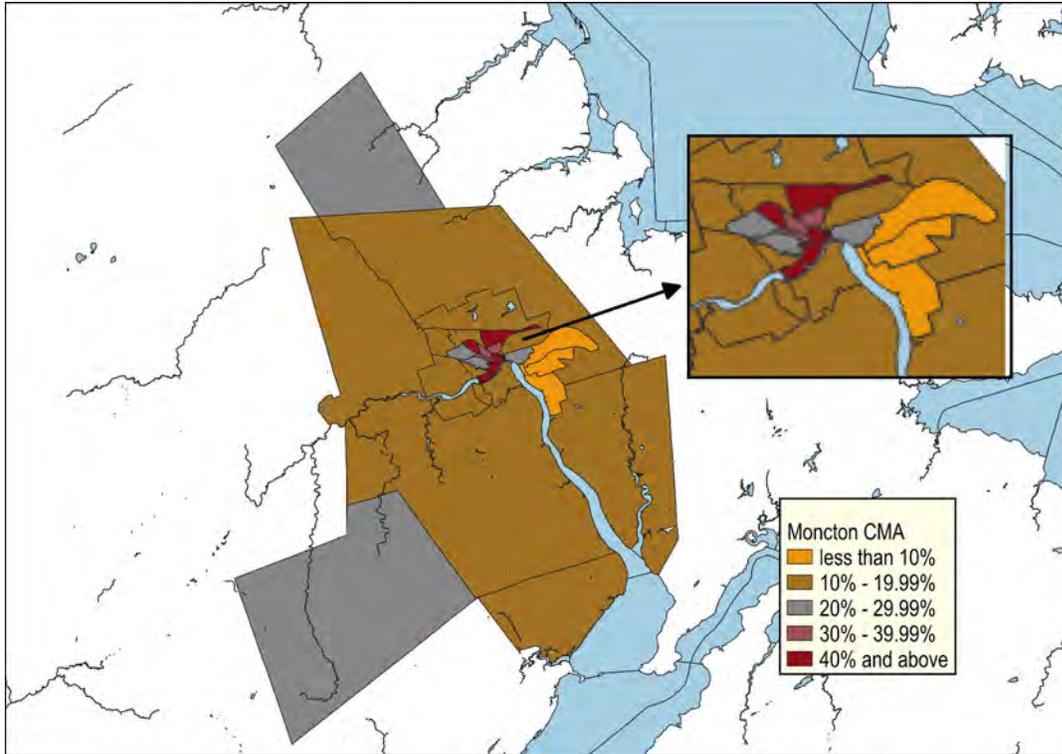
### Saint John CMA



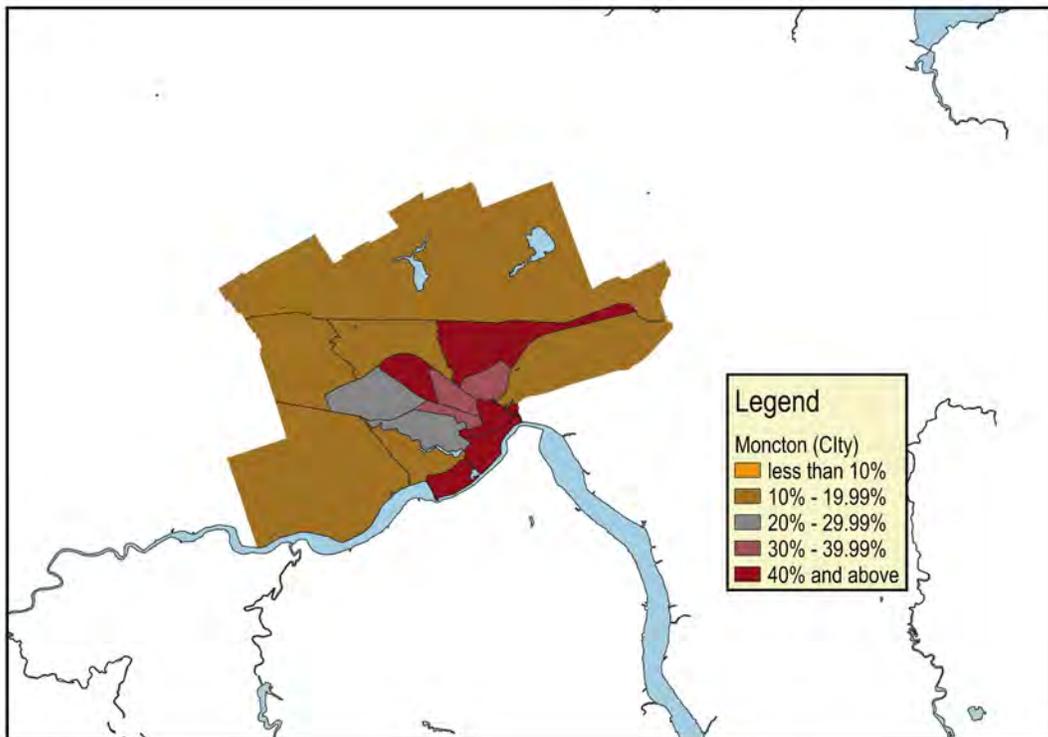
### Saint John City



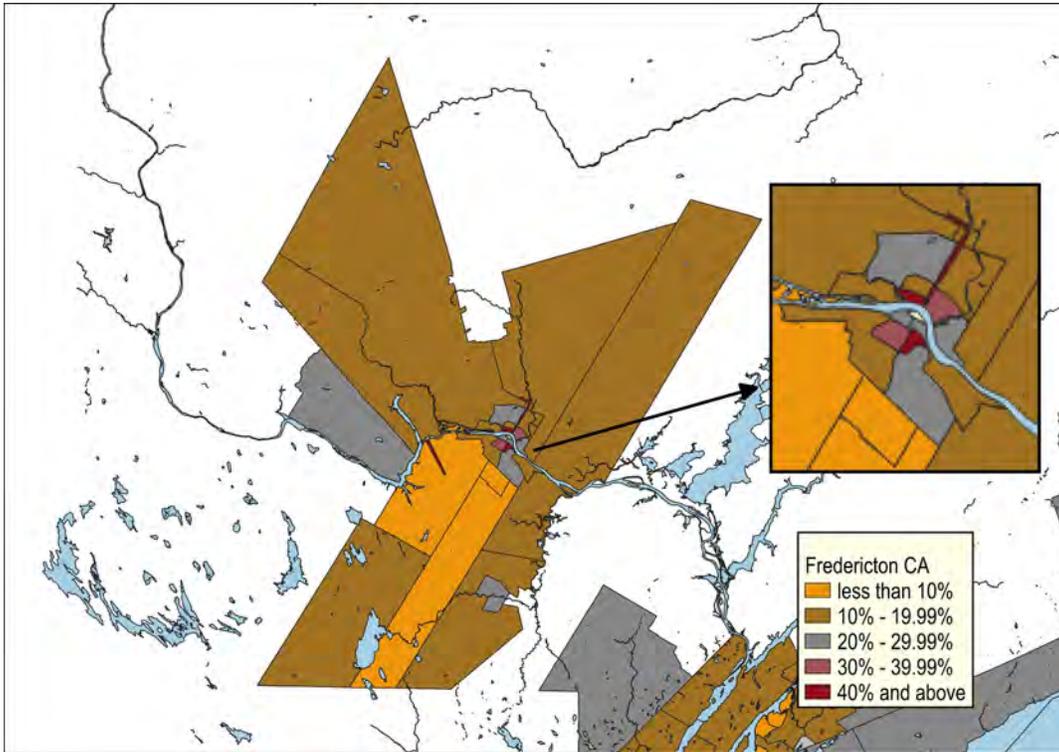
### Moncton CMA



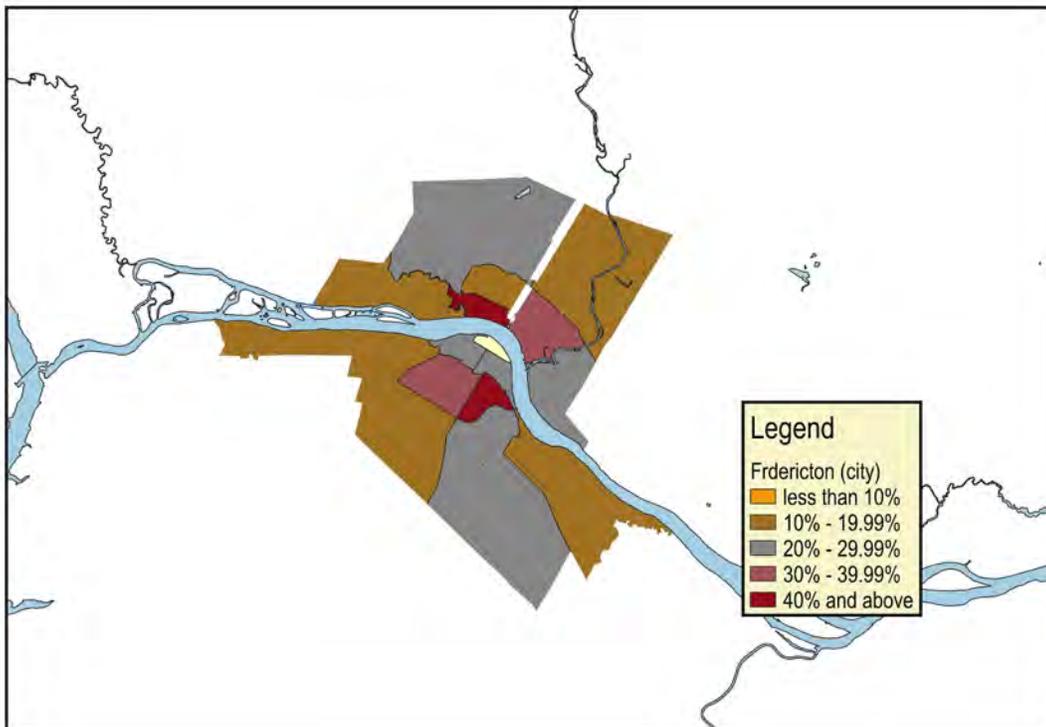
### Moncton City



## Fredericton CA



## Fredericton City



# Appendix D - Adequacy of Welfare Incomes

Source: Welfare Incomes in Canada 2018

		Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
British Columbia	Total welfare income	9,042	14,802	20,782	27,006
	MBM threshold (Vancouver)	20,684	20,684	29,251	41,367
	Welfare income as % of MBM	44	72	71	65
Alberta	Total welfare income	8,106	10,301	19,927	29,238
	MBM threshold (Calgary)	20,585	20,585	29,111	41,170
	Welfare income as % of MBM	39	50	68	71
Saskatchewan	Total welfare income	8,883	11,422	21,087	29,955
	MBM threshold (Saskatoon)	19,414	19,414	27,456	38,829
	Welfare income as % of MBM	46	59	77	77
Manitoba	Total welfare income	9,756	12,403	21,764	29,918
	MBM threshold (Winnipeg)	18,714	18,714	26,466	37,428
	Welfare income as % of MBM	52	66	82	80
Ontario	Total welfare income	9,646	14,954	21,463	30,998
	MBM threshold (Toronto)	21,207	21,207	29,991	42,414
	Welfare income as % of MBM	45	71	72	73

		Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
Quebec	Total welfare income	9,320	13,651	21,867	30,453
	MBM threshold (Montreal)	18,026	18,026	25,493	36,052
	Welfare income as % of MBM	52	76	86	84
New Brunswick	Total welfare income	7,126	9,839	19,978	26,505
	MBM threshold (Moncton)	18,206	18,206	25,747	36,412
	Welfare income as % of MBM	39	54	78	73
Nova Scotia	Total welfare income	7,437	10,268	18,240	27,756
	MBM threshold (Halifax)	19,124	19,124	27,046	38,248
	Welfare income as % of MBM	38	54	67	73
Newfoundland	Total welfare income	11,383	11,583	23,436	29,296
	MBM threshold (St. John's)	19,502	19,502	27,579	39,003
	Welfare income as % of MBM	58	59	85	75
Prince Edward Island	Total welfare income	7,984	10,458	20,977	32,757
	MBM threshold (Charlottetown)	19,257	19,257	27,234	39,514
	Welfare income as % of MBM	41	54	77	85

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