



Saskatchewan



Notes

Report Card on Child Poverty in Saskatchewan

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Introduction

Poverty can do both immediate and lasting harm to children. Children who grow up in poverty are more likely to lack adequate food, clothing and basic health care, live in substandard housing and poorly resourced neighbourhoods, become victims of crime and violence, be less successful in school, suffer ill health and have shortened life spans.

Incidence of Poverty

Family (household) poverty is the most direct indicator of the economic status of children. In 1989, when Canada's House of Commons resolved to seek an end to child poverty by the year 2000, 15.1% (1,002,000) of all Canadian children under 18 lived in households below the LICO line¹. By 2003, the national child poverty rate had risen to 17.7% (1,206,840), and in 2004 had remained unchanged at 17.7% (1,195,805). Close to one in six Canadian children lived in poverty in 2004.

Saskatchewan's rate continues to be higher than the national average. In 1989, the percentage of Saskatchewan children living in households below the LICO poverty line stood at 21.5% (59,000 children). It fell to 18.3% (40,000 children) in 2003,² and rose again to 20.1% (43,680 children) in 2004. This means that one in five children in Saskatchewan lived in poverty. These rates do not include First Nations children living on First Nations Communities (reserves).

Depth of Poverty

A concept related to the incidence of poverty is the depth of poverty, which indicates how far

below a poverty line an income falls.³ The measure is useful when calculating how much is needed to raise the income of poor families to the different poverty cut-off lines. For example, in 2003, the average Saskatchewan poor family with children needed \$8,200 in additional income to reach the poverty lines: by 2004, that family required an additional income of \$8,150 to reach the poverty lines.

In 2004, \$351,609,751 was required to raise all children and their families to the poverty line in Saskatchewan.⁴ This is an historic low. Compare this to 1994, when, using constant 2004 dollars (adjusted for inflation), it would have required \$702,850,804 to raise all children and families to the poverty line in Saskatchewan. The year 1994 typifies the dramatic impact of the early 1990's recession on the poor and working people who lost their jobs. Today, if there was the political will, windfall provincial budget surpluses from non-renewable resource extraction royalties would allow the province of Saskatchewan to achieve the goal of eradicating child poverty.

Who Experiences Poverty?

Poverty is not evenly distributed within the province. For Aboriginal peoples (data does not include reserves), the situation is especially dire. Aboriginal people experience a ratio of poverty almost four times greater than the general population. The National Census data for 2001 shows that 50% (19,190 of 38,360) of Saskatchewan children identified as Aboriginal lived in poverty. This compares to 19.2% of all Saskatchewan children living in poverty in 2001.

The 2001 poverty rate among all Aboriginal children nation-wide stood at 40%.

Child poverty among First Nations children in Saskatchewan is especially unsettling when labour force participation and wages are examined. According to the 2001 Census,⁵ when the total population of Canada aged 15 and over is examined by composition of total income for 2000, non-First Nation people received 77.1% and registered First Nation people derived 70.8% of their total income from paid employment. The real difference is rate of pay. In the same year, non First Nations people had a median income of \$22,346 (average income \$29,964) while registered First Nations people had a median income of \$12,052 (average income \$16,935). Low wages paid to First Nations is an issue to be confronted if we are serious about addressing child poverty in Saskatchewan.

However, female lone-parent households consistently have a higher poverty rate than do two-parent households. In 2004, Saskatchewan children living in two-parent households had a poverty rate of 11.6% (20,000 children), while 57.3% (21,000) of all Saskatchewan children in female lone-parent families lived below the poverty line. This is higher than the Canada-wide rate of 52.1% that year.

It is also useful to examine the ages of the poor children in the province. In 2004, 26.3% (7,870) of all children aged 2 years or less in the province were poor. For the 3-5 years age-group, 25.3% (8,910) of all children in this age bracket in Saskatchewan were poor. And for the 6-17 years age-group, 17.7% (26,910) of all the children in this age bracket in the province of Saskatchewan were poor."

When we look at all of Canada, 25.5% of all children lived in poverty for at least one year between 1999 and 2004.

Working, Poverty and Social Assistance Reform in Saskatchewan

Social Assistance reform was introduced in Saskatchewan in 1998 under the *Building Independence* initiative. Then Social Services Minister, and now Premier, Lorne Calvert stated,

"We are turning the present welfare system on its head."⁶ In 1998, when *Building Independence* partnered with the federal government initiative National Child Benefit (NCB) program, Minister Calvert stated, "It [the NCB] is in fact the most significant social program to be developed in Canada in 30 years."⁷

The fundamental philosophy of *Building Independence* is that work is the best path out of poverty.⁸ *Building Independence* and the NCB programs channel increased benefit levels to people having some form of labour force attachment (i.e., are employed). Consequently, "[b]y making jobs the first option for people in need of assistance, thousands of Saskatchewan families have left welfare or have avoided it altogether, returning it to a "last resort" option in Saskatchewan."⁹ At this time, it is estimated that 14,800 children live in lone-parent families that receive social assistance, and 3,500 children live in two-parent families receiving social assistance.¹⁰

The Saskatchewan Department of Community Resources reports a 41% drop in the number of families receiving social assistance, and the lowest social assistance caseload since 1991. Would it be a mistake however, to confuse lower social assistance caseloads with a corresponding decrease in child poverty? What are the implications of encouraging a working poor labour force?

In 2003, 44% or 18,230¹¹ of the total number (41,390) of Saskatchewan children in poverty lived in households having full-time, full-year work.¹² This increased to 45.9% or 20,090 of all poor children (43,680) in 2004. The Saskatchewan child poverty ratio of full-time, full-year employment families in poverty to the total workforce population in 2004 is 9.2%, up from 7.7% in 2003.

Relying on wages and salary income alone presents a much higher level of child poverty. Clearly a work first approach is not enough to reduce child poverty in Saskatchewan, particularly if families removed from welfare cannot find employment to bring them above the poverty line.

Before social transfers, 27.7% of Saskatchewan families with children under age 18 lived in households below the poverty line, an increase from 24.4% for 2003. Once spending on social programs is included in the family income, the figure drops to 17.9%. This is an increase from 16% for 2003. In other words, for 2004, 35.7% of Saskatchewan's working poor families (with an income from the labour market) are prevented from poverty because of government transfers.

The national data show that before social transfers, 24.1% of all Canadian families with children under 18 years lived in households below the poverty line in 2004. The percentage falls to 16.1 when spending on social programs is included in the income. (Again, this data represent the number of families with children in poverty [17.9%] and not the incidence of child poverty [20.1%] for 2004.)

Also of concern is the change in female lone-parent family on a national level.¹³ Traditionally, the highest rates of poverty among female lone-parent families were those with no earner. Since 2002, however, that is no longer the situation. In 2003, the highest poverty rate is among female lone-parent families with one earner (53.8%) compared to no earner (39.4%). At first, the concept of increasing poverty does not make sense. With provincial welfare rates well below minimum wages across Canada, how can families with no earners have a lower poverty rate than those with income? In 1996, the year the Canada Assistance Plan (CAP) was replaced with the Canada Health and Social Transfer (CHST), the poverty rate was 64.3% for female lone-parent families with no earners and 33% for female lone-parent families with one earner. The best explanation of the data is workfare. Many of these women are now participating in workfare schemes across the country. The type of employment most likely to be found is temporary contract work at or near minimum wage levels. Many more women are now participating in provincial workfare programs, but their participation does not raise them and their children out of poverty.

Income Inequality and Health

*An emphasis on poverty-line criteria does not say much about the rest of society and reveals nothing about the rich and powerful and the levels of affluence they enjoy.*¹⁴

To more fully understand poverty, it is necessary to look at wealth and inequality in society. While there is much to say about income inequality, its effect on health only is outlined here. The data below are taken from a recent health report on income inequality in the city of Saskatoon.¹⁵

- Based on government data from 2001, nearly four times as many people from low-income neighbourhoods wound up in hospital after attempting suicide compared to the rest of the city. The number of suicide attempts is also more than 15 times higher than the number in affluent neighbourhoods.
- Hospitalizations for diabetes were three times higher in low-income neighbourhoods than the rest of the city, and nearly 13 times higher than in the eastern suburbs.
- While only 46 per cent of inner-city tots are up to date with their measles, mumps and rubella vaccinations, 95 per cent of kids in affluent areas are covered. Babies born in the lower-income cluster of neighbourhoods are more than five times likelier to die than an average city baby.

Proposed Solutions

Provincial Budget: How do we pay for increased expenditures for poverty programs? The provincial government expenditure for public service and wealth redistribution as a proportion of its GDP was the third lowest of all ten provinces during 2002-03. That is, after Alberta and Ontario, Saskatchewan spent the least on public service.¹⁶

Saskatchewan's current high oil prices and windfall profits present an opportunity. Rather than reducing royalty rates, the Saskatchewan government should increase them to better the lives of the poor. The time to do so is now, before

an economic recession produces a downturn in public revenues.

Tax System The implications of Saskatchewan cuts to its income tax rates must be closely watched. Since 2000, income tax rates have been steadily reduced by almost one third. Changes to the provincial tax system have reduced the differentials between rates for different income brackets, so that benefits from the tax reforms increase as one moves up the income scale. If these changes to the tax system prove to have little impact on wealth redistribution, then the government should re-introduce more progressivity of income distribution into the tax system by returning to the approach of taxing income as a proportion of the federal income tax. **CCTB Clawback.** In Saskatchewan the government deducts, or claws back a portion of the Canada Child Tax Benefit from every child on welfare.¹⁷ Many social service organizations, alongside the National Council of Welfare, call for an end to these clawbacks.

Government Collaboration In the mid-1990s, the federal government dramatically reduced its level of financial contributions to the provinces to deal with child poverty, specifically by eliminating cost-sharing under the Canada Assistance Plan and increasing restrictions on eligibility for Employment Insurance. The reduction in federal funding and the persistence of high levels of poverty underline the fact that child poverty cannot be addressed only at the provincial level. Poverty is a structural problem and can be eliminated through collaborative efforts of municipal, provincial and federal governments, and ultimately with the international community. The Provinces should insist that the federal government return poverty program funding to pre-1995 levels, and they should attempt to engage all levels of government in attacking the problem of poverty with the same level of enthusiasm engendered when working to eliminate deficits.

¹ The LICO low income cut-off line is a Statistics Canada estimate of the pre-tax total income needed to meet the basic living costs of food, shelter and clothing only, adjusted for family size and geographical area (rural and urban centres of various sizes).

² Statistics Canada continually revises its data. With the most recent release of the 2004 data set, Statistics Canada has revised the incidence rate for 2003 to 18.7% (41,390 children) from 18.3%.

³ The average low-income gap is calculated by determining the sum of all income amounts below the low income cut-off levels, and dividing that sum by the number of children below the low income cut-off lines.

⁴ Prepared by CCSD using remote data access to Statistic's Canada SLID Masterfile.

⁵ Compiled by author using *Statistics Canada* 2001 Census Standard Data Products, Aboriginal Peoples of Canada, 97F0011XCB2001062. Available from

<http://www12.statcan.ca/english/census01/products/standard/themes/RetrieveProductTable.cfm?Temporal=2001&PID=73650&APATH=3&GID=355313&METH=1&PTYPE=55496&THEME=45&FOCUS=0&AID=0&PLACENAME=0&PROVINCE=0&SEARCH=0&GC=0&GK=0&VID=0&FL=0&RL=0&FREE=0>; Internet; accessed 30 May, 2006.

⁶ Saskatchewan Social Services Newsletter. *Next Step*. Budget Edition 1998.

⁷ News Release, Media Services. *Saskatchewan Takes an Active Role in the National Child Benefit*. June 15, 1998.

⁸ Saskatchewan Community Resources and Employment. *Building Independence: An Innovative Approach*. June 10, 2004. (brochure)

⁹ *ibid*

¹⁰ National Council of Welfare: *Welfare Incomes, 2005*.

¹¹ Canadian Council of Social Development, using Statistics Canada's *Survey of Labour and Income Dynamics*, masterfile.

¹² If someone worked 49+ weeks in a year and was still below LICO, they are defined in this report as working poor.

¹³ Hunter, G. (2006). Child Poverty and the Canadian Welfare State. In A. Westhues (Ed.), *Canadian Social Policy: Issues and Perspectives* (4th ed.). Waterloo: Wilfrid Laurier University Press.

¹⁴ Ternowetsky, G. (2000). *Poverty and Corporate Welfare*. Social Policy Research Unit, Faculty of Social Work, University of Regina, page 2.

¹⁵ French, J. (2006 November 09). "Rich-poor health gap shocking Saskatoon's Poor vs. Affluent; Health region vows to tackle problem." Saskatoon Star Phoenix.

¹⁶ Weir, E. (2004). *Saskatchewan at a Crossroads: Fiscal Policy and Social Democratic Politics*. Canadian Centre for Policy Alternatives, available <http://www.policyalternatives.ca/sk/index.html>

¹⁷ In 2004-05, for instance, the clawback provided the Saskatchewan government an extra \$40 million in "reinvestment funds." See Government of Canada, p. 16. Available from http://www.nationalchildbenefit.ca/ncb/ncb-2005/report_e.pdf; Internet; accessed 30 May, 2006.

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