

# Our Window of Opportunity: It's Time to End Child Poverty in Canada



**2016 NEW BRUNSWICK CHILD POVERTY REPORT CARD**



Human Development Council

CAMPAIGN **2000**  
END CHILD & FAMILY  
**POVERTY**



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# INTRODUCTION

Childhood is a precious time of life, and it is also a vulnerable time of life—we are dependent on others for our survival and care. Because of this, children are protected under a specific set of rights—the UN Convention on The Rights of The Child, of which Canada is a signatory.

Poverty undermines the rights of children, and impacts their growth and development. In Canada, unacceptably high rates of child poverty led to the passing of a federal all party resolution to end child poverty by the year 2000 in 1989. Sadly, this goal has not been achieved. The rates of child poverty have been stubborn - too high for too long.

## **Indigenous Poverty: Canada's Legacy of Racism**

"Embedded systemic racism, ongoing colonialism and intergenerational trauma impoverish and disadvantage too many Indigenous children and families today. The facts are stark and grim, demanding immediate action... There is simply too much evidence of Canada's legacy of racism, colonialism and neglect to delay concerted action any longer." –Campaign2000

While we await the results from the reinstated mandatory long-form census, which will give us the adequate data needed to give this issue the attention it deserves, we do know that if we want to address child poverty in our country and in our province, we must address Indigenous poverty. In Canada, 40% of Indigenous children live in poverty, and this is unacceptable.

Every year we produce a New Brunswick Child Poverty Report Card in partnership with Campaign 2000, to track progress and serve as a reminder that much remains left to do. This year we are hopeful as we write this report. For many years, organizations ranging from FoodBanks Canada, to the Canadian Observatory on Homelessness, to Campaign2000 have been advocating for an enhanced and streamlined child benefit, indexed to inflation. This makes sense, because child poverty does not exist in isolation from food security and hunger, homelessness and Canada's affordable housing crisis, health care, or a number of other issues—it is all connected.

The federal government introduced the new, enhanced Canadian Child Benefit, which took effective July 1, 2016. The new CCB is streamlined (it replaced a number of other benefits, so the process is simpler), targeted to those who need it most and enhanced. This means more money for the Canadian families who need it most. The new CCB is also indexed to inflation. The Budget

## **The Canada Child Benefit (CCB)**

The CCB is a tax-free monthly payment made to eligible families to help them with the cost of raising children under 18 years of age. The CCB might include the child disability benefit and any related provincial and territorial programs. (...) Benefits are paid over a 12-month period from July of one year to June of the next year, and are recalculated every July based on information from a taxpayers' income tax and benefit return from the previous year.

(Source: Government of Canada, [CRA website](#))

Implementation Act, 2016 includes a measure that indexes the new CCB to inflation, as of July 1, 2020, “so that its real value is not eroded over the long term”. Given, however, that Canadians have seen an 11.7% increase in the price of fresh vegetables this year<sup>1</sup>, the new CCB should be indexed to inflation immediately so that its value does not erode over the next four years.

The impact of these changes are not yet reflected in our child poverty statistics, but it is an excellent first step in addressing child poverty—one that is expected to lift hundreds of thousands of Canadian children out of poverty. We are picking up steam; Canada has begun making the changes necessary to give each and every Canadian child the chance they deserve to succeed.

With renewed federal leadership and a provincial government in the midst of its second five year poverty reduction strategy, we have a window of opportunity to shape our country so that the lived reality of its citizens is a reflection of our core values. We must act now and take advantage of the momentum that exists. Our children are our future; when they have the opportunity to grow, explore, learn and be all that they can be, everybody wins.

**The following are highlights that will be elaborated on in this report :**

- Child poverty in Canada has increased since 1989, when, as a nation, we vowed to end it by the year 2000—it was 15.8% in 1989, peaked at 22.6% in 2004 and is 18.5% today.
- New Brunswick has the fourth highest child poverty rate of Canada's 10 provinces. It is particularly concentrated in certain areas. In Saint John, for example, Ward 2 and Ward 3 have child poverty rates of 41.1% and 48.5% respectively.
- Many New Brunswick children are living far below the poverty line, making many families unable to provide even the bare necessities of food, clothing, and shelter. In March of 2016, 19,769 New Brunswickers were helped by a food bank—and 32.4% of them were under the age of 18.
- Inequality is pervasive and insidious; it goes beyond income and wealth and the social ramifications of extreme inequality can be devastating.
- Poverty is a complex issue but there is an emerging consensus on the change that is required: livable incomes; affordable, high-quality, regulated childcare; nourishing food, affordable housing, education and training; ensuring access to secure, gainful employment.
- The scale and complexity of the issue of child poverty can be overwhelming, but policies can and do make a difference. In Canada, the child poverty rate is 18.5%; without government transfers, it would have been 28.6%. In New Brunswick, the child poverty rate is 21%; without government transfers, it would have been 31.6%. And, when we set our minds to it, we were able to reduce seniors' poverty in New Brunswick from 23.8% in 1989, to 8% in 2014.

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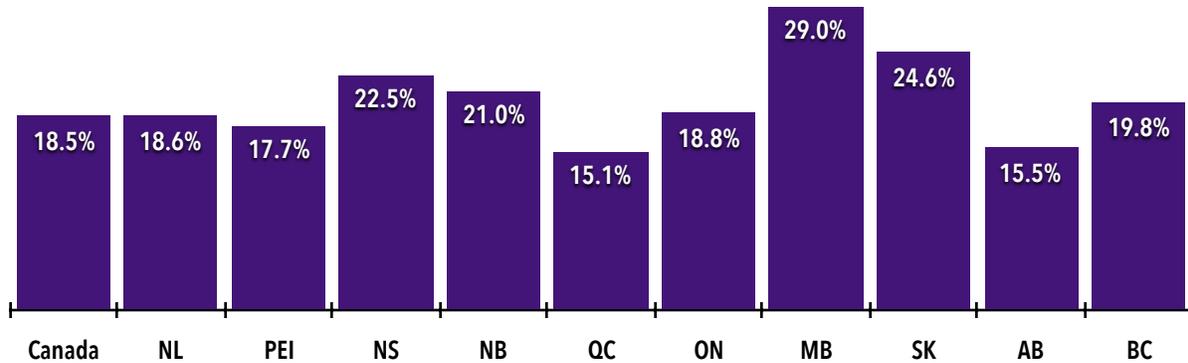
<sup>1</sup>Campaign2000 Report Card on Child & Family Poverty in Canada, 2016

# CHILD POVERTY ACROSS CANADA

Since the resolution to end child poverty was passed in 1989, child poverty has increased in Canada.

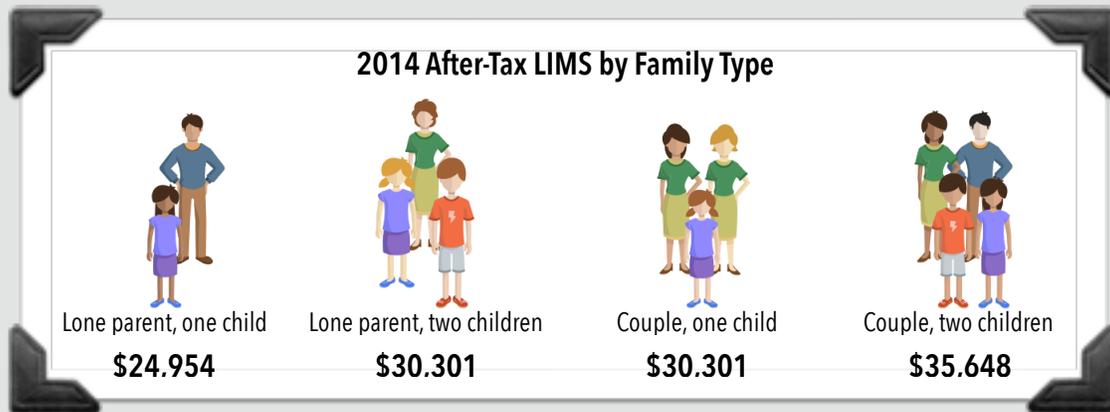
In 1989, when the resolution was passed, 15.8% (1,066,150) children in Canada lived in poverty. In 2014, according to tax filer data, 18.5% (1,302,330) Canadian children were living in poverty. Child poverty remains high across Canada. Appallingly, 40% of Indigenous children in Canada live in poverty.<sup>2</sup>

**Chart 1: Child Poverty Rates (LIM-AT), Canada & Provinces, 2014**



(Source: Statistics Canada, Small Area Administrative data, 2014 Tax File Family Series, Table 18, After-Tax Low Income Measure. Poverty rates for the Yukon, Northwest Territories, and Nunavut are 12.6%, 23.6%, and 38.0% respectively.)

This report uses the Low Income Measure (LIM), which identifies families with incomes below 50% of median income, adjusted for family size. LIM After Tax 2014 for one parent with one child is \$24,954.



<sup>2</sup> Campaign2000 Report Card on Child & Family Poverty in Canada, 2016

# CHILD POVERTY IN NEW BRUNSWICK

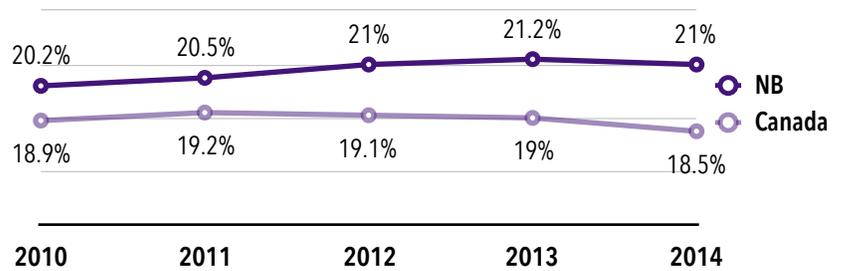
New Brunswick has the fourth highest child poverty rate of Canada's ten provinces.

Of the 136,050 children in New Brunswick, 28,510 (21%) live in poverty. Child poverty in New Brunswick, as in Canada, has been far too high for far too long. And, the City of Saint John has the highest child poverty rate of Canada's larger urban areas. The map below shows the child poverty and overall poverty rates in New Brunswick's eight cities.<sup>3</sup>

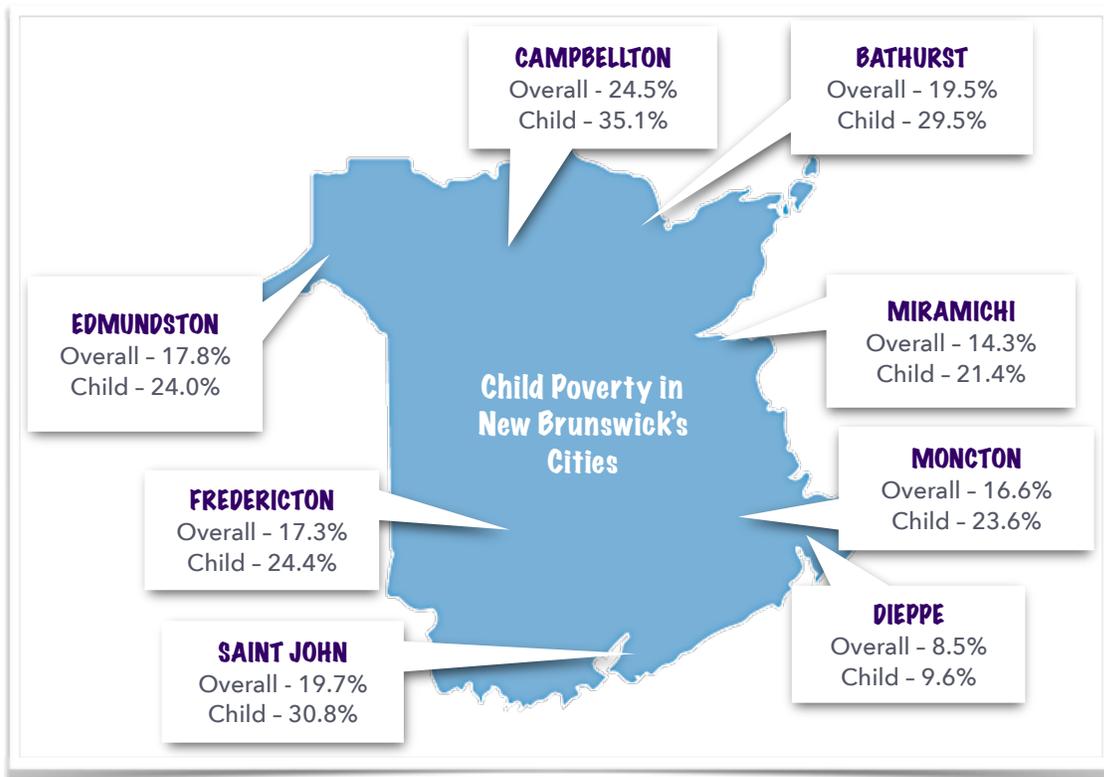


1 in 5 Children in New Brunswick are living in Poverty!

Chart 2: Child Poverty Rates in Canada & NB Over Time

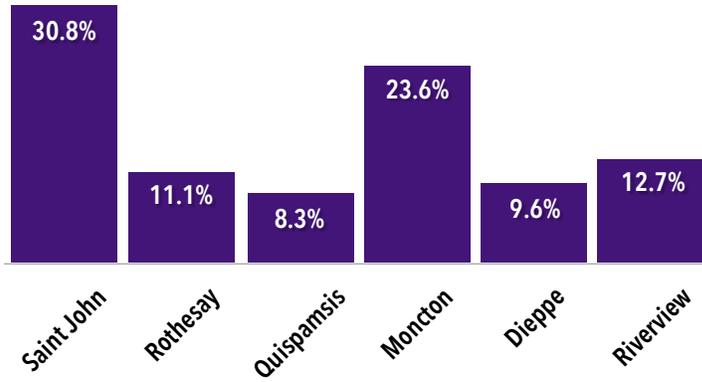


(Source: Statistics Canada, T1 Family File, 2000-2014)



<sup>3</sup> 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.

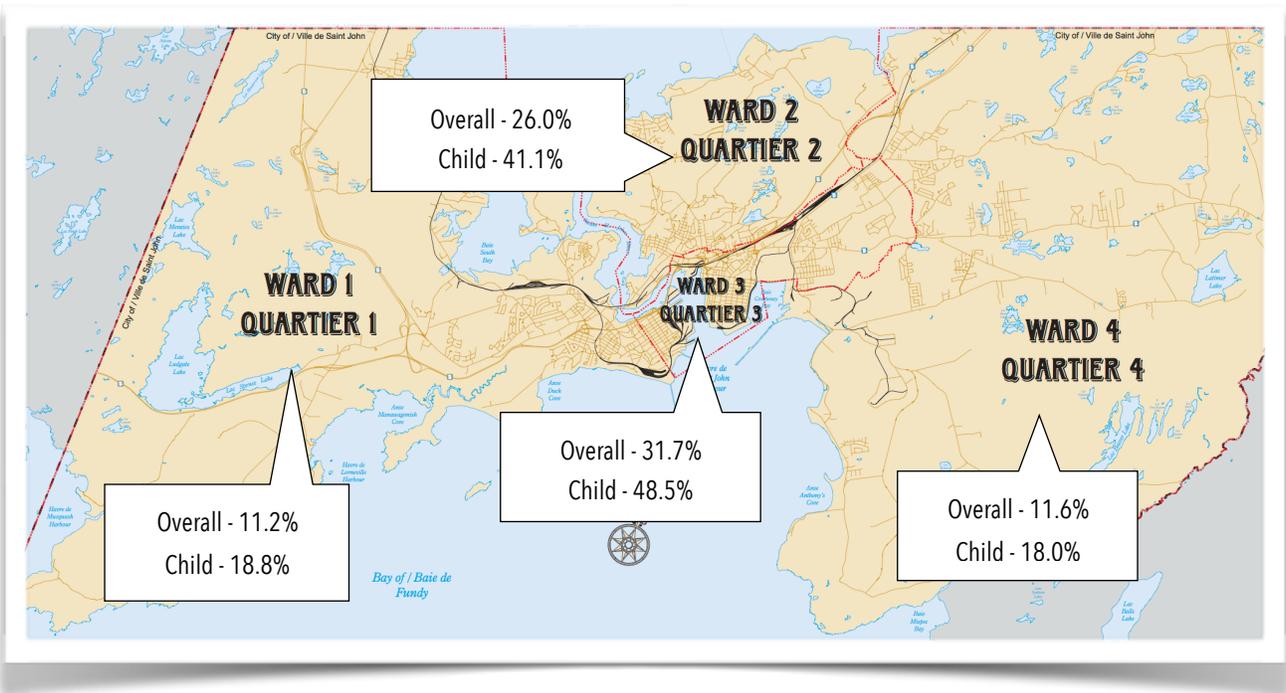
**Chart 3: Child Poverty Rates, Urban-Suburban Differences  
(LIM-AT, 2014)**



(Source: Statistics Canada, T1 Family File, 2014)

Chart 3 illustrates the striking difference in child poverty rates between two core cities in New Brunswick and their adjacent, more affluent suburban neighbours.

Further, in Saint John the child poverty rates in Ward 2 and Ward 3 are unacceptably high at 41.1% and 48.5% respectively—more than double the rate of Ward 1 and Ward 4.



# DEPTH OF POVERTY

Many New Brunswick children are not only living in poverty, but are living far below the poverty line.

In addition to poverty rates, it is important to note the depth of poverty in which families are living in New Brunswick. How much would their income need to increase in order for them to climb above the poverty line? For example, the median after-tax income for low-income lone-parent families with one child is \$16,530, the poverty line (based on LIM-AT) for the same cohort is \$24,954. A lone-parent with one child, making the median income, would have to increase their income by 50% just to arrive at the poverty line.

**Chart 4: Depth of Poverty for Low Income Families in New Brunswick, 2014**



(Source: Statistics Canada, T1 Family File, 2014)

For many families, the depth of poverty in which they live means they are unable to provide the bare necessities to their children; it is a struggle to acquire food, shelter, and clothing.

**What is Poverty?** Poverty is the condition of a person who lacks the resources, means, opportunities, and power necessary to acquire and maintain economic self-sufficiency or to integrate into and participate in society.

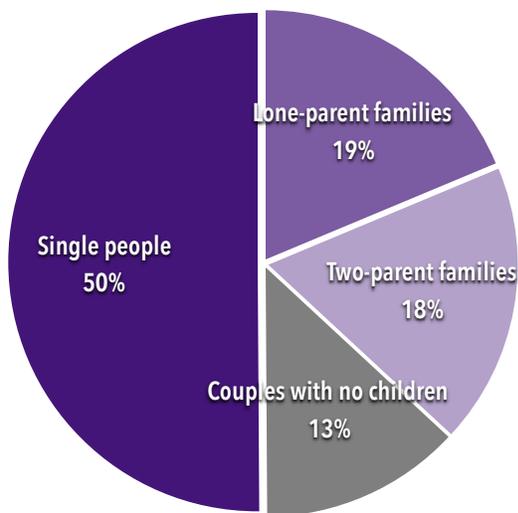
## FOOD SECURITY

19,769 New Brunswickers were assisted by a food bank in March of 2016, an increase of 4.1% since 2015 and 26.4% since 2008. 32.5% of those assisted were under 18 years old. In New Brunswick, 4.2% of food bank users were Indigenous people. This year's HungerCount report has a menu theme, and discusses choice –or in the case of many Canadians, lack thereof. Food bank use in Canada, and in New

Brunswick, is on the rise; the report points out that this means more and more Canadians are forced to make tough choices that no one should have to make: **“Instead of deciding whether they will have the short ribs or the chicken wings, they must decide whether to buy groceries or pay the rent. No one should have to make such a choice.”**

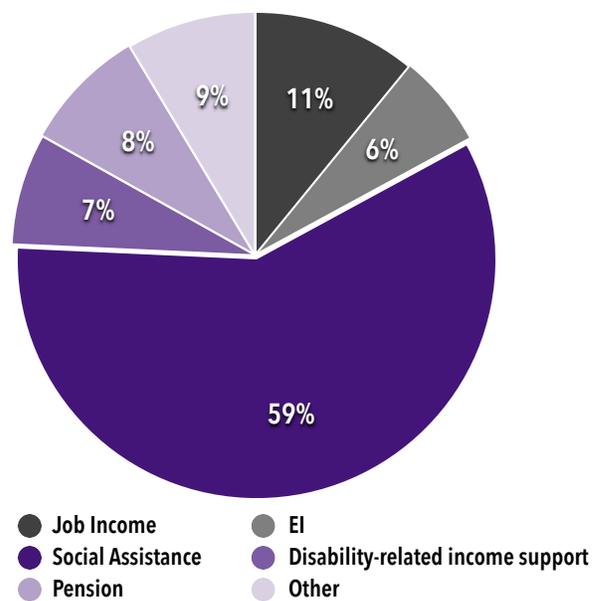
Chart 5 shows that 37% of food bank users in New Brunswick are families with children; Chart 6 shows us that 59% of food bank users are on Social Assistance, and 11% have income from employment. This tells us two things: 1) having a job is not enough to ensure that people’s most basic needs are met, and 2) Social Assistance rates are insufficient to meet the most basic needs of New Brunswickers—which is precisely why it exists<sup>4</sup>.

**Chart 5: Food Bank Users, Household Type**



(Source: Food Banks Canada (2016). *HungerCount 2016*. Toronto: Food Banks Canada.)

**Chart 6: Food Bank Users, Income Type**



The individual and societal ramifications of the fact that so many New Brunswick families are unable to meet their most basic needs are severe. We know that poverty is a major social determinant of health, which is why many in the medical community are strong advocates for better social policy, and why in 2015 the Canadian Medical Association endorsed the concept of a basic income guarantee for all Canadians.

**Immigrants and Refugees**

4% of food bank users in New Brunswick in March of 2016 were immigrants or refugees, up from 2.8% in 2014 and 1.7% in 2012. With the recent influx of refugees in Canada and New Brunswick, we must ensure that no one is slipping through the cracks. Adequate resources are needed so that families are able to participate in our community, and start a new life. They came here to start over; their struggle for survival must not continue here in Canada.

<sup>4</sup> The Social Assistance Program page on the [Government of New Brunswick's website](#) states: *Financial assistance is given to people who have no other income to meet their basic needs of food, clothing and shelter.*

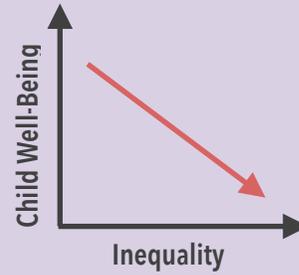
# INEQUALITY

The effects of inequality go beyond income and wealth; they touch every aspect of our society. Inequality is pervasive and insidious.

**High levels of inequality affect individuals and society as a whole.**

Outcomes for each of the following eleven areas are significantly worse in more unequal, rich countries: physical health, mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life, violence, teenage pregnancies, and child well-being.

The UNICEF index of child well-being is related to inequality in rich countries; as inequality goes up, child well-being goes down.



(Source: The Spirit Level: Why Equality is Better for Everyone by Kate Pickett & Richard Wilkinson)

Economic families with an income greater than  
**> \$150,400**

in 2014, were in the top income decile (top 10%) of families in New Brunswick.



Economic families with an income greater than  
**> \$185,100**

in 2014 were in the top income decile of families in Canada.

**21%**

of Children in NB live in Poverty

**10.1%**

of Children from two-parent families in NB live in Poverty

**51.2%**

of Children from lone-parent families in NB live in Poverty

We need to address the numerous barriers that continue to prevent lone-parent families from getting ahead. These include:

- inadequate parental leave,
- unaffordable child-care,
- policies that are not family friendly,
- and a lack of support for new parents.

**In New Brunswick, children from lone-parent families are five times as likely to live in poverty as children from two-parent families. This is unacceptable; children should not be deprived of their fundamental rights because of family composition.**

### Child Care in New Brunswick

The cost of child care is a major burden for families, and licensed spots are limited. The report *They Go Up So Fast: 2015 Child Care Fees in Canadian Cities* notes that "New Brunswick has the most mathematically complex formula for families with incomes over \$30,000." Some childcare centres do not accept children on a subsidy, and others charge parents an additional fee above what is covered. In New Brunswick, families are required to cover the difference when the subsidy does not cover the cost of child care (in some provinces, the family pays a set amount, and the province covers the difference). The province contributes a maximum subsidy amount of \$24.25 per day for a child over two in full-time care, with parents picking up whatever part of the market rate this amount does not cover. As market prices go up, so does the cost to New Brunswick parents. The report further explains:

"Families in New Brunswick may be eligible to receive a subsidy for un-licensed "alternative child care" if no licensed care is available... The subsidy rates for alternative care are lower than for licensed care... To be eligible for a subsidy, alternative care cannot be provided by a member of the child's immediate family."

According to the Province of New Brunswick's Child Day Care Services Annual Statistical Report 2014-2015, there are 25,557 licensed spaces in New Brunswick. Of those, 1,970 spaces are for infants, and 10,707 spaces are for pre-school aged children.

As stated in the previous section, poverty goes beyond basic needs; poverty is also lacking the means to integrate into and participate in society and your community. For children, poverty and inequality can put sports and other extra curricular activities out of reach. According to a survey by Hockey Canada, the average hockey parent spent just shy of \$3,000 on minor hockey in the 2011-12 season. According to the survey conducted in the fall of 2015, "43% of parents say they or someone they know are borrowing money to put a child in extracurricular activities" and "more parents than ever (46%) say either they or someone they know is pulling kids out of hockey and other activities because of the cost".

The negative consequences of this are far-reaching. For example, post-secondary education institutions, as well as companies hiring new employees, are looking for well rounded applicants who have participated in extracurricular activities and volunteered. Those who were unable to participate in extracurricular activities because of financial need, may find that scholarships and other opportunities are out of reach.

"Canada's Wealthy 86 represent only 0.002% of the population but they're so flush they could buy absolutely everything owned by every person in New Brunswick. They could buy up all of New Brunswickers' cars, all of their houses, all of their undeveloped land, all of their stocks, bonds, pension funds and RRSPs, all of their jewelry, all of their furniture—everything—and still have billions to spare."

-David Macdonald, Senior Economist with the Canadian Centre for Policy Alternatives

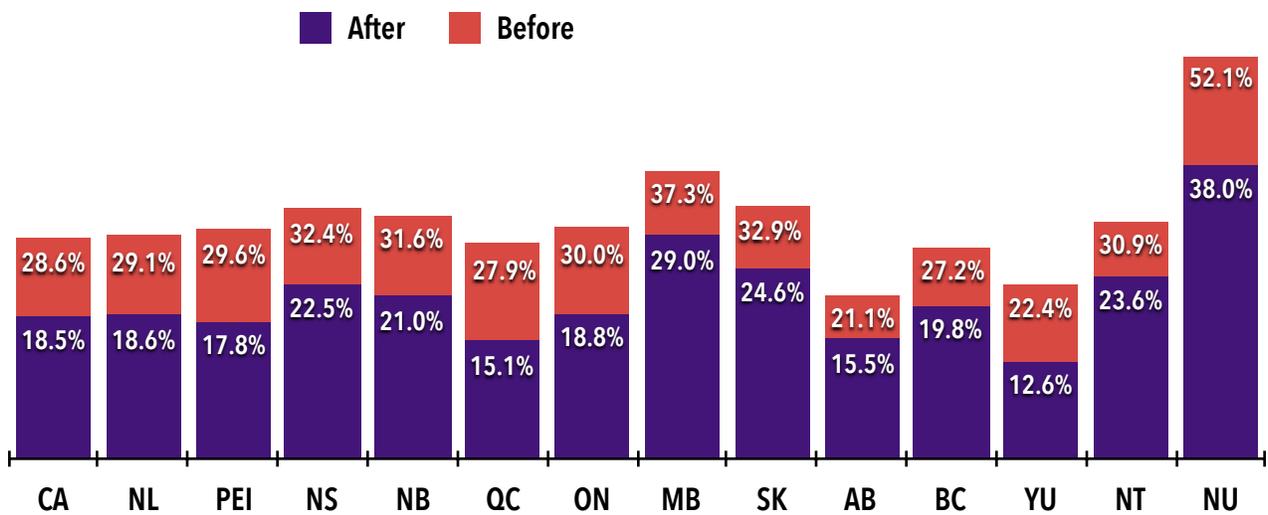
**Our system is set up to reward those who have already had a head start. We need to build a more equitable system.**

# EFFECT OF GOVERNMENT TRANSFERS ON POVERTY RATES

Government transfers are effective at reducing poverty and child poverty; we know what we need to do, we just need to do it.

Chart 7, below, shows the positive impact of government transfers on child poverty rates in Canada. Without government transfers, Canada would have a child poverty rate of 28.6%, instead of 18.5%—that’s a difference of just over 10%. Yet far too many children still live in poverty. What this tells us, however, is that tax and transfer systems work. With the recent enhancements to the CCB, we look forward to seeing the rates of child poverty in Canada drop further.

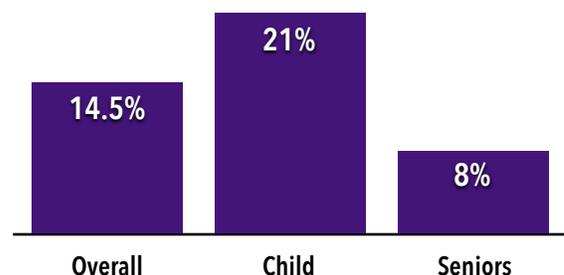
**Chart 7: Child Poverty Rates Before and After Government Transfers (LIM-AT)**



(Source: Statistics Canada, custom tabulation, income statistics division T1FF 2014)

**Chart 8: Poverty in New Brunswick, 2014 (LIM-AT)**

Another good example of how tax and transfer systems can effectively lift high risk populations out of poverty is the history of seniors’ poverty. The poverty rate among seniors in New Brunswick was 23.8% in 1989, and, although it crept up slightly from 6.6% in 2012, to 8% in 2014, it is a third of what it was in 1989.



As we noted in our 2014 Report Card poverty reduction among senior citizens has been one of the great success stories of Canadian social policy. The decline in poverty rates has been attributed to transfer programs that include a universal component (Old Age Security), a negative income tax piece (the Guaranteed Income Supplement) and an earnings related pension (the Canada Pension Plan).

<b>Table 1: Comparison of Provincial Child Benefit Policies</b>		
<b>Province</b>	<b>Child's Age</b>	<b>Annual Benefit Amount (1 Child)</b>
<b>QB</b>	0-18	\$2,392.00
<b>ON</b>	0-18	\$1,336.00
<b>AB</b>	0-18	\$1,100.00
<b>BC</b>	0-6	\$660.00
<b>NS</b>	0-18	\$625.00
<b>MB</b>	0-18	\$420.00
<b>NL</b>	0-18	\$377.00
<b>NB</b>	0-18	\$250.00
(Source: First Call, 2015 BC Child Poverty Report Card)		

In other words, there is no question that taxation and transfer policies have a huge impact on poverty rates. The question, therefore, is not *can* we end child poverty in Canada and New Brunswick, but do we have the will to do so.

Responsibility rests with all levels of government—as well as society as a whole— we must all do our part to ensure that no child is deprived of their basic rights.

Table 1 compares the level of Provincial Child Benefit Policies. Quebec’s benefit, the highest in the country, is almost ten times higher than New Brunswick’s.

# CONCLUSION

In New Brunswick, 28,510 children are living in poverty, and food bank use has increased 26.4% since 2008. In the 1980's and 90's, pan-Canadian cuts to welfare and a sharp decline in investment in social housing left our "social safety net" with some gaping holes that still need mending. As a one Maritimer<sup>5</sup> poignantly put it:

*We talk about stopping people from slipping through the cracks, but we've created a system with more cracks than floorboards.*

Clearly, we have a lot of work to do. We can do it, though. Steps in the right direction have already been taken to address child poverty in Canada. Now, it is critical that we build on the existing momentum and seize this window of opportunity.

Advocates and organizations from across Canada have been clear about what is needed and there are things on which we all agree, such as the enhanced and indexed CCB, the need for a national housing strategy and significant investments in affordable housing, and the need for a guaranteed basic income.

We know that good public policy can reduce child poverty. As Campaign 2000 warns, however, "History has shown us that no one-off policy change can ensure no child goes hungry, is denied opportunity or spared the indignity of poverty. Eradicating poverty must include weeding out the multitude of barriers that families face."

HungerCount 2016 points out that the Prime Minister has highlighted the extent of the work that remains to be done by "tasking the Minister of Employment and Social Development with a truly extensive mandate: to develop a national poverty reduction strategy, a national affordable housing strategy, a federal-provincial-territorial child care framework, and a National Disabilities Act". The report continues: "There is real possibility in these plans - and also a real danger that they, like many plans before them, will sit on a shelf collecting dust. The federal government has a choice to make: allow these initiatives to devolve into consultations that go nowhere, or work to make them an important part of its legacy."

We are optimistic that governments will do their part in addressing child poverty. We hope they will apply the focus and political will that reduced seniors' poverty. It is time to close the cracks in the floorboards and to ensure that Canada's values are reflected in the quality of life of its most vulnerable children.

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<sup>5</sup> these were the words of someone who called in to a CBC maritime noon discussion on Welfare.

# RECOMMENDATIONS

## Federal Actions Required:

- Ensure that the federal action plan to eradicate poverty includes both targets and timelines and is developed in consultation with provincial and territorial governments, Indigenous governments and organizations, non-governmental organizations and people living in poverty. The plan must be secured in legislation and identify key roles for all levels of government, recognizing the particularities of how Québec pursues social policy in the Canadian context.
- Ensure that the Canada Child Benefit's design reduces the child poverty rate by 50% in 4 years. Government should implement indexation immediately and ensure access to the benefit for families living at higher rates of poverty, such as First Nations families on reserve and children of immigrants and refugees.
- Adopt the internationally comparable Low Income Measure-After Tax as Canada's official income poverty line to track progress or lack thereof against poverty.
- Create a plan to prevent, reduce and eradicate child and family poverty in Indigenous communities developed in conjunction with Indigenous organizations. Comply with the rulings of the Canadian Human Rights Tribunal by providing adequate/fair funding for child welfare services on reserve and ensure the application of Jordan's Principle extends beyond cases of disabilities and short-term illnesses.
- Increase funding for the Canada Social Transfer, remove arbitrary growth restrictions, provide sufficient, stable and predictable funding that recognizes regional economic variations, and ensure that both federal and provincial governments are accountable for meeting their human rights obligations to provide adequate income support for all low income Canadians. This will require the development of minimum standards for income benefits and social services funded through the Transfer, which allow necessary flexibility to provinces and territories. As part of this, ensure children in lone parent families receiving income assistance retain child support payments currently deducted from their incomes and ensure child-related Employment Insurance (EI) benefits are not deducted from provincial income or disability benefits.
- Make enhancements to Employment Insurance that expand access, duration and levels of benefits.
- Enact proactive strategies, including improved employment equity in the public and private sectors, and a sensible training strategy accessible to those not on EI to level the playing field for racialized communities and other historically disadvantaged groups.
- Create a national ECEC program, led by the federal government and developed collaboratively with provinces/territories and indigenous communities, which includes a well-developed policy framework based on the principles of universality, high quality and comprehensiveness.
- Increase the maternity and parental leave benefit level to 70% of employment income and a reduction 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, and a secondary caregiver benefit should be developed to address gender disparities in care work within households.

- Develop a comprehensive national housing strategy reflecting the needs of local communities and First Nations in partnership with provinces, territories, municipalities, First Nations, the non-profit sector and the private sector. As a first step, reverse the trend of decreasing federal investment in affordable housing by providing funds for affordability, funds for capital renewal and support for transforming the social housing sector for future success.
- Create a distinct Indigenous Housing Strategy that includes funding to urban and rural housing initiatives, increases funding for Indigenous support and service organizations and contributes to meeting the needs of children and families as outlined in the Truth and Reconciliation Commission's 94 Calls to Action.
- Address growing income inequality by restoring fairness to the personal income taxation system and re-introducing the principle of taxation based on ability to pay.

### Provincial Actions Required:

- Increase the Provincial Child Benefit.
- Provide sustained funding for poverty reduction programs in order to achieve the targets set out in the Economic and Social Inclusion Act.
- Bring the minimum wage up to a living wage.
- Provide more high quality child care spaces and increase the child care subsidy so that it covers the true cost of care.
- Accelerate the full implementation of the Prescription Drug Plan.
- Make early childhood education and early literacy an immediate priority.
- Increase investment in social housing.
- Some children, schools, families and communities require supports and services beyond typical per capita allocations. Future funding and programs should reflect this.

# CHILD POVERTY REPORT CARD

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New Brunswick • November 2016

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Prepared by Jenny O'Connell for the Human Development Council, a local social planning council that co-ordinates and promotes social development in Greater Saint John.

Copies of the report are available from:

The Human Development Council's website:  
[www.sjhdc.ca](http://www.sjhdc.ca) (under Products & Services)

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

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