



UNIVERSITY OF
REGINA

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Report Card on Child Poverty in Saskatchewan

*Poverty is inescapably wedded to the degree and consequences of
social inequality we are prepared to tolerate or even encourage*

The Social Policy Research Unit (SPR)
in partnership with
Saskatoon Communities for Children
and Campaign 2000

Poverty can do both immediate and lasting harm to children. Children who grow up in poverty are more likely to lack adequate food and clothing and basic health care, live in poor housing, become victims of crime and violence, and be less successful in school.

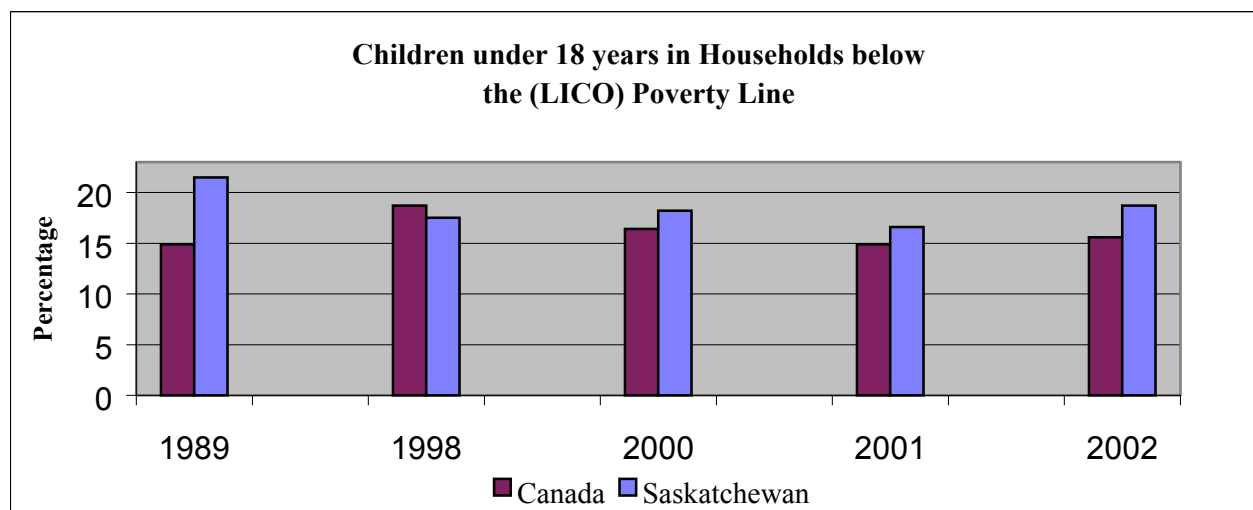
Introduction

Recent statistical data on child poverty in Saskatchewan appear at the front of this report. For further information about child poverty issues in the province, more detailed description is available towards the end of the report.

Throughout the report significant data years have been emphasized. These include: 1989, the year when the Canadian House of Commons resolved to seek an end to child poverty across the country; 1998, the year Saskatchewan introduced its welfare reform program; 2000, the target date adopted by the House of Commons to eliminate child poverty in Canada; 2001, which allows for comparisons with 2002 data; and 2002, the year for which the latest data on child poverty in Canada are available.

Incidence of Poverty

Family (household) poverty is the most direct indicator of the economic status of children. The following figure depicts the percentage of children under 18 living in Canadian and Saskatchewan households below the low-income cut-off (LICO)¹ line. Percentage² figures give us the incidence of poverty.



Source: Canadian Council of Social Development using Statistics Canada Survey of Labour and Income Dynamics, masterfile.

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. Percentage figures are included as well as count data. Percentage values are preferred over count values as they provide a representation of children in poverty to the population base of all the children in the province. Using counts alone would not be an accurate representation, as the population base number fluctuates from year to year. For example, 1997 had a child poverty rate of 18.9% and a count of 48,000 children, whereas 2002 has a child poverty rate of 18.7% with a count of 43,800 children. Percentage gives us a ratio of child poverty to the base number of children for each year; a base number that changes each year.

The percentage of Saskatchewan children living in households below the LICO poverty line fell from 21.5% (58,000 children) in 1989 to 17.5% (45,000) in 1998, rose slightly to 18.2% (45,000) in 2000, and dropped again to 16.6% (40,000) in 2001. By 2002 the incidence of child poverty had climbed once more to 18.7% (43,800). Saskatchewan's child poverty level is traditionally higher than the national average, except in 1998 when the provincial child poverty rate stood at 17.5% (45,000) and the national rate at 18.7% (1,132,000). In 1989 and 2001, 14.9% (990,000 and 1,026,000, respectively) of all Canadian children under 18 lived in households below the poverty line. By 2002, the poverty rate among Canadian children had risen to 15.6% (1,065,000).

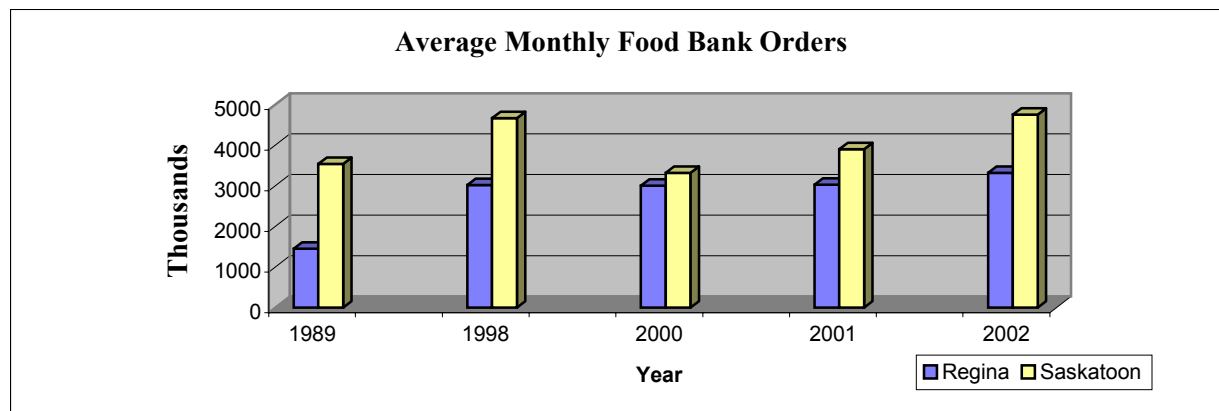
Depth of Poverty

A concept related to the incidence of poverty is the depth of poverty.³ Depth of poverty indicates how far below a poverty line an income falls. The measure is useful as it provides an idea of how much is needed to raise the income of poor families to the different poverty cut-off lines. In Saskatchewan, the average poor family with children needed \$6,997 in 1998 and \$7,820 in 2001 to reach the poverty lines. By 2002, the average Saskatchewan poor family needed \$6,629 in additional income to reach the poverty lines.

Depth of poverty can also be used to estimate the proportion of Saskatchewan's real (constant dollar) gross domestic product⁴ (GDP) required to raise all poor families to the poverty line. That is, how much Saskatchewan wealth would it take to help the poor among us? In 1998, it would have cost 1.1% of Saskatchewan's GDP to raise all poor children to the poverty line and less than one percent in 2002. Between 1998 and 2002, Saskatchewan's economy, as measured by its GDP, had grown 17.6%, yet the persistence of poverty suggests this growth is not reaching the economically vulnerable.

Food Banks

“In this land of plenty a radically unequal distribution of resources underlies the existence, extent and depth of poverty across the country”⁵



Source: Regina and Saskatoon Food Banks

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

4 Real GDP is the value of all goods and services produced in Saskatchewan for a given year in constant dollars. Constant prices, or constant dollars, are used rather than reporting only nominal values so that comparisons can be made across different years accounting for the rise in prices measured by inflation.

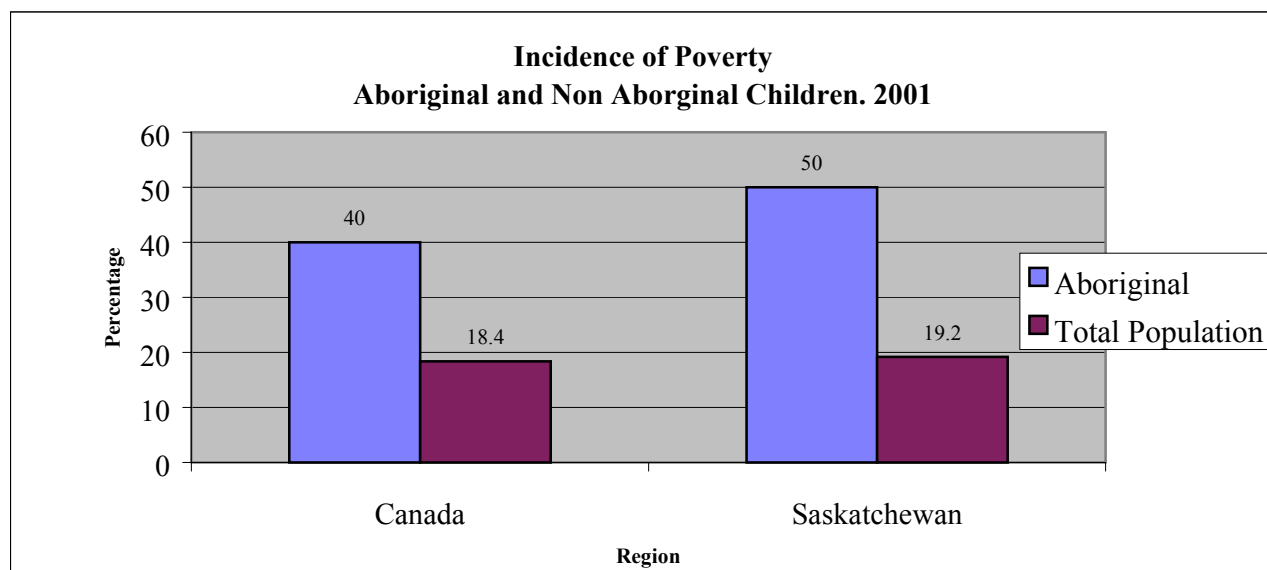
5 Canadian Association of Food Banks. (2002). *Hunger Count 2002. Eating their Words: Government Failure on Food Security*. p. 5

Saskatoon and Regina food bank use peaked markedly in 1998 only to fall off in 2000. That trend has since reversed. From 1998 to 2002, the average number of monthly food bank requests in Regina increased from 3022 to 3322, and in Saskatoon from 4,666 to 4,751. In the same period, the average number of children recorded as receiving monthly food bank assistance increased by 7% in Regina - from 4,158 to 4,433, and by 20% in Saskatoon - from 4,611 to 5,528.

“While children are over-represented in food bank lines across Canada, Saskatchewan surpasses the national average with 47.3% of food bank recipients under the age of 18...Social assistance recipients represent the majority [89.4% in Regina in 2002] of food bank users.”⁶

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 4 times greater than the general population. The National Census data⁷ for 2001 shows that 50% (19,190 of 38,360) of Saskatchewan children identified as Aboriginal lived in poverty, whereas the same data set indicates 19.2% of all Saskatchewan children were poor. Nationally, the poverty rate among all Aboriginal children was 40% in 2001.

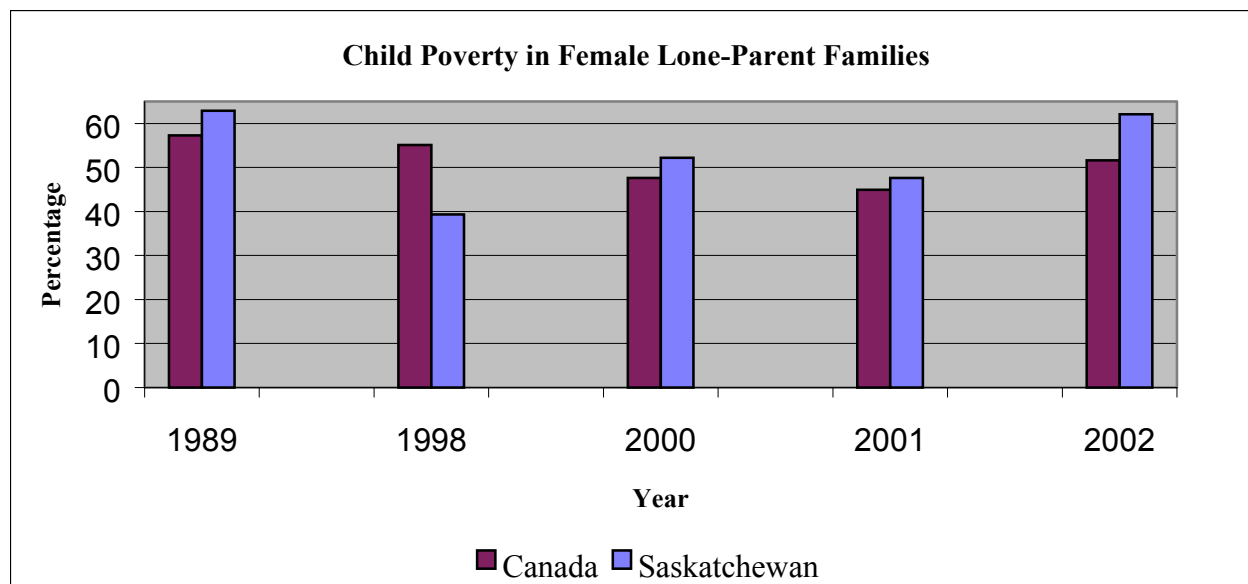


Source: National Census 2001 data. The incidence of low income is **not** calculated for economic families and unattached individuals living in the Yukon, the Northwest Territories, Nunavut, and on Indian reserves in the 2001 Census.

⁶ Canadian Association of Food Banks (2002). *Hunger Count 2002. Eating their Words: Government Failure on Food Security.* p. 11.

⁷ Census data are gathered using a different methodology than that used to gather SLID data. Therefore, the Census data are not directly comparable with the SLID data. For 2001, the Census data shows slightly higher poverty rates in Saskatchewan than the SLID data.

Female lone-parents in Saskatchewan also share a disproportionate level of poverty.



Source: Canadian Council of Social Development using Statistics Canada Survey of Labour and Income Dynamics, masterfile.

In Saskatchewan, the percentage of children under 18 living in female lone-parent households below the poverty line fell from 62.9% (17,000) in 1989 to 39.3% (18,000) in 1998. It increased to 52.2% (22,000) in the year 2000 before dropping to 47.6% (19,000) in 2001. By 2002 the figure had jumped again to 62.1% (23,000). For the year 2002, only 38% of the children in female lone-parent families in Saskatchewan lived above the poverty line.

Canada-wide, 57.3% of children in female lone-parent households lived below the poverty line in 1989. That rate dipped to 55.1% in 1998 and to 44.9% in 2001. By 2002 it had climbed to 51.6%, representing more than half of the Canadian children in female lone parent families who live in poverty.

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.”⁸

In 1998, *Building Independence* partnered with a federal government initiative called the National Child Benefit (NCB) program, and Minister Calvert stated, “It [the NCB] is in fact the most significant social program to be developed in Canada in 30 years.”⁹

The fundamental philosophy behind *Building Independence* is that: “... work is the best path out of poverty, and we are taking a leadership role nationally in our response to the issues of child and family poverty.”¹⁰ The *Building Independence* and the NCB programs channel increased benefit levels to people having some

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

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

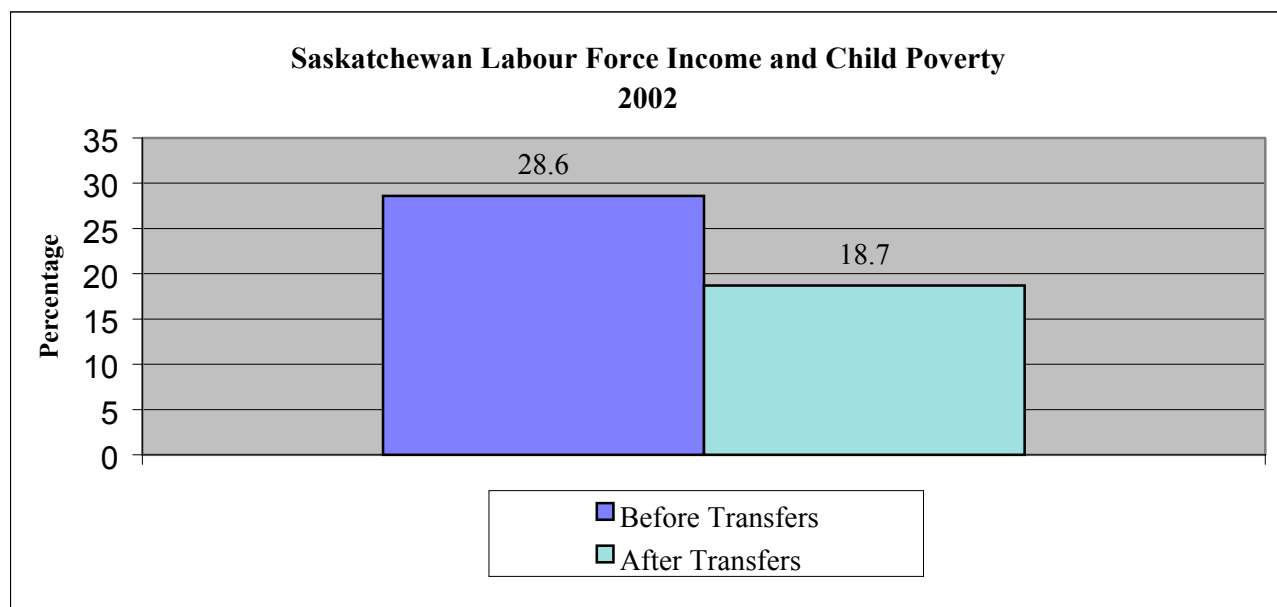
10 Saskatchewan Community Resources and Employment. *Building Independence: An Innovative Approach*. June 10, 2004. (brochure)

form of labour force attachment (i.e., are employed). Thus, “[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.”¹¹

Saskatchewan’s Department of Community Resources and Employment (DCRE) reports a 41% drop in the number of Saskatchewan 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? And, what are the implications of encouraging a working poor labour force?

In 2002, 27%, or 11,900¹² of the total number (43,800) of children in poverty lived in households having full-time, full-year work. Worse yet, households with the equivalent¹³ of full-time, full-year employment experienced a child poverty rate of 39.1%. The Saskatchewan child poverty ratio of full-time, full-year employment families in poverty to the total workforce population was 8.1%, almost unchanged from 8.5% in 1998.

Relying on wages and salary income alone presents a much higher level of child poverty. However, if the effects of government transfers through social spending are calculated, the child poverty rate drops.



Source: Canadian Council of Social Development using Statistics Canada Survey of Labour and Income Dynamics, masterfile.

This indicator reports the percentage of Saskatchewan children under age 18 living in households below the poverty line, based just upon family income from the labour market and including the reduction in labour market poverty due to government social spending. Before social transfers, 28.6% (67,000) of children live

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

12 Source: CCSD, using Statistics Canada’s Survey of Labour and Income Dynamics, masterfile.

13 A family is defined as working full-time, full-year if all adults work a combined total of 49 weeks or more. This combined total could be reached through working more than one part-time job or through two adult family members each working part-time.

in households below the poverty line. That figure drops to 18.7% (43,800) once spending on social programs is included in the income. In comparison, for 2002, the percentage of all Canadian children living in households below the poverty line is 23.9% (1,635,200) but is reduced to 15.6% (1,065,100) when spending on social programs is included in the income.

A recent study¹⁴ by Statistics Canada sheds further light on employment and low wages in Canada. Less than one-half of Canadian workers (47%) who had low-paying jobs¹⁵ in 1996 had managed to climb out of poverty¹⁶ by 2001. Those most likely to rise above low income were young, university-educated men in professional occupations and industries. Most often they worked full-time in large unionized firms in Ontario or Alberta. The profile of this group does not match the profile of those most likely to apply for or receive social assistance in Saskatchewan. The same study found that for those who remained in the same job, rising above low-income was more likely if they increased their work hours by five or more hours a week. The 53% trapped in low-paid work from 1996 to 2001 tended to be older women, those with a high school education or less and those working part-time for small, non-unionized organizations. This profile more closely matches persons most likely to need social assistance.

Addressing Child Poverty

Achieving the goal of ending human poverty globally “will be undermined by entrenched groups that resist policies reallocating resources to the poorest most marginal members of society.”¹⁷

Delivering welfare programs (and dealing with child poverty) within an “active labour market model” can follow one of two broad approaches. One is the “work first” orientation and the other is embedded within the human capital model.¹⁸

The work first approach favours cheaper employability measures, as opposed to more expensive training and education. It focuses on immediate job placement regardless of quality, not on longer-term employment potential. The United States, Britain, Australia, New Zealand and Canada have all adopted variations of the work first approach to welfare.

The human capital approach emphasizes the development of skills and education for jobs that are not marginal, unstable, deregulated and low waged. This approach is favoured by social-democratic welfare states such as Sweden and Denmark.

The Fraser Institute, a conservative think tank, adopts a work first approach. This is evident in its report on Saskatchewan’s 1995-2002 welfare reforms¹⁹ where it made several recommendations for welfare programming in Saskatchewan. These included:

14 T. Janz. (2004). Low-paid employment and ‘moving up.’ *Statistics Canada Research Paper*, Catalogue no. 75F0002MIE – No. 003.

15 The Janz report defines low-wages based on the before-tax LICO. To calculate the “low paid work” threshold, the appropriate LICO was divided by 52.14 (weeks/year), which provides the dollars per week needed to reach a LICO poverty threshold in 1996.

16 The Janz report defines “moving up” out of low-paid work as earning 10% above the LICO poverty threshold for 2001.

17 Human Development Report. (2003). *Millennium Development Goals: A Compact among Nations to End Human Poverty*. N.Y., Oxford: Oxford University Press. p. 133. Online at <<http://hdr.undp.org/reports/global/2003/>>

18 A. Daguerra. (2004). “Importing Workfare: Policy Transfer of Social and Labour Market Policies from USA to Britain under New Labour.” *Social Policy and Administration*. Vol. 38, No. 1, pp. 41-56.

- Divert potential recipients (i.e., reduce the number of people who receive welfare to begin with)
- Implement immediate work requirements
- Focus on employment, not training and education
- Implement tough full cheque sanctions (full-month loss of funds for first instance of non-compliance)

The Fraser Institute recommendations have little to do with eliminating child poverty; they have considerably more to do with reducing public spending directed at the most marginalized. The recommendations are all consistent with a work first approach to welfare.

The province of Saskatchewan has introduced changes to its welfare programs that are similar to some of the recommendations the Fraser Institute has made. We note this parallel not to suggest that the province of Saskatchewan is following the recommendations of the Fraser Institute; rather, the adoption of a work first approach to welfare shares some features with policies directed at reducing social spending.

DCRE has listed a number performance results for welfare programming in Saskatchewan. These include:

- “Divert economically at-risk people from social assistance to alternative resources”²⁰
- “By 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”²¹
- “Clients **must** be terminated if they fail to give a monthly report, if they are no longer eligible, they are not able to participate in the pre-employment program, or they fail to participate in the pre-employment program”²²

These performance indicators do not address the issue of child poverty such as would be achieved by an upward adjustment of benefit levels.

The National Council of Welfare has commented:

Some provinces and territories also contend that welfare income is intended to provide only the bare necessities of life, while the incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.²³

DCRE’s annual report (2003-04) claims flat-rate social assistance benefits will be gradually introduced. Flat-rated benefits result in less discretion available to social work staff in issuing additional benefits when the recipient’s situation warrant, and will translate into an overall decrease in the level of benefits for poor

19 C. Schafer & J. Clemens. (2002). Public Policy Sources, Welfare in Saskatchewan: A Critical Evaluation. *Fraser Institute Occasional Paper*, Number 65, pp 40-42.

20 Saskatchewan Community Resources and Employment. (2004). *Annual Report 2003-04*, p. 13.

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

22 Government of Saskatchewan. *The Transitional Employment Allowance Regulations Chapter S-8 Reg 5 (effective February 3, 2003)*. Regina, Saskatchewan: The Queen’s Printer, p. 12.

23 National Council of Welfare. (2003). *Welfare Incomes 2002*. Available online <<http://www.ncwcnbes.net/htmldocument/reportIFL/repIncomeForLiving.htm>>

families with children. It must be stressed that children form the largest group of recipients of government social assistance programs. The introduction in Saskatchewan of the Transitional Employment Allowance program (2003), has already flat-rated benefits for welfare with a significant reduction in the level of benefits available to poor families.²⁴

The following table indicates the total income for a family with children receiving welfare in Saskatchewan during 2002.²⁵

**Annual Income for Saskatchewan (Provincial and Federal Contributions) for 2002
and the MBM Poverty Line for 2000**

Total Income for 2002	Basic Social Assistance ²⁶	Additional Benefits	Federal Child Tax Benefit	Provincial Benefits	Federal GST Credit	Total Income
Single Parent, One Child	\$9,036		\$2,633	\$651	\$531	\$12,850
Couple, Two Children	\$12,192	\$215	\$4,613	\$669	\$641	\$18,330
MBM recommended minimum income for Saskatoon (year 2000):						
Single Parent, One Child ²⁷						\$14,829
Couple, Two Children						\$22,814

The MBM poverty line is a **post**-income tax measure.

DCRE claims it will make increased reference to the new absolute poverty measure - The Market Basket Measure²⁸ (MBM) - as one of several measures in assessing the adequacy of welfare benefits.²⁹ If we examine the MBM in 2002 for the city of Saskatoon, its poverty threshold is set at \$22,814 for a couple with two children, and for the city of Regina, at \$22,442.³⁰ The social assistance rate paid by the Saskatchewan government in 2002 fell 20% below the minimum income rate established by this same MBM for the year 2000.³¹ Further, the MBM (absolute poverty measure) reports the Saskatchewan child

24 For more information on the loss of benefits within the TEA program see G. Hunter & D. Miazdyck. (2003). *Current Issues Surrounding Poverty and Welfare Programming in Canada: Two Reviews*. Available online <http://www.uregina.ca/spr/pdfs/working_paper_20.pdf> pp. 27-31.

25 National Council of Welfare. (2003). *Welfare Incomes 2002*. Available online <http://www.ncwcnbes.net/htmldocument/reportwelfinc02/Welfare2002_e.htm>

26 Basic social assistance shows the basic welfare that eligible households are entitled to have. Basic assistance generally includes an amount for food, shelter, utilities, and personal and household needs. The figures in the basic social assistance columns also reflect the reduction in assistance caused by the claw-back of the National Child Benefit Supplement (NCBS) that began July 1998 in Saskatchewan.

27 Figure calculated by authors using Statistics Canada's Low Income Measurement equivalence scale. See Human Resources Development Canada (2003), *Understanding the 2000 Low Income Statistics Based on the Market Basket Measure*. Cat. No. RH63-1/569-03-03E, p. 4 & p.34 on how to apply the scale to the MBM data.

28 The MBM absolute measure of poverty was developed by HRDC through the insistence of the Ministers of Social Services across Canada in response to their criticisms of LICO being a relative measure of poverty.

29 Saskatchewan Community Resources and Employment. (2004). *Annual Report 2003-04*, p. 15.

30 Human Resources Development Canada. (2003). *Understanding the 2000 Low Income Statistics Based on the Market Basket Measure*. Cat. No. RH63-1/569-03-03E, p. 60.

31 There is no MBM data available for 2001 and 2002.

poverty rate at 19.6% for 2000, while the before-tax LICO placed the child poverty rate at 19% for 2000.³² If we look at the example of the couple with two children, their total income for 2002 is only 80% of the minimum income recommended for that family for the year 2000. If the government sincerely wishes to reference the MBM, it would mean a significant increase in welfare budgets to pull people up to the poverty threshold.

Returning to the 2002 poverty lines using total income before-tax LICO, the levels of income in relation to the poverty line for Regina and Saskatoon are:

**Annual Income for Saskatchewan (Provincial and Federal Contributions) for 2002
and the LICO Poverty Line for 2002**

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
Single Parent, One Child	\$12,850	\$20,644	-\$7,794	62%
Couple, Two Children	\$18,330	\$31,080	-\$12,750	59%

The LICO poverty lines are based upon **pre-tax** income.

Clearly the level of benefits paid to poor families by the federal and provincial governments, regardless of the poverty line used, are too low to address the issue of child poverty in Saskatchewan.

Ending Child Poverty

- In 1998 the province of Saskatchewan changed its social assistance (welfare) delivery program under an initiative called *Building Independence*. In that year the Saskatchewan child poverty level was 17.5% and had grown to 18.7% in 2002.
- Saskatchewan has experienced a 41% decrease in the number of people receiving social assistance, but the province has not experienced a corresponding decrease in the child poverty rate.
- A strategy of work first in Saskatchewan is not so far proving particularly responsive to child and family poverty, especially when individuals removed from the welfare system cannot find employment to bring them above the poverty line. Further, a policy devoting most social spending resources on work first programming does not help the aged, the ill and those incapable of working who have not received any increase in benefits.

There are several avenues open to government to help end child poverty:

Increased welfare. An increase to the amount of social assistance paid to recipients is overdue; the budget amount has not been significantly altered since 1984.

Value-added employment. Saskatchewan should concentrate on developing high-value-added employment in the economy. The focus would be away from using a labour-force attachment (work first) model of welfare delivery which fuels working poverty and on adopting a human capital development model which encourages educational opportunities and skills training for employment above poverty levels.

32 Human Resources Development Canada. (2003). p. 19. DCRE uses the after-tax LICO when reporting child poverty levels. For a discussion of the methodological problems with the calculation of the after-tax LICO, see G. Hunter & D. Miazdyck. (2003). *Current Issues Surrounding Poverty and Welfare Programming in Canada: Two Reviews*. Available online <http://www.uregina.ca/spr/pdfs/working_paper_20.pdf> pp. 33-43.

Wages. Increase the provincial minimum wage to at least the LICO poverty line. The Living Wage Coalition in Saskatchewan³³ has mounted a campaign to advocate for changes to the minimum wage to increase it from the current minimum wage rate of \$6.65 per hour set in 2002, to at least a rate of \$8.16 per hour, a rate modest by any standard.

Provincial Budget. How do we pay for increased expenditures for poverty programs? The provincial government expenditures for public service and wealth redistribution as a proportion of its GDP was the third lowest of all ten provinces during 2002/03, with only Alberta and Ontario having lower expenditures.³⁴ The current high oil prices and their windfall profits present the opportunity to share the prosperity with the poorest. Rather than following the current trajectory of reducing royalty rates, the government of Saskatchewan could increase them with the aim of bettering the lives of the poor.

The implications of cuts to Saskatchewan 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.

Inter-government linkage. We recognize that in the mid 1990s the federal government dramatically reduced its level of financial contributions to the provinces to deal with child poverty, specifically through the elimination of the cost shared funding under the Canada Assistance Plan. 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 requiring efforts of municipal, provincial, federal and international governments. In its thematic review of child care in Canada, the Organisation for Economic Cooperation and Development (2004) has noted that, “to break the poverty cycle and thus protect the socio-emotional development of young children from disadvantaged homes, wider issues such as employment and jobs training, social support, income transfers, housing policies, substance abuse and community resources need to be addressed.”³⁵ We would hope all governments would collaborate to deal with these issues and with the same level of enthusiasm displayed in eliminating deficits.

Community involvement; working with the poor. Some will insist that poor people should become more independent. But larger institutional forces mediate human lives and are beyond individual control, no matter how “independent” one may be. Collective local efforts in which the poor participate are necessary, and must be supported, to meaningfully redress societal inequalities spawning conditions of poverty.

33 The coalition members include labour groups, university student organizations and church groups. Their webpage is available online <<http://www.living-wage.ca/>>

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

35 Social Development Canada. (2004). OECD - Early Childhood Education and Care Policy: Canada Country Note - October 2004. <<http://www11.sdc.gc.ca/en/cs/sp/socpol/publications/reports/2004-002619/page07.shtml>>

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