

# THE NOVA SCOTIA CHILD POVERTY REPORT CARD 2010

1989–2008

November 24, 2010



**CCPA-NS**  
*Canadian Centre for Policy Alternatives*  
*Nova Scotia*

## ACKNOWLEDGEMENTS

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The contents and opinions expressed in this paper belong to the author and do not necessarily represent the views of the Canadian Centre for Policy Alternatives.

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## DATA SOURCES

Unless otherwise stated the information in this report is drawn from two key sources:

- Statistics Canada, Income in Canada – 2008 (Base LICO 1992), Table 202-802, 2012, 2010
- National Council of Welfare, Welfare Incomes 2008: Bulletin No. 3; Welfare Incomes 2008 Bulletin No. 4, Canada, 2010.
- Statistics Canada, Survey of Labour and Income Dynamics masterfile, 2008

The author has prepared all figures, tables and related calculations in this report. Sources used to produce figures and tables are noted.

Statistics Canada reports two sets of low-income cut-offs and their corresponding rates. The Before Tax (Base) Low-Income Cutoff is based on total annual income. It includes earned income and/or all government transfers, before the deduction of income taxes. The After-tax LICO provides data regarding the income of individuals or families after tax has been deducted. All figures are adjusted for inflation using 1992 as the base year. Unless otherwise noted, dollar figures are reported in constant 2008 dollars.

It is important for readers to note that a family with income below the LICO level will spend a greater proportion of its income on the necessities of life, especially, shelter, food and clothing than will the average family of the same size. When family income falls below the LICO, a family can face great difficulty covering many important expenses such as transportation, dental and personal care, school supplies, continuing education, household maintenance, child care, insurance and recreation. Low-Income Cutoffs differ according to the number of members in a family and whether they are adults or children and the size of the population in the family's local area. LICOs are established using data from Statistics Canada's Survey of Household Spending (see Appendix 1 and 2 for details of the 2008 LICOs reported here).

Many organizations use the Before Tax LICO as a measure of poverty to track progress on the government's promise to eliminate child poverty by the year 2000. The Before Tax LICO has been widely accepted as a fair and relative measure that identifies those who are substantially worse off than the average person or family, and therefore more likely to encounter greater difficulty in achieving healthy outcomes. However, the practice of most government departments when reporting rates of poverty is to use the After Tax LICO, which reports lower rates of poverty because of the impact of taxes and transfers. This report uses After Tax LICO when they are available. When they are not available, the Before Tax LICO is used. In a few instances, both Before and After Tax LICO information is included. Importantly, regardless of whether the Before LICO, After-Tax LICO, or the newer Market Basket Measure (MBM) is chosen as a measure of poverty, the same trend (whether increasing or decreasing) is seen across time. The author has not used the MBM in this report because data is only available for more recent years. For a fuller discussion of Poverty Measures see Defining and Re-Defining Poverty: A CCSD Perspective, Canadian Council on Social Development, Ottawa, 2001.

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## SUMMARY

Since 1999, Nova Scotia Child Poverty Report Cards have recorded changes in child poverty rates to track progress on the government of Canada's 1989 promise to end child poverty by the year 2000. This year's report card examines the period 1989 to 2008, the year for which the most recent data is available. It also reviews changes for a later period (1997 to 2008) to assess the impact of the 1998 National Child Benefit initiative, which is specifically aimed at preventing and reducing child poverty.

In 1989 when the Canadian government made this promise, the Canadian and Nova Scotia child poverty rate was 11.9 percent. This examination of rate changes since 1989 makes it clear that Canada's parliament has not achieved its 1989 commitment to eradicate child poverty by the year 2000.

In fact, the child poverty rate saw a drastic increase after 1989 in all Canadian jurisdictions. In 1996 the child poverty rate in Canada was 18.4 percent (based on the after tax low-income cut off), which represented 1,135,000 children. The Nova Scotia child poverty rate peaked in 1997 at 18.9 percent (40,000 children). By 2008, the percentage of children living in poor families had declined from its peak; however, it has not declined significantly since 1989, the date of the promise. For 2008, the After Tax LICO rate of poverty for Canadian children was 9.1 percent (610,000 children) while the Nova Scotia rate was slightly lower at 7.9 (14,000 children).<sup>1</sup>

The downward trend of child poverty rates in recent years is welcome news. It is evidence that the Canada Child Tax Benefit (CCTB) introduced in 1993 and the National Child Benefit Supplement (NCB) introduced in 1998 that transfer income directly to families, has helped to lower child poverty. Appendix 3 shows the steady increase in the tax transfers to families with children through the CCTB and the NCB since their inception. These increases warrant recognition. However, while so many families with children in Nova Scotia and across Canada remain in the grips of poverty, governments cannot assume they have fully addressed the problem of child and family poverty.

The province of Nova Scotia released a poverty reduction strategy in 2009 that aims to strengthen supports for children and families by making improvements to the Nova Scotia Child Benefit portion of the NCB. Certainly, the provincial government needs to do more to set and reach meaningful targets to reduce poverty. But, it can't do it alone. In contrast to the work being done in Nova Scotia and many other provinces in Canada, the federal government has announced no plan to further develop their portion of the tax transfer or to eliminate child poverty completely as promised in 1989.

While progress has been made to decrease the overall rate of child poverty, some Nova Scotia children remain at greater risk of living in poverty than others do. For example, in 2008 children who lived in female lone-parent families were 8 times more likely to live below the After Tax Low-Income Cut-off than children in two-parent families. At the same time, there has been an improvement in the rates of poverty for children in female lone-parent families in general; by 2008, the number of children living in poverty in female lone-parent families in Nova Scotia had decreased from 50.6 percent (1989) to 27.6 percent (2008).

The most vulnerable children in Nova Scotia, however, are those living in households that depend on welfare (Employment Support and Income Assistance as it is called in Nova Scotia). In 2008, these low-income households struggled with an average After Tax income gap ranging from \$4,060 (lone parent, one child family) to \$8,675 (couple, two child family). These figures represent the amount by which their welfare income falls below the LICO.

It is also clear that access to waged employment in and of itself is not solving the issue of child poverty. Data since 1996 shows an upward trend whereby poor children in Nova Scotia increasingly live in families where there is at least one full time/full year wage earner. In 2008, just under half of all poor children in the province (49.2 percent) lived in working families.

The income gap between the lowest earners and the highest earners indicates there is growing wage inequality in Nova Scotia. The highest 20 percent of earners in the province have steadily increased their earned income share since 2005. In 2008 they accounted for 43.4 percent of all income earned, while the poorest 20 percent of earners only accounted for 5.9 percent.

Similar to last year, this report card brings both bad news and good news. Child poverty in Canada still exists, although some progress has been made to reduce it. The Canada Child Tax Benefit and the National Child Benefit initiative has been a ready and effective tool for reducing poverty for families with children. However, because of clawbacks by some provincial programs, families that depend on welfare are denied access to its full potential. Further, while the rate of poverty among female lone parent families has declined significantly, it remains much higher than the rate of poverty for two parent families with children.

Finally, it is important to note that this card does not reflect the effect of the economic downturn in 2008 nor does it reflect any potential impact of the Nova Scotia Poverty Reduction Strategy introduced in 2009. The author is hopeful that this strategy will address the consequences of the economic downturn and hold steady the minimal reduction in child poverty the last few years have witnessed, while specifically targeting Nova Scotia's most vulnerable families and children.

## **ERADICATING POVERTY BENEFITS EVERYONE**

Poor children live in poor families and poor families only comprise a portion of ALL people living in poverty in Nova Scotia. In 2008 there were 75,000 people living below the After Tax Low Income Cut Off or 8.3 percent of the population. This means that one in twelve people in Nova Scotia - including children, people with disabilities, seniors, parents, and single people - lived in circumstances that compromised their access to basic needs such as adequate food, clothing, and housing.

A report that focuses on child poverty does not deny that poverty is unjust for anyone that experiences it daily. As well as being a moral and human rights based response to the poverty of the most vulnerable amongst us, it is also an argument for social investment in the future of our province. Action on child poverty, achieved through action on family poverty, will have a lasting impact on all Nova Scotians. Childhood poverty often carries into adulthood. Some families move in and out of poverty as circumstances change thereby creating a cycle of family vulnerability. Others are trapped in situations that keep them far below the poverty line - a legacy that far too often passes on to the next generation. Living in poverty not only means that children lack their basic materials needs, they also lack opportunities, often suffer from the stigma of being poor, and are more likely to live in poor quality housing which in turn can have a direct effect on health and educational success. It is important to focus our attention on what is happening to our children during their developmental and thus most vulnerable years.

Ample research has shown that an individual's socio-economic status as a child has a significant impact on his or her well being as an adult. It often shapes the extent to which full participation in society is achieved. A new report on the cost of poverty in Nova Scotia estimates that failure to address this issue actually costs at least between \$1.5 and \$2.2 billion dollars per year.<sup>2</sup> These costs are not merely borne by individuals and families but by the province as a whole through the economic costs associated with addressing high levels of crime and the effects of poor health and school dropout, as well as the lost productivity that ensues.

We know that poverty is a key determinant of health. In 2002, GPI Atlantic reported the cost of illness to be \$1.24 billion in direct medical costs in Nova Scotia.<sup>3</sup> Poor health, both in terms of morbidity and mortality, are linked to access to resources and it worsens along each step of a descending hierarchy of class. This means higher socio-economic status is associated with greater access to resources and better health status<sup>4</sup>. There is also an association between the degree of social inequality in a society and mortality and morbidity rates<sup>5</sup>. Such inequality is reflected in Canada's poor ranking on infant mortality rates; our country is now ranked 22 out of 31 OECD nations<sup>6</sup>. International comparison of children's relative income poverty (one indicator of overall child well-being) ranks Canada 15<sup>th</sup> out of 24 high-income nations<sup>7</sup>.

Such comparisons are troubling in the story they tell about future health impacts. More troubling is the fact that these figures (based as they are on statistics a few years old) do not reflect the full impact of the recession that began in the mid-2008. In fact these figures reflect a time period of economic growth in Canada from the late nineties up to 2008. Clearly though, this growth was not equally distributed.

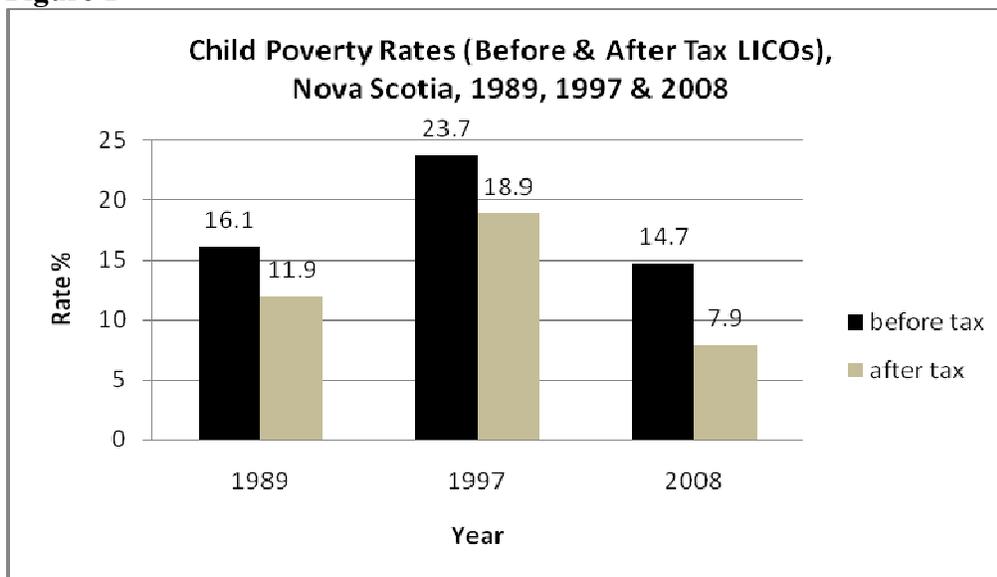
## THE RECORD 1989-2008

The trend in child poverty rates in Nova Scotia since 1989 is similar regardless of whether Before or After Tax measures are used. See Figure 1. Child Poverty Rates, (Before and After Tax LICOs), Nova Scotia, 1989, 1997 and 2008.

The Before Tax and the After Tax Low-Income Cutoff (LICO) both show an increase in child poverty between 1989 and 1997 and a decline between 1997 and 2008.

The average decline in rates among families during this later period can be partially attributed to the positive impact of tax transfers and especially to the Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCB). The NCB was announced in 1997 as a joint federal, provincial/territorial and First Nations initiative aimed at preventing and reducing child poverty through the provision of cost shared supplements to the CCTB for low income children. First payments were made to families with children in 1998 with payments being steadily increased until 2008 (see Appendix 3).

**Figure 1**



Prepared using: Statistics Canada, Income in Canada – 2008 (Base LICO 1992), Table 202-802

Figure 1 shows the Nova Scotia child poverty rate in three key years. The child poverty rate represents the percentage of children under the age of 18 who live in families where the total family income falls below the Low Income Cut Off (Before and After Tax).

Table 1 provides Before and After Tax child poverty rates for key years, along with the overall percentage change from 1989 and 2008, and demonstrates significant progress (between 1997 and 2008). Table 2 provides information regarding the number of children living in poverty for the key years.

	Rate of Poverty (%)			1989-2008	
	1989	1997	2008	Difference	% Change
Canada Before Tax	15.3	21.7	14.2	-1.1	-7.2
Nova Scotia Before Tax	16.1	23.7	14.7	-1.4	-8.7
Canada After Tax	11.9	17.4	9.1	-2.8	-23.5
Nova Scotia After Tax	11.9	18.9	7.9	-4.0	-33.6

Prepared using: Statistics Canada, Income in Canada-2008 (Base LICO 1992), Table 202-802

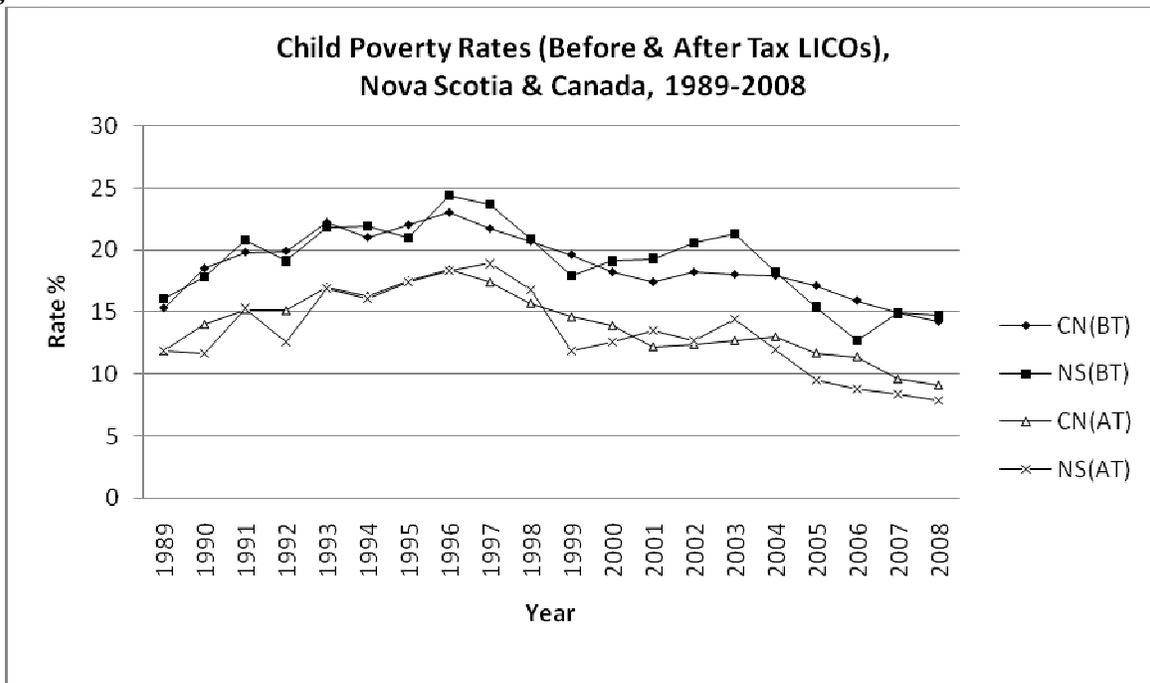
	1989	1997	2008
Canada Before Tax	1,020,000	1,526,000	950,000
Nova Scotia Before Tax	36,000	50,000	26,000
Canada After Tax	792,000	1,220,000	610,000
Nova Scotia After Tax	26,000	40,000	14,000

Prepared using: Statistics Canada, Income in Canada-2008 (Base LICO 1992), Table 202-802

In 2008, 14,000 children in Nova Scotia lived in households where the family income fell below the After Tax Low-Income Cutoff. This is a decrease of 12,000 children living in poverty, or 33.6 percent since 1989. Again, we see that reductions in the number of children experiencing poverty largely occurred during the period 1997 – 2008; the number of children living in poverty was much greater in 1997 than it was in 1989.

Figure 2 demonstrates the trend from 1989 to 2008 by looking at Before and After Tax LICO rates of child poverty in Nova Scotia and Canada. Nova Scotia had a similar Before Tax rate compared to the Canadian average in 2008 and a lower rate than the Canadian average on the After Tax measure. In general, Nova Scotia's rate clearly follows a national trend that demonstrates steady decreases in rates during the most recent years. By 2008, the percentage of children living in poverty declined from its peak; however, it has not declined significantly since 1989 when the promise to eradicate child poverty by the year 2000 was made.

Figure 2



Prepared using: Statistics Canada, Income in Canada-2008 (Base LICO 1992), Table 202-802

Table 3 uses the After Tax LICO to record the overall increase or decrease in child poverty rates over the period spanning 1989 and 2008. It ranks the performance of each province and provides averages for Canada.

Province	1989		2008			Change 1989-2008		
	%	Ranking	Province	%	Ranking	Province	%	
PE	6.9	Lowest	PE*	4.5	Lowest	NB*	-59.4	Greatest Decrease
ON	9.5		NB*	5.4		AB*	-54.1	Decrease
BC	11.6		AB*	6.8		MB*	-48.8	Decrease
NS	11.9	4 <sup>th</sup> Lowest	NS*	7.9	4 <sup>th</sup> Lowest	SK*	-42.8	Decrease
QB	12.6		MB*	8.8		NF*	-36.4	Decrease
NB	13.3		NF*	9.1		PE*	-34.8	Decrease
NF	14.3		ON	9.1		NS*	-33.6	Decrease
AB	14.8		SK*	9.1		QB*	-19.0	Decrease
SK	15.9		QB*	10.2		BC*	-10.3	Decrease
MB	17.2	Highest	BC*	10.4	Highest	ON	-4.2	Decrease
CN	11.9		CN	9.1		CN	-23.5	Decrease

Prepared using: Statistics Canada, Income in Canada-2008 (Base LICO 1992), Table 202-802  
\*Use with caution.<sup>8</sup>

Between 1989 and 2008, child poverty rates decreased in every province. Six provinces had greater decreases in child poverty rates (34.8 to 59.5%) than Nova Scotia's decrease of 33.6

percent. The net result for Canada was a 23.5% decrease in the child poverty rate (from 11.9 percent in 1989 to 9.1 percent in 2008).

By 2008, most provinces recorded single-digit child poverty rates (4.5 to 9.1%) with the exceptions being Quebec (10.2%) and British Columbia (10.4%). Nova Scotia's 2008 child poverty rate of 7.9 percent was fourth lowest among all provinces — the same rank held by Nova Scotia in 1989.

Nova Scotia had a higher child poverty rate (7.9% after tax LICO) in 2008 than New Brunswick (5.4%) and Prince Edward Island (4.5%) and a lower rate than Newfoundland and Labrador which was 9.1%. Most significantly, it has made the least improvement in lowering child poverty relative to all other Atlantic provinces.

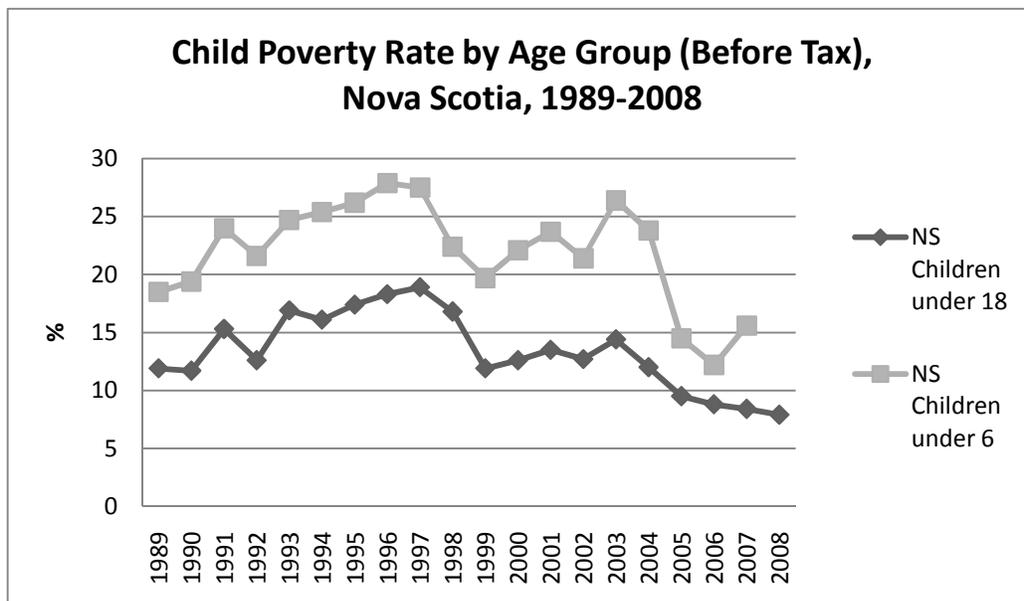
### WHO ARE THE MOST VULNERABLE?

While average child poverty rates based on the After Tax LICO have dropped to single digits for both Nova Scotia and Canada, certain family types continue to experience much higher rates of child poverty when compared to other family types.

#### Young Children

Figure 3 examines the child poverty rate for young children compared to all children under 18. It shows that the child poverty rate is consistently higher for families with children under six. In 2007 (the year for most recent data) 15.6 percent of children under the age of six lived below the Before Tax LICO<sup>9</sup> (almost twice as many) compared to 8.4 percent of all children. While these data cannot tell us why these families are more vulnerable, expenses associated with higher childcare needs in families with pre-school aged children most likely figure into the causes.

Figure 3

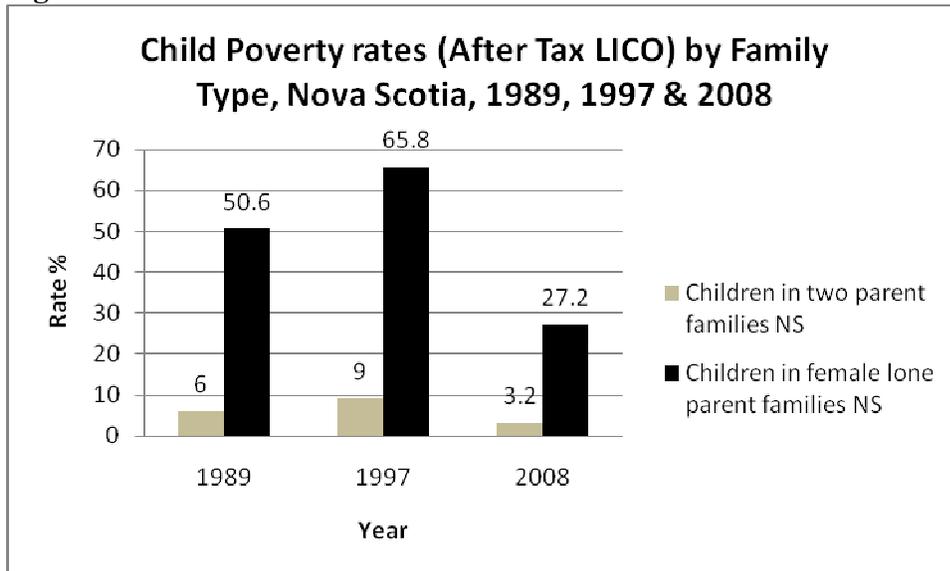


Source: Statistics Canada's SLID masterfile, 2008

### ***Female Lone Parent Families***

In absolute numbers children in two-parent families form the majority of poor children, but as Figure 4 shows, children living in female lone-parent families - despite significant decreases in child poverty rates for this group since 1997 - continue to experience a much greater likelihood of living in poverty than children living in two-parent families.

**Figure 4**



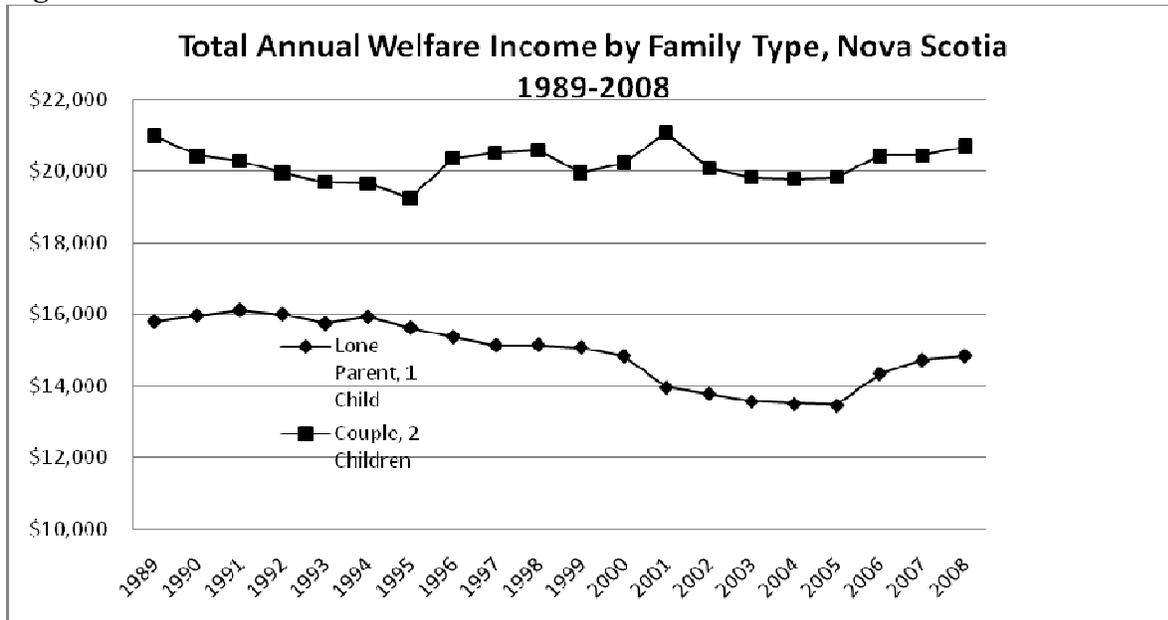
Prepared using: Statistics Canada, Income in Canada-2008 (Base LICO 1992), Table 202-802

### ***Children in Families Who Depend on Welfare for Household Income***

Figure 5 provides examples of levels of welfare payments (in constant 2008 dollars) over time. A lone parent one child family with welfare payments of \$14,851 would have a shortfall of \$ 4,060 each year; a couple with two children receiving \$20,703 in welfare payments would experience an after tax income shortfall of \$8,675 each year.

In Nova Scotia and across Canada in 2008 (with the sole exception of lone parents with one child in Newfoundland and Labrador since 2007), welfare incomes for families are set below the After Tax Low Income Cut-off. Therefore, by definition, those who depend on welfare payments for family income will live below the poverty line. In Nova Scotia in 2008, a lone parent one child family received welfare payments that were 79 percent of the After Tax LICO. Couples with two children were even worse off; they received welfare payments amounting to equal to only 70% of the After Tax LICO.

**Figure 5**



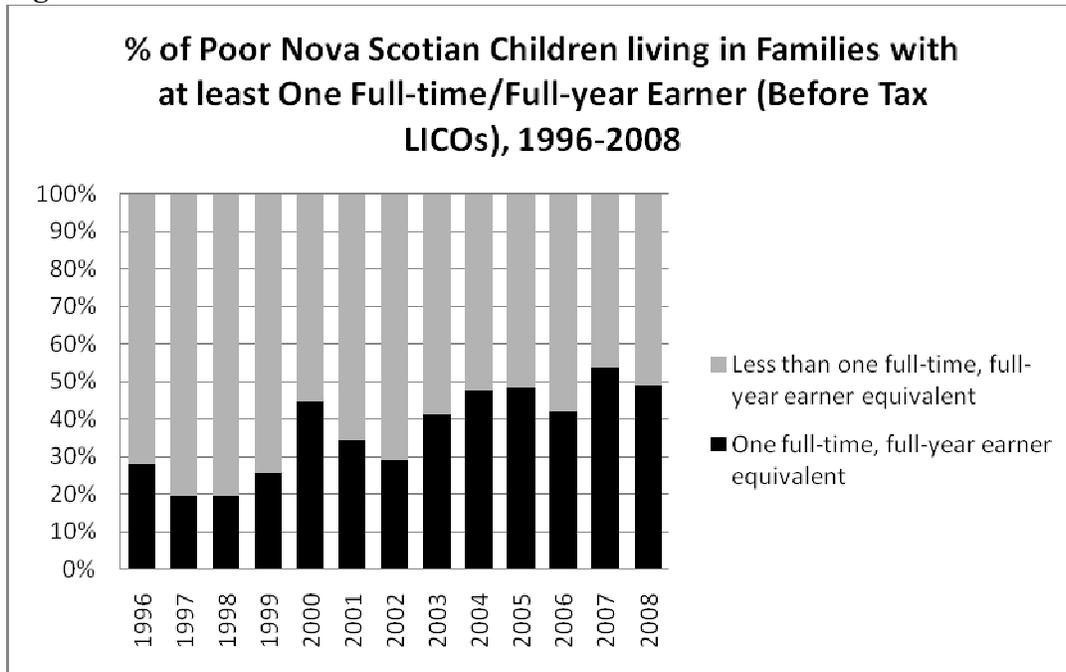
Prepared using: Statistics Canada, Income in Canada –2008 (Base LICO 1992), Table 202-802

The National Council of Welfare reports that welfare incomes for lone parents in Nova Scotia were \$1,631 per annum lower in 2008 than they were at their peak seventeen years ago (1991). For a couple with two children, welfare incomes in 2008 were \$890 per year less than they were for this family type at their peak in 2001.

### ***The working poor***

Poor children in Nova Scotia live in families that are increasingly comprised of at least one parent working full time/full year in the labour force. In 2007, the percentage of poor children in Nova Scotia who lived in a family with at least one full time/full year earner was at an all-time high (58.8%). This means that more than half of all poor children in this province were in working families. Below, Figure 6 shows an upward trend; increasingly children and their families are not able to rise above the low income cut off despite securing full time/full year employment. The 2008 rate was just under half (49.2%) of all poor children, higher than the Canadian figure (36.8%).

**Figure 6**

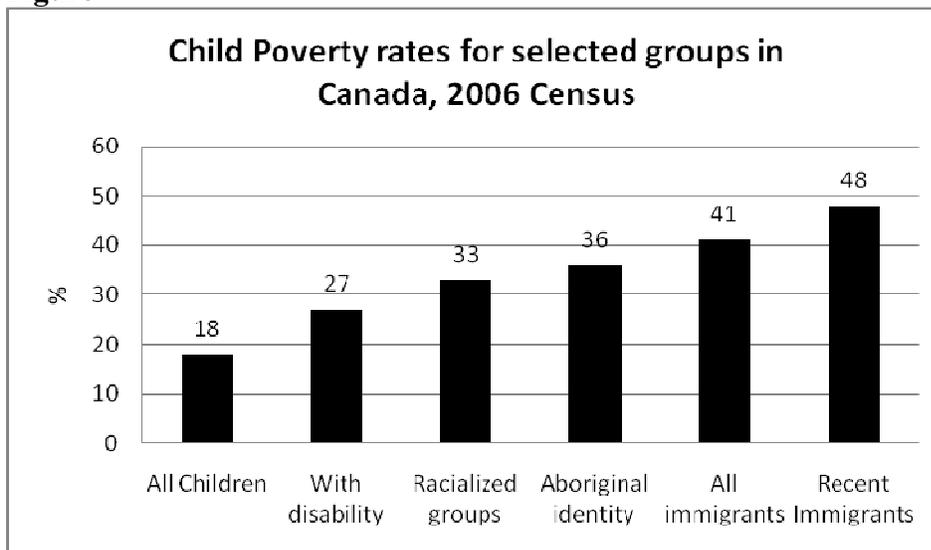


Prepared using: Statistics Canada, Income in Canada –2008 (Base LICO 1992), Table 202-802

***Children of Aboriginal Identity, Racialized Children and Immigrant Children***

Unfortunately, low income data for selected groups of children in Nova Scotia are unavailable. However, we do know from Census data that child poverty rates in Canada are much higher among certain groups. Figure 7 shows that children with aboriginal identities, racialized children, and children in immigrant families (especially those who are recent immigrants) are at a three-fold risk or higher of living in poverty when compared to the average Canadian child. There is no reason to think that the situation for these groups is any different in Nova Scotia.

**Figure 7**



Source: Statistics Canada, 2006, 2001 & 1996 Censuses through the Toronto Social Research and Community Data Consortium (2006) and the Community Social Data Strategy (1996-2001), using Before Tax LICO

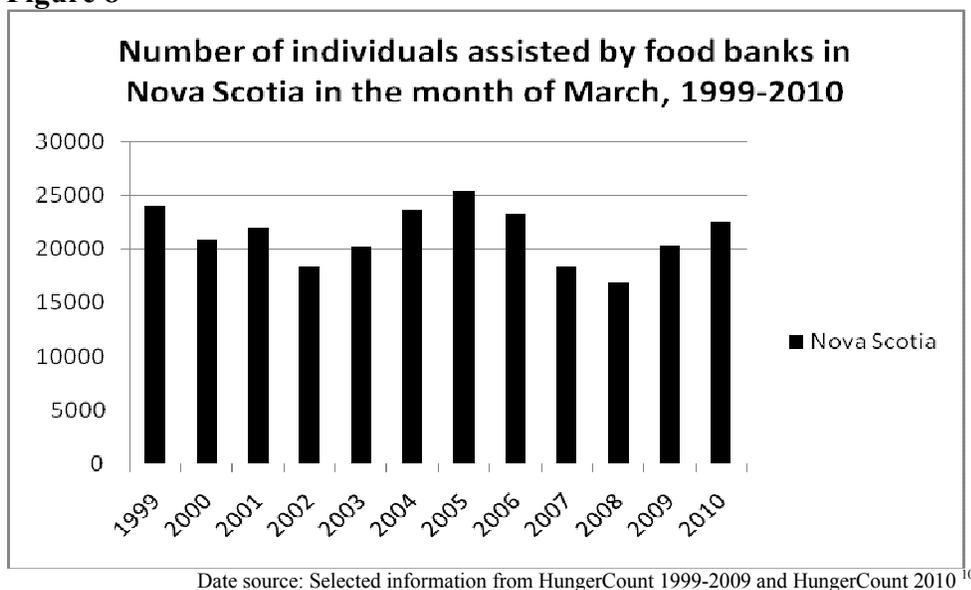
## INDICATIONS FOR CONCERN DESPITE RECENT IMPROVEMENTS IN CHILD POVERTY RATES

Family poverty stands in the way of being able to meet basic needs concerning housing, access to food and health care and transportation. Families and children living in poverty are excluded from many opportunities and activities that most take for granted.

Examining other sources of data besides income, particularly recent Nova Scotia data that reflects aspects of material deprivation is cause for concern.

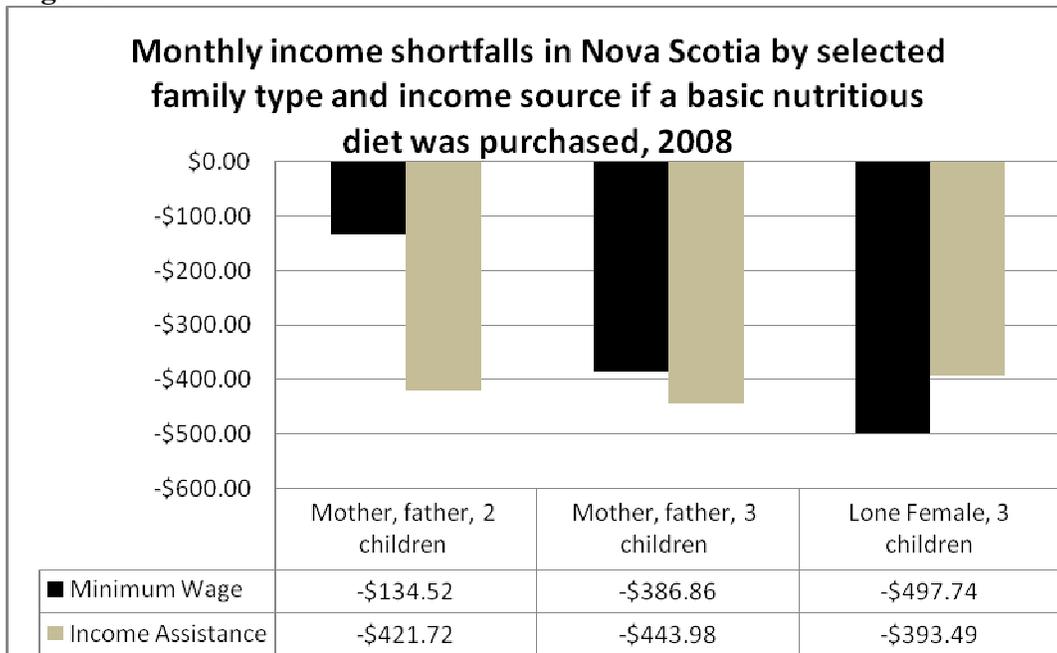
Figure 8 presents 2010 figures on food bank usage in Nova Scotia. This mirrors the trend of decline we see in child poverty rates in the few years prior to 2008; however, since 2008 there has been a rise in the number of individuals assisted by food banks. In March 2010, 22,573 individuals (33% being children) were assisted by a food bank, representing a 34 percent increase since 2008. Nova Scotia has the third largest number of food banks in the country (152) after Quebec and Ontario.

**Figure 8**



Such an increase in food bank usage is not surprising when we examine the cost and affordability of food, especially in the context of living in low income circumstances. Figure 9 looks at Nova Scotia Participatory Food Costing<sup>11</sup> data from 2008 which indicates that selected families living on minimum wage or provincial Income Assistance would experience monthly shortfalls ranging from \$134.52/month to \$497.74/month if they were to purchase a basic nutritious diet. This translates to an income shortfall of \$1614.24 to \$5972.88 per year depending on family configuration.

**Figure 9**



Prepared using data from the Nova Scotia Participatory Food Costing Report, 2008

## ENDING CHILD POVERTY

Ending child and family poverty is achievable through effective public policy. Public policy taken as a whole reflects a broad framework of ideas and values that guides our course of action specific to the social and economic challenges we face. Since last year's Nova Scotia Child Poverty Report Card, a major Senate report by the Standing Committee on Social Affairs, Science and Technology was released<sup>12</sup> declaring that Canada's current system for lifting people out of poverty is substantially broken and in need of overhaul. This report's first recommendation *Resolution of the House of Commons passed unanimously on November 24, 1989* to end child poverty by the year 2000. It calls for federal commitment to

***...adopt as a core poverty eradication goal that all programmes dealing with poverty and homelessness are to lift Canadians out of poverty rather than make living within poverty more manageable and that the federal government work with the provinces and territories to adopt a similar goal.***

Breaking the cycle of poverty depends to a large degree on investments by governments. A number of interventions are required that combine measures aimed at enhancing opportunities for well-paid employment, improving access to affordable quality child-care, income redistribution through transfers and more progressive taxation, strengthening labour standards and minimum wage provisions, improving income security measures such as Employment Insurance and providing better income support when work is not possible. The following discusses some key income security measures, that if implemented would help to eradicate child and family poverty.

### ***Strengthening Income Security and Enhancing Tax Transfers to Families with Children***

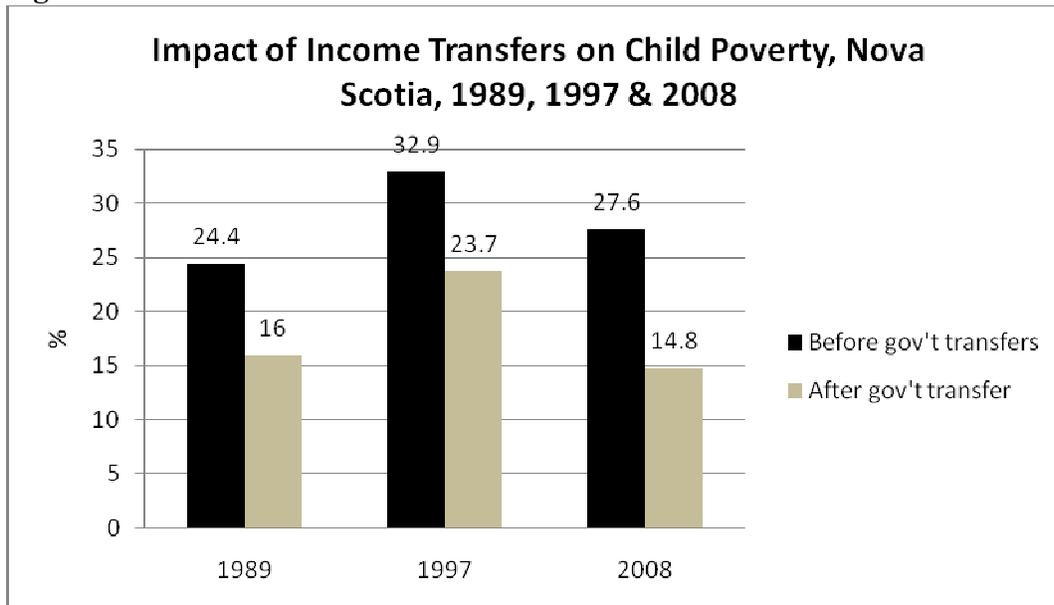
Tax transfers such as the GST credit, the new Nova Scotia Affordability Living Tax Credit, the Canada Child Tax Benefit (CCTB) which include the National Child Benefit Supplement (NCB) and the Nova Scotia Child Benefit (NSCB), the Universal Child Care Benefit (UCCB) along with income security programs such as Employment Insurance help prevent families from falling below the poverty line. Unfortunately, the budget allotted to these programs is insufficient to close the income gap that thousands of Nova Scotia families with children experience.

A full child benefit of \$5,400 (\$2010) is necessary to achieve substantial poverty reduction. With the maximum now at \$3,436, the benefit level is about two-thirds of what is needed. Though, the federal government strengthened maternity and parental leave provisions in the late 1990s, Employment Insurance regulation changes after 1996 reduced benefits and made access more difficult for many unemployed Canadians especially women. Stronger income security programs and increases in tax transfers to low-income families with children are essential in order to realize the goal of ending child poverty.

Figure 10 presents the difference between child poverty rates based solely on market income (i.e., excluding government transfers) compared with the child poverty rate after government transfers. In 2008, more than 1 in 4 children (27.6%) would have lived in poverty had family wages been the only source of income available. Public programs brought the child poverty rate down to 14.8%, preventing close to 20,000 children in Nova Scotia from living in poverty.

In 2010, Nova Scotia instituted an Affordable Living Tax Credit. It is hoped that this measure will be realized in lower child and family poverty rates in the future.

**Figure 10**



Prepared using: Statistics Canada, Income in Canada –2008 (Base LICO 1992), Table 202-802

### ***Increasing Welfare Payments***

Clearly, tax benefit payments are not the only measure required to reduce child poverty. The National Council of Welfare reports that the Nova Scotia provincial contributions to the National Child Benefit (the Nova Scotia Child Benefit) were higher in 2008 (\$445/year for a lone parent – one child family; \$1,090/year for a two parent – two children family) than the other Atlantic provinces. However, this has not translated into lower rates of child poverty in Nova Scotia relative to all other Atlantic provinces.

It is clear that a combination of tax measures and social assistance entitlements are necessary to bring families out of poverty. Welfare incomes continue to be set at low levels and families dependent on welfare incomes experience severe income gaps (see Table 4 below). Just over half of all children living below the low income cut off live in families relying on Income Assistance. For these families, the combined total income (welfare payments and tax benefits) needs to be sufficient to bring families out of poverty. Welfare incomes continue to be set at low levels and families dependent on welfare incomes for a portion of their income experience severe income gaps (see Table 4)

Family & Income Type	Total Welfare Income	After Tax LICO	After Tax LICO Gap	Welfare Income as Percent of After Tax LICO
Lone Parent, One Child, After Tax	\$14,851	\$18,911	-\$4,060	79%
Couple, Two Children, After Tax	\$20,703	\$29,378	-\$8,675	70%

Welfare Incomes 2008: Bulletin No. 3; Welfare Incomes 2008: Bulletin No. 4, National Council of Welfare, Canada, 2010.

In Newfoundland and Labrador the welfare rate in 2008 for lone-parent one child families was set at 102 percent of the After Tax LICO demonstrating that it is possible for governments to establish a type of guaranteed annual income for those families most in need.

In October 2010, the Nova Scotia government announced marginal changes to the Employment Support and Income Assistance Program to take effect January 1, 2011. These changes include shelter benefit protection for students 19 and over living at home, increases in the allowable assets a person is allowed to maintain when applying for assistance, coverage for eye examinations every two years and the ability to keep a portion of the shelter allowance for one year while transitioning into new co-habiting living arrangements.<sup>13</sup> Such tweaking of policy may help to alleviate some of the discomforts of living in poverty for some people, but they do little to close the gap between total welfare income and the Low Income Cut Off. Nor do they contribute much towards removing the indignities associated with welfare as a system of ‘last resort’. Disappointingly, there was no new announcement on rate increases for personal and shelter allowances and no changes in the earned income allowance or the 70% clawback on earned income.

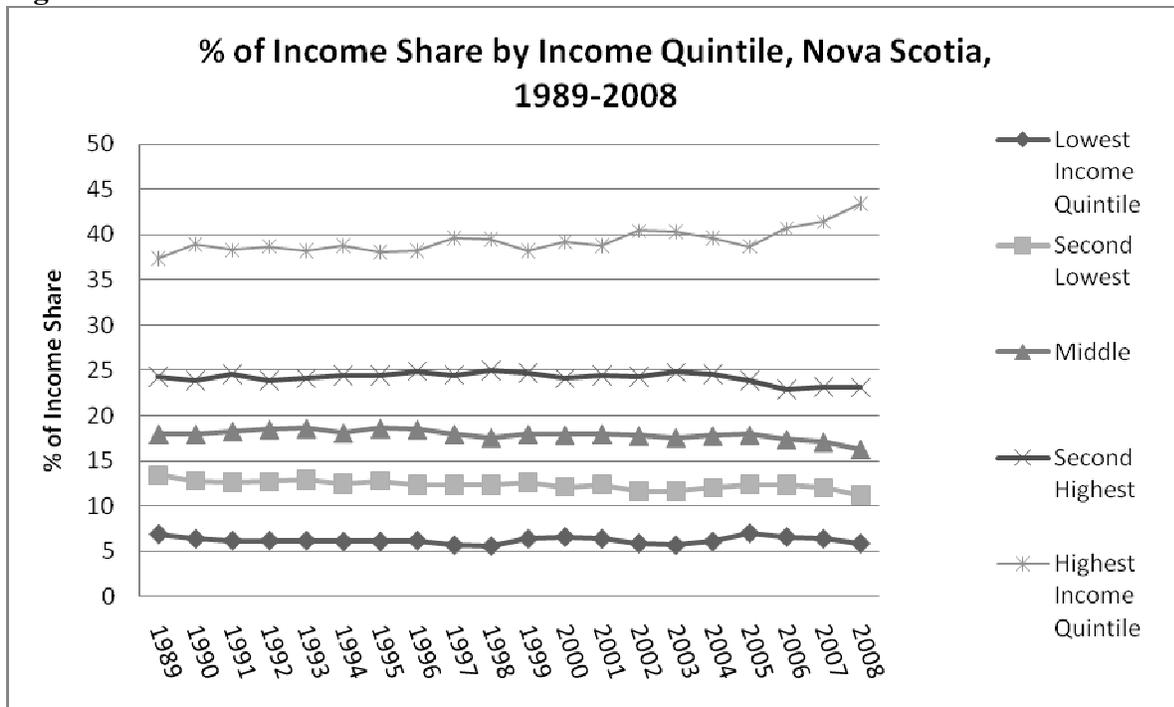
Income assistance provisions such as childcare and transportation allowances are important measures for enabling educational upgrading and job seeking. Since restructuring income assistance in 2001, the province of Nova Scotia has made such allowances available for welfare

recipients, but more needs to be done. In order to make a successful transition to paid work, recipients need to continue to have access to these supports. These supports are particularly important in light of the evidence of the failure of low wages to bring families out of poverty. Access to an affordable early childhood educational system (a key element of poverty reduction for families) requires not only a well-designed system, but adequate availability of child care subsidies. In 2008, there were 2,863 children receiving childcare subsidies in Nova Scotia. Recent announcements by the Nova Scotia government on the creation of new childcare subsidies and childcare spaces are welcomed.<sup>14</sup> However, in 2010 Canada still lacks a national approach to early childhood education and regularly fails to meet international benchmarks for best practices in this regard.<sup>15</sup>

**Decreasing Gaps in Income Share Between High and Low Earners**

Since the mid-nineties, those with the highest earnings in Nova Scotia have experienced a steady increase in income. Figure 11 shows an increase in income inequality between the highest Nova Scotia earners and all other income groups. In 2008, the top 20 percent of earners possessed 43.4 percent of all income earned in the province. In stark contrast, the lowest income group (the lowest 20% of earners) only made 6.1% of all income.

**Figure 11**



Prepared using: Statistics Canada, Survey of Labour and Income, Masterfile Data, 2010

Rising inequality is not inevitable. Tax reform and/or changes to employment standards are tools that can be used by governments to lessen inequality. The National Council of Welfare<sup>16</sup> reports, “between the mid-1980s and the mid-1990s, Canada was one of the few developed countries that saw the gap between the rich and the poor get smaller...[however] between the mid-1990s and

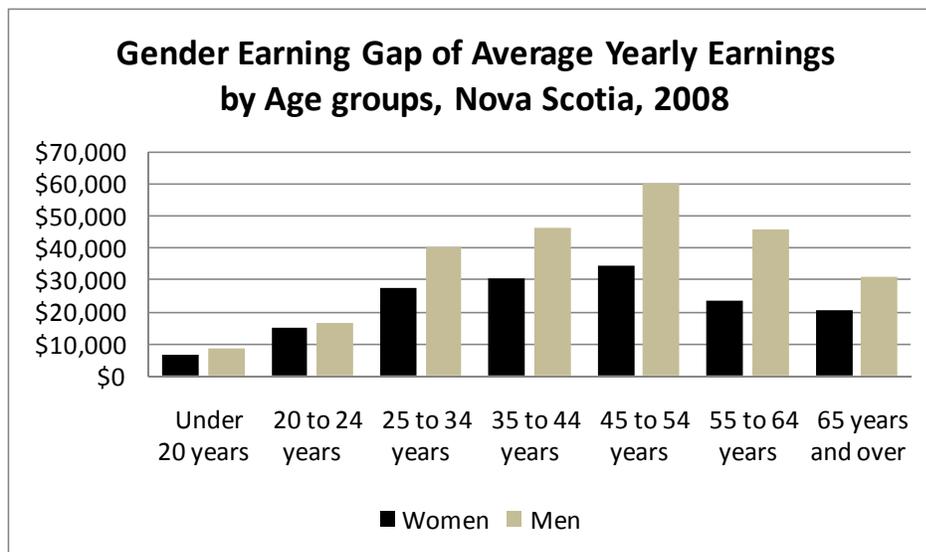
the mid-2000s, Canada had the second largest increase in income inequality among similarly developed countries. Canada's income inequality is now greater than the average of its peers”.

Income inequality also increased in other countries, such as the United States and Finland between the mid-1990s and mid-2000s. During that same time, it fell in a number of other countries including Great Britain and the Netherlands. Rising income inequality, therefore, is not inevitable.

### ***Decreasing Gender Gaps in Income***

It is important that initiatives to address gender disparities also figure into strategies to reduce child poverty. We know that children in lone parent families are more vulnerable to living in poverty, for example. We also know that female lone parent families are more likely to be low income than male lone parent families. As was pointed out in the *Cost of Poverty in Nova Scotia* report: “While 85% of lone parent families in Nova Scotia were headed by women in 2008, over 95% of low-income lone parent families were headed by women. The rate of low income for male headed lone parent families is high (33% in 2008), but the situation is even worse for female-headed lone parent families (42% in 2008). In addition, it was found that for all family types, women are more likely to be in low income than men.”<sup>17</sup> When we consider paid work as a solution to ending poverty, we also have to consider how to address barriers that exist for certain groups in the labour market. Women face gender discrimination, which takes various forms including pay equity gaps. For example, in 2008, the average male received \$15,800 more than the average female (or 63% more). If you break it down by age, males between 45-54 received about 75% more than women of the same age, and males between 55-64 received almost double the amount of women the same age (see Figure 13). We also know that particular groups face additional or multiple barriers including racism and ableism, challenging the capacity of one size fits all initiatives to meet the needs of diverse groups.

**Figure 12**

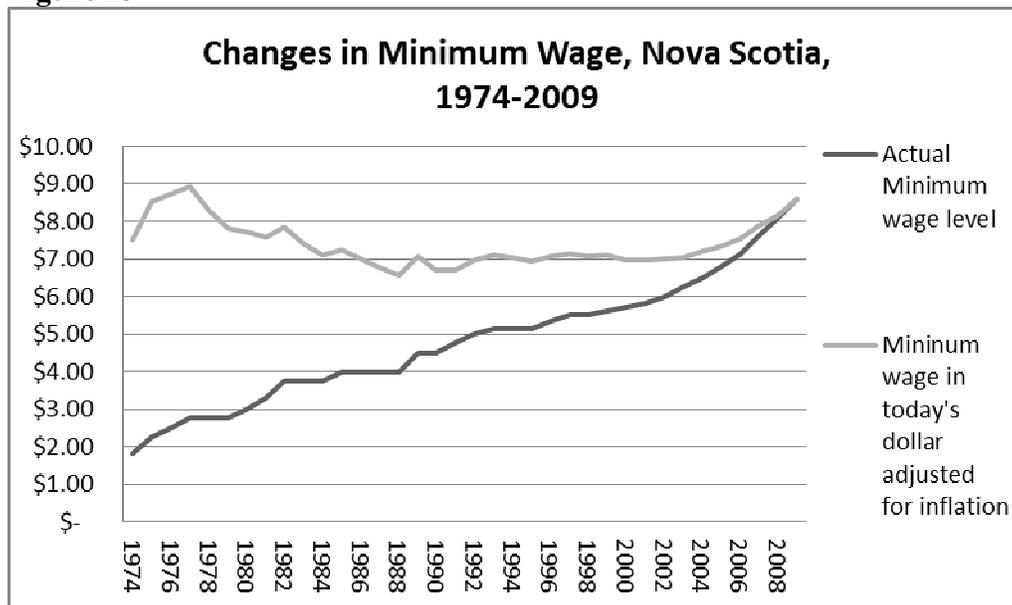


Prepared using: Statistics Canada, Income in Canada 2008. Table 202-0407.

## Increasing Minimum Wage Rates

Figure 12 shows that very little progress has been made with regard to establishing a steady increase in minimum wage rates year-over-year. Shamefully, when minimum wage rates are adjusted to 2009 dollars, we see that the rate was higher in 1977 than in 2008.<sup>18</sup> The NS government is to be commended for steadily increasing the minimum wage over the past few years and especially maintaining its commitment despite the downturn in the economy and pressure from the business community to not do so. The progress seems significant when we consider that it has gone from \$7.60 in January 2007 to \$8.60 as of July 2009. But, when we consider progress in real dollars and the rising cost of living, what people can buy with the wage is less than what they could have paid for in 1977. For example, the minimum wage rate in Nova Scotia in 2008 had a purchasing power that was less (in inflation-adjusted dollars) than it was in the 1977.

**Figure 13**



Prepared using data at

[http://www110.hrdc-drhc.gc.ca/psait\\_spila/lmnc/eslc/eslc/salaire\\_minwage/index.cfm?fuseaction=english](http://www110.hrdc-drhc.gc.ca/psait_spila/lmnc/eslc/eslc/salaire_minwage/index.cfm?fuseaction=english)

Statistics Canada reports that Nova Scotia has experienced a steady increase of the proportion of people working for or less than minimum wage between 2000 and 2008. In 2008, Nova Scotia had the third highest rate of minimum wage earners in the labour force (6.4%). In Canada a significant portion (29%) of these earners were between the ages of 25 to 54, two third (67%) of whom were women.

To address the critical need of those working for the lowest hourly pay rates it is necessary for the minimum wage rate to be indexed to inflation as well as to the LICO as has been previously recommended by the Minimum Wage Review Committee (MWRC). Indeed, in January 2008, this committee recommended a series of increases that culminated in the current rate of \$9.65 an hour. In December 2009, the committee recommended staying the course on increases.<sup>19</sup>

Raising the minimum wage is important not just for those who earn the minimum wage but for those who earn just above the minimum wage. As the MWRC points out, 22% of employees (54,000 workers) earn between the minimum wage and \$9.99 per hour. Moreover, increasing the minimum wage can have positive impacts for employers and broader social benefits.<sup>20</sup>

## **CONCLUSION**

Poverty eradication is achievable and desirable. The Government of Canada, in collaboration with the provinces and territories has achieved decreases in the rates of child poverty in all provinces. Nova Scotia remains within the group of provinces with lower rates of child poverty. In order to keep on the path of lowering child poverty rates, Nova Scotia must stay committed to its poverty reduction strategy, strengthen tested measures and seek to address shortfalls in income support, adequate wages and community support for our most vulnerable families and children. Policy makers at both the provincial and federal levels must act to expand the progress achieved in recent years particularly in light of the fact that we have yet to see the real impact of the 2008 recession. It requires an integrated plan involving all levels and jurisdictions of government ensured by legislation with clear targets and timelines.

Appendix 1. After Tax Low Income Cut-offs  
**(2008 CURRENT DOLLARS)**

After Tax Low Income Cut-offs 2008					
	Rural	Rural/Urban communities, population under 30,000	Rural and Urban areas, population 30,000 to 99,999	Rural and Urban areas, population 100,000 to 499,999	Urban areas, population 500,000 and over
1 person	\$12,019	\$13,754	\$15,344	\$15,538	\$18,317
2 persons	\$14,628	\$16,741	\$18,676	\$18,911	\$22,363
3 persons	\$18,215	\$20,845	\$23,255	\$23,548	\$27,844
4 persons	\$22,724	\$26,007	\$29,013	\$29,378	\$34,738
5 persons	\$25,876	\$29,614	\$33,037	\$33,453	\$39,556
6 persons	\$28,698	\$32,843	\$36,640	\$37,100	\$43,869
7 persons or more	\$31,519	\$36,072	\$40,241	\$40,747	\$48,181
CUTOFFBASE: 1992 After Tax-Low income cutoffs. Statistics Canada (CANSIM) Table 202-0801 - Low Income Cut-offs Before and After Tax for Rural and Urban Areas					

**APPENDIX 2. BEFORE TAX LOW INCOME CUT-OFFS  
(2008 CURRENT DOLLARS)**

Before Tax Low Income Cut-offs 2008					
	Rural	Rural/Urban communities, population under 30,000	Rural and Urban areas, population 30,000 to 99,999	Rural and Urban areas, population 100,000 to 499,999	Urban areas, population 500,000 and over
1 person	\$15,262	\$17,364	\$18,976	\$19,094	\$22,171
2 persons	\$19,000	\$21,615	\$23,623	\$23,769	\$27,601
3 persons	\$23,358	\$26,573	\$29,041	\$29,222	\$33,933
4 persons	\$28,361	\$32,264	\$35,261	\$35,480	\$41,198
5 persons	\$31,165	\$36,594	\$39,992	\$40,239	\$46,727
6 persons	\$36,278	\$41,272	\$45,105	\$45,385	\$52,699
7 persons or more	\$40,390	\$45,950	\$50,218	\$50,529	\$58,673
CUTOFFBASE: 1992 Base-Low income cutoffs.					
Statistics Canada (CANSIM) Table 202-0801 - Low Income Cut-offs Before and After Tax for Rural and Urban Areas					

**APPENDIX 3. MAXIMUM CANADIAN CHILD TAX BENEFIT (1998-2008): CANADIAN CHILD TAX BENEFIT AND THE NATIONAL CHILD BENEFIT SUPPLEMENT**

Maximum Canadian Child Tax benefits (1998-2007): CCTB and NCBS		
Jan 1-Dec 31	Lone parent with one child Age 2	Couple with two children, Ages 10 and 15
1998	\$1,535	\$ 2,545
1999	\$1,928	\$ 3,230
2000	\$2,159	\$ 3,683
2001	\$2,447	\$ 4,250
2002	\$2,633	\$4,613
2003	\$2,768	\$4,869
2004	\$2,911	\$5,139
2005	\$3,076	\$5,451
2006	\$3,196	\$5,928
2007	\$4,435	\$6,244
2008	\$4,501	\$6,372
National Council of Welfare, Welfare Incomes 2006 and 2007 (Vol. 128), Winter 2008 and Welfare Incomes 2008: Bulletin No. 3; Welfare Incomes 2008: Bulletin No. 4, National Council of Welfare, Canada, 2010*does not include the NSCB		

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## ENDNOTES

<sup>1</sup> These rates and numbers do not include children in the North West Territories or the Yukon.

<sup>2</sup> MacEwen, A & Saulnier, C. (2010). The Cost of Poverty in Nova Scotia. Canadian Centre for Policy Alternatives- Nova Scotia. Available at <http://www.policyalternatives.ca/newsroom/updates/did-you-know-poverty-costs-nova-scotia-least-1-billion-year>.

<sup>3</sup> GPI Atlantic (2002). Measuring Sustainable Development: Application of the Genuine Progress Index to Nova Scotia. Available at <http://www.gpiatlantic.org/pdf/health/povcost.pdf>

<sup>4</sup> Krieger, N., Rowley, D., Herman, A., Avery, B. & Phillips, M. (1993). Racism, sexism, and social class: Implications for studies of health, disease, and well being. *American Journal of Preventive Medicine*, 9(6): 82-122.; Williams, D. & Collins, C. (1995). U.S. socioeconomic and racial differences in health: Patterns and explanations. *Annual Review of Sociology*, 21: 349-386.

<sup>5</sup> Wilkinson, R. & Pickett, K. (2009). *The Spirit Level: Why Greater Equality Makes Societies Stronger*. Bloomsbury Press: New York.

<sup>6</sup> OECD Health Data 2010 - Frequently Requested Data  
[http://www.oecd.org/document/16/0,3343,en\\_2649\\_34631\\_2085200\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/16/0,3343,en_2649_34631_2085200_1_1_1_1,00.html)

<sup>7</sup> UNICEF (2007). Child Poverty in Perspective: An Overview of Child Well-being in Rich Nations, UNICEF Innocenti Research Centre, Report Card 7. Available at [http://www.unicef-irc.org/publications/pdf/rc7\\_eng.pdf](http://www.unicef-irc.org/publications/pdf/rc7_eng.pdf).

<sup>8</sup> This caution originates with Statistics Canada. Because of rounding to the nearest thousand and/or small sample size in survey data figures can become less accurate. In cases where the data is deemed too inaccurate Statistics Canada does not publish the data affected.

<sup>9</sup> Before Tax LICO used due to After Tax LICO data unavailable for Nova Scotia.

<sup>10</sup> Available at <http://www.cafb-acba.ca/main2.cfm?id=107185CB-B6A7-8AA0-6FE6B5477106193A>

<sup>11</sup> The Nova Scotia Participatory Food Costing Project collects data ever two years on the cost and affordability of a basic nutrition diet. Reports are available at <http://www.foodsecurityresearchcentre.ca/publications/>

<sup>12</sup> In From The Margins: A Call to Action on Poverty, Housing and Homelessness, Available at <http://www.parl.gc.ca/40/2/parlbus/commbus/senate/com-e/citi-e/rep-e/rep02dec09-e.pdf>

<sup>13</sup> Government of Nova Scotia. Available at <http://www.gov.ns.ca/news/details.asp?id=20101026003>

<sup>14</sup> Government of Nova Scotia, Press release April 2010, Available at <http://www.gov.ns.ca/news/details.asp?id=20100412001>

<sup>15</sup> UNICEF Innocenti Research Centre. (2008). *The childcare transition. Report Card #8*. Florence: Author.

<sup>16</sup> National Council of Welfare (2010). Poverty Profile 2007: Bulletin No. 10 - Income Inequality.

<sup>17</sup> MacEwen, A & Saulnier, C. (2010). The Cost of Poverty in Nova Scotia. Canadian Centre for Policy Alternatives- Nova Scotia. Available at <http://www.policyalternatives.ca/newsroom/updates/did-you-know-poverty-costs-nova-scotia-least-1-billion-year>.

<sup>18</sup> Murray, S. & Mackenzie, H. (2007). *Bringing minimum wages above the poverty line*. Vancouver, Ottawa and Toronto: Economic Security Project, CCPA and the Growing Gap.

<sup>19</sup> Minimum Wage Review Committee, Minimum Wage Review Committee Report, December 8, 2009. Government of Nova Scotia. <http://www.gov.ns.ca/lwd/employmentrights/docs/MinimumWageReportDec09.pdf>

<sup>20</sup> Saulnier, C. CCPA-NS Submission to the Minimum Wage Review Committee. March 2009. <http://www.policyalternatives.ca/publications/reports/stay-course-raise-minimum-wage>