

Campaign 2000 is a non-partisan, cross Canada network of over 120 organizations committed to working together to end child and family poverty in Canada.

See [www.campaign2000.ca](http://www.campaign2000.ca) for further information on actions you can take to help end child poverty.

#### New Brunswick Partners

Human Development Council (Saint John)

Centre de Bénévolat de la Péninsule Acadienne Inc. (Caraquet)



## Child and Family Poverty Report Card: New Brunswick

### Summary

- 24,550 or 1 in every 6 children in New Brunswick live in poverty.
- The child poverty rate for female lone parent families is very high at 58%.
- Families are living in deep poverty—the average low income two-parent family would need an extra \$7,400/year just to bring them up to the poverty line.
- A job does not guarantee escape from poverty; 42% of poor children are in families with at least one full time worker.
- There is a huge gap between the richest and poorest families. For every \$1 earned by the poorest 10% of families with children, the richest 10% earn \$15.
- Government programs do make a difference—without them the family poverty rate would be 27% in New Brunswick, up from 15%.

2006





Written by: Randy Hatfield and Kasia Sterniczuk  
 Design by: Belinda Allen  
 Published by: Human Development Council  
 (A United Way Agency)

The Human Development Council is a local social planning council that co-ordinates and promotes social development in Greater Saint John. It has two key functions: an information role of linking citizens to human services, and a proactive role of developing solutions to meet our community's challenges.

Paper copies of this report are available from:

Human Development Council  
 47 Charlotte Street, 3rd Floor, City Market  
 PO Box 6125, Station A  
 Saint John, New Brunswick E2L 4R6  
 Telephone: 506.634.1673  
 Fax: 506.636.8543  
 Email: [hdc@nbnet.nb.ca](mailto:hdc@nbnet.nb.ca)



Copies of the report can also be downloaded from the Human Development Council website:  
[www.humandevlopmentcouncil.nb.ca](http://www.humandevlopmentcouncil.nb.ca)  
 (Under Products/Services)

## INTRODUCTION

In 1989 the Federal House of Commons unanimously agreed to seek to end child poverty in Canada by the year 2000. This goal has not been achieved. In fact the problem has worsened with Canada's child poverty rate increasing from 15 percent in 1989 to 17.7 percent in 2004. There are 1,196,000 children living in poverty in Canada.

Canada has a history of significantly high rates of child poverty and still holds an embarrassing rank among the OECD countries. In 2004, Canada was ranked 19th worst among 20 OECD countries. The countries with the lowest child poverty rates of less than 5 per cent are Denmark, Finland, Norway and Sweden.

The Campaign 2000 initiative has been encouraging provinces to take action in eliminating child and family poverty. It has also been seeking to remind the public and the federal government of the promise that was made to our children seventeen years ago. This report is one of many provincial child poverty report cards that have been written across Canada to paint a picture of the current state of child and family poverty. This is the first year for which a New Brunswick Report Card on Child and Family Poverty has been prepared—it describes New Brunswick's child poverty history and the particular challenges it faces.\*

New Brunswick is among the provinces that have demonstrated minimal decreases in child poverty rates going from 17.7 percent in 1989, to 16.5 percent in 2004. Although the rates show some improvement since the early 1980s, they do not match the improvements that have occurred in Quebec where child poverty rates have been consistently declining since 1997. Quebec began rapid expansion of affordable child care services at that time and expanded child benefits for low income families. Quebec introduced a provincial Action Plan to Combat Poverty in 2004. Newfoundland and Labrador has also introduced a Poverty Reduction Strategy in 2006. We encourage the New Brunswick government to show the same commitment to reducing child and family poverty in our province.

New Brunswick's female lone-parent families are a particularly vulnerable group with much higher than average poverty rates. We need government investment in affordable child care and housing, plus good jobs at living wages to begin to make progress in reducing child poverty among female lone-parent families.

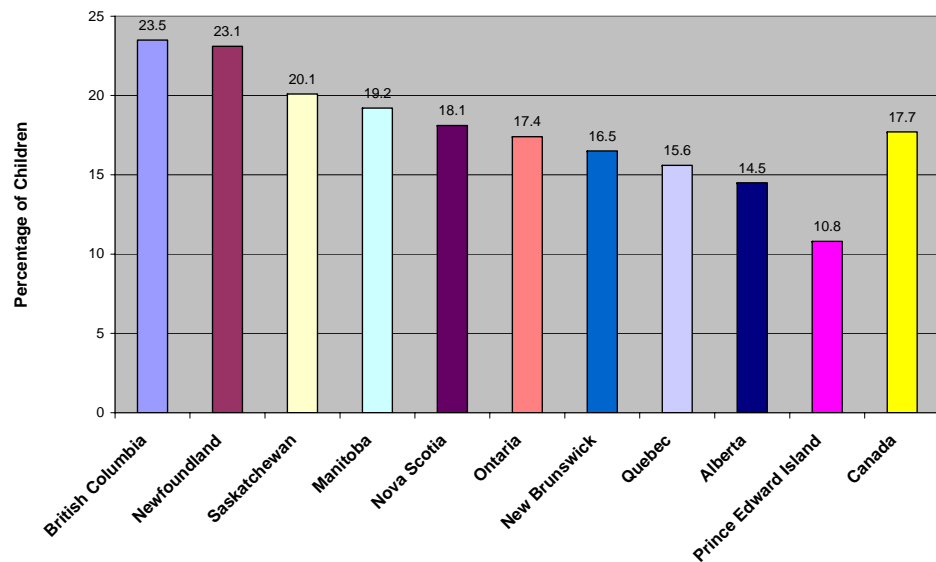
**\* Note:**

Latest available child poverty data is for the year 2004. Child poverty data prepared by the Canadian Council on Social Development (CCSD) using Statistics Canada's *Income Trends in Canada, 2004* and *Survey of Labour and Income Dynamics (SLID)* masterfile data (1993 to 2004), via remote access.

Poor children are those living in families whose total income before taxes falls below the Low Income Cut-Off (LICO) as defined by Statistics Canada. A child is defined as a person under the age of 18 living with parent(s) or guardian(s), excluding those who are unattached individuals, those that are the major income earner or those who are the spouse or common law partner of the major income earner. Statistics Canada data excludes those on First Nations reserves; those in the Yukon, Northwest Territories and Nunavut; and children living in institutions.

## CHILD POVERTY RATES BY PROVINCE

Figure 1: Child Poverty Rates By Province, 2004



Source: CCSD using Statistics Canada's *Survey of Labour and Income Dynamics*, masterfile (1993-2004).

Table 1: Low Income Cut-Offs (2004)

### Population of Community of Residents

| Family Size | 500,000 + | 100,000-499,999 | 30,000-99,999 | Less than 30,000 | Rural    |
|-------------|-----------|-----------------|---------------|------------------|----------|
| 1           | \$20,337  | \$17,515        | \$17,407      | \$15,928         | \$14,000 |
| 2           | \$25,319  | \$21,804        | \$21,669      | \$19,828         | \$17,429 |
| 3           | \$31,126  | \$26,805        | \$26,639      | \$24,375         | \$21,426 |
| 4           | \$37,791  | \$32,546        | \$32,345      | \$29,596         | \$26,015 |

Source: Canadian Council on Social Development

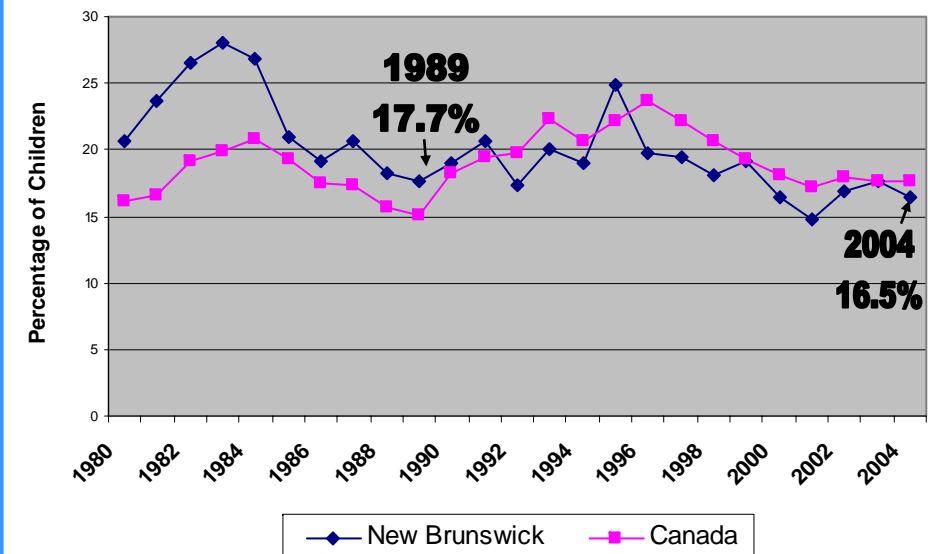
For example, a single parent with one child living in Fredericton (approximate population 48,000) with a gross annual income of \$21,000, would be below the LICO and would be counted as living in poverty. In a smaller community such as Bathurst (approximate population 13,000) a single parent with one child with gross annual income of \$21,000 would be just above the poverty line.

In 2004 New Brunswick had a child poverty rate of 16.5%. Nearly one in every six New Brunswick children lived in poverty. This represents 24,550 children—more than the entire population of Campbellton, Caraquet, St. Stephen, and Sussex combined.

Canada has no official poverty line but Statistic Canada's Low Income Cut-Offs (LICOs) are the most widely used measure of poverty. The Low Income Cut-Offs are income levels where a household will spend a share of its income on food, shelter, and clothing that is 20% higher than the average family. They are adjusted for family and community size.

## CHILD POVERTY RATES: NEW BRUNSWICK AND CANADA

Figure 2: Child Poverty Rates: New Brunswick & Canada, 1980-2004



Source: CCSD using Statistics Canada's *Survey of Labour and Income Dynamics*, masterfile (1993-2004).

The percentage of New Brunswick children living in families with an income below LICO has fluctuated over the years, from a high of 28% in 1983, to a low of 14.8% in 2001. For the last nine years it has been below the national average.

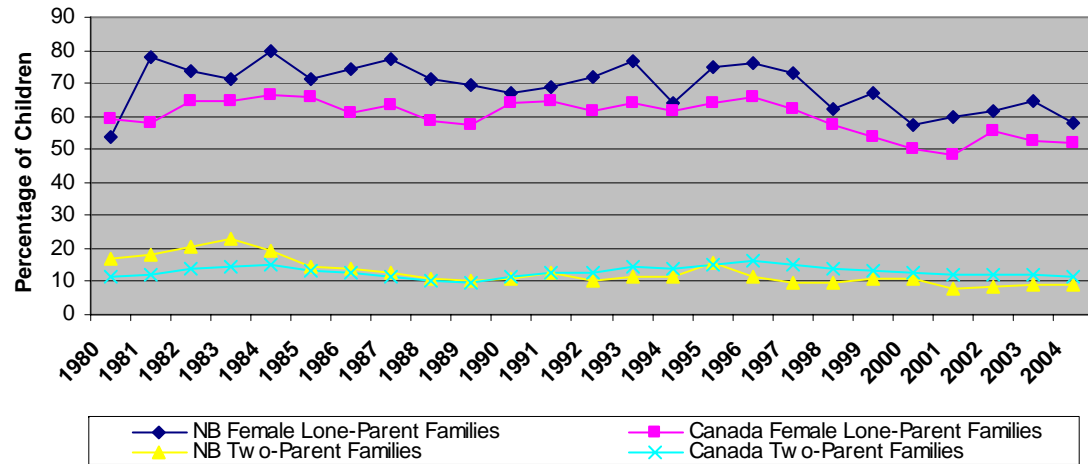
Economic growth has been strong in New Brunswick over the past few years but this has not led to significant reductions in our child and family poverty rate. Clearly we need government action to move the rate down below 10%.

### In its fight against poverty, the newly elected Provincial Government has committed to:

- Increase the maximum allowable earning that can be retained from casual and part-time work for people who are on social assistance.
- Provide enhanced day care support for single parents receiving assistance during the transition to full-time work.
- Create a Crown Corporation to deliver housing programs and appoint a Minister Responsible for Housing.
- Enhance affordable housing programs in both urban and rural areas.
- Eliminate wait lists for literacy training in the province.

## CHILD POVERTY RATES: FEMALE LONE-PARENT FAMILIES AND TWO-PARENT FAMILIES

Figure 3: Child Poverty Rates: Two-Parent Families & Female Lone-Parent Families, New Brunswick & Canada, 1980-2004



Source: CCSD using Statistics Canada's Survey of Labour and Income Dynamics, masterfile (1993-2004).

Some social groups are particularly vulnerable to poverty. The poverty rate for New Brunswick children living in female lone-parent families was 57.7% in 2004, while the poverty rate for New Brunswick children in two-parent families was 9.2%.

Figure 3 shows the rates of child poverty—national and provincial—for the two types of families. New Brunswick's child poverty rate for female lone-parent families has exceeded the national average in all by one of the last twenty six years.

Other vulnerable groups with higher than average poverty rates are children in immigrant, Aboriginal, and visible minority families, and children with disabilities. Data on poverty rates for these social groups is not available for New Brunswick.

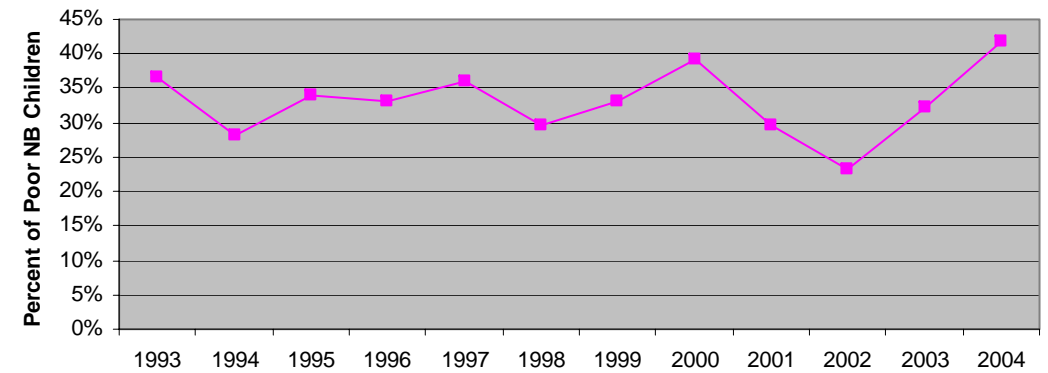
In 2000 the Census Metropolitan Area (CMA) of Saint John\* experienced the highest rate (60.4%) of lone-parent family poverty of any CMA in the country. (Statistics Canada, *Low-Income in Census Metropolitan Areas, 1980-2000*, Catalogue no. 89-613-MIE)

\* The Saint John CMA had a population of 122,500 in 2001, and includes Hampton, Quispamsis, Rothesay, Saint John, St. Martins, and Grand-Bay Westfield.

*"Access to quality child care is particularly important for those who are trying to work their way out of poverty. We need to create more child care spaces and we need to offer more support to single-parent families."*  
- NB Liberal Party Platform, Charter for Change

## POOR FAMILIES WITH CHILDREN IN NEW BRUNSWICK

Figure 4: Percentage of Low Income Children in Working Poor Families, New Brunswick, 1993-2004



Source: CCSD using Statistics Canada's Survey of Labour and Income Dynamics, masterfile (1993-2004).

While the vast majority of New Brunswick families have at least one earner working full-time throughout the year, many still fall below the poverty line. These are the working poor. Having a parent working full-time is no guarantee that a child will avoid poverty. For the 11 year period between 1993 and 2004, the number of poor children in families with a full-time worker ranged from a low of 6,070 (23.3%) in 2002, to a high of 10,250 (41.8%) in 2004.

Many other low income families with children are unable to find full time, full year work. In 2004 nearly six out of ten low income children in New Brunswick lived in families that had some or no employment income.

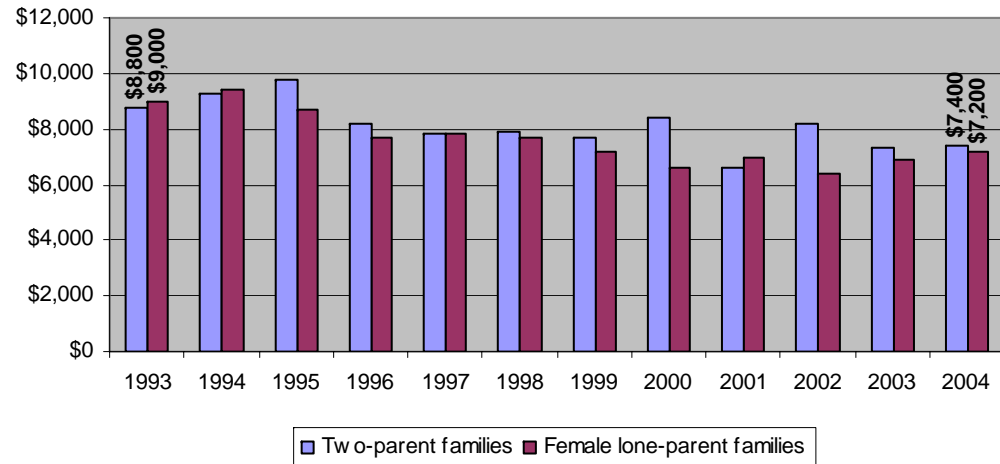
Low wages and poor working conditions—the growth of temporary and part-time work with little or no benefits—are some of the reasons behind New Brunswick's high rate of child and family poverty. We need to address low wages in our province, improve access to Employment Insurance, and encourage more good jobs with benefits.

Table 4: Minimum Wage Rates Across Canada, 2006

| Province                  | Minimum Wage |
|---------------------------|--------------|
| Alberta                   | \$7.00       |
| British Columbia          | \$8.00       |
| Manitoba                  | \$7.60       |
| New Brunswick             | \$6.70       |
| Newfoundland and Labrador | \$6.75       |
| Nova Scotia               | \$7.15       |
| Ontario                   | \$7.75       |
| Prince Edward Island      | \$7.15       |
| Quebec                    | \$7.75       |
| Saskatchewan              | \$7.55       |

## DEPTH OF POVERTY

Figure 5: Depth of Poverty in New Brunswick, 1993-2004



Source: Statistics Canada. Income Trends in Canada: 1989-2004. Table 804.

The shortfall between family incomes and the poverty line is known as the depth of poverty. It reveals how much is needed to raise the income of poor families with children up to the poverty line. As Figure 5 shows, in 2004 the average low income two-parent family with children in New Brunswick required an additional \$7,400/year in income just to meet the poverty line. Low income female lone-parent families needed an extra \$7,200/year in income.

### Further depth of poverty examples:

Table 5a: Lone-Parent, 1 Child, on Assistance, 2005 (in community of 30,000-99,000)

|                  |                |
|------------------|----------------|
| LICO             | \$22,139       |
| Income           | \$13,656*      |
| <b>Shortfall</b> | <b>\$8,483</b> |

\* Source: National Council on Welfare: Welfare Incomes 2005

Table 5b: Couple, 2 Children, on Assistance, 2005 (in community of 30,000- 99,000)

|                  |                 |
|------------------|-----------------|
| LICO             | \$33,046        |
| Income           | \$17,567*       |
| <b>Shortfall</b> | <b>\$15,479</b> |

\* Source: National Council on Welfare: Welfare Incomes 2005

Table 5c: Full-Time Minimum Wage Worker, 1 Child (in community of 30,000-99,000)

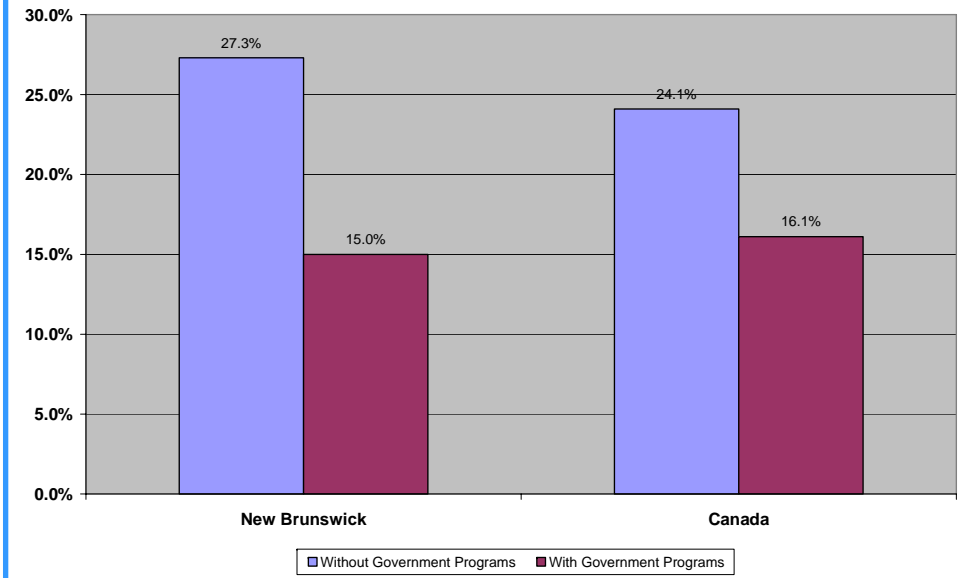
|                  |                |
|------------------|----------------|
| LICO             | \$22,139       |
| Income           | \$16,990*      |
| <b>Shortfall</b> | <b>\$5,149</b> |

\* Assumes 52 weeks at 35 hrs/week at current minimum wage of \$6.70/hr together with federal/provincial child benefits.

A full-time minimum wage worker with one child would have to work over 50 hours every week of the year to reach LICO.

## IMPACT OF GOVERNMENT TRANSFERS

Figure 6: Family Poverty Rates With/Without Government Programs, 2004



Source: CCSD using Statistics Canada's Survey of Labour and Income Dynamics, masterfile (1993-2004).

Income support programs administered by the federal and provincial governments play a big role in reducing child poverty rates. In 2004, 15% of New Brunswick families with children were living in poverty. Without government transfers (for example employment insurance, welfare, GST rebates, Canada Child Tax Benefit - Basic Benefit and National Child Benefit Supplement), the family poverty rate would have been much higher at 27.3%.

Similarly, the effect of government transfers was to reduce the national family poverty rate from 24.1% to 16.1%.

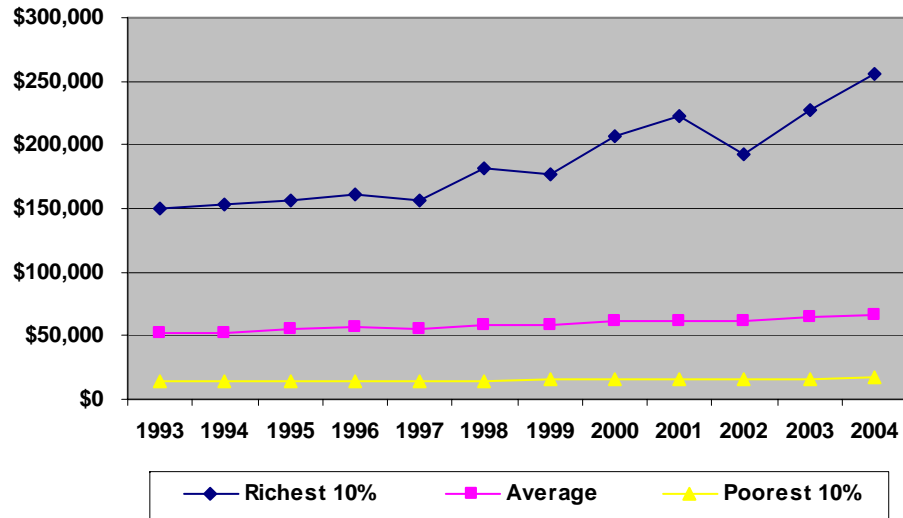
In 2006, the Federal Government introduced the Universal Child Care Benefits (UCCB), which provides families with \$100/month before taxes for every child under the age of six. Its impact on reducing child poverty has yet to be determined. For a discussion of the limitations of the UCCB as a poverty reduction measure, see *More Than a Name Change: The Universal Child Care Benefit*, Caledon Institute (<http://www.caledoninst.org/Publications/PDF/589ENG%2Epdf>)

The National Council of Welfare estimates that in March 2005, 14,900 New Brunswick children were living in families receiving social assistance, 10,800 were children in lone-parent families.

The federal Canada Child Tax Benefit (CCTB) includes both the CCTB Basic Benefit and the means tested National Child Benefit Supplement (NCBS). While many provinces "clawback" the NCBS by reducing welfare payments to those receiving assistance, New Brunswick passes on the full amount of the NCBS.

## INCOME INEQUALITY

Figure 7: Average Annual Income, New Brunswick Families With Children, 1993-2004 (Constant 2004 Dollars)



Source: CCSD using Statistics Canada's *Survey of Labour and Income Dynamics*, masterfile (1993-2004).

There is a growing gap between the richest and poorest Canadian families, reflecting the increased inequality in the Canadian economy. In 1993 the average income of the poorest 10% of New Brunswick families with children was \$14,093. The average incomes of the richest 10% of New Brunswick families with children was \$150,417, a difference of \$136,324. The richest 10% was close to 11 times higher than the poorest 10%.

By 2004, the top 10% of families with children reported average incomes that were over 15 times greater than average incomes of the lowest 10% of families with children: \$255,056 versus \$16,938. The gap has grown to \$238,118, close to double what it was just over a decade earlier.

Table 7: Average Income for Richest 10% of Families with Children

| Province                  | 2004      |
|---------------------------|-----------|
| New Brunswick             | \$255,056 |
| Ontario                   | \$242,355 |
| Quebec                    | \$230,284 |
| Manitoba                  | \$217,074 |
| British Columbia          | \$211,195 |
| Alberta                   | \$194,436 |
| Nova Scotia               | \$188,871 |
| Newfoundland and Labrador | \$184,495 |
| Saskatchewan              | \$184,374 |
| Prince Edward Island      | \$161,473 |
| Canada                    | \$228,553 |

## MOVING FORWARD

Poor children come from poor families. Combating *child* poverty means addressing family poverty, in particular the inadequate incomes that place so many people and families below LICO. Government policies and fiscal choices can play a big part in reducing the rate of poverty. It requires a collaborative effort. The following actions by our provincial government would move us closer to the 1989 House of Commons pledge to eliminate child poverty:

- The provinces of Quebec and Newfoundland & Labrador have developed poverty reduction strategies following public consultation. We call on the New Brunswick Government to develop a long-term poverty reduction strategy with targets, timetables, and funding commitments.
- Increase minimum wage rates and index them to inflation so that full-time workers do not live in poverty.
- New Brunswick (along with Alberta) has the lowest welfare incomes in Canada. The Province should raise social assistance rates to ensure those who rely on our welfare system can live in decency and dignity with an adequate level of income support to meet their basic needs.
- Access to good quality child care enables parents to work and receive training. It also supports the healthy development of children. The Province should increase investment in affordable, high quality, regulated early learning and child care services.
- Support national initiatives which address child and family poverty by lobbying the federal government to:
  - Increase child tax benefits to a maximum of \$5,000/child;
  - Increase funding for affordable housing and renew funding for the Homelessness Initiative (SCPI);
  - Commit to long term funding and support for a national system of early learning and child care;
  - Reform Employment Insurance to ensure better access, particularly for seasonal workers.

For more information, visit Campaign 2000's website: <http://www.campaign2000.ca>