



## 2011 Report Card on Child and Family Poverty in Nova Scotia: 1989-2009

### WHAT IS CHILD POVERTY?

Reporting on child poverty rates provides us with information on how many children under the age of 18 in Nova Scotia live in poverty. Child poverty is family poverty as poor children have mothers and fathers living in the same circumstances. Furthermore, child and family poverty is one aspect of a broader story of poverty in Nova Scotia—a story that includes people with disabilities, seniors, and single people. However, a focus on child poverty is important, as long-term inadequate material resources, income inequality and lack of opportunity, are major barriers to the healthy development of children – compromising long-term health and educational outcomes. Eradicating poverty amongst our most vulnerable citizens is essential in order to secure not only their well-being, but also the collective well-being of our communities and Canadian society as a whole.

Twenty-two years ago, the urgency of eradicating poverty was recognized when the following resolution was passed unanimously in the House of Commons on November 24, 1989:

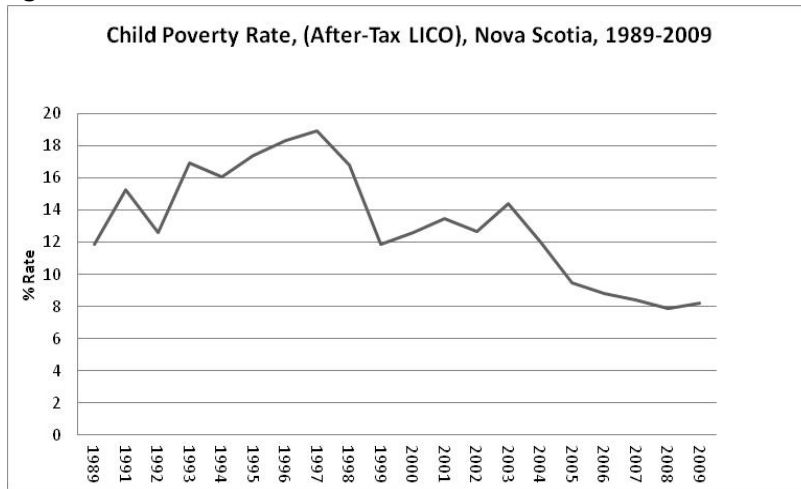
*“This House seek(s) to achieve the goal of eliminating poverty among Canadian children by the year 2000.”*

Since 1999, Nova Scotia Child Poverty Report Cards have recorded changes in child poverty rates to track progress on this promise. We now have twenty years of poverty statistics (2009 being the most recent data available) to analyze. Clearly, the goal was not achieved; in fact, in 2000 the child poverty rate in Nova Scotia was higher than in 1989, the year the promise was made. Did nine additional years bring us any closer to the goal? While child poverty rates did show a steady decline after 2003, our most recent figures (regardless of the poverty measure used) now show a reversal of this trend. With 14,000 children living below the After-Tax Low-Income Cut Off (LICO-AT) in 2009, progress has stalled and we are far from realizing child poverty eradication.

### THE RECORD 1989-2009: PROGRESS STALLS

Figure 1 shows the trend in child poverty since 1989 using the LICO-AT. Over the last twenty years, we saw an initial worsening of the situation up until the late 1990s, then we witnessed a few years wherein child poverty declined. Child poverty increased again from 1999 to 2003, and from 2003 to 2008 slight decline in the child poverty rates occurred. However, in 2009 the rate once again increased, indicating that the slow progress in lowering child poverty witnessed in the 2000s has stalled. While the LICO-AT is not the only measure of low-income and not necessarily the most reliable, it is the most common measure used by Canadian governments (because Statistics Canada produces it annually) and this data has been available since these report cards have been published. (See Appendix A for a note about poverty measures).

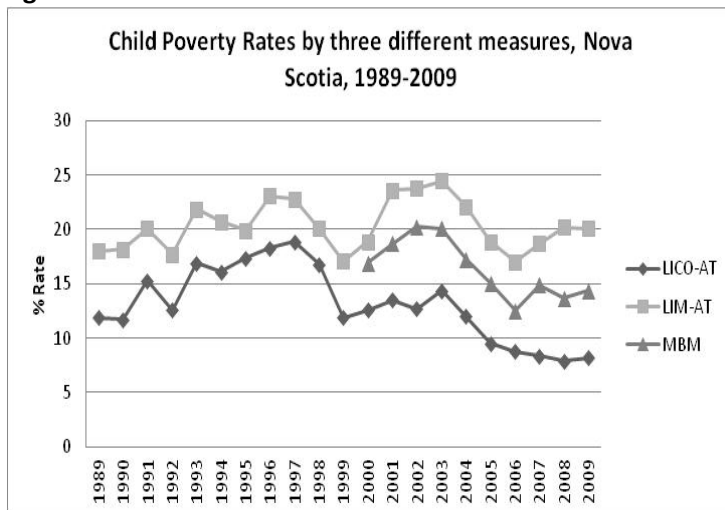
**Figure 1**



Prepared using: Statistics Canada, Income in Canada – 2009 (Base LICO 1992)

Figure 2 below shows the trend in child poverty rates in Nova Scotia using three different measures of poverty—the After-Tax LICO as shown in Figure 1, compared to the After-Tax Low Income Measure (LIM) and the Market Basket Measure (MBM). (For a description of these measures, see Appendix A). Regardless of which poverty measure is used, the change trend in rates is similar. Both the LIM and the MBM (first used in 2000) echo the increase in child poverty seen with the LICO between the years 1999–2003, yet show a second increase beginning in 2006, three years before it was reflected in the After-Tax LICO. In the figures to follow, in keeping with previous Nova Scotia Child Poverty Report Card, the After-Tax LICO is used where possible. In instances where After-Tax data are not available, Before-Tax LICO data is used. LIM data is used when data are not available using either of these measures. It is important to note that both the LIM and MBM report higher rates of child poverty than the After-Tax LICO.

**Figure 2**



Prepared using: Statistics Canada, Income in Canada – 2009 (Base LICO 1992)

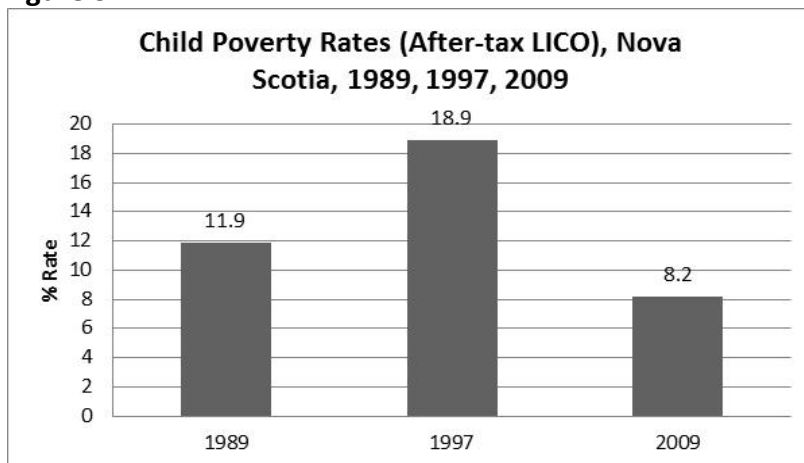
Table 1 provides information regarding the number of children living in poverty for the key years in Canada and Nova Scotia. In 2009, 14, 000 children were living in families with incomes below the After-Tax LICO. This represents 8.2% of all children under the age of 18 in Nova Scotia. This is a welcome decrease of 12,000 children, since 1989 when 26,000 children lived in poverty.

	1989	1997	2009
Canada After-Tax	792,000	1,220,000	639,000
Nova Scotia After-Tax	26,000	40,000	14,000

Prepared using: Statistics Canada, Income in Canada-2009 (Base LICO 1992)

Figure 3 below shows the Nova Scotia child poverty rate in three key years: 1989-the year the promise was made; 1997-the year the Canada Child Tax Benefit --an initiative aimed at preventing and reducing family and child poverty, was implemented; and 2009-the year for which we have the most recent statistics. The lower rates in 2009 compared to the historically high rates in 1997 can be largely attributed to the positive impact of this tax transfer to families. A reduction in the percentage of children experiencing poverty largely occurred between 1997 and 2009. It is also important to note, however, that the overall decline in the child poverty rate since the late 1990s was only *marginal*. Now, that the progress appears stalled, it is even more important to ensure that such direct child poverty reduction measures are strengthened.

**Figure 3**



Prepared using: Statistics Canada, Income in Canada – 2009 (Base LICO 1992)

Table 2 uses the After-Tax LICO to record the overall increase or decrease in child poverty rates over the period spanning 1989 and 2009. It ranks the performance of each province and provides averages for Canada.

<b>Table 2: Prevalence and Changes in Child Poverty Rates: Canada and Provinces Ranked Best to Worst, 1989 &amp; 2009, After-Tax LICO</b>								
1989			2009			Change 1989–2009		
Province	%	Ranking	Province	%	Ranking	Province	%	
PE	6.9	Lowest	PE*	6.4	Lowest	MB*	-47.1	Greatest Decrease
ON	9.5		NB*	7.5		NB*	-43.6	Decrease
BC	11.6		QB	7.7		SK*	-39.0	Decrease
NS	11.9	<b>4th Lowest</b>	NS*	8.2	<b>4<sup>th</sup> Lowest</b>	QB	-38.9	Decrease
QB	12.6		MB*	9.1		AB*	-37.2	Decrease
NB	13.3		NF*	9.3		NF*	-35.0	Decrease
NF	14.3		AB*	9.3		NS*	-31.1	Decrease
AB	14.8		SK*	9.7		PE*	-7.2	Decrease
SK	15.9		ON	10.1		BC	3.4	Increase
MB	17.2	Highest	BC	12.0	Highest	ON	6.3	Greatest Increase
CDN	11.9		CN	9.5		CN	-20.2	Decrease

Prepared using: Statistics Canada, Income in Canada-2009 (Base LICO 1992)  
\*Use with caution.<sup>1</sup>

Between 1989 and 2009, child poverty rates decreased in every province with the exception of British Columbia and Ontario. Six provinces had greater decreases in child poverty rates (35% to 47.1%) than did Nova Scotia, which saw a decrease of 31.1 percent. The net result for Canada was a 20.2 percent decrease in the child poverty rate (from 11.9 percent in 1989 to 9.5 percent in 2009).

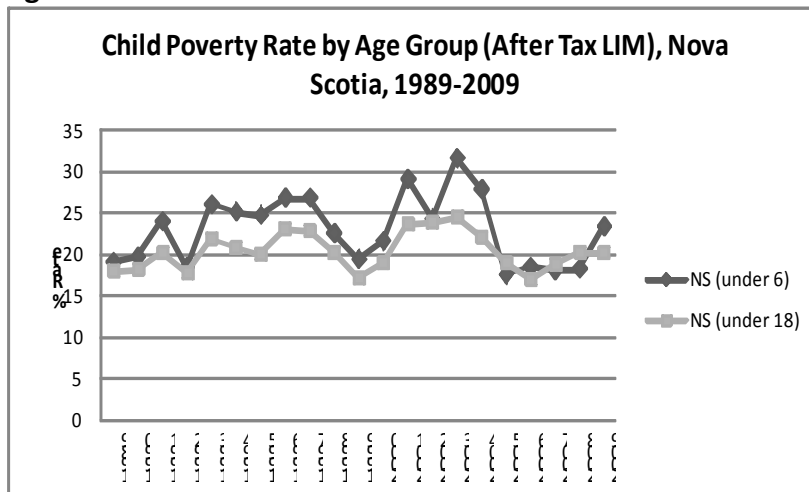
Compared to child poverty rates reported in the previous year (2008)<sup>2</sup>, all provinces except for Quebec experienced an increase. Nova Scotia's 2009 child poverty rate of 8.2 percent was fourth lowest among all provinces — the same rank held by Nova Scotia in 1989. Compared to the other Atlantic Provinces, Nova Scotia had a higher child poverty rate (8.2%) in 2009 than New Brunswick (7.5%) and Prince Edward Island (6.4%), but a lower rate than Newfoundland and Labrador (9.3%). However, both New Brunswick and Newfoundland and Labrador achieved greater decreases in child poverty relative to all other Atlantic provinces between 1989 and 2009.

## WHO ARE THE MOST VULNERABLE?

### **Young Children**

Figure 4 breakdowns and compares the child poverty rate for children under six compared to all children under 18 using the LIM. It shows that poverty rates in families with children under six tend to be higher. In the years from 2005-2008 we see similar rates for both age groupings, yet in 2009 the rate was once again higher for families with children under six, where 23.4% of these children (close to one in four) lived in low income circumstances.

**Figure 4**

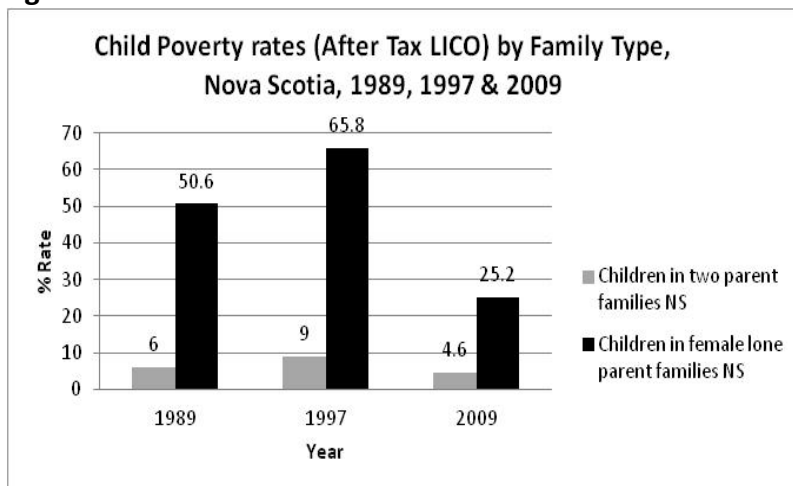


Source: Statistics Canada's Survey of Labour and Income Dynamics Masterfile, 2009

**Children in Female Lone Parent Families**

Figure 5 below shows poverty rates for children living in female lone-parent families. Despite significant decreases in child poverty rates for this group since 1997; these children continue to experience a much greater likelihood of living in poverty than children living in two-parent families. In 2009, just over one in four (25.2%) children living in female lone parent families lived below the After-Tax LICO.

**Figure 5**



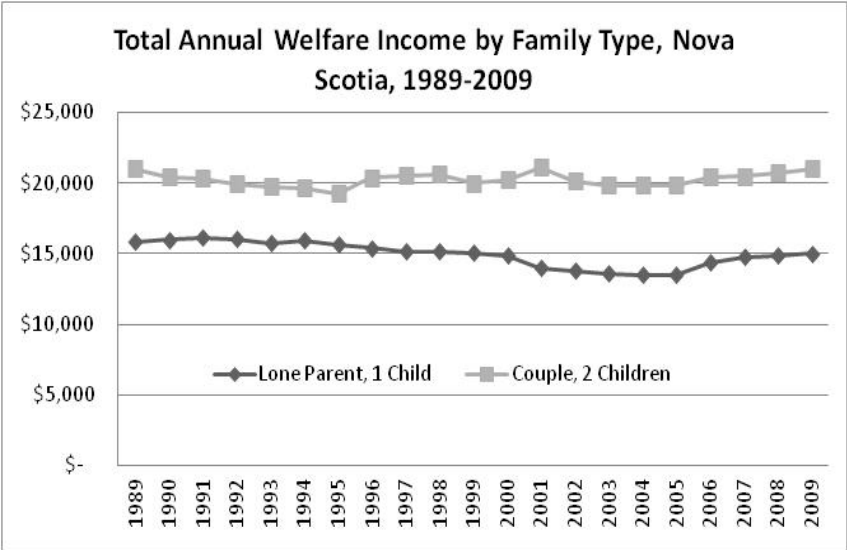
Prepared using: Statistics Canada, Income in Canada—2009 (Base LICO 1992)

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

The most vulnerable children in Nova Scotia are those living in households that depend on welfare. The National Council of Welfare reports that in 2009, these low-income families struggled with After-Tax income gaps (the amount by which their welfare income falls below the LICO for Halifax) ranging from \$3,965 (lone parent-one child family) to \$8,488 (couple, two child family). Figure 6 provides examples of total welfare incomes in Nova Scotia (in constant 2009 dollars) over time, which includes social assistance payments, federal and provincial child tax credits, and goods and service tax payments.

In Nova Scotia and across Canada (with the sole exception of lone parents with one-child families in Newfoundland and Labrador beginning in 2007), welfare incomes for families all fall below the After Tax Low Income Cut-off. This is because welfare is a needs-based system of last resort. In Nova Scotia, welfare recipients must prove that they have a budget deficit below a certain level of 'need' defined by the Department of Community Services, but the needs-based income threshold is significantly below the poverty line. Therefore, those who depend on welfare for all or part of their family income, by definition, will live below the poverty line. In addition, welfare incomes are not tied to increases in the cost of living. Welfare incomes for lone parents in Nova Scotia were \$1,122 per annum lower in 2009 than they were at their peak seventeen years ago (1991). For a couple with two children, welfare incomes in 2009 were \$127 per year less than they were for this family type at their peak in 2001.

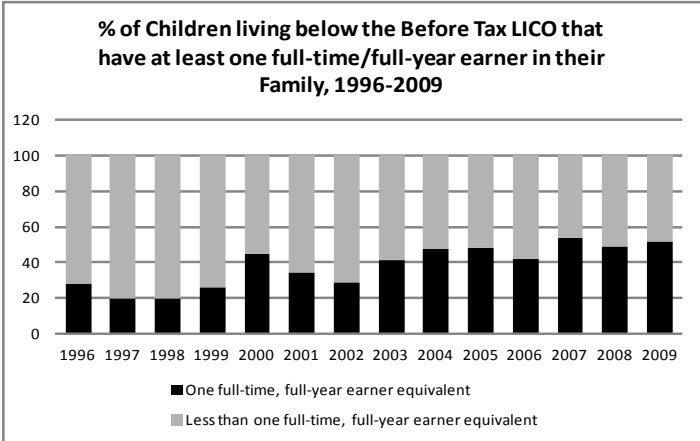
**Figure 6**



Prepared using: Welfare Incomes 2009, National Council of Welfare

***The working poor: Employment does not ensure prosperity***

**Figure 7**



Prepared using: Statistics Canada, Income in Canada –2009 (Base LICO 1992)

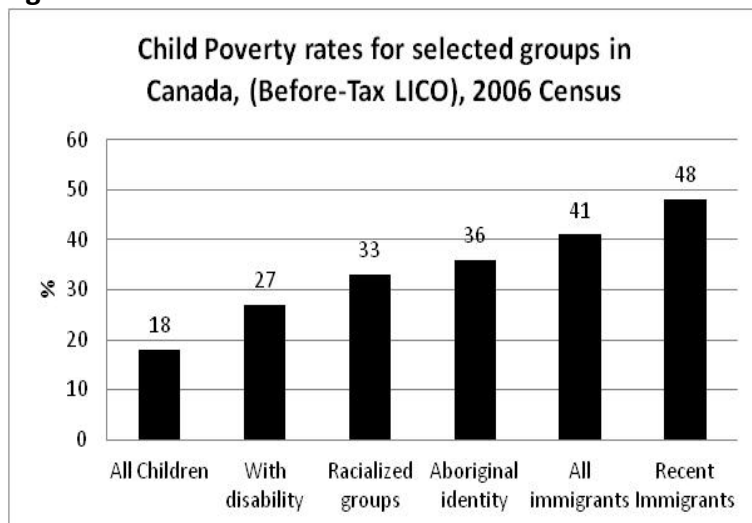
Parents' access to a job is not enough to bring families out of poverty. In 2007, the percentage of poor children in Nova Scotia who lived in a family with at least one full time/full year earner was at an all-time

high (58.8%). This means that more than half of all poor children in this province were in working families. Below, Figure 7 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 2009 rate was just over half (51.9%) of all poor children, higher than the Canadian figure (38.1%).

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

Unfortunately, low-income data for selected groups of families with dependent 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 8 shows that children in families 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.

**Figure 8**



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) Before-Tax LICO

## **ENDING CHILD POVERTY**

Ending family and child poverty is achievable and depends to a large degree on governments' agendas for poverty eradication, as well as their broader social and economic public policy priorities. A number of interventions are required that combine initiatives aimed at enhancing opportunities for decent paid work. There is a need for public policy and public investment aimed specially at reducing family and child poverty. Government programs such as the Canadian Child Tax Benefit, the National Child Benefit Supplement and the Nova Scotia Child Benefit, are essential. Monthly tax credit payments targeted to families are particularly important.

Clearly, tax benefit payments are not the only measure required to reduce child poverty. Nova Scotia's provincial contributions to the Child Benefit (the Nova Scotia Child Benefit) were higher in 2009 than other Atlantic provinces. However, this did not translate into lower rates of child poverty in Nova Scotia relative to all other Atlantic provinces in that year. 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 higher if families are to get out of poverty.

Having a job, in itself, does not solve the problem of child poverty, because just under half of all children in Nova Scotia living below the LICO, live in families where there is at least one full year/full time wage earner. The recession in 2008 increased the growth of precarious employment (part-time, temporary, contract and often with low wages and few benefits)<sup>3</sup>. Statistics Canada reports that Nova Scotia has experienced a steady increase of the proportion of people working for minimum wage between 2000 and 2009.<sup>4</sup> In 2009, Nova Scotia had the third highest rate of minimum wage earners in the labour force (6.8%) increasing in proportion and number from 2008. The Nova Scotia government has been committed to steadily increasing the minimum wage over the past few years-the most recent increase to \$10/hr. occurring October 1, 2011. However, more is required if we want to begin to close the gap between the lowest paid workers and higher paid workers and push Nova Scotia out of the low-wage ghetto. A minimum wage indexed to 70% of the median Nova Scotian wage (\$11.37)/hr would ensure the effectiveness of minimum wage policy seeking to achieve more equity and fairness in the labour market. This broader agenda is an essential component of eradicating child poverty and indeed ensuring that more families enjoy their fair share of the wealth in our province.

Public investments aimed at poverty reduction for families must also include access to a well-designed, affordable early childhood education system. In 2011, Canada still lacks a national approach to early childhood education and regularly fails to meet international benchmarks for best practice.<sup>5</sup> In 2007 (the most recent year for which there is data) 65% of Nova Scotian children under the age of twelve had mothers in the workforce, 40% of these children were five and under (30100 children). In 2008, there were only 13,711 regulated child care spaces with only 2, 863 children receiving subsidies.<sup>6</sup> Since 2009, the government of Nova Scotia has made 1,500 new subsidies available; however if paid work is to be a pathway to ending poverty for the 14,000 children in Nova Scotia living below the LICO, greater access to affordable quality childhood education is necessary and would benefit all Nova Scotian families.

The current NDP government is to be commended for implementing initiatives targeted at families living in low-income in Nova Scotia. The creation of more subsidized childcare spaces was one outcome of the Nova Scotia Poverty Reduction Strategy that was introduced in 2009. Welcome policy changes occurred in 2010 when there was an increase in the income threshold for the Nova Scotia Child Benefit making 7,500 additional children eligible for this benefit. That was also the year that the government introduced a quarterly payment attached to their GST/HST credit payments. In 2011, this tax credit was indexed to inflation, the Nova Scotia Child Benefit increased by 22% and there was a \$250 increase to the yearly personal income tax exemption. Also in 2011, the Personal Allowances to adult recipients of Income Assistance were raised by \$15/month (although not tied to increases in the cost of living and therefore not a guaranteed annual increase) and there was a slight decrease in the earning clawback for those receiving Income Assistance<sup>7</sup>. The data in this report card would not capture changes to child poverty as a result of these initiatives because they were introduced after 2009. However, troubling trends in family and child poverty likely will not be addressed by piecemeal increases and marginal tax adjustments. Large income gaps for families living on Income Assistance, limited commitment to family policy to support parents in the workforce, rising housing and food prices, and increases in low-waged



precarious employment as a consequence of the economic downturn, all still stand in the way of child poverty eradication. Serious action on the future of Nova Scotia’s most vulnerable citizen is long overdue- as the costs of not doing so, are costs we cannot afford.

**APPENDIX A: A NOTE ABOUT POVERTY MEASURES**

The primary objective of statistical-based measures of poverty used in Canada is to attempt to capture numbers and rates of people that live in the lowest income grouping. Canada does not have an official measure of poverty, and Statistics Canada reports figures using several measures of poverty. Two relative measures of poverty known as the low-income cut offs (LICOs), examine income inequality, and are the most commonly used measure of poverty in Canada. These measures are intended to represent an income threshold below which a family (depending on size of family and size of the community in which the family resides) will likely devote a larger share of its income on necessities compared to the average family. (See Table 3 below). The Low-Income Cut Off (LICO) Before Tax figures are based on total gross annual income, including earned income and 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 and is an indicator of disposable income-income that a family actually has to spend. Another relative measure used is the Low Income Measure (LIM) which also is reported Before and After Tax. To be poor according to this measure, your income before taxes must be in the bottom quarter of the income hierarchy. The LIM is the most recognized internally as a sound measure of poverty, used by the Organization for Economic Cooperation and Development, the United Nations and the European Union for international comparisons. The newer Market Basket Measure (MBM) is an absolute measure of poverty. The MBM costs a range of essential goods and services for multiple household types within many locations across Canada, estimating the disposable income required to meet basic needs.

**Table 3: After Tax Low Income Cut-offs (2009 Current Dollars)**

	Rural	Urban area, population under 30,000	Urban areas, population 30,000 to 99,999	Urban areas, population 100,000 to 499,999	Urban areas, population 500,000 and over
1 person	\$12,050	\$13,791	\$15,384	\$15,579	\$18,421
2 persons	\$14,666	\$16,785	\$18,725	\$18,960	\$22,420
3 persons	\$18,263	\$20,900	\$23,316	\$23,610	\$27,918
4 persons	\$22,783	\$26,075	\$29,089	\$29,455	\$34,829
5 persons	\$25,944	\$29,692	\$33,124	\$33,541	\$39,660
6 persons	\$28,773	\$32,929	\$36,736	\$37,198	\$43,984
7 persons or more	\$31,602	\$36,167	\$40,346	\$40,854	\$48,308

CUTOFFBASE: 1992 After Tax-Low income cut-offs.  
Statistics Canada (CANSIM) Table 202-0801 - Low Income Cut-offs After Tax for Rural and Urban Areas

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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 – 2009 (Base LICO 1992), Table 202-802, 2012, 2010, 0407
- National Council of Welfare, Welfare Incomes 2009

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

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**NOTES**

<sup>1</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>2</sup> Frank, L. (2010). *Nova Scotia Child Poverty Report Card 2010*, Canadian Centre for Policy Alternatives-Nova Scotia.

<sup>3</sup> Pasma, C. (2010). *Bearing the Brunt: How the 2008 Recession Created Poverty for Canadian Families*. Ottawa, ON: Citizens for Public Justice.

<sup>4</sup> Statistics Canada, *Labour Force Survey, 2009*. <http://www.statcan.gc.ca/pub/75-001-x/topics-sujets/minimumwage-salaireminimum/minimumwage-salaireminimum-2009-eng.htm>

<sup>5</sup> UNICEF Innocenti Research Centre. (2008). *The childcare transition. Report Card #8*. Florence: Author.

<sup>6</sup> Beach, Friendly, Fern, Prabhu & Forer (2009). *Early Childhood Care and Education in Canada-2008*. Childcare Resource and Research Unit.

<sup>7</sup> See government of Nova Scotia Poverty Reduction Actions and Initiatives, <http://www.gov.ns.ca/coms/poverty/>

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## About the Author

Lesley Frank is a CCPA-NS Research Associate and has co-authored or single authored the Child Poverty Report Card for Nova Scotia for ten years. She is a PhD candidate at the University of New Brunswick where she holds a Canada Graduate Doctoral Scholarship from the Social Science and Humanities Research Council. She is a part-time Sociology Instructor at Acadia University and holds a B.A. (Dalhousie University) and a Masters (Acadia) in Sociology. Ms. Frank has worked as a community-based researcher in the area of women's health, family poverty and food security and spent several years providing pre-natal services to women living in low-income circumstances.

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