



ECONOMIC SECURITY

Economic security refers to an assured standard of living that provides families with the resources and benefits necessary to participate economically, politically, socially, culturally, and with dignity in their community's activities.

KEY INDICATORS:

- Family income
- Child poverty rate
- Family expenditures

ECONOMIC SECURITY OVER THE DECADE

One of the primary indicators of children's economic security is their family income. Family income directly affects children's living conditions, their opportunities to participate in school and community activities, and ultimately, their sense of well-being. While many other factors can influence children's healthy development, family income is recognized as one of the key determinants.

Growing inequity

Between 1993 and 2003, the average annual pre-tax income for families with children under 18 rose by 19%, to \$76,400. This increase more than kept pace with inflation. Economic growth through the late 1990s and early years of this century fuelled the increase in average family incomes.

These benefits were not shared equally, however. The gap between families with the highest incomes and those with the lowest grew over the decade. Gains were greatest among the wealthiest 10% of families with children: their average pre-tax income rose by

AVERAGE ANNUAL FAMILY INCOMES*, 1993 TO 2003
FAMILIES WITH CHILDREN UNDER 18

YEAR	LOWEST	2	3	4	5	6	7	8	9	HIGHEST	CANADIAN AVERAGE	RATIO OF HIGHEST TO LOWEST DECILE
1993	\$15,000	\$25,600	\$35,900	\$44,700	\$53,500	\$61,800	\$71,100	\$82,300	\$98,900	\$154,100	\$64,300	10.3
1995	\$13,500	\$24,700	\$35,400	\$45,000	\$53,800	\$64,500	\$73,600	\$85,000	\$102,100	\$159,200	\$65,600	11.8
1997	\$13,500	\$24,000	\$34,400	\$43,500	\$53,500	\$63,400	\$73,700	\$85,600	\$103,300	\$169,500	\$66,500	12.6
1999	\$14,700	\$27,400	\$37,500	\$47,400	\$57,000	\$66,600	\$77,500	\$90,900	\$109,300	\$186,400	\$71,500	12.7
2001	\$16,000	\$29,200	\$39,600	\$49,200	\$59,600	\$69,600	\$80,500	\$93,800	\$114,700	\$204,300	\$75,700	12.8
2003	\$16,100	\$29,500	\$39,300	\$49,100	\$59,800	\$70,200	\$81,200	\$95,400	\$115,500	\$208,300	\$76,400	12.9
% increase												
1993 to 2003	7.3	15.2	9.5	9.8	11.8	13.6	14.2	15.9	16.8	35.2	18.8	
\$ increase												
1993 to 2003	\$1,100	\$3,900	\$3,400	\$4,400	\$6,300	\$8,400	\$10,100	\$13,100	\$16,600	\$54,200	\$12,100	

* In constant 2003\$

Source: Calculations by the Canadian Council on Social Development using Statistics Canada's Survey of Labour and Income Dynamics, masterfile.

35% – from \$154,100 in 1993 to \$208,300 by 2003. The poorest 10% of families experienced much more modest income growth over the decade. By 2003, their average annual income had risen by 7%, to \$16,100.

This means that in 2003, the richest 10% of families with children had \$13 for every \$1 of income of the poorest families. Ten years earlier, the ratio had been \$10 for every \$1. This growing income gap further marginalizes children and youth in the lowest-income families, and it can threaten their healthy development and life chances. Many families in the lowest income group are recent immigrants, visible minorities, Aboriginal people, lone-parent families headed by women, and people with disabilities.

Working-poor families struggle

Changes in the labour market have affected incomes at the low end of the scale. Precarious forms of employment are increasing, with more temporary work, part-time, contract, and seasonal jobs. Non-standard employment now makes up 37% of all jobs in Canada, compared to 25% in the mid-1970s. This means that fewer workers are able to obtain jobs with enough pay, hours and benefits to allow families to make ends meet.

Even people working full-time for the whole year are not necessarily keeping their heads above water. One indicator of this problem is the increasing proportion of poor children who have parents in the labour force. Almost one-quarter (24%) of children living in poverty in 1993 had at least one family member who worked full-time all year. By 2003, the proportion was 31% – almost one in three. Despite significant economic and employment growth over that period, the poverty rate for children under 18 in families where one member worked full-time for the full-year remained virtually unchanged (9%).

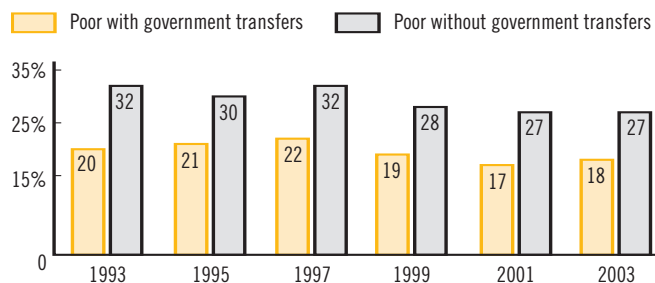
Government transfers

According to a Statistics Canada study, government transfers – such as the National Child Benefit, Employment Insurance (EI), and the GST credit – continue to play an important role in supporting families in times of volatile market incomes and more precarious employment.

One way of seeing this effect is to look at the number of children who were *not* living in poverty as a result of government transfers. In 2003, government transfers helped 628,000 children avoid poverty. Without those transfers, Canada's child poverty rate would have been 27%.

Increases to the National Child Benefit have been particularly important, since the value of EI and Social Assistance has been significantly eroded.

PROPORTION OF CHILDREN WHO WOULD BE POOR, WITH AND WITHOUT GOVERNMENT TRANSFERS

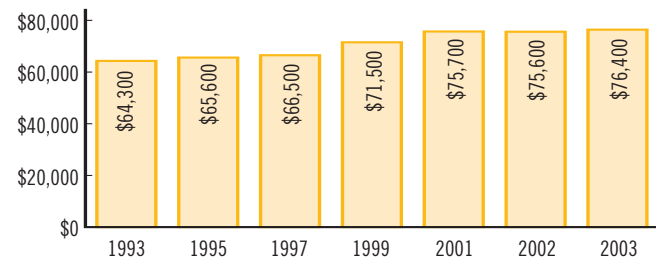


Source: Calculations by the Canadian Council on Social Development using data from Statistics Canada's Survey of Labour and Income Dynamics, various years.

KEY INDICATORS

AVERAGE ANNUAL FAMILY INCOME

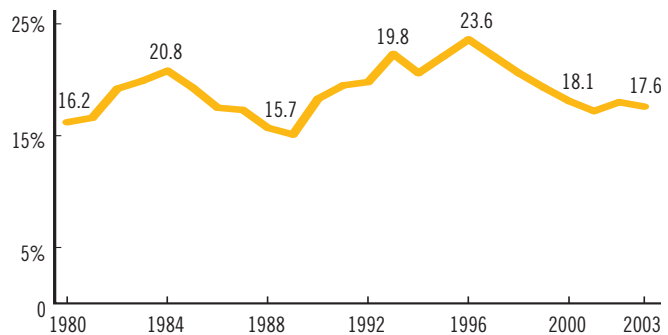
FAMILIES WITH CHILDREN UNDER 18



Note: Total pre-tax family income includes government transfers, in constant 2003 dollars.

Source: Calculations by the Canadian Council on Social Development using data from Statistics Canada's Survey of Labour and Income Dynamics, various years.

CHILD POVERTY RATE

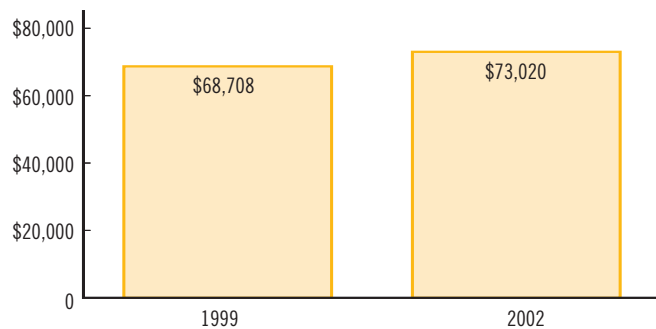


Note: Children under age 18.

Source: Statistics Canada, Income Trends in Canada 2003.

AVERAGE TOTAL EXPENDITURES*

FAMILIES WITH CHILDREN UNDER 18



* In constant 2002\$

Source: Calculations by the Canadian Council on Social Development using data from Statistics Canada's Survey of Household Spending, 1999 & 2002.

CHILD POVERTY RATE (%)

	1989	1996	2000	2001	2002	2003
NF & LB	20.0	25.9	26.5	21.6	23.8	21.8
PEI	13.2	17.4	14.8	12.6	12.4	11.3
NS	16.0	23.0	18.6	19.1	20.5	20.7
NB	17.7	19.7	16.4	14.8	16.9	17.3
QC	15.9	24.2	20.4	19.4	17.7	16.7
ON	11.6	23.1	16.2	15.1	16.4	16.1
MB	22.5	26.9	23.3	22.5	22.7	22.1
SK	21.7	25.2	20.0	19.1	20.3	18.3
AB	19.0	23.8	15.6	14.9	14.5	15.6
BC	14.3	22.8	18.9	19.9	24.2	23.9
CANADA	15.1	23.6	18.1	17.2	18.0	17.6

Source: Calculations by the Canadian Council on Social Development using data from Statistics Canada's Income Trends in Canada, 2003.

CHILD POVERTY

In 1989, the House of Commons unanimously resolved to “seek to achieve the goal of eliminating poverty among Canadian children by the year 2000.” Even three years after that deadline, more than 1.2 million Canadian children still lived in poverty – one child of every six.

Child poverty declined somewhat during the late 1990s and into the new millennium, largely due to economic growth and social investments. But progress appears to have stalled.

Female lone-parent families have the highest poverty rates. Their situation improved between 1993 and 2001, but has deteriorated since then. Children in female lone-parent families have a poverty rate three times that of all children, and four and a half times that of children in two-parent families. In 2003, child poverty rates in the provinces ranged from 11.3% in Prince Edward Island to 23.9% in British Columbia.

Poverty deepens

While reducing the *number* of children living in poverty is an important goal, reducing the *depth* of poverty is equally important. Some incomes are so low that families can barely survive.

The depth of poverty is measured by the distance between average low incomes and the LICO. It is a critical indicator of the impact of both public policies and labour market forces.

Poor couples with children were, on average, \$9,900 below the LICO in 2003 – a marginal improvement from 2000. Female lone-parent families were an average of \$9,600 below the poverty line in 2003 – 6% worse than in 2000.

Children living in two-parent families with no earners – most of whom depend on Social Assistance – experienced the deepest poverty in 2003. These families lived \$15,300 below the poverty line, on average. For these families, the depth of poverty has remained stubbornly high since the mid-1990s. And it is higher than it was in 1989.

Chronic poverty

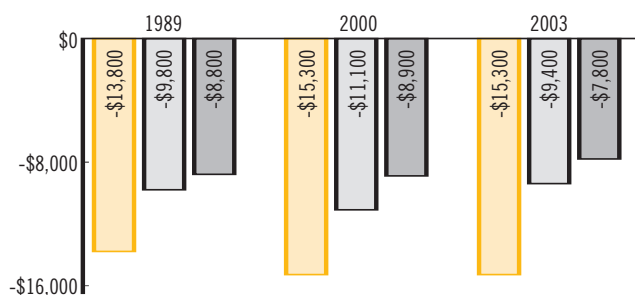
Some children move into and out of poverty, usually as a result of their parents' success – or lack of success – in finding a full-time, well-paying job. The financial impact of a family break-up or reconstitution also moves families into or out of poverty.

Previous *Progress* reports have presented evidence which indicates that deep and persistent poverty has a critical effect on both the short- and long-term development and well-being of children. For example, children who live in persistent poverty are less likely to be academically prepared to start school. When they get there, they have less positive, less successful school lives – with poorer scores in reading, math, science, and writing. They are more likely to have emotional problems, to exhibit anxiety and aggressive behaviours, and hyperactivity. They are more likely than their non-poor counterparts to become involved in illegal activities.

THE DEPTH OF CHILD POVERTY, BY FAMILY TYPE
FAMILIES WITH CHILDREN UNDER 18

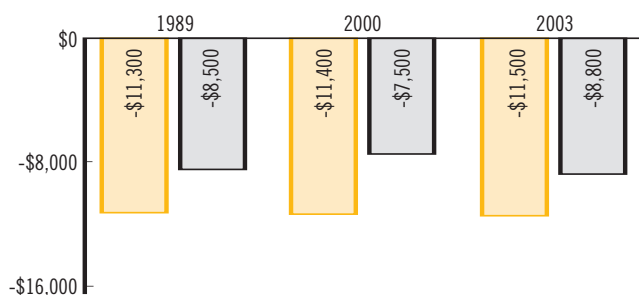
TWO-PARENT FAMILIES

□ No earners □ One earner ■ Two earners



FEMALE LONE-PARENT FAMILIES

□ No earners □ One earner



Source: Calculations by the Canadian Council on Social Development using data from Statistics Canada's Income Trends in Canada, 2003.



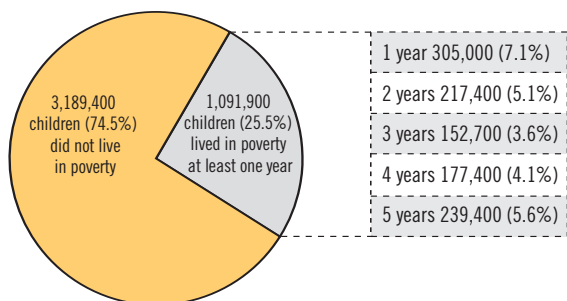
International comparisons

In a 2005 global survey of child poverty rates, UNICEF ranked Canada 19th out of 26 industrialized countries. Every country which spent more than 10% of GDP on social programs for families with children had a child poverty rate below 10%. This included Denmark, Norway, Finland and Sweden – all with child poverty rates below 5%. By contrast, Canada devotes a little over 5% of GDP to social programs and our child poverty rate is almost 15%.

Between 1996 and 2000, 488,000 children and youth under age 18 (10%) spent five or more years living in poverty. Fortunately, a smaller proportion of children are living in persistent poverty. Three-quarters of children under age 18 in 1999 did not experience poverty between 1999 and 2003, while one-quarter lived through at least one year of poverty over that period. One in 17 children (6%) spent the entire five years living in poverty.

PERSISTENCE OF CHILD POVERTY

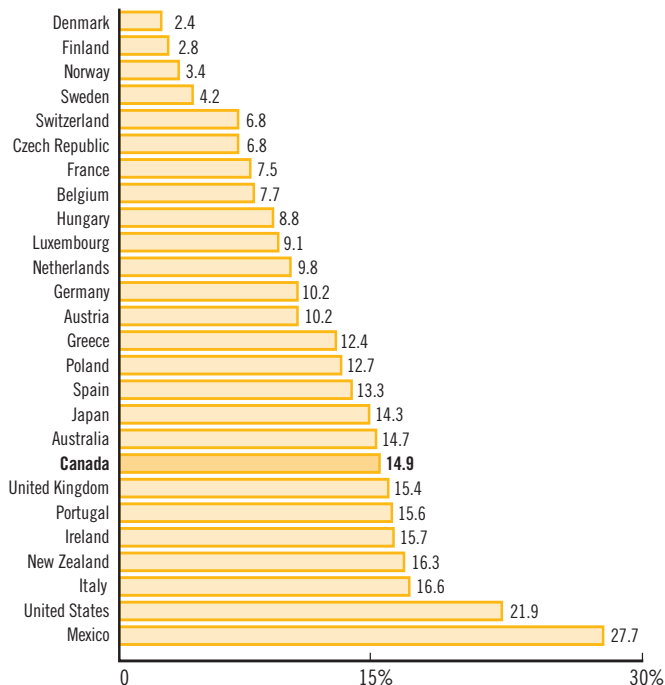
NUMBER OF YEARS CHILDREN UNDER 18 LIVED IN POVERTY BETWEEN 1999 AND 2003



Note: Low income cut-offs before taxes, 1992 base.

Sources: Calculations by the Canadian Council on Social Development using data from Statistics Canada's Survey of Labour and Income Dynamics masterfile (1998-2003) and Income Trends in Canada (1993-2001).

INTERNATIONAL CHILD POVERTY RATES (%)



Source: UNICEF, Innocenti Research Centre. Child Poverty in Rich Nations 2005.

Poverty is measured using Statistics Canada's Low Income Cut-offs (LICOs), 1992 base. LICO takes into account the size of the family and the community in which the family lives. In 2003, the LICO line was \$31,952 for a family of four living in a large urban centre and \$26,396 for a family of three.



WHO IS POOR?

Some Canadian children and youth are more likely than others to live in poverty. This is particularly true of Aboriginal, recent immigrant, and visible minority children, and those with activity limitations.

For example, Aboriginal youth aged 15 to 24 had a poverty rate of 37% in 2001, compared to 19% among non-Aboriginal youth. As well, 42% of immigrant children under age 15 were poor, compared to 17% of Canadian-born children.

Among all immigrant children and youth, recent immigrants were the most likely to be poor. Almost half (49%) of children under 15 who immigrated between 1996 and 2001 were poor, compared with 31% of those who immigrated between 1991 and 1995, and 25% of those who immigrated between 1986 and 1990.

While poverty among these four vulnerable groups remained high, the rates declined overall between 1996 and 2001. The poverty rate for children under age 15 with activity limitations decreased by 23% and among Aboriginal children, by 21%. The poverty rate for Aboriginal youth aged 15 to 24 declined by 18% and for visible minority youth, by 19%.



FAMILY EXPENDITURES

In 2002, two-parent families with children had total expenditures averaging \$73,020 – an increase of 6.3% from 1999.

The most dramatic increase in expenditures was for education, which included items such as textbooks, tuition, and school fees. In 2002, two-parent families spent an average of \$1,464 on education-related expenses, an increase of 23% from 1999. Education costs have been steadily increasing, rising by 36% between 1996 and 1999, then by another 23% from 1999 to 2002.

Two other areas showing large increases were expenditures on gifts and donations and household furnishings, both of which rose by 20% between 1999 and 2002.

Transportation costs were not far behind. They rose from \$8,449 to \$9,816, an increase of 16%. Families also spent more on health care. Two-parent families with children spent an average of \$1,594 on health care in 2002, up 13% from 1999.

While most expenditures rose, spending in three areas declined – child care, clothing, and reading materials.

WHO IS LIKELY TO BE POOR?

% OF CANADIANS WHO ARE POOR, BY AGE GROUP AND SELECT VARIABLES

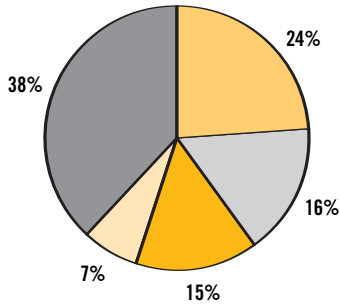
	UNDER AGE 15		AGED 15 TO 24		ALL CANADIANS	
	1996	2001	1996	2001	1996	2001
Total population	23	19	24	20	20	16
With activity limitation	37	28	38	31	31	23
Without activity limitation	23	18	23	19	18	15
Immigrant population	51	42	41	33	28	22
Non-immigrant population	22	17	21	17	18	15
Aboriginal population	52	41	45	37	43	34
Non-Aboriginal population	23	18	24	19	19	16
Visible minority group	43	34	39	32	36	28
Non-visible minority group	20	16	22	17	18	14

Source: Calculations by the Canadian Council on Social Development using custom data runs from Statistics Canada's Census, 1996 & 2001.

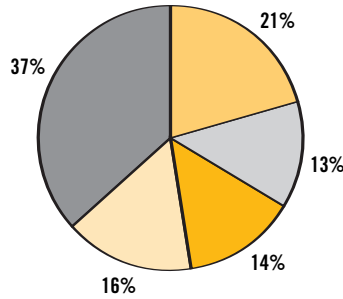


AVERAGE EXPENDITURES, BY LEVEL OF HOUSEHOLD INCOME, 2002
FAMILIES WITH CHILDREN UNDER 18

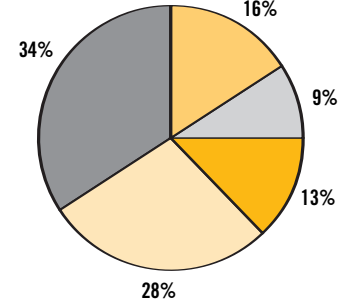
UNDER \$48,000



\$48,000 TO \$78,999



\$79,000+



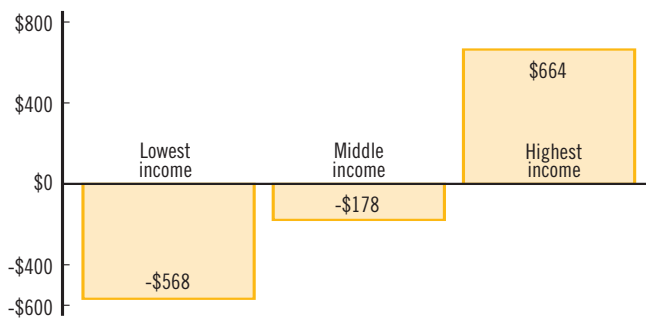
Source: Calculations by the Canadian Council on Social Development using data from Statistics Canada's Survey of Household Spending, 2002.

Spending patterns vary

Low-income families spend proportionately more of their income on food and shelter. In 2002, low-income families with children under 18 spent 24% of their total income on shelter and 16% on food. For high-income families, the top expenditures were for personal income taxes (28%) and shelter (16%). For families in the middle-income range, the top expenditures were for shelter (21%) and personal taxes (16%).

After all the bills were paid, families in the highest income group had money left over at the end of the month to put into their savings. Families in the middle and lowest income groups did not.

MONEY LEFT AT MONTH-END, AFTER ALL EXPENDITURES, 2002
FAMILIES WITH CHILDREN UNDER 18

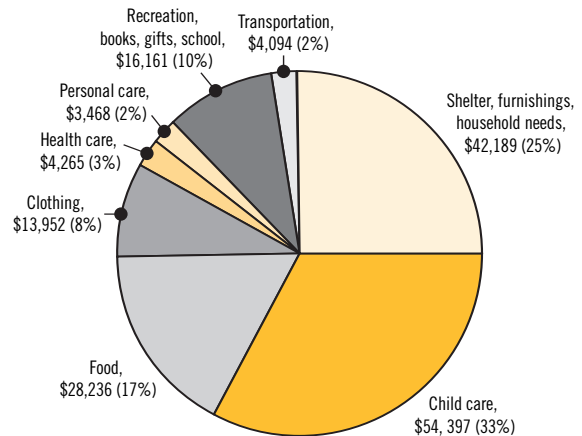


Source: Calculations by the Canadian Council on Social Development using data from Statistics Canada's Survey of Household Spending, 2002.

COSTS OF RAISING CHILDREN

As every parent knows, it is expensive to raise children today. The Manitoba government tracks these costs, and according to their data, in 2004 it cost \$166,762 to raise a child from birth to age 18.

ESTIMATED COSTS OF RAISING A CHILD TO AGE 18, 2004



Source: Manitoba Agriculture and Food. "Estimated Cost of Raising a Child to 18 Years," in Family Finance, 2004.

PERCEPTIONS OF ECONOMIC SECURITY

Canadian youth are feeling somewhat less secure about their families' economic situation, but they are more optimistic about their own employment.

In 2003, when asked how adequate they thought their family's income was in meeting its basic needs, 56% of youth aged 16 to 24 felt that it was adequate. This was down 7% from 2001.

Only 14% of youth in 2003 said there was a good chance they could lose their job over the next couple of years, compared to 21% who felt this way in 2001. Youth were also more optimistic about finding an equivalent job within six months if they had to – 16% in 2003, compared to 14% in 2001. In addition, 88% felt that if they lost their job, their family would help them out.



SOURCES:

- Calculations by the Canadian Council on Social Development using data from Statistics Canada's *Survey of Labour and Income Dynamics*, *Survey of Household Spending*, and *Census of the Population*.
- Campaign 2000. *Poverty Amidst Prosperity: Decision Time for Canada, 2005*. Report Card on Child Poverty in Canada. Toronto: Campaign 2000, 2005.
- Canadian Council on Social Development. *Personal Security Index*. Ottawa: CCSD, 2001, 2002 & 2003.
- Manitoba Agriculture and Food. "Estimated Cost of Raising a Child to 18 years," in *Family Finance*, 1995 & 2004.
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