



**POVERTY
COSTS**

Poverty Costs Saskatchewan:
A New Approach to Prosperity for All

Executive Summary

October 2014

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This executive summary was produced as part of the Poverty Costs campaign, an initiative involving several community-based organizations including representatives from the Saskatoon Food Bank & Learning Centre (www.saskatoonfoodbank.org), the Saskatoon Anti-Poverty Coalition, Upstream (<http://www.thinkupstream.net>), and Unite Digital Marketing Co-op (www.unitecoop.com), as well as representatives from the Saskatoon Health Region (<https://www.saskatoonhealthregion.ca>) and the Saskatoon Poverty Reduction Partnership (<http://www.saskatoonpoverty2possibility.ca>).

Poverty Costs is a campaign to raise awareness about the economic cost of Poverty in Saskatchewan, recently calculated to be \$3.8 billion each year in heightened service use and missed economic opportunities, and to mobilize the Saskatchewan community to call for a comprehensive poverty reduction plan. The campaign was developed as an initiative of a working group of the Saskatoon Poverty Reduction Partnership.

The opinions in this report, and any errors, are those of the authors and do not necessarily reflect the views of the publishers or their funders, sponsors or supporters.

The full report can be accessed at www.povertycosts.ca and should be cited as: Plante, Charles and Keisha Sharp. 2014. Poverty Costs Saskatchewan: A New Approach to Prosperity for All, Saskatoon: Poverty Costs.

Acknowledgements

This report would not have been possible without the support and efforts of the Poverty Costs partner organizations.

Thanks to Tony Kim, Nadine Poulton and Jennifer Kardynal for their research assistance with earlier versions of this report.

Thanks to the following people for reviewing drafts and providing feedback on versions of this report: Brian Banks, Joanne Havelock, Paul Gingrich, Tanya Dunn-Pierce, Helen Oliver, Kathie Cram, Ryan Meili, David Mitchell, Alison Robertson, Colleen Christopherson-Cote, Ruth Engele, Darcy Wojcichowsky, Vanessa Charles.

Thanks to Fred Reibin and the rest of Unite Marketing Co-op for graphic work and patience. Special thanks to Rachel Malena-Chan and Elizabeth Roth for project coordination and polishing. Without your time and effort this project would only be so many disparate parts.

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Executive Summary:

The costs of poverty go beyond the dollars and cents spent on maintaining Canada's social safety net - the lost opportunity costs and the consequences of growing inequality among our province's residents impact all of us.

We know it and we want to do something to change it. When surveyed, an overwhelming 89% of Saskatoon residents supported provincial plans to reduce poverty and 90% supported provincial plans to specifically reduce child poverty.¹ Now is the time for action on poverty reduction, and for a plan that will benefit everyone who calls this province home.

Here are seven simple facts about poverty in our community, and how reducing it helps us all.

1) Poverty costs us all.

The cost of poverty in Saskatchewan in 2010 was \$3.8 billion in heightened service use and missed opportunities.²

Poverty makes it much harder for people to take advantage of opportunities such as education, employment, cultural and community activities and other aspects of civic life, leading to extremely detrimental consequences for individuals, families and communities. The cost of these missed opportunities is more than \$2 billion per year in missing contributions to GDP and taxes. These costs alone make up for more than two thirds of the overall province-wide cost of poverty.

In addition, poverty costs Saskatchewan \$420 million a year in heightened health care service usage. Poverty also causes us to spend between \$50 and \$120 million a year more than we otherwise would spend on our criminal justice system.

2) In spite of a growing economy, poverty has not gone away.

Poverty exists in Saskatchewan today, and is a serious problem. There were 99,000 people in Saskatchewan living in poverty in 2010 - that's 10.1% of our population who lacked the income needed to afford basic necessities.^{3,4}

Many of those in poverty are working full- or part-time but are not able to earn enough to meet their family's needs. In fact, working families with children made up more than a quarter of all people living in poverty.⁵ For a parent working full-time, minimum wage pays just over \$20,000 per year - that's almost \$15,000 below the poverty line for a family of four.

3) Poverty affects us unequally.

Some of Saskatchewan's populations—including women, children, newcomers, Indigenous, rural and people living with disabilities—are at a greater risk for living in poverty, and face systemic barriers that impede their efforts to rise above the poverty line. The poverty rate of female-headed households in Saskatchewan in 2010 was 16.8, 6.7 points higher than the province's overall poverty rate.⁶ Single mothers were particularly vulnerable, with poverty rates of 36.8%.⁷ In 2010, 11.7% of children in Saskatchewan lived in poverty.⁸ People with disabilities face 53% higher unemployment

rates than people without disabilities.⁹ Working age people with disabilities confronted a poverty rate of 20.9% in 2006.¹⁰

In addition, poverty affects urban and rural communities differently. According to the 2006 census,¹¹ some Northern Saskatchewan towns are considered to be amongst the poorest in the country. The most poverty stricken rural communities in Saskatchewan report poverty levels approaching and surpassing 50%.

4) Poverty is hard on people's health.

People living in poverty are much more likely to suffer ill health than those whose basic needs are met. For instance, in Saskatoon in 2001, people living in poverty were significantly more likely to suffer from diabetes, heart disease, injury and/or poisoning, chronic obstructive pulmonary disease and mental health concerns than those with incomes that met their basic needs.¹²

Health disparities due to poverty are a direct result of substandard living conditions, inadequate access to nutritional food, and increased stress associated with making ends meet. For example, individuals living in housing with mould are 60% more likely to have asthma and 90% more likely to have bronchitis than those in adequate housing.¹³

Furthermore, the stresses of living in poverty are great. In Saskatoon, low-income adults were 4.5 times more likely to experience suicidal thoughts and 15.5 times more likely to attempt suicide.¹⁴

5) Poverty is getting harder and harder to escape.

In Saskatchewan, costs of living are rising but wages and salaries are not necessarily keeping pace. It is becoming more and more expensive to live above the poverty line. In 2012, Saskatchewan had the second highest inflation rate in the country and yet still had the second lowest minimum wage. In 2002, the average poor household in Saskatchewan reported incomes 26.9% below the poverty threshold, while this number rose to 37.6% in 2010.¹⁵

Current social assistance rates are not doing enough for the most vulnerable.¹⁶ These shortcomings are reflected in recent increases in long-term poverty in Saskatchewan. Between 2002 and 2007, 1.7% of people who experienced poverty in our province passed all six of those years in poverty.¹⁷ Between 2005 and 2010, this proportion had increased to 2.4%. Similarly, Statistics Canada's immobility measure of poverty, or the share of the poor that remain in poverty from year to year, has increased from 56.2% in 2002/2003 to 61.2% in 2009/2010.¹⁸

6) The public supports action on poverty.

In May 2013, the Saskatoon Health Region teamed up with the University of Saskatchewan and their Social Sciences Research Laboratory to compare Saskatoon residents' attitudes and understanding of the social determinants of health to a similar study completed in 2006. The great news is, overall, there is increased public understanding about the social determinants of health and support for addressing the underlying causes of poor health is growing.

To summarize, 80% of Saskatoon residents understand that income is the most important underlying factor contributing to health outcomes.¹⁹ This is a significant difference from the 2006 poll in which 98% of respondents believed that nutrition was the most important factor contributing to health outcomes.²⁰ In addition, 94% support reducing poverty, with 89% supporting a provincial approach to poverty reduction in Saskatchewan.²¹

7) We can reduce poverty in Saskatchewan.

The evidence shows that working to reduce poverty in the first place costs less than paying to respond to the effects of poverty later. Right now, Saskatchewan is one of only two provinces in all of Canada without a comprehensive poverty reduction plan. Other Canadian provinces have demonstrated that by developing a comprehensive provincial poverty reduction plan with clear targets and timelines, we can focus our efforts on reducing all the costs of poverty and ensure we are using our resources as effectively as possible.

Let's join the other Canadian provinces in taking upstream action to proactively identify and tackle the root causes of poverty to prevent its costly symptoms.

Endnotes

1. Public Health Observatory, Saskatoon Health Region and University of Saskatchewan Social Sciences Research Laboratory, 2013.
2. With few exceptions, throughout this document we report poverty estimated for 2010. This is because this is the most recent year for which Saskatchewan has complete data, and the year for which we produced our cost of poverty estimates.
3. Statistics Canada provides three measures of poverty in Canada: the Low-income Measure (LIM), the Low-income Cut-off (LICO), and the Market Basket Measure. All three measures are widely used in Canada. The Poverty Costs campaign has adopted the MBM as our measure of poverty for two reasons: first, the LIM, though recognized internationally, estimates higher poverty levels than the other measures and we wish to pre-empt accusations of poverty inflation; second, the LICO suffers from serious methodological shortcomings (c.f. Hunter 2011). The MBM are calculated based on how much income a family needs to cover the costs of essential goods, including food, clothing, and shelter in each of 49 economic regions throughout Canada. The low income line for a single individual living in Saskatoon in 2011 was \$17,448.50. The same line for a family of four (two parents with two children) was \$34,897. For more information on poverty measurement in Canada see Zhang (2012).
4. Statistics Canada, 2013a.
5. Statistics Canada, 2013b.
6. Ibid.
7. Ibid.
8. Statistics Canada, 2013a.
9. Statistics Canada, 2006.
10. Douglas and Gingrich, 2009. This study is based on the after-tax Low Income Cut-Off (LICO) poverty threshold.
11. Banks and Gingrich, 2013. This study is based on the after-tax Low Income Cut-Off (LICO) poverty threshold.
12. Lemstra and Neudorf, 2008.
13. Ibid.
14. Ibid.
15. Statistics Canada, 2013a.
16. The complete welfare income---that is including all federal and provincial transfers---for a single parent with one child aged 2 was \$18,370 in 2012 compared with \$18,188 in 1986 (Tweddle et al. 2012). This income represents only 75% of the poverty threshold for a family of this size.
17. Statistics Canada, 2013c.
18. Statistics Canada, 2013d.
19. Public Health Observatory, Saskatoon Health Region and University of Saskatchewan Social Sciences Research Laboratory, 2013.
20. Ibid.
21. Ibid.

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- Statistics Canada. 2013a. Table 202-0802 - Persons in Low Income Families, Annual, 1976 to 2011. CANSIM.
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