This year’s BC Child Poverty Report Card is dedicated with love and gratitude to the memory of Steve Kerstetter (1943–2013).

Steve worked for years on producing First Call’s annual child poverty report cards and many other research pieces as part of his deep commitment to eliminating poverty and making life better for British Columbia’s children.
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ACTION ON CHILD AND FAMILY POVERTY LONG OVERDUE

The latest figures from Statistics Canada (2011) once again show that BC is the worst province in Canada when it comes to major measures of child poverty:

- BC had a child poverty rate of 18.6 per cent—the worst rate of any province in Canada, using the before-tax low income cut-offs of Statistics Canada as the measure of poverty.
- BC had the worst poverty rate of any province for children living in single mother families—49.8 per cent.
- BC also had the worst poverty rate of any province for children living in two-parent families—14 per cent.
- BC’s poverty rate for children under 6 years at 20.7 per cent is 8 percentage points higher than the Canadian average.
- British Columbia also had the most unequal distribution of income among rich and poor families with children. The ratio of the average incomes of the richest 10 per cent compared to the poorest 10 per cent was 12.6—the worst of any province.

Despite these shameful facts, and a decade of similarly dismal statistics, BC has inexplicably refused to follow the lead of most other provincial and territorial governments, of all political persuasions, to develop and implement a comprehensive poverty reduction strategy.

In 2013, the BC government cannot claim to be ignorant of the abundant evidence of the harm done to children’s health and development by growing up in poverty, nor of the huge additional costs in health care, education, the justice system and lost productivity we are already paying by keeping poverty rates so high.

Yet the BC government has failed to act decisively, and BC stands out among the provinces as having done the least to reduce child poverty through government transfers. Instead, citing a slogan of “one size doesn’t fit all,” in 2012 the Ministry of Children and Family Development proposed “regional poverty reduction strategies.” With no permission from government to bring in policy reforms that would make a difference to large numbers of poor families, and no significant commitment of new spending, the “strategies” were intended to help only 10 to 15 low-income families in seven pilot communities, with promises to scale the initiative up to more communities within a year or two. To date there has been no public reporting of the outcomes of these seven initiatives. Did they succeed in helping the targeted families out of poverty? Did they teach us anything new about what we might do on a larger scale to help low income families move out of poverty? We don’t know.

Moving from the micro to the macro level, the BC government cites the importance of capitalism and free markets to poverty reduction and asserts “we will continue to target economic growth as the best method to reduce poverty, simply because it

BC has inexplicably refused to follow the lead of most other provincial and territorial governments, of all political persuasions, to develop and implement a comprehensive poverty reduction strategy.

INTRODUCTION
works.”¹ But the child poverty statistics in this report tell another story—even a growing economy can leave many people behind when we allow inequality to grow. BC has seen growing wealth for a few, while more middle and low income families struggle to make ends meet on poverty level wages. A growing economy without healthy social policy means more young families are unable to balance caring for children with earning a living, and many are burdened with crushing student debt in the face of higher costs of living.

The government’s inaction flies in the face of public concern about poverty and inequality. In 2011 a national public opinion poll found that 80 per cent of British Columbians agreed that the widening income gap is a serious problem for Canada that will have long-term consequences for society.² A poll two years earlier found that 87 per cent of BC respondents thought the prime minister and the premier should set concrete targets and timelines for reducing poverty.³ Over the past decade municipalities, school districts, health officers, business groups, BC’s Representative for Children and Youth, First Call’s 95 partner organizations and the members of the BC Poverty Reduction Coalition have all urged the BC government to commit to a comprehensive poverty reduction plan. The BC New Democratic Party introduced a bill in the BC Legislature in 2011 that, if it had passed, would have committed the province to adopt a full-fledged poverty reduction plan within a year. Most recently the BC Legislature’s Finance Committee has joined the chorus.⁴

But so far this chorus of concern has landed on deaf ears.

It’s time for BC’s provincial government and our federal Members of Parliament to look at the evidence of what’s happening to children and families in this province, and to listen to the concerns of their constituents. It’s time to look “upstream” at the causes of child and family poverty and to act on the preventative recommendations in this report.

It is simply unacceptable that one out of every five BC children is living in poverty.

¹ Minister of Children and Family Development Stephanie Cadieux, letter to the Vancouver Sun, July 14, 2013.
² Broadbent Institute, Equality Project, 2011, broadbentinstitute.ca/sites/default/files/documents/equality-project_0.pdf
³ Trish Hennessy and Armine Yalnizyan, Ready for Leadership: Canadians’ Perceptions of Poverty, Canadian Centre for Policy Alternatives, October, 2008, p. 16.
SUMMARY OF RECOMMENDATIONS (full recommendations on page 27)

Adopt a comprehensive provincial poverty reduction plan with legislated targets and timelines, a cabinet minister with the authority and responsibility to ensure government is achieving its targets on time, and a goal of reducing BC’s child poverty rate to 7 per cent or lower by 2020.

1. Continue to raise the minimum wage and index it annually.

2. Extend minimum wage coverage to alcoholic beverage servers and agricultural workers currently paid piece-work rates.

3. Ensure that direct and contract employees are paid a living wage at all levels of government.

4. Increase welfare rates to the after-tax poverty line and index them annually.

5. Restore the income exemption for child support payments for lone parents on welfare, and allow welfare recipients to retain benefits while attending a post-secondary institution.

6. Increase the Canada Child Tax Benefit to $5,500 per child.

7. Increase funding for child welfare, education and community health services for Aboriginal peoples on and off reserves, and develop a long-term poverty eradication strategy in coordination with First Nations, urban Aboriginal communities and provincial governments.

8. Intensify federal and provincial government efforts to help immigrants and refugees adjust to life in Canada and improve employment standards and human rights protections and enforcement.

9. Cancel all outstanding refugee transportation loan debt and cease indebting new refugees with these costs.

10. Create an independent commission on tax reform to study taxes levied in BC and to recommend ways to make the tax system fairer and reduce income inequality.

11. Adopt and begin implementing the $10/Day Child Care Plan.

12. Remove financial barriers for low-income students and lower student debt levels through tuition fee reductions, student grants instead of loans, and interest free loans.

13. Restore the Employment Insurance program to provide coverage for most workers and enhance the adequacy of benefits.

14. Enhance maternity and parental leave to enrich the benefit value, and extend the total duration to 18 months.

15. Address the demand for affordable housing and eliminate homelessness.

BC’S POVERTY RATES THE WORST—AGAIN

In 2011, British Columbia continued to have a dismal record in its child poverty rate and its poverty rate for all persons, using data from the annual Survey of Labour and Income Dynamics (SLID).

The child poverty rate rose from 14.3 per cent in 2010 to 18.6 per cent in 2011, using Statistics Canada’s Low Income Cut-Offs (LICOs) before tax as a measure of poverty. On this measure one in five BC children were poor—the highest rate of any province.

The number of poor children in BC was 153,000—enough children to fill the Canucks’ stadium over eight times.

The child poverty rate using Statistics Canada’s LICOs after income taxes rose from 10.5 per cent in 2010 to 11.3 per cent in 2011. On this measure, BC was tied with Manitoba for the worst record among provinces.

The number of poor BC children in 2011 using the after-tax rate was 93,000.¹

1 out of 5 BC children are poor – the highest rate of any province.

CHILD POVERTY RATES BY PROVINCE, 2011


¹ Statistics Canada’s data quality note for this after-tax measure for BC is “use with caution,” as it has a larger coefficient of variation.
The overall child poverty statistics hide the fact that particular groups of children are over-represented in these numbers. Census data has consistently shown that there are significantly higher poverty rates for children of recent immigrants, children of Aboriginal identity, children of female lone-parent families, children in racialized families and children with a disability. According to a recent study using 2006 census data, the poverty rate for status First Nations children in BC was 48 per cent, and the rate for other Aboriginal children was 28 per cent, compared to a poverty rate of 17 per cent for non-indigenous children. This data, plus the fact that the SLID data used in this report excludes children on First Nations reserves, suggests that BC’s child poverty statistics are likely an underestimation of the true scope of the problem.

BC also had the worst poverty rates for all persons of any province using all three sets of poverty lines (LICO before-tax, LICO after-tax, MBM) from Statistics Canada.

The poverty rate for all persons using the before-tax statistics was 15.6 per cent, and the number of poor persons was 699,000. The rate for all persons using the after-tax statistics was 10.7 per cent, and the number of poor persons was 476,000. The rate for all persons using MBM statistics was 16.5 per cent or 735,000 people. In 2011, the poverty rates for children in BC were higher than the rates for all persons, on all measures.

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**Child Poverty Rates in Cities**

In 2011, just over half of all poor children in BC lived in Metro Vancouver according to the latest estimates from Statistics Canada. Of the total of 153,000 poor children in BC, 77,000 lived in Metro Vancouver and 76,000 in other parts of the province.

Statistics Canada said the child poverty rate in Metro Vancouver was 19.4 per cent, using the LICOs before taxes. The agency did not calculate a child poverty rate for all areas outside Metro Vancouver.

Poverty rates for most municipal areas are normally calculated from census data collected every five years. To the dismay of many organizations that use this data, the long-form census was eliminated for the 2011 census and was replaced by the National Household Survey (NHS). This new voluntary survey drew a lower response rate than the mandatory long form census and the published data uses the after-tax low-income measure (LIM-AT). Statistics Canada warns that the NHS low income data cannot be reliably compared to the historical low income data collected in previous censuses or with the SLID data used in this report card.

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2 Canadian Centre for Policy Alternatives and Save the Children, June 2013, Poverty or Prosperity: Indigenous Children in Canada, prepared by David MacDonald and Daniel Wilson, p. 17
4 Statistics Canada, Income of Canadians, 2011, Table 202-0802—Persons in low income families, annual
In 2011, the poverty rates for children in BC were higher than the rates for all persons, on all measures.
CHILD POVERTY OVER THE YEARS

British Columbia’s child poverty rates have been above the national average since 1999. While the national child poverty rate was on a downward trend, the BC child poverty rate soared to a record high of 24.6 per cent in 2003 and did not drop near the national rate until 2008.

In 2011, the BC child poverty rate was 18.6 per cent, and the national rate was 13.3 per cent.

The 2011 child poverty rate for Canada was a record low from the time Statistics Canada started doing annual reports on poverty in 1976. Many provinces also recorded record lows in 2010 or 2011. In BC, the record low was back in 1980.

The graph below shows that BC child poverty rates were well below the national average for several years starting in 1976. From the early 1980s to 2000, the two rates were more or less the same. Then between 2000 and 2003, while the national rate was static, the BC rate jumped by 29 per cent to a record high. The BC rate finally came down close to the national rate in 2008. Between 2010 and 2011, BC’s child poverty rate has again started to climb significantly higher than the Canadian average.

Between 2010 and 2011, BC’s child poverty rate again started to climb significantly higher than the Canadian average.

HIGHER STAKES FOR YOUNG CHILDREN

BC children under six had a poverty rate of 20.7 per cent, 2.1 percentage points higher than the overall child poverty rate of 18.6 per cent. This percentage represents 52,600 young children in this province, or more than one third of BC’s poor children in 2011.

As illustrated in the chart below, over the past decade, BC’s under-six poverty rate has been higher than the national rate, with the exception of 2010, when we suspect the data on this measure may have been questionable. (Other measures, such as the MBM, show no similarly large drop in that year.)

CHILD POVERTY RATES FOR CHILDREN UNDER 6 YEARS OLD, LICO-BT, 2002–2011

High poverty rates for young children are very alarming, given the importance of the early years of life for children’s health and development. The most recent Early Development Instrument data from the Human Early Learning Partnership at the University of British Columbia indicates 33 per cent of BC children are developmentally vulnerable upon school entry, a 4 per cent increase since 2008. Persistently high poverty levels in the under-six population are powerful predictors of child vulnerability.

Rapid brain development and crucial windows of time when specific physiological and psychological growth is taking place in their early years make even one or two years in poverty a serious issue for infants and young children. Study after study in Canada, and every other developed country, has shown the negative impacts of living in poverty on young children’s health and development. These impacts include long-term effects such as increased risks of chronic disease over the course of their lives, school failure and criminal involvement. Children experiencing poverty in the first year of life are also likely to have been affected prenatally, a time when their mothers’ poor nutrition, high stress and possible exposures to toxins can also impair their healthy development.

1 Human Early Learning Partnership, BC School Districts, August 2013, earlylearning.ubc.ca/media/mapsets/w5/bc_w5_edimapset.pdf
The poverty rate for British Columbian children living in families headed by lone mothers rose dramatically from 21.5 per cent in 2010 to 49.8 per cent in 2011. This was the highest poverty rate for persons in any family type in British Columbia in 2011. This alarmingly high rate of poverty parallels the drop in the median market income of female lone-parent families in BC from $32,000 in 2010 to $21,500 in 2011. Every other province saw an increase in these families’ median incomes between these two years.¹

The poverty rate for BC children in two-parent families was 14 per cent in 2011, up from 11.6 per cent in 2010. The record low poverty rate for children in two-parent families was 5.5 per cent back in 1980.

BC CHILD POVERTY RATES BY FAMILY TYPE, 1976–2011

Note: The relatively low (historically) rates in children under 18 years old in female lone parent families between 2007 and 2010 and the large jump to the rates in 2011 may be due to data quality issues with the 2007 to 2010 (data rated ‘E’, coefficient of variation (CV) greater than or equal to 16%), while data in 2011 was of slightly higher quality (‘D’, CV between 8% and 16%).


¹ Statistics Canada. Table 202-0203—Median market income, by economic family type, 2011 constant dollars, annual (dollars).
The high incidence of lone mothers raising their children in poverty arises from a number of factors, not least of which is the difficulty many face finding affordable child care so they can sustain employment. Many women are forced to work part-time due to the lack of child care, when they want and need a full-time income to support their families. In addition, Canadian studies show that women’s average hourly wages are still lower than men’s and that women with children earn less over time than childless women, with the earnings gap being greater for lone mothers.\(^2\) All of which speaks to the urgency of reforming our provincial and federal family policies to better support young families, including lone parents, and of the need to reduce gender inequality in paid work.

Despite the much higher poverty rates among children in female lone-parent families, a 60 per cent majority, or 92,000, of BC’s estimated 153,000 poor children lived in two-parent families, with 36 per cent, or 55,000, of BC’s poor children living in female lone-parent families and 4 per cent, or 6,000, living in other family arrangements (with grandparents, male lone-parent families, etc.).

Many women are forced to work part-time due to the lack of child care, when they want and need a full-time income to support their families.

\(^2\)  Statistics Canada, Table 202-0104, Female-to-male earnings ratios, by selected characteristics, 2011 constant dollars annual (per cent), 1976 to 2011, CANSIM (database).

\(^3\)  Xuelin Zhang, *Earnings of women with and without children Perspectives*, March 2009, Statistics Canada—Catalogue no. 75-001-X.
DEPTH OF FAMILY POVERTY

Living at the poverty line is a challenge, but many poor families actually live well below the poverty line.

Elderly seniors living on their own often live a few thousand dollars below the poverty line. The depth of poverty for every other group of poor people is much more severe.

Statistics Canada reported that poor two-parent families in British Columbia lived an average of $14,000 below the poverty line in 2011. For a family of four living in a large city, the poverty line was $43,292. The depth of poverty figure means that a typical poor family in a city would have a yearly income of only $29,292 before tax.

The average depth of poverty for a poor female lone-parent family in 2011 was $9,000. With a poverty line of $29,004 for a lone parent with one child in a large city, average before tax family income would have been $20,000.

The graph below shows depth of poverty statistics for BC families over the years. It shows that living well below the poverty line is a long-time reality in British Columbia, as it is in every other province.

In 2011, single mothers and their children lived on average $9,000 below the poverty line.

AVERAGE DEPTH OF POVERTY FOR POOR BC FAMILIES WITH CHILDREN, 1979–2011

Source: Statistics Canada, Custom Table 804, Families in low income, by economic family type, 2011 constant dollars, Canada, provinces and select CMAs.
FOOD BANK USE

In March 2013, 833,098 people were helped by food banks in Canada; over a third were children. Years after the end of the recession, food bank use remains close to record levels, and is 23 per cent higher than in 2008, before the recession began.

In BC, 94,002 people were helped by food banks in 2013, a 20 per cent increase since 2008. Thirty per cent, or 27,731, were children. Thirty-six per cent of those helped were families with children, and nearly half of these were two-parent families. Ten per cent of those helped were currently employed, and another 4 per cent were recently employed.

Source: Food Banks Canada, Hunger Count 2013.
CHILD POVERTY AND WORKING PARENTS

Having a full-time, full-year job can make a huge difference in family income. This is clear when we see that the poverty rate for children in families without a full-time, full-year worker was 51.1 per cent in 2011, while the child poverty rate in families with a full-time, full-year worker was only 7.9 per cent.

However, in 2011, 31.8 per cent of the poor children in BC—44,500 children—lived in families with at least one adult working full-time, full-year. For the children in these families, their poverty is the result of their parents’ low wages. Whether full-time, full-year workers can earn enough to lift their families out of poverty depends on their wage levels and family size, as well as the relative poverty line for the community in which they live.

The figure for poor children living in families with at least one adult working full-time, full-year for BC was down from 42.6 per cent in 2010. As the graph shows, BC is now in the middle of the pack in comparison to other provinces. Alberta and Ontario had the highest rates in 2011, and Quebec the lowest. Statistics Canada did not calculate percentages in Saskatchewan and the four Atlantic provinces in 2011 because of the relatively small number of residents it surveyed in each of those provinces.

Many other poor children lived in families with at least some income from part-time or part-year employment.

POOR CHILDREN WITH ONE OR MORE PARENTS EMPLOYED FULL-TIME, FULL-YEAR, 2011

The large number of low-wage jobs in BC and other provinces has long been a problem, even for workers with steady periods of employment. For families with children, low wages mean they often have to take on multiple jobs and work more than full-time to earn enough to support their families. This often leaves them little time to spend with their children, or to participate in community life outside of work.

**MINIMUM WAGES**

In 2011 the first two steps of the long-overdue increase in BC’s minimum wage came into effect. On May 1, 2011 the minimum wage increased from $8.00 to $8.75 an hour. The second increase to $9.50 an hour took effect on November 1, 2011. These increases, although they were not in place the full year, may have helped reduce the depth of poverty for some families, depending on how much work they could get. However, for most families with children, working full-time, full-year at these minimum wage levels would still leave them earning far below the poverty line.

A single parent with two children working full-time, full-year, but earning only $9.50 an hour, would have earned total wages of $17,290, more than $18,000 below the

“Ensure regular, predictable, modest increases in BC’s statutory minimum wage that are tied to inflation.”

— Business Council of British Columbia, September 2013

**LIVING WAGES FOR FAMILIES**

Aside from its work in advocating for a full-fledged poverty reduction plan for BC, through its Living Wage for Families Campaign, First Call has been raising awareness about the negative impact of low-wage poverty on families and communities. The campaign advocates that a key solution to the issue of low wage poverty is that families should be paid a living wage. This is a wage that covers families’ basic living expenses, such as food, clothing, shelter, transportation and child care, health care not included in Medicare, and money to cover federal and provincial income taxes, other payroll deductions, and Medical Service Plan monthly premiums. Government transfers like the Canada Child Tax Benefit are included in family income. The living wage is well above the poverty line, but still only provides a bare bones family budget without room for savings or paying off debt. It is re-calculated annually to take into account actual family expenses.¹

As of 2013, a two-earner family of four with two children and two adults would require the following hourly living wages to meet their basic needs. The calculations assume both parents work full-time at 35 hours per week.

To learn more about the Living Wage for Families Campaign and to see a current list of certified Living Wage Employers visit [www.livingwageforfamilies.ca](http://www.livingwageforfamilies.ca)


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**LIVING WAGE RATES IN BC**

<table>
<thead>
<tr>
<th>Location</th>
<th>Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Vancouver</td>
<td>$19.62</td>
</tr>
<tr>
<td>Sunshine Coast</td>
<td>$18.80</td>
</tr>
<tr>
<td>Greater Victoria</td>
<td>$18.73</td>
</tr>
<tr>
<td>Kamloops</td>
<td>$17.95</td>
</tr>
<tr>
<td>Terrace</td>
<td>$17.65</td>
</tr>
<tr>
<td>District 69 (Qualicum)</td>
<td>$17.20</td>
</tr>
<tr>
<td>Central Okanagan</td>
<td>$17.17</td>
</tr>
<tr>
<td>Prince George</td>
<td>$16.90</td>
</tr>
<tr>
<td>Fraser Valley</td>
<td>$16.37</td>
</tr>
<tr>
<td>Williams Lake</td>
<td>$15.77</td>
</tr>
<tr>
<td>Cranbrook</td>
<td>$14.16</td>
</tr>
</tbody>
</table>
poverty line of $35,657 for a family of three in a large city. Two parents with two children, both working full-time, full-year at this minimum wage would have earned $34,580, almost $9,000 below the large city poverty line. However, they would have been $14,000 below the poverty line if the minimum wage had still been $8 an hour, underscoring the power of public policy to reduce poverty levels.

First Call continues to urge the BC government to raise and index the minimum wage to increases in the cost of living. The Business Council of British Columbia has recently joined this call in their 2013 BC Agenda For Shared Prosperity Final Report, recommending that the BC government “Ensure regular, predictable, modest increases in BC’s statutory minimum wage that are tied to inflation.”

THE $10 A DAY CHILD CARE PLAN

Access for families to a public system of affordable, high quality child care is key to an effective poverty reduction strategy. First Call has endorsed the Community Plan for a Public System of Integrated Early Care and Learning, developed by the Early Childhood Educators of BC and the Coalition of Child Care Advocates of BC. The Plan proposes capping child care fees at $10 a day for full-time care, $7 a day for part-time, and no user fees for families with annual incomes under $40,000.

Child care is the second highest cost (and in some places the highest) in living wage family budget calculations. Metro Vancouver’s 2013 living wage rate would be lowered by $3.36 per hour if these recommendations were implemented.

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2 Living Wage public policy calculator: http://www.livingwageforfamilies.ca/about/public-policy/
FAMILIES WITH CHILDREN ON WELFARE

Year after year, people on welfare in British Columbia live far below the poverty line, according to calculations by the former National Council of Welfare and the Caledon Institute for Social Policy. BC’s income assistance rates have not increased since 2007, despite the rising cost of living.

In 2011, a BC two-parent family with two children aged 10 and 15 on income assistance received a total income of $22,005. That’s a whopping $21,287 below the Statistics Canada poverty line for a family of 4 in a large urban area like Metro Vancouver. A BC lone-parent family with one child aged two received $17,402, which is $11,602 below the poverty line.

Total welfare incomes in 2011 were about the same as in 2010. Provincial welfare rates were not increased with the cost of living, but provincial tax credits did go up. Federal child benefits and the federal GST credit both went up with the cost of living.

The BC Ministry of Social Development and Social Innovation says there was an average of 37,577 children in families on welfare in 2011. Many of the children were in lone-parent families, mostly families led by lone-parent mothers.

Welfare recipients in BC and other provinces have consistently struggled to survive on incomes well below the poverty line. They are frequently forced to rely on food banks and other sources of charity to feed and clothe their children. In 2011, the sample BC two-parent family was at 51 per cent of the poverty line for a large city, and the BC lone-parent family was at 60 per cent of the poverty line.


Source: Caledon Institute of Social Policy; poverty lines from Statistics Canada, LICO Before-Tax.
The preceding graph shows clearly that welfare incomes for families have been consistently depressed for the past two decades under Social Credit, New Democratic Party and Liberal provincial governments. The so-called high point for welfare incomes was 1994. The low point was 2005.

Funding for welfare programs has changed significantly over the last decade. The federal government got rid of cost-sharing for welfare in favour of block grants to the provinces. Another important change was the introduction of the Canada Child Tax Benefit, which increased federal benefits for parents but also allowed provinces to “claw back” part of the payments they made for welfare. A third change was the taxable federal Universal Child Care Benefit of $1,200 a year for children under six.

The next graph shows the changes in federal and BC payments to two-parent and one-parent families. The 1989 figures have been converted to 2011 dollars to account for changes in the cost of living between 1989 and 2011. The graph also shows the poverty lines for each family.

**FEDERAL AND PROVINCIAL SHARES OF WELFARE INCOMES, 1989 AND 2011**

Source: Caledon Institute of Social Policy; poverty lines from Statistics Canada, LICO Before-Tax.

While total welfare incomes were about the same in both years, federal payments to families more than doubled. The proportionately larger increase for the lone-parent family with a child under six occurred because of the addition of the Universal Child Care Benefit. Meanwhile, provincial payments to both families declined significantly.

First Call and Campaign 2000 are calling for major increases in welfare rates for all recipients and the annual indexing of welfare rates based on increases in the cost of living.
CHILD SUPPORT EXEMPTION STILL NOT RESTORED

A number of small positive changes were made to welfare rules in 2012, including restoring an earnings exemption of $200 a month for income assistance recipients classified as ‘expected-to-work.’ One income exemption that was cancelled by the BC Liberals in 2002 was not restored. That was the monthly exemption of $100 in support payments received by a custodial lone parent on welfare. The province requires lone parents on welfare to seek support payments from the non-custodial parents of their children. Under the BC Liberals, any support payments that a parent on welfare receives are deducted in full from their welfare cheques. It is estimated that the provincial government collects a total of $17 million per year in child support payments that were intended to support children.

A look at how BC’s welfare rates work illustrates the unfairness of clawing back child support payments: most of the financial support many recipients receive for their children comes from the National Child Benefit program and other federal benefits, not the provincial Ministry of Social Development and Social Innovation. Welfare shelter allowances increase based on the number of children in the family, but the support allowance does not. Regardless of the number of children, the support allowance for a single parent family is a paltry $375.68 per month.

First Call, along with the Community Legal Assistance Society and West Coast Women’s Legal Education & Action Fund, have called on the leaders of all provincial political parties to support amending the Employment and Assistance Regulation and the Employment and Assistance for Persons with Disabilities Regulation to add an unearned income exemption for child support payments up to $300 per family unit per month.¹

¹ See the full letter at firstcallbc.org/pdfs/EconomicEquality/Letter%20to%20party%20leaders%20re%20child%20support%20clawbacks%20April%202013.pdf

“DESTITUTION DAYS” COME EARLY

If families on welfare were to live at the poverty line, their annual welfare incomes wouldn’t even get them through the summer. In 2011 Destitution Day—the day that all family income runs out—for a lone parent with one child living in Metro Vancouver would have come on August 8. Destitution Day for a couple with two children would have come on July 4.

The lone-parent family lasts a little longer than the couple with children because its welfare income was a slightly larger percentage of the poverty line.

There is no ethical or economic rationale for keeping welfare rates so far below the poverty line. Children are paying the price with their health for this provincial policy decision. The BC economy as a whole is paying for this in higher health care and other social costs, let alone lost productivity.

The idea of Destitution Days originated with Social Planning Toronto and the Alliance for a Poverty-Free Toronto. The calculations start with the total welfare incomes reported by the National Council of Welfare for the year and the province and family type in question. Destitution Days are determined by dividing the annual poverty line by 365 days and then seeing low long welfare incomes would last at the daily poverty line rate.
FACT SHEET #7

INCOMES OF FAMILIES WITH CHILDREN — GROWING INEQUALITY

In the past 20 years, income inequality in Canada has increased and continues to grow. The richest group of Canadians has increased its share of total national income, while the poorest and middle-income groups have been losing ground. International research shows that high rates of income inequality negatively affect both rich and poor people.

As shown in the following graph, in BC in 2011, the richest 10 per cent received 24.2 per cent of all the income of BC families with children. The top five deciles (or half) collected three-quarters of all income received by BC families with children, leaving only 25.4 per cent for the other half. Some families in the bottom half are poor, but many others are middle-class families living well above the poverty line.

The graph, using data from Statistics Canada prepared for the Canadian Centre for Policy Alternatives, measures the total income of families with children. Total income refers to all income before taxes, including wages and salaries, earnings from self-employment, and earnings from investments. It also includes government benefits from the federal and provincial governments, such as the Canada Child Tax Benefit, GST credits, Employment Insurance and welfare.

PERCENTAGE OF TOTAL INCOME AMONG BC PARENTS WITH CHILDREN, 2011

24% of total income for BC families with children goes to the top 10% of families, while the poorest 50% share 25%.

Source: Canadian Centre for Policy Alternatives based on Statistics Canada data.

The table on the following page shows how total income has changed for each of the ten-per cent groups or “deciles” since 1989. Families in the three lower deciles actually lost money over time, while those in the higher deciles, especially the top half of the income groups, gained significant amounts of income — much of it during the last several years.
CHANGES IN AVERAGE TOTAL INCOMES BY DECILE GROUP,  
ALL BC FAMILIES WITH CHILDREN, IN CONSTANT 2011 DOLLARS

<table>
<thead>
<tr>
<th>Decile</th>
<th>1989</th>
<th>2011</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decile 1: Poorest</td>
<td>$18,843</td>
<td>$18,070</td>
<td>-$773</td>
</tr>
<tr>
<td>Decile 2: Second poorest</td>
<td>36,986</td>
<td>33,197</td>
<td>-3,789</td>
</tr>
<tr>
<td>Decile 3</td>
<td>52,488</td>
<td>47,427</td>
<td>-5,061</td>
</tr>
<tr>
<td>Decile 4</td>
<td>63,564</td>
<td>64,802</td>
<td>1,238</td>
</tr>
<tr>
<td>Decile 5</td>
<td>72,727</td>
<td>79,731</td>
<td>7,004</td>
</tr>
<tr>
<td>Decile 6</td>
<td>81,752</td>
<td>93,401</td>
<td>11,649</td>
</tr>
<tr>
<td>Decile 7</td>
<td>92,764</td>
<td>109,143</td>
<td>16,379</td>
</tr>
<tr>
<td>Decile 8</td>
<td>105,300</td>
<td>124,924</td>
<td>19,624</td>
</tr>
<tr>
<td>Decile 9: Second richest</td>
<td>121,055</td>
<td>152,025</td>
<td>30,970</td>
</tr>
<tr>
<td>Decile 10: Richest</td>
<td>172,477</td>
<td>227,164</td>
<td>54,687</td>
</tr>
<tr>
<td>Average for families with children</td>
<td>81,873</td>
<td>95,439</td>
<td>13,566</td>
</tr>
</tbody>
</table>

Source: Canadian Centre for Policy Alternatives based on Statistics Canada data.

All provinces have grossly unequal income distributions, but the distribution in BC is the most unequal. The graph below measures the ratio between the average incomes of families in the richest decile (decile 10 above) with the average incomes of families in the poorest decile (decile 1 above) in BC and other provinces.

RATIO OF HIGHEST TO LOWEST AVERAGE INCOMES, FAMILIES WITH CHILDREN, 2011

The primary reason BC had the largest ratio was the very low incomes among families in the lowest decile.

The average income of the richest decile in BC was $227,164 and the average for the lowest decile was $18,070, a ratio of 12.6 to one. At the other end of the scale was Manitoba, with a ratio of $208,952 to $23,082 or 9.1 to one.
The primary reason that British Columbia had the largest ratio was the very low incomes among families in the lowest decile: the average income of the lowest decile families in BC ($18,070) was the lowest in Canada and below the Canadian average ($23,024).

**INEQUALITY AND TAXES**

BC’s tax system has become more unfair over the past 10 years, with the rich now paying a lower total provincial tax rate than middle and low income earners. In 2010, the poorest fifth of BC households paid 14 to 15 per cent of their income in tax, middle income households paid 13 per cent, and the richest fifth paid only 11 per cent.

— A Decade of Eroding Tax Fairness in BC: Time for progressive tax reform, CCPA–BC

**FOCUSED UPSTREAM TO REDUCE HEALTH INEQUITIES**

Poverty is a major contributor to health inequities, which in turn results in higher costs for our health and social service system and negative social impacts on people and our communities. It is estimated that $1.2 billion in health care costs could be avoided if disadvantaged British Columbians were as healthy as those with higher education and incomes.¹

BC’s medical health officers have been directing public policy-makers’ attention to the evidence of growing health inequities in the province. Differences in life expectancy between geographic areas with higher and lower socio-economic status has worsened between 2008 and 2013, as income inequality has been allowed to grow.²

In their 2008 discussion paper, *Health Inequities in British Columbia*, they point out: “To fully understand why people with less money and education tend to experience more health problems than people higher up the scale on those measures, we need to look further upstream, at the structural roots of health inequity—within the education, taxation and health care systems, in labour and housing markets, and in urban planning and government regulation. These structural components of our socioeconomic system shape the differential vulnerability of people to health-affecting conditions and are powerful determinants of health.

Unlike the behavioural determinants of health, these upstream factors are ones over which individuals have no direct personal control, but which can only be altered through social and economic policies and political processes.”³

¹ Public Health Association of BC, *Health Voices*, povertybadforhealth.wordpress.com/poverty-health/
poverty-is-bad-for-your-health/


FACT SHEET #8

IMPORTANCE OF GOVERNMENT HELP

Federal and provincial government income support programs play a huge role in reducing child poverty in Canada. If parents had been forced to rely only on earnings, income from investments and other sources of market income to make ends meet, the proportion of children in poverty in Canada would have been 23.5 per cent in 2011. Government transfers reduced the poverty rate to 13.3 per cent—a reduction of 43 per cent.

A total of 1.6 million Canadian children would have been poor using family market income alone. With federal and provincial transfers, the number of poor children was lowered to 899,000.

The graph below shows the rate of reduction in child poverty in 2011 in Canada and individual provinces as a result of government transfers. Quebec and Newfoundland and Labrador had the largest reductions. The majority of provinces were close to or above the Canadian average of 43 per cent.

British Columbia stands out as having done the least to reduce child poverty. In BC, the poverty rate for children using only family market income was 27.1 per cent. It came down to 18.6 per cent after government transfers—a reduction of 31 per cent, the smallest reduction of all the provinces. A total of 223,000 BC children were poor using market income alone, and 153,000 were poor once transfers were added to family income, a reduction of 70,000 children.

PERCENTAGE REDUCTION IN CHILD POVERTY RATES IN 2011 BECAUSE OF GOVERNMENT TRANSFER PAYMENTS

<table>
<thead>
<tr>
<th>Province</th>
<th>% Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>PQ</td>
<td>52%</td>
</tr>
<tr>
<td>NL</td>
<td>51%</td>
</tr>
<tr>
<td>AB</td>
<td>48%</td>
</tr>
<tr>
<td>SK</td>
<td>45%</td>
</tr>
<tr>
<td>NB</td>
<td>45%</td>
</tr>
<tr>
<td>NS</td>
<td>43%</td>
</tr>
<tr>
<td>ON</td>
<td>41%</td>
</tr>
<tr>
<td>MB</td>
<td>37%</td>
</tr>
<tr>
<td>BC</td>
<td>31%</td>
</tr>
<tr>
<td>CAN</td>
<td>43%</td>
</tr>
</tbody>
</table>

HOW GOVERNMENT HELPS

Both the federal and provincial governments have programs that reduce child poverty. The federal government provides families with children with the monthly Canada Child Tax Benefit for children under 18 and the taxable Universal Child Care Benefit for children under six. The federal government also pays a quarterly GST credit to low-income families and individuals. Ottawa administers the Employment Insurance fund to assist Canadians who are temporarily out of work. EI is considered a government program, even though the money in the fund comes from contributions by workers and employers.

The BC government provides welfare payments for people who have exhausted other sources of income. Part of the cost of welfare is covered by the federal government through the Canada Social Transfer (CST). The CST is a government-to-government transfer designed to defray the costs to provinces of welfare and social services, early childhood development and early learning and child care, and post-secondary education. In 2012/13, BC received $1.6 billion in CST transfers.

The BC government also assists some low income families directly with rent supplements and child care subsidies. While they benefit some families, these programs have a limited reach. Many low-income families do not meet the eligibility criteria for the rent supplement. Similarly, child care subsidy dollars normally do not cover the total cost of care, leaving parents to make up the difference.

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OECD POLICY RECOMMENDATIONS TO REDUCE INEQUALITY

In a 2011 study, the Organization for Economic Cooperation and Development offered specific policy recommendations to address rising income inequality.

Its top recommendation was to create more well-paying jobs that enable people to avoid and escape poverty.

Second, the OECD highlighted education and training as key areas for investment.

Third, it explained that “Reforming tax and benefit policies is the most direct and powerful instrument for increasing redistributive effects” and that “Government transfers—both in cash and in-kind—have an important role to play in guaranteeing that low-income households do not fall further back in the income distribution.”

The OECD concluded by emphasizing that growing the economy and reducing inequality are not zero sum games: instead “regulatory reforms can be designed in such a way that they make markets more efficient and encourage employment while reducing inequalities at the same time.”

Source: Divided we stand: why inequalities keep rising, OECD, 2011, p. 40-41, oecd.org/els/soc/dividedwestandwhyinequalitykeepsrising.htm
RECOMMENDATIONS

WHAT NEEDS TO HAPPEN

Broken Promises

More than two decades have passed since the House of Commons’ unanimous resolution “to seek to achieve the goal of eliminating poverty among Canadian children by the year 2000” and three years after the entire House of Commons voted to “develop an immediate plan to end poverty for all in Canada.” Neither the promised poverty elimination nor plans have materialized. Twenty-four years later one of every eight children in Canada and one of every five children in BC still live in poverty.

Canada has repeatedly drawn criticism from the United Nations Committee on the Rights of the Child for failing to live up to our obligations to uphold and promote children’s rights under the UN Convention on the Rights of the Child (UNCRC). As recently as 2012, the UN review committee, made up of knowledgeable representatives from countries around the world, again chastised us for the level of inequality and the resulting inequities we not only tolerate, but sustain among different groups of children through our lack of investment and lack of remedial action. BC is also a signatory to the UNCRC.

Recommendations

First Call’s overarching recommendation for BC is for government to adopt a comprehensive poverty reduction plan with legislated targets and timelines and a cabinet minister with the authority and responsibility to ensure government is achieving its targets on time. We recommend the plan contain a goal to reduce BC’s child poverty rate to 7 per cent or lower by 2020.

Recognizing that children of recent immigrants, Aboriginal children, children of female lone-parent families, children in racialized families and children with a disability, are at greater risk of living in poverty, poverty reduction efforts should also be targeted to achieve major reductions in these populations.

There are many elements that can help the federal and provincial governments achieve these targets:

1. The BC government should continue raising the minimum wage to make sure that a single person working full-time, full-year reaches the poverty line. The minimum wage should rise to $12 an hour as soon as possible and be indexed annually to increases in the cost of living.
2. All workers in BC should be covered by minimum wage legislation, including workers who serve alcoholic beverages and agricultural workers who are currently paid using piece-work rates.
3. Governments at all levels should make sure their regular and contract employees are paid a living wage that allows them to meet their basic needs, properly support their children and avoid chronic financial stress.
4. The BC government should raise welfare rates to the after-tax poverty line, and the rates should be indexed each year to match increases in the cost of living.
5. The province should restore the unearned income exemption for child support payments for lone parents on welfare, allowing them to keep up to $300 per month. The provincial government
should also rescind the rule that does not allow welfare recipients to retain benefits while attending a post-secondary institution.

6. The federal government should increase the Canada Child Tax Benefit to $5,500 per child. The increases should go to families without regard to whether earnings or government transfers are the family’s main source of income.

7. The federal government should implement immediate increases to funding for First Nations child welfare services, education and community health services and services for urban Aboriginal people, and develop a long-term poverty eradication strategy in coordination with First Nations, urban Aboriginal communities and provincial governments.

8. The federal and provincial governments should intensify their efforts to help immigrants and refugees adjust to life in Canada by improving employment assistance, removing long-standing barriers to qualification for professionals trained abroad, making more language training available, and improving employment standards and human rights protections and enforcement.

9. The federal government should immediately cancel all outstanding refugee transportation loan debt and cease seeking repayment of transportation costs for new refugees coming to Canada.

10. The provincial government should create an independent commission on tax reform to study taxes levied in BC and to recommend ways to make the tax system fairer. Reducing income inequality should be one of the commission’s mandates.

11. The province should adopt and start implementing the Community Plan for a Public System of Integrated Early Care and Learning, put forward by the Early Childhood Educators of BC and the Coalition of Child Care Advocates of BC, to establish universal access to high quality child care for children that is affordable for families at $10 per day for full-time care, $7 per day for part-time care, and free to families with incomes under $40,000. The federal government should support this initiative with a national early care and learning program that includes the transfer of adequate and sustained resources to the provinces and territories to create quality, affordable child care spaces and services available to all children (0-12).

12. Provincial and federal support for access to post-secondary education should be increased both to remove financial barriers for low-income students and to lower student debt levels. Specific policy options include tuition fee reductions, providing lower income students with grants instead of loans and making student loans interest free.

13. Cuts in Employment Insurance made by successive federal governments should be rescinded, so that most workers are protected during a temporary loss of wages and receive a benefit they can live on while they look for new employment.

14. The federal government should enhance maternity and parental leave to enrich the benefit value, and extend the total duration to 18 months, reserving additional months for fathers.

15. The federal and provincial governments should increase their efforts to provide housing for low-income people. This should include building more social housing to reduce the “core housing needs” of families and to eliminate homelessness. There is also a need to provide rental subsidies and other income supports to families living in or near poverty to reduce housing insecurity.

16. All British Columbians need coverage for prescription drugs, dental care and eye care. While some workers already have access to extended medical and dental benefits through their work, universal public plans would expand and stabilize coverage for all and reduce costs through economies of scale.
MEASURES OF POVERTY

Canada does not have an official way of measuring poverty. This report features the Low Income Cut-Offs (LICO) before tax produced by Statistics Canada. The LICO are based on the concept that people in poverty live in “straitened circumstances”—that is, they spend a disproportionate amount of their income on food, clothing and shelter.

The income thresholds are based on findings from the 1992 Survey of Household Spending as a base year, and Statistics Canada updates the thresholds each year by the changes in the Consumer Price Index. The 1992 survey showed that the average family spent 34.3 per cent of its income from all sources before taxes on food, clothing and shelter. Families are considered to be in “straitened circumstances” if they spent 54.3 per cent (an additional 20 percentage points) or more of their income on these three items.

The LICO consists of income lines that vary with the size of the household and the size of the community. As the tables show, large urban communities have higher income thresholds.

STATISTICS CANADA’S LOW INCOME CUT-OFFS FOR 2011 (BEFORE TAX)

<table>
<thead>
<tr>
<th>Size of household/Size of community</th>
<th>500,000 or more</th>
<th>100,000 – 499,999</th>
<th>30,000 – 99,999</th>
<th>Less than 30,000</th>
<th>Rural areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>23,298</td>
<td>20,065</td>
<td>19,941</td>
<td>18,246</td>
<td>16,038</td>
</tr>
<tr>
<td>2 persons</td>
<td>29,004</td>
<td>24,978</td>
<td>24,824</td>
<td>22,714</td>
<td>19,966</td>
</tr>
<tr>
<td>3 persons</td>
<td>35,657</td>
<td>30,707</td>
<td>30,517</td>
<td>27,924</td>
<td>24,545</td>
</tr>
<tr>
<td>4 persons</td>
<td>43,292</td>
<td>37,283</td>
<td>37,053</td>
<td>33,905</td>
<td>29,802</td>
</tr>
</tbody>
</table>


A lone parent, for example, with one child living in Vancouver with total annual income of $25,000 before tax would be below the LICO ($29,004) and would be counted as living in poverty. A similar family in a smaller community like Prince George (population 88,043 in the Prince George census agglomeration area in 2011) would be above the LICO of $24,824 and would be counted as not living in poverty.

The Survey of Household Spending also showed that the average family spent 43 per cent of its income from all sources after federal and provincial income taxes on food, clothing and shelter. In an after-tax situation, families are considered to be in “straitened circumstances” if they spend 63 per cent or more of their income on these three items.
The two versions of the Low Income Cut-Offs are the measures used most often by social policy analysts in their work on poverty. What is especially telling, however, is that most poor families live well below the poverty lines. The before-tax LICO for a family of four in a large city is $43,292. In reality, some poor families of four are somehow surviving on $20,000 or $30,000 a year rather than $43,292.

A third measure of poverty is the Market Basket Measure (MBM), developed by Human Resources and Skills Development Canada and published by Statistics Canada. It is based on the specific cost of goods and services for food, shelter, clothing and transportation and computes other costs as a percentage of the cost of food and clothing. The MBM is sensitive to differences in housing costs in similar-sized communities and recognizes the increased cost of transportation in smaller communities where local public transit is not available. Consequently, there are smaller overall differences between small and large communities using the MBMs compared to the LICOs.

Last year we advised people not to use the MBMs because they had been altered to reflect unrealistically low shelter costs. This problem has now been fixed. Consequently we included some MBM data along with the data using LICOs in this report card.

According to Statistics Canada, the Low Income Measure (LIM) is the most commonly used low income measure for the purpose of making international comparisons. It is increasingly being used in Canada by some provinces and researchers. The LIM is a fixed percentage (50%) of median adjusted household income, where “adjusted” refers to household size or the number of members in a household. The LIMs are calculated three times; with market income, before-tax income, and after-tax income using the Survey of Labour and Income Dynamics (SLID). They do not require updating using an inflation index because they are calculated using an annual survey of household income. LIM after-tax data was used for the 2011 National Household Survey, the replacement for the long-form census.

Statistics Canada announced that this year (2011) was the last data release from the SLID. For 2012 on, cross-sectional income data will be available from the new Canadian Income Survey.

<table>
<thead>
<tr>
<th>Size of household/Size of community</th>
<th>500,000 or more</th>
<th>100,000 – 499,999</th>
<th>30,000 – 99,999</th>
<th>Less than 30,000</th>
<th>Rural areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>19,307</td>
<td>16,328</td>
<td>16,124</td>
<td>14,454</td>
<td>12,629</td>
</tr>
<tr>
<td>2 persons</td>
<td>23,498</td>
<td>19,872</td>
<td>19,625</td>
<td>17,592</td>
<td>15,371</td>
</tr>
<tr>
<td>3 persons</td>
<td>29,260</td>
<td>24,745</td>
<td>24,437</td>
<td>21,905</td>
<td>19,141</td>
</tr>
<tr>
<td>4 persons</td>
<td>36,504</td>
<td>30,871</td>
<td>30,487</td>
<td>27,329</td>
<td>23,879</td>
</tr>
</tbody>
</table>

First Call is a cross-sectoral, non-partisan coalition of provincial and regional organizations, engaged communities and individuals whose aim is to raise public awareness and mobilize communities around the importance of public policy and social investments that support the rights and well-being of British Columbia’s children, youth and families.

Our coalition partners are committed to the 4 Keys to Success for Children and Youth:

**A Strong Commitment to Early Childhood Development**
- Improve pregnancy outcomes (healthy babies)
- Identify developmental risks early and provide supports
- Support parents of young children
- Build a public system of high quality, affordable, accessible early care and learning

**Support in Transitions from Childhood to Youth and Adulthood**
- Enhance resiliency and reduce risk
- Increase the success of youth in high school
- Increase the readiness of older youth for adult roles

**Increased Economic Equality**
- End child and youth poverty
- Reduce the gap between the high- and low-income earners
- Create more living wage jobs

**Safe and Caring Communities**
- Make each community a better place to live for families with children
- Create youth-friendly spaces and supports
- Build safe, violence-free communities
- Increase opportunities for participation and involvement

First Call is hosted by Family Services of Greater Vancouver and supported by the United Way of the Lower Mainland, the Vancouver Foundation, Vancity, Health Sciences Association of BC, and contributions from individuals and our coalition partners.