



# 2010 CHILD POVERTY REPORT CARD

NOVEMBER 2010

PRODUCED BY

**First Call: BC Child and Youth  
Advocacy Coalition**

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This BC Child Poverty Report Card includes nine fact sheets on child poverty in BC.

Fact Sheet #1	Rates Fall, But Child Poverty Still Widespread. . . .	4
Fact Sheet #2	Child Poverty Over the Years . . . . .	5
Fact Sheet #3	Child Poverty by Family Type. . . . .	6
Fact Sheet #4	Child Poverty and Working Parents. . . . .	8
Fact Sheet #5	Families with Children on Welfare . . . . .	10
Fact Sheet #6	Incomes of Families with Children – Growing Inequality. . . . .	12
Fact Sheet #7	Child Poverty and the Importance of Government Help. . . . .	14
Fact Sheet #8	What Needs to Happen . . . . .	16
Fact Sheet #9	BC's Opportunity to Lead . . . . .	18
Appendix	Measures of Poverty. . . . .	20

November 2010

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# THE IMPORTANCE OF ACTION ON CHILD POVERTY

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British Columbians have heard much in recent months about the importance of adopting a systematic strategy for reducing poverty, but none of it has come from their own provincial government.

Seven provincial and territorial governments – Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba and the Northwest Territories – have committed themselves to poverty reduction plans. Just last month, Nunavut announced the beginning of a public engagement process that could lead to an anti-poverty strategy for the territory. And hundreds of groups have been pushing for British Columbia to follow their lead.

The Union of BC Municipalities passed a resolution at its convention this fall endorsing a poverty reduction plan and highlighting the need “to provide adequate and accessible income support for the non-employed, improve the earnings and working conditions of those in the low-wage workforce and improve food security for low-income individuals and families.” In 2009 a similar UBCM resolution was passed calling upon the Province to develop a comprehensive, cross-ministry strategy to address child poverty.<sup>1</sup>

The group also called on the province to ensure high priority for funding early childhood development. After the convention, 21 mayors wrote to Premier Gordon Campbell asking for an increase in the province’s minimum wage to \$10 an hour. BC currently has the lowest minimum wage in Canada.

BC’s Provincial Health Officer Dr. Perry Kendall issued a special report in September that recommended BC study existing poverty reduction plans elsewhere in Canada and come up with a “Made in BC” program of its own. His report also highlighted the increased health risks faced by low-income people. Persons in the poorest 25 percent of the population have a significantly higher risk of developing heart disease, diabetes and other illnesses.<sup>2</sup>

The offices of the Representative for Children and Youth and the Provincial Health Officer issued a report in October that took a special look at children in high-risk categories. “It is easy to become complacent about at-risk child populations – impoverished circumstances and poor outcomes have come to be accepted for some of our children and youth,” the report says. “This complacency can no longer be tolerated.”<sup>3</sup>

The Human Early Learning Partnership (HELP) at the University of British Columbia did a report for the Business Council of British Columbia which showed that 29 percent of BC children arrive at kindergarten not meeting all the healthy development benchmarks they need both now and in the future. Their recommendations included a call for income support policies to mitigate child poverty.<sup>4</sup>

The latest media efforts on child poverty have come in a series this fall by *The Province* entitled Our Growing Challenge. One of the opening stories was headlined: British Columbia: ‘The province that doesn’t look after its kids.’

“A growing body of international research says the dangerous potential of child poverty is clear,” the newspaper article says. “A generation of B.C. children may be headed for a grim future of rising crime rates, increased drug use, higher teen-pregnancy rates, poor health and failure at school and work.”

These and all the other calls for action this year have prompted no more than sporadic responses from the government of British Columbia. A search of the BC government web site produced only one news release on child poverty issued after the 2009 Child Poverty Report Card last November 24. That news release trumpeted reductions in child poverty in recent years, but had not a single word about the importance of fighting poverty or provincial government plans toward that end.

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1 <http://ubcm.ca/assets/Resolutions-and-Policy/Resolutions/2010%20UBCM%20Resolutions.pdf>

2 P.R.W. Kendall, *Investing in Prevention: Improving Health and Creating Sustainability* (Victoria: Office of the Provincial Health Officer, 2010).

3 Representative for Children and Youth and Office of the Provincial Health Officer, *Growing Up in B.C.* (Victoria, 2010).

4 Paul Kershaw, Lynell Anderson, Bill Warburton, Clyde Hertzman, *15 by 15: A Comprehensive Framework for Early Human Capital Investment in BC* (Vancouver: Human Early Learning Partnership, 2009).



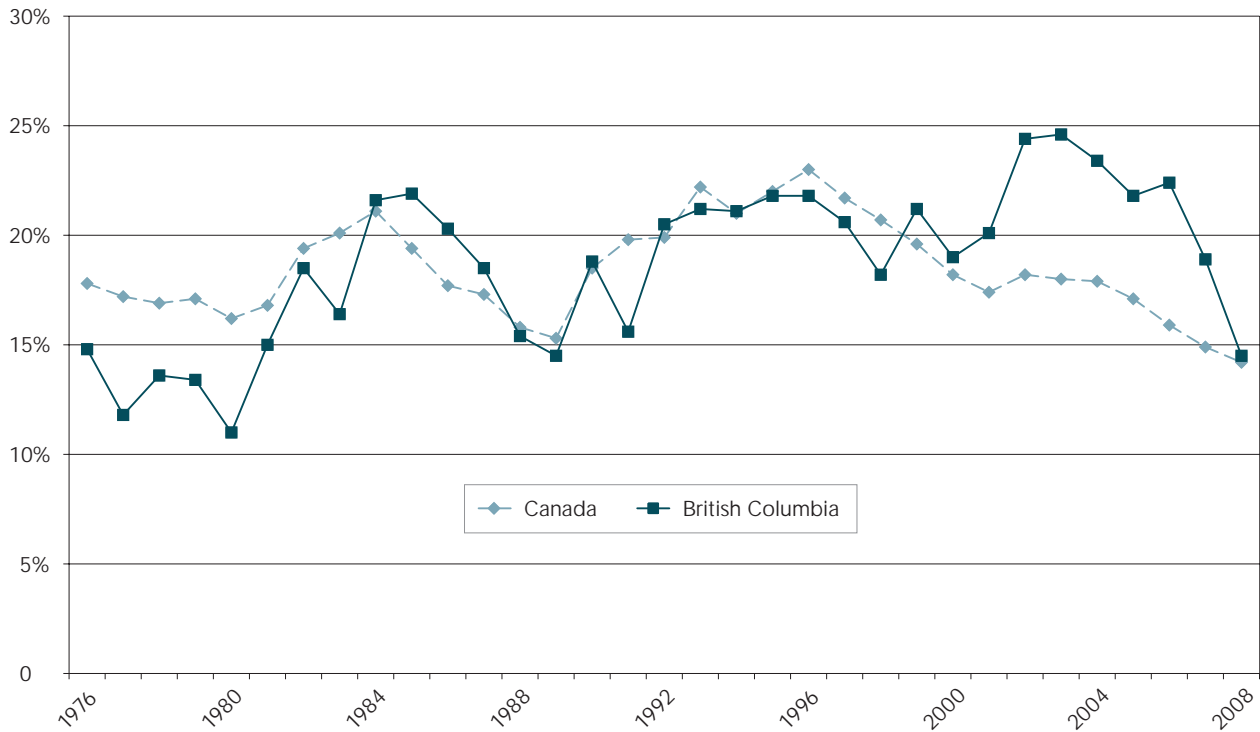
## CHILD POVERTY OVER THE YEARS

Poverty rates usually move up and down with the health of the national economy, but British Columbia's child poverty rates have been out of whack in recent years. While the national child poverty rate was on a strong downward trend because of year after year of economic growth, the BC child poverty rate climbed to a record high 24.6 percent in 2003 and fell down near the national rate only in 2008.

The 2008 rates are likely to be the lowest rates of the decade. The economic crisis that started in the fall of 2008 could raise poverty rates in 2009 and perhaps in 2010 as well. The United States already reported a sharp increase in poverty when it released its statistics for 2009 earlier this fall. The steady increase in the number of BC children in families on income assistance in 2009 and into 2010 is one indicator that the child poverty rate may also rise for those years.

The graph below shows child poverty rates for British Columbia and Canada since Statistics Canada started its current series of poverty statistics in 1976. The BC rate went from 18.9 percent in 2007 to 14.5 percent in 2008. The national rate went from 14.9 percent to 14.2 percent.

**CHILD POVERTY RATES FOR CANADA AND BRITISH COLUMBIA, 1976-2008**  
(LICOS BEFORE-TAX)



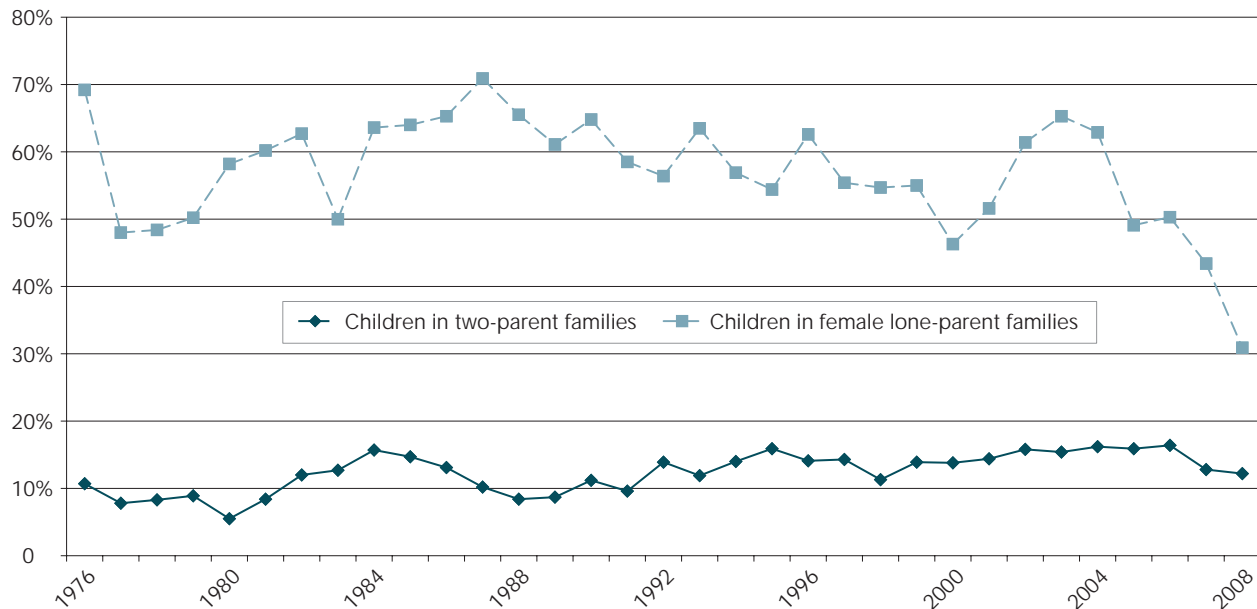
Source: Statistics Canada, Income in Canada 2008, Table 802, Cat. no. 75-202-X

## CHILD POVERTY BY FAMILY TYPE

The risk of poverty varies greatly by family type. The poverty rate for BC children living in families headed by lone-parent mothers was a record low of 30.9 percent in 2008, down from 43.4 percent in 2007. Despite this drop, lone-parent mother-led families still have one of the higher poverty rates for any family type in BC. The poverty rate for BC children in two-parent families was 12.2 percent in 2008, down slightly from 12.8 percent a year earlier.

A closer look at the data suggests that stronger parental attachment to the work force was the main reason for the declines in poverty rates by family type. Both of these poverty rates tend to rise and fall with the state of the economy, but the rates over time changed much more dramatically for the children living with lone-parent mothers. This may reflect the fact that many lone-parent mothers can only find part time or other precarious work, as well as their struggles with finding and affording child care.

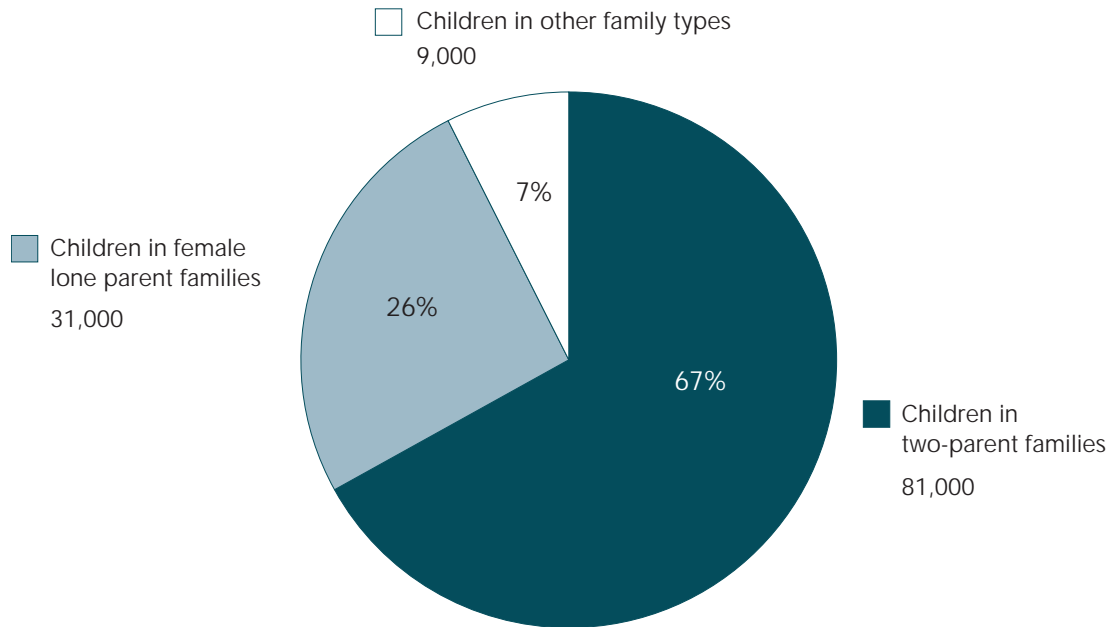
### BC CHILD POVERTY RATES BY FAMILY TYPE, 1976-2008



Source: Statistics Canada, *Income in Canada 2008*, Table 802, Cat. no. 75-202-X

In terms of the number of poor children in 2008, 81,000, or 67 percent, lived in two-parent families, while 31,000, or 26 percent, lived with lone-parent mothers. The small percentage of children with lone-parent mothers mirrored the significant drop in the poverty rate from 2007 to 2008. The remaining 9,000 poor children, or seven percent, lived with lone-parent fathers or other relatives.

## PROPORTION OF BC POOR CHILDREN BY FAMILY TYPE, 2008



Source: Statistics Canada, *Income in Canada 2008*, Table 804, Cat. no. 75-202-X

Most poor families live well below the poverty line. On average, poor lone-parent mothers had annual incomes that were \$12,600 below the line in 2007, and poor two-parent families were \$8,200 below the line. Statistics Canada did not publish depth of poverty statistics in dollars for 2008, but it said two-parent families were 36 percent below the line and families led by lone-parent mothers were 34 percent below the line.

### CHILD CARE: TOO EXPENSIVE, TOO SCARCE FOR STRUGGLING FAMILIES

After housing, child care is the second highest cost faced by BC families with young children. There are only child care spaces available for 5 percent of children under the age of three in this province. Even for 3 to 5 year olds, fewer than 40% of them are enrolled in a licensed child care centre, many only for part-time preschool programming a few days a week. This leaves too many parents unable to work and achieve their career goals, and too many children in situations where the quality of their early care and learning is unknown.

Canada ranked last in a series of UNICEF benchmarks comparing government policy and results for young children and their families in 25 developed countries.

SOURCES: [www.earlylearning.ubc.ca/wp-uploads/web.help.ubc.ca/2010/01/15by15-Full-Report.pdf](http://www.earlylearning.ubc.ca/wp-uploads/web.help.ubc.ca/2010/01/15by15-Full-Report.pdf)  
[www.policyalternatives.ca/sites/default/files/uploads/publications/reports/docs/ccpa\\_bc\\_livingwage\\_2010.pdf](http://www.policyalternatives.ca/sites/default/files/uploads/publications/reports/docs/ccpa_bc_livingwage_2010.pdf)



Since 1976, the real value of BC's minimum wage has dropped nearly 19 percent, the largest drop of all provinces. A single person working 40 hours a week for 52 weeks would have to earn \$10.66 an hour to reach the poverty line for Vancouver in 2008 and an estimated \$10.88 to reach the line in 2010.

Even a higher minimum wage income would not be sufficient for families, however. A two-earner family of four with two children and two adults would require a "living wage" of \$18.17 an hour in Metro Vancouver and \$17.31 an hour in Greater Victoria to meet their basic needs.<sup>5</sup> The living wage is well above the poverty line, but still only provides a bare-bones budget without luxury items.

The table below lists the current minimum wages by province and the dates they went into effect, as reported by Human Resources and Skills Development Canada on its web site. BC is at the bottom of the list, and it is also the only province that has not raised its minimum wage within the last two years.

### CURRENT MINIMUM WAGE RATES BY PROVINCE

PROVINCE	MINIMUM WAGE	EFFECTIVE DATE
Ontario	\$10.25	March 31, 2010
Newfoundland and Labrador	\$10.00	July 1, 2010
Nova Scotia	\$9.65	October 1, 2010
Quebec	\$9.50	May 1, 2010
Manitoba	\$9.50	October 1, 2010
Saskatchewan	\$9.25	May 1, 2009
Prince Edward Island	\$9.00	October 1, 2010
New Brunswick	\$9.00	September 1, 2010
Alberta	\$8.80	April 1, 2009
British Columbia	\$8.00	November 1, 2001

The government of New Brunswick has already announced an increase to \$9.50 an hour next April 1 and a further increase to \$10 on September 1, 2011.

### CALLS FOR A HIGHER MINIMUM WAGE – WHO'S LISTENING?

There is a veritable chorus of voices urging the BC government to raise the province's minimum wage. First Call has called for a higher minimum wage in BC in our child poverty report cards since 2004. The BC Federation of Labour has been campaigning for a \$10 an hour minimum wage for several years. In addition to over 26,000 individual signatures on their petition, the campaign has been endorsed by a number of community organizations, labour unions, as well as student and seniors groups.

In its 2010 recommendations, BC's Select Standing Committee on Finance and Government Services called for increasing the minimum wage in small increments. The Canadian Centre for Policy Alternatives – BC Office has also called for a higher minimum wage in their Poverty Reduction Plan for BC (2008).

In both 2007 and 2009 the Union of BC Municipalities convention endorsed motions calling on the Province to increase BC's minimum wage. In October 2010, 21 mayors signed a letter to Premier Campbell making the same request. More than 30 local governments have adopted resolutions in support of increasing BC's minimum wage.

At least 17 BC newspapers have written editorials calling for an increase in BC's minimum wage.

SOURCES: [www.firstcallbc.org/economicEquality-resources.html](http://www.firstcallbc.org/economicEquality-resources.html); [www.bcfed.com/issues/minimum\\_wage](http://www.bcfed.com/issues/minimum_wage); [www.policyalternatives.ca/publications/reports/poverty-reduction-plan-bc](http://www.policyalternatives.ca/publications/reports/poverty-reduction-plan-bc)

5 See Living Wage for Families information at: <http://livingwageforfamilies.ca/>

## FAMILIES WITH CHILDREN ON WELFARE

Look at the bottom of the income ladder, and you're certain to find BC welfare recipients.

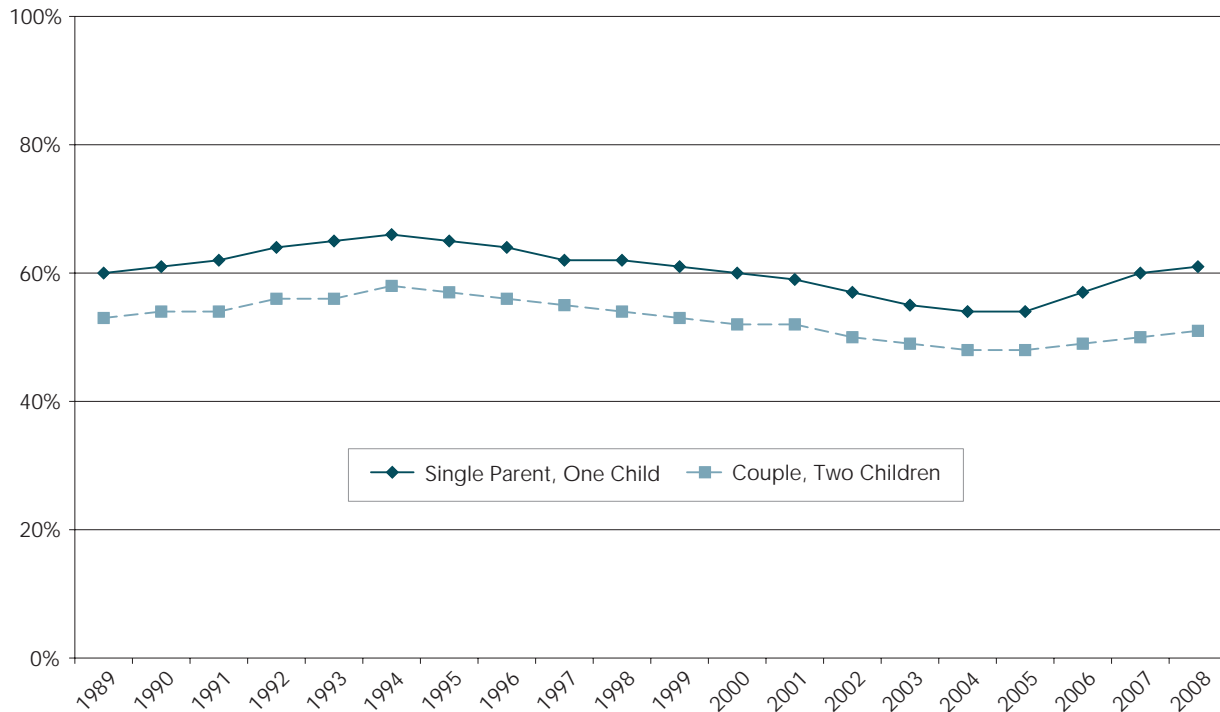
The National Council of Welfare calculated that a BC two-parent family with two children aged 10 and 15 on income assistance received a total income of \$21,016 in 2008. That's a whopping \$20,182 less than the Statistics Canada poverty line for a large urban area like Vancouver.

A BC lone-parent family with one child aged two received \$16,808, or \$10,793 less than the poverty line.

The BC Ministry of Social Development says there was an average of 28,958 children in families on welfare in 2008. Many of the children were in lone-parent families, mostly families led by lone-parent mothers. The number of people on welfare has been rising in 2009 and 2010, and the number of children on welfare as of August 2010 was 37,282.

Throughout recent years, welfare recipients in British Columbia and other provinces have received incomes well below the poverty line. In 2008, the sample BC two-parent family was at 51 percent of the poverty line for a large city, and the BC lone-parent family was at 61 percent of the poverty line.

### BC WELFARE INCOMES AS A PERCENTAGE OF THE POVERTY LINE, 1989-2008



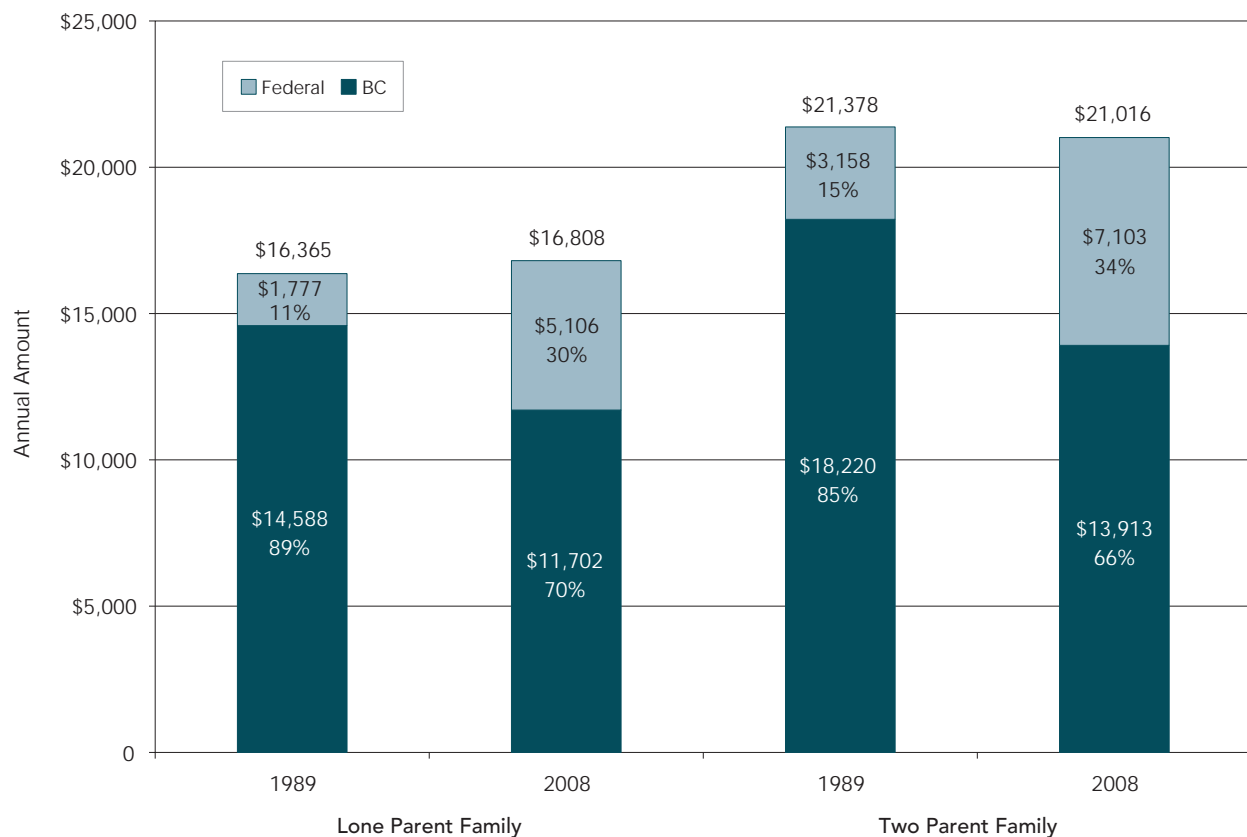
Source: National Council of Welfare, *Welfare Incomes 2008*

The graph shows clearly that welfare incomes 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 in recent years. 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 federal Universal Child Care Benefit of \$1,200 a year before tax for children under six.

The next graph shows the changes in federal and BC payments to two-parent and one-parent families, as calculated by the National Council of Welfare. The 1989 figures have all been converted to 2008 dollars to account for changes in the cost of living between 1989 and 2008.

### FEDERAL AND PROVINCIAL SHARES OF WELFARE INCOMES, 1989 AND 2008



Source: National Council of Welfare, *Welfare Incomes 2008*, only available on-line

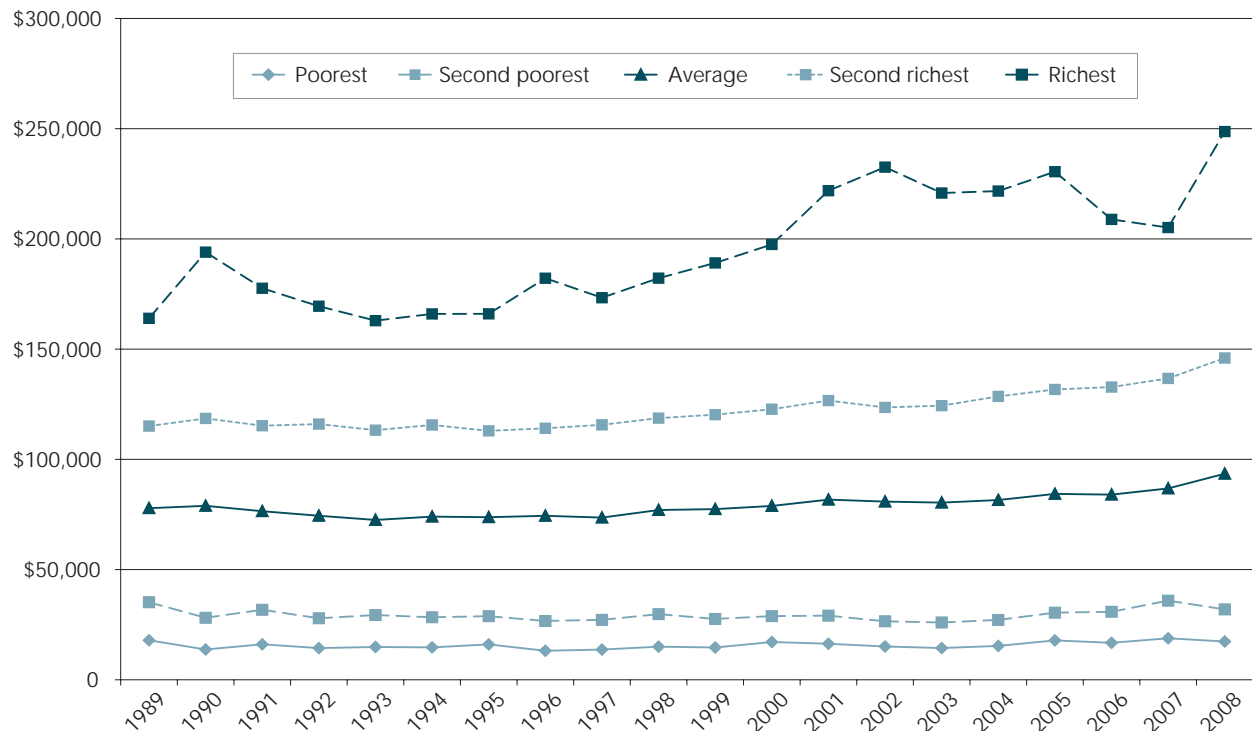
While total welfare incomes were about the same in both years, federal payments to families more than doubled. The proportionately larger increase for the lone-parent family with a child under six occurred because of the addition of the Universal Child Care Benefit. Meanwhile, provincial payments to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

## INCOMES OF FAMILIES WITH CHILDREN – GROWING INEQUALITY

Average incomes in BC were fairly flat through the mid 1990s following the recession at the beginning of the decade. While the average income has gone up since then, the richest families with children have enjoyed the largest increases by far.

The graph below shows the average total incomes for the poorest 10 percent of families with children, the second poorest 10 percent, families in all income groups, the second richest 10 percent, and the richest 10 percent. Total income refers to all income before taxes, which includes wages and salaries, earnings from self-employment and earnings from investments. It also includes government benefits from both the federal and provincial governments, such as the Canada Child Tax Benefit, Employment Insurance benefits and welfare.

### TOTAL ANNUAL INCOMES FOR FAMILIES WITH CHILDREN IN BC IN CONSTANT 2008 DOLLARS, 1989–2008



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

As shown in the table below, families with children in the bottom four income deciles (10 percent groups) either lost income or saw no significant gain in average income between 1989 and 2008. Only those in the upper half of the income distribution saw significant increases. The richest 10 percent of BC's families with children had an average gain of \$84,713 or an increase of about 52 percent. About half of that increase came in 2008 alone.

### CHANGES IN AVERAGE TOTAL INCOMES BY DECILE GROUP, ALL BC FAMILIES WITH CHILDREN IN CONSTANT 2008 DOLLARS

Decile	1989	2008	Difference
Poorest 1	17,916	17,367	-549
Second Poorest 2	35,165	31,930	-3,235
3	49,904	44,998	-4,906
4	60,435	62,216	1,780
5	69,147	77,227	8,080
6	77,728	87,661	9,933
7	88,198	99,597	11,398
8	100,117	116,285	16,168
Second Richest 9	115,096	145,974	30,877
Richest 10	163,988	248,701	84,713
Average for All Families	77,843	93,476	15,634

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

These changes in incomes highlight the increasing inequality in the BC economy. Poor families have seen no real improvement in their situation, while rich families have had increases – sometimes huge increases – in their incomes. The income ratio between the richest and poorest deciles of families with children in BC rose from 9 to 1 in 1989 to 14 to 1 in 2008.

#### INEQUALITY LEADS TO SOCIAL FAILURE

According to international research evidence, growing inequality is a recipe for social failure. In more unequal societies there are higher rates of physical and mental illness, violence, imprisonment, drug and alcohol addictions, homicides, infant mortality, obesity, and births to teenagers, as well as low levels of trust, poor educational performance for children, reduced social mobility and lower life expectancy.

Overall, poverty and inequality are corrosive to social cohesion and to the physical and emotional or spiritual health of the whole population. While those at the lower end of the rich-poor scale suffer most, those at the top end are also negatively affected. More equal societies are healthier and happier.

Reference: *The Spirit Level, Why More Equal Societies Almost Always Do Better*, Richard Wilkinson and Kate Pickett, 2009.

## CHILD POVERTY AND THE IMPORTANCE OF GOVERNMENT HELP

Federal and provincial government income support programs play a huge role in reducing child poverty in British Columbia and all other provinces. If BC 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 living in poverty would have been 24.6 percent in 2008. Government transfers reduced the rate to 14.5 percent as measured by the Low Income Cut-Offs before-tax – a reduction of 41 percent.

BC, however, was not as successful in reducing market child poverty rates as many other provinces. Prince Edward Island dropped its market child poverty rate by 57 percent, and New Brunswick and Quebec also saw reductions in excess of 50 percent.

Provinces in the graph below are arranged according to their child poverty rates after government transfers.

### CHILD POVERTY RATES WITH AND WITHOUT GOVERNMENT HELP, 2008



Source: Statistics Canada custom tabulation

Both the federal and provincial governments have programs that help reduce the extent of child poverty. The federal government provides families with children with the monthly Canada Child Tax Benefit for children under 18 and the 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 of welfare and social services, early childhood development, early learning and child care, and post-secondary education.

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

While BC's Premier has publicly stated that child poverty is a concern in this province, government has failed to adopt a formal strategy or plan with clear targets and timelines to reduce child and family poverty in BC. Government points to expenditures such as the Rental Assistance Program and tax cuts for low income people as ways of taking action on poverty. While these program expenditures can be effective in reducing the depth of poverty for eligible families, what we need to ask is, "How many families who pay no income tax or receive rental assistance are still raising their children in poverty?"

### Poverty is a Violation of Children's Rights

The perpetuation or toleration of child and family poverty is a violation of children's rights to be nurtured, protected, supported and included.



## WHAT NEEDS TO HAPPEN

### Broken Promises

In 1989, Canada signed the UN Convention on the Rights of the Child and the House of Commons unanimously passed a resolution “to seek to achieve the goal of eliminating poverty among Canadian children by the year 2000.” Yet one of every seven children in BC still lives in poverty. Despite years of unprecedented economic prosperity in BC up to 2008, we have allowed income inequality to increase.

### Time to Act

It is high time to mobilize our resources for a provincial strategy with targets and timelines for the reduction of child and family poverty across BC. We believe that British Columbians and Canadians everywhere have made an overwhelming and eloquent case for tackling this problem now. We have comprehensive research evidence and strong public support for urgent government action, especially in the face of a recession.

Both the federal and BC governments are guilty of ignoring the research evidence, the public desire for action and the proven solutions. Our provincial government is dangerously weakening the social safety net and reducing investments in prevention services at a time of recession when help is most needed.

In a report from the Standing Senate Committee on Social Affairs, Science and Technology, *In From the Margins*, the Committee recommends:

*that the federal government adopt as a core social policy poverty eradication goal that all programmes dealing with poverty and homelessness are to lift Canadians out of poverty rather than make living within poverty more manageable and that the federal government work with the provinces and territories to adopt a similar goal.*

### BC Campaign 2000 Recommendations

Campaign 2000 calls on all provinces and the federal government to commit themselves to a 50 percent reduction in poverty among all Canadians by 2020. BC supporters of Campaign 2000 hope to see a provincial child poverty rate before taxes of seven percent or less by 2020.

We are also calling for the appointment of a BC cabinet minister with the authority and responsibility to ensure that a poverty reduction plan is developed and implemented and that the province is on track for achieving its poverty reduction targets and meeting its timelines.

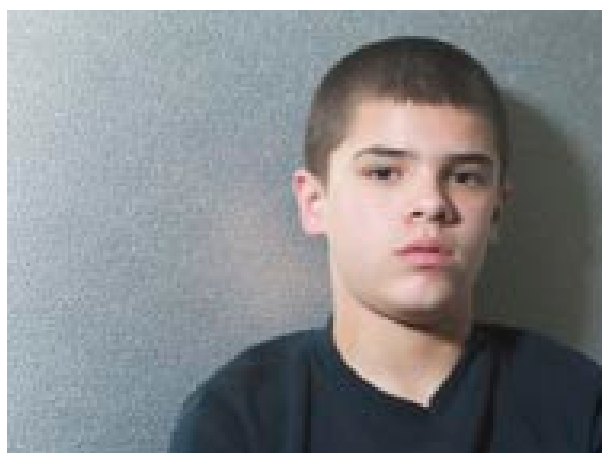
There are many elements that can help government achieve these targets.<sup>6</sup>

- The BC government should raise the minimum wage to \$11 an hour and index it annually to increases in the cost of living. In order to avoid potential economic shocks, the minimum wage could be increased every six months by \$1.00 over the next 18 months. The \$6 an hour “training wage” should be abolished.
- No family with a full-time full-year worker should live in poverty. Governments at all levels should make sure their direct and indirect employees are paid a living wage that allows them to meet their basic needs, properly support their children and avoid chronic financial stress.
- 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.

6 See Campaign 2000, *Summoned to Stewardship: Make Poverty Reduction a Collective Legacy* for further details on the strategy (available at <http://www.campaign2000.ca/>).

- The province should restore welfare earnings exemptions for recipients classified as employable and the income exemption for child support payments.
- The federal government should increase the Canada Child Tax Benefit to \$5,400 per child. The increases should go to families without regard to whether earnings or government transfers are the family's main source of income.
- Provincial support for access to post-secondary education should be increased to both remove financial barriers for low-income students and to lower student debt levels. The provincial government should also rescind the rule that does not allow welfare recipients to retain benefits while attending a post-secondary institution.
- 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.
- Universal access to high quality, accessible child care is absolutely necessary if most parents with young children are to remain in the paid labour force. Universal access to high quality child care and early learning would also ensure that **all** children have the best possible start in their early years. This requires significant investments from both federal and provincial governments.
- The federal and provincial governments need to increase their efforts at building social housing for low-income people. Programs must be developed to prevent the high costs of housing from draining the limited resources of those living near or below the poverty line.
- All British Columbians need coverage for prescription drugs and dental 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.

Child poverty is known to be economically and socially unsustainable. We tolerate it at our peril. There is strong evidence that as a society we either share the collective responsibility to prevent and eliminate child and family poverty, or we face rising costs in health care services, criminal justice and education, along with lost productivity and human potential. A comprehensive poverty reduction plan for BC will help to increase social justice and strengthen our economy.



## BC'S OPPORTUNITY TO LEAD

BC has an opportunity for leadership. In July 2011, BC's Premier will chair the Summer Meeting of the Council of the Federation, an annual meeting of provincial and territorial premiers. In a statement from the August 2010 meeting of the Council, the premiers noted their agreed commitment to reduce poverty as part of an economic recovery effort.

Anti-poverty advocates at the Winnipeg Roundtable convened by Campaign 2000 and the Social Planning Council of Winnipeg to coincide with the August 2010 meeting of the premiers made the following statement:<sup>7</sup>



***We are calling on the Premiers to honour their responsibilities and put planning for poverty eradication on the agenda of the Council of the Federation.***

First Call urges BC's Premier to take a leadership role in making this happen. Specific recommendations to the Council include:

1. Establish a working group to outline core provincial/territorial roles and expected federal contributions to a joint plan which would honour the intent of the November 24, 2009 resolution "to eliminate poverty in Canada for all." The working group would prepare a preliminary framework document for review by social services and finance ministers in early 2011, and submit a final report for adoption by the Premiers at their next annual meeting.
2. Request that the federal government delegate its senior officials to meet with the working group by early 2011 to propose terms of reference for a joint federal and provincial/territorial task force to implement the November 24, 2009 resolution, and to include processes for engaging First Nations' and other Aboriginal communities in the development of the joint plan.

The Winnipeg Roundtable statement lists some ideas on core and shared responsibilities between the federal government and provinces/territories which can guide work on a plan for poverty eradication. These include:

1. The federal government has a primary role in building basic income systems for adults and children across the life cycle.
2. Provincial governments have primary responsibilities for poverty eradication in three critical areas: labour markets, basic incomes through social assistance and public schools which properly support the learning of **all** children.
3. While provinces/territories have primary responsibility for the administration of human services such as early learning and child care and affordable housing programs, the federal government has a direct responsibility to ensure that adequate funding is available for these essential resources.

<sup>7</sup> <http://www.campaign2000.ca/whatsnew/releases/Winnipeg%20StatementAug2010.pdf>

4. Both federal and provincial governments must enhance the capacities of Aboriginal communities in urban settings and on reserve to direct and control poverty eradication initiatives which complement broader initiatives. First Nations children and families on reserve must be afforded equity of access to education, health, social and economic opportunities.
5. Federal and provincial governments must find ways of working together to develop a joint strategy for addressing the disproportionate poverty experienced by Canadians with disabilities.

In 1989, Canada made a commitment to eliminate child poverty by the year 2000. We failed because we never acted with conviction and determination. The commitment to eliminate poverty was renewed and extended by the House of Commons in November 2009. Let us not dare to fail again. We implore the Premiers, and federal party leaders, to reflect the inherent decency of most Canadians and start to work on a plan for poverty eradication.

# APPENDIX

## MEASURES OF POVERTY

Canada does not have an official way of measuring poverty. This report uses the before-tax Low Income Cut-Offs (LICOs) produced by Statistics Canada. The LICOs 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 percent 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 percent (an additional 20 percentage points) or more of their income on these three items.

The LICOs consist 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. Thresholds have been developed for total income from all sources both before income tax and after income tax based on annual surveys of incomes by Statistics Canada.

### STATISTICS CANADA'S LOW INCOME CUT-OFFS FOR 2008 (BEFORE-TAX)

Size of Household	Metropolitan – 500,000 or more	100,000 – 499,999	30,000 – 99,999	Less than 30,000	Rural Areas
1 person	22,171	19,094	18,976	17,364	15,262
2 persons	27,601	23,769	23,623	21,615	19,000
3 persons	33,933	29,222	29,041	26,573	23,358
4 persons	41,198	35,480	35,261	32,264	28,361

Source: Statistics Canada, *Low Income Lines 2008-2009*, Cat. no. 75F0002M – No.005

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 and would be counted as living in poverty. A similar family in a smaller community like Prince George (population 73,886 in 2008) would be above the LICO and would be counted as not living in poverty.

The same Survey of Household Spending also showed that the average family spends 43 percent 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 percent or more of their income on these three items.

## STATISTICS CANADA'S LOW INCOME CUT-OFFS FOR 2008 (AFTER-TAX)

Size of Household	Metropolitan – 500,000 or more	100,000 – 499,999	30,000 – 99,999	Less than 30,000	Rural Areas
1 person	18,373	15,538	15,344	13,754	12,019
2 persons	22,361	18,911	18,676	16,741	14,628
3 persons	27,844	23,548	23,255	20,845	18,215
4 persons	34,738	29,378	29,013	26,007	22,724

Source: Statistics Canada, *Low Income Lines 2008-2009*, Cat. No. 75F0002M – No.005

The Statistics Canada report *Low Income Lines* also included two other ways of measuring poverty. The Low Income Measure (LIM) is a fixed percentage (50 percent) of the median income for a reference household of four persons. The income thresholds for household of various sizes are developed using equivalency scales. The LIM thresholds are Canada wide and no variation has been provided by province or by size of community.

The Market Basket Measure (MBM), developed by Human Resources and Skills Development Canada, 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 in cities across Canada. The MBM is sensitive to differences in housing costs in similar sized communities and recognizes the increased cost of transportation in smaller communities. Consequently, there are smaller overall differences between small and large communities using the MBMs compared to the LICOs.

The MBMs were revised for 2008, but questions have been raised concerning the change in the method used to estimate the cost of shelter. For example, the estimate for the cost of shelter in 2007 for a family of two adults and two children in Vancouver was decreased from \$1,033 per month (\$12,399 per year) to \$621 per month (\$7,455 per year). We believe the MBMs should not be used until the methodology on housing costs is corrected.

The following table compares the before- and after-tax income thresholds for a family of four living in Vancouver for 2008 plus the unrevised MBM threshold for 2007.

### COMPARATIVE INCOME THRESHOLDS FOR LICO, LIM AND MBM FOR VANCOUVER

Size of Household	LICO Before-Tax	LIM Before-Tax	LICO After-Tax	LIM After-Tax	MBM After-Tax
4 persons	41,198	42,378	34,738	37,164	31,758

Source: Statistics Canada, *Low Income Lines 2008-2009*, Cat. No. 75F0002M – No.005

The fact sheets in this report use the LICO before-tax data. These data are more reliable at the provincial level than the LICO after-tax data.

It is important to remember that most low-income families have total or disposable incomes that are thousands of dollars below the poverty line.



## WHAT IS FIRST CALL?

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 well-being of children, youth and families.

**Our coalition partners are committed to the Four 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 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 jobs with a living wage

### **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 received an Award of Excellence from the BC Representative for Children and Youth in October 2010. The backgrounder prepared by the Representative's office had this to say: "First Call is unique in Canada in bringing organizations and people from many sectors together to focus on advocacy for children and youth. Since its inception in 1991, it has created a coalition of professional and community advocates in support of a prevention and investment agenda for children and youth including but not limited to health, education, social services, youth justice, child protection and anti-poverty groups."

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