



Submission on Basic Income

Government of British Columbia

March 15, 2019

putting children and youth **first**

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About First Call

First Call: BC Child and Youth Advocacy Coalition is a non-partisan, cross-sectoral coalition of over 100 provincial and regional organizations, individuals and local community networks who share the belief that children and youth should have “first call” on our province’s resources.

We are committed to achieving the following 4 Keys to Success for B.C.’s children and youth:

- A strong commitment to early childhood development
- Support in transitions from childhood to youth and adulthood
- Increased economic equality
- Safe and caring communities

First Call does not receive funding from any level of government. First Call members are listed in Appendix A.

First Call has been tracking child and family poverty rates in BC for more than two decades. Our first provincial report card containing data for 1994 showed that one in five BC children were poor. It is profoundly disappointing that over 20 years later the data still shows that one in five BC children are poor.

Campaign 2000

First Call is a partner in Canada’s national Campaign 2000. Campaign 2000 is a cross-Canada public education movement to build Canadian awareness and support for the 1989 all-party House of Commons resolution to end child poverty in Canada by the year 2000.

We support and advance Campaign 2000 goals in British Columbia.

- We must raise and protect the basic living standards of families in all regions of the country so that no child in Canada must ever live in poverty.
- We must improve the life chances of all children in Canada to fulfil their potential and nurture their talent, and to become responsible and contributing members of Canadian society.
- We must ensure the availability of secure, affordable, and suitable housing as an inherent right of all children in Canada.
- We must create, build and strengthen family support, child care and community-based resources to empower families to provide the best possible care for their children.¹

Poverty in a wealthy province and country is a violation of children’s rights under the UN Convention on the Rights of the Child.

¹ Campaign 2000 Goals, website: <https://campaign2000.ca/about-us/our-story/>

About Child Poverty in BC

The 2018 BC Child Poverty Report Card data reveals that once again far too many children in British Columbia are growing up in poverty. One in five children, or 172,550 children and youth, are growing up in poverty. And many are growing up in deep poverty — up to \$13,000 below the poverty line. This includes poor households where one or more parents are working.

Due to systemic discrimination and other factors, the situation is even worse for some groups of children. Indigenous children, new immigrant children and children in visible or racialized minority groups all have much higher poverty rates than the BC average.

In 2016, half of BC's children in lone-parent families were poor, over four times the 12.5% rate for their counterparts in couple families. And 82% of lone-parent families were female-led, with median annual incomes that were just 69% of male lone-parent families.

These statistics reflect the continued growth of income inequality in our province and across Canada. They reflect decades of allowing and facilitating the massive accumulation of wealth in the hands of fewer and fewer individuals, while thousands of children and youth are deprived of the security, supports and opportunities they need to thrive. They also reflect the growth of precarious work and stagnating wages as families face soaring costs for essential living expenses such as housing, food, child care and transportation. They reflect the impact of tax systems and a social safety net that have failed to respond to this growing unfairness and inequality.

Working and Poor

The story of BC's low-income children is one of children growing up in households where one or both parents work. In fact, the majority of the working poor in BC earn above minimum wage but remain below the poverty line. And parents relying on minimum wage incomes to support their families have a difficult time in British Columbia.

In 2016, a single parent with one child working full-time for the whole year for minimum wage would have only earned \$19,257 in employment income, leaving them \$9,950 below the \$29,207 LIM before-tax poverty line for this family type and size. A two-parent family with two children with both parents working full-time for the whole year for minimum wage would have only earned \$38,514 in employment income, leaving them \$3,214 below the \$41,728 LIM before-tax poverty line for this family type and size. We recognize that government has raised the minimum wage since 2016 and that will have had an incremental positive effect the depth poverty for working parents.

The situation of working poor families is not unique to BC as Hugh Segal pointed out in a 2018 opinion piece about basic income.

“Over 60 per cent of those living below the poverty line in Canada have jobs—some more than one—and yet are still beneath the poverty line. Present welfare plans across Canada not only pay less than the poverty line—sometimes 20 to 40 per cent less—but also discourage work by clawing back benefits if more than \$100 or so are earned.”²

Social Assistance and Deep Poverty

In 2016, there was an average of 36,126 children and youth in families receiving welfare in BC. This is an increase in the 2015 yearly average by over 2,644 children.

For most of these families (66%), working is not an option. These families do not fall under the “expected to work” category and have medical conditions, multiple barriers, disabilities and other challenges that prevent them from working.

Low welfare incomes are especially tough on single parent families, as 85% of the families with children on welfare were single parent families. Families living below the poverty line are frequently forced to rely on food banks and other sources of charity to feed and clothe their children.

It is a major struggle for families on welfare in British Columbia to meet their basic needs. Welfare benefits and government transfers from the federal and provincial governments provided just \$19,120 in total income for a lone parent with one child in BC in 2016, which was only 66% of the \$28,884 poverty line for this family type. This family’s total welfare income left them \$9,764 below the poverty line.

For a couple with two children on welfare in 2016, their total income was \$24,602, just 60% of the poverty line, leaving a poverty gap of \$16,245.

Looking across the country, BC had the lowest annual 2016 welfare income for a couple with two children and the fourth lowest for a single parent with one child.³ Welfare benefits are not indexed or increased automatically with the cost of living, so benefits have lost value over time.

Over the past twenty-eight years (1989-2016), British Columbia’s welfare incomes have generally decreased (when accounting for inflation – 2016 constant dollars), making it harder to make ends meet for families on welfare. Although welfare incomes for single parents with one child in 2016 (\$19,120) were slightly higher than in 1989 (\$18,846), it was still below the highest welfare income of \$20,464 in 1994.

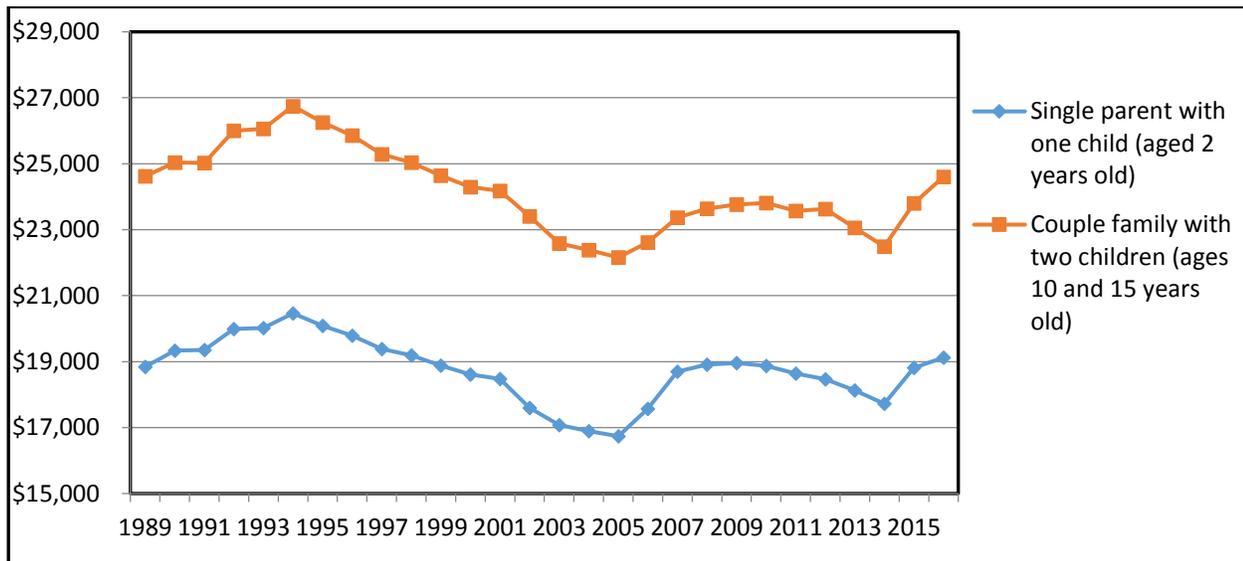
Welfare incomes for a couple family with two children in 2016 (\$24,602) were slightly lower than in 1989 (\$24,618) and a full \$2,142 lower than in 1994 (\$26,748).

We acknowledge that government has nominally increased welfare rates since 2016 but they continue to leave families in deep poverty.

² MACLEANS, *A universal basic income in Canada is more realistic than you think*, Hugh Segal, Apr 20, 2018 <https://www.macleans.ca/opinion/a-basic-universal-income-in-canada-is-more-realistic-than-you-think/>

³ The Caledon Institute of Social Policy. *Welfare Incomes in Canada*. (Nov 2017). At p. 51-54.

Welfare incomes (adjusted for inflation - 2016 constant dollars), by family type, British Columbia, 1986-2016



Sources: Federal and Provincial Portion of Income Benefits. Caledon Institute. Welfare in Canada, 2016.P.67 https://maytree.com/wp-content/uploads/Welfare_in_Canada_2016.pdf

Government Transfers are Reducing Child Poverty

While the situation for so many children and their families remains unacceptable, over the past few years both federal and provincial governments have taken steps in the right direction.

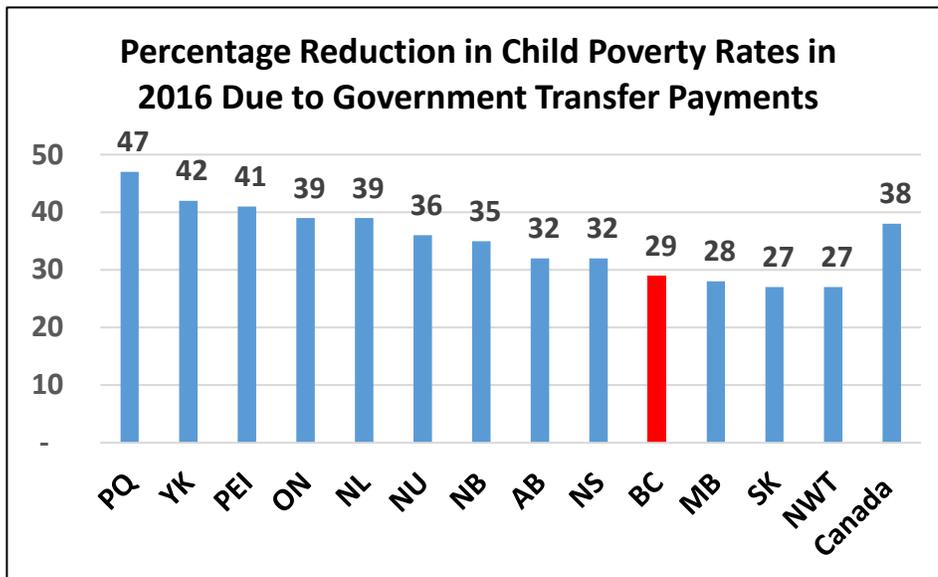
Federal and provincial government income support programs play a huge role in reducing child poverty in Canada. If parents had been forced to rely only on earnings, income from investments and other sources of market income to make ends meet, the child poverty rate in Canada would have been 31.5% in 2016, based on the CFLIM-After Tax. Government transfers reduced the child poverty rate to 19.6%.

Over two million Canadian children (2,280,320) would have been poor using family market income alone. With federal and provincial transfers, the number of poor children was lowered by 38% keeping over 850,000 children out of poverty.

Without government transfers, using only family market income, British Columbia’s child poverty rate was 29% in 2016. It came down to 20.3% after government transfers. A total of 244,110 BC children were poor using market income alone.

Once transfers were added to family income the number of poor children was reduced by 29%, meaning 71,560 BC children were kept out of poverty that year thanks to government help.

The graph below shows the percentage reduction in child poverty rates due to government transfers in 2016 in Canada and individual provinces and territories.



Source: Statistics Canada custom tabulation, data from T1 Family Files 2016

Canada

The implementation of a more generous federal Canada Child Benefit in 2016 is already making a difference to the depth and rate of poverty for families with children who receive it.

In November, the federal government introduced Bill C-87, an Act respecting the reduction of poverty, setting aspirational targets to reduce Canada's overall poverty level 20% below the 2015 level by 2020 and 50% below the 2015 level by 2030.

While these efforts are not insignificant, the federal strategy must be measured against the fact that no new spending was attached to the catalogue of mostly existing initiatives that require varying degrees of implementation.

The federal government also pays a quarterly GST credit to low-income families and individuals. Ottawa administers the Employment Insurance (EI) fund to assist Canadians who are temporarily out of work and to pay maternity and parental leave benefits. However, a declining proportion of the unemployed are eligible for EI. Additionally, the 55% benefit rate leaves lower-wage workers below the poverty line and means they have to return to work early from their allowed parental leave.

The federal and provincial governments also provide a refundable Working Income Tax Benefit (WITB) for eligible families who are in the workforce. The 2016 upper-income threshold for this benefit for a family of any size with children in BC was \$29,186 per year.

The federal government has announced that, starting in 2019, an enhanced benefit renamed the Canada Workers Benefit will be made more accessible.

British Columbia

The BC government's recent announcement that, starting in October 2020, a new Child Opportunity Benefit will replace the Early Childhood Tax benefit. This will increase the maximum benefit amount to \$1600 for the first child and extend it to families with children up to the age of 18. We applaud the government for introducing this new benefit. We know that government transfers are an important strategy to reduce child poverty and it is a measure we have recommended for many years.

Impacts on child poverty related to the BC government's new Child Care Fee Reduction Initiative and the Affordable Child Care Benefit launched this year are not yet measurable. However, we know that lowering costs, as the province transitions to a universal child care system, will greatly assist low-income families with preschool aged children, in many cases removing a barrier to going to work.

In 2018, the BC legislature unanimously passed the Poverty Reduction Strategy Act compelling the Minister of Social Development and Poverty Reduction to develop a strategy to reduce and prevent poverty. The legislation sets out targets to reduce poverty by 25% among all persons and by 50% for those under 18 years of age over a five year period beginning on January 1, 2019.

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 2018-19, BC is expected to receive \$1.859 billion under the Canada Social Transfer.

Basic Income

While the First Call Coalition does not have an official position on a basic income, we believe all families should have enough income, in combination with universal social programs, to provide for the basic needs of their children.

Each year, in our BC Child Poverty Report Card we make specific recommendations to all levels of government related to income supports and tax fairness (see Appendix B). These recommendations are informed by our research about the root causes of family poverty.

Importantly, our research shows that government transfers already play a vital role in reducing poverty.

Our research into basic income leads us to consider the second of two approaches reviewed by the Parliamentary Budget Officer in 2018:

A negative income tax (NIT). Families with no income would receive the maximum amount, which is reduced as income from other sources increases (similar to the Guaranteed Income Supplement for seniors). The negative income tax involves setting a level of support, say the poverty line or a percentage of the poverty line. It would then top up anyone, or any household (on a monthly basis), who has income below that level as reported in their tax filing to reach the predetermined level. Income beyond that would be taxable, and eventually some or the entire top-up would disappear.⁴

If delivered as a negative income tax, a basic income could be viewed as an enhancement of government's current approach to child and low-income tax benefits that are already working to reduce poverty. In the same way the Guaranteed Income Supplement for seniors provides an income 'floor' that has contributed to poverty reduction in that demographic group, a basic income approach for families could play a significant role in reducing – or potentially eliminating – child poverty.

Along with other changes to the income tax system, a negative income tax approach could also be viewed as tax fairness – the redistribution of wealth to ensure everyone (particularly children) benefit from our society's collective wealth.

First Call supports the principles stated in submissions from both the Poverty Reduction Coalition and The Public Health Association of BC. Specifically, a basic income scheme should not replace other important social programs like affordable child care, housing, pharmacare and education.

A basic income should ensure no one loses ground and is worse-off than before a basic income.

A basic income should not have the effect of subsidizing employers who are paying low wages or used as substitute for a fair minimum wage.

A basic income amount should be set high enough so that families can live with dignity, make culturally-appropriate choices about food and activities, and be able to participate in community life.

We also add that a basic income should be attached to individuals and not to family units. No one should be trapped in an unhealthy or abusive relationship because their income is attached to co-habitation.

In closing, First Call encourages the government and Minister of Social Development and Poverty Reduction to consider implementing a pilot program aimed at lifting those families living in deep poverty above the poverty line. A basic income pilot project should be carefully evaluated using evidence-based methods focused on the social determinants of health related to child and youth development.

⁴ The Parliamentary Budget Officer (PBO), *Costing a National Guaranteed Basic Income Using the Ontario Basic Income Model*, 17 April 2018

https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2018/Basic%20Income/Basic_Income_Costing_EN.pdf

Appendix A: First Call Coalition Members

ACT – Autism Community Training
Adoptive Families Association of BC
Affiliation of Multicultural Societies & Service Agencies
Alternate Shelter Society
Association for Community Education BC
Association of Neighbourhood Houses of British Columbia
Aunt Leah's Independent Life Skills Society
Autism Society of BC
Baobab Inclusive Empowerment Society
BC Aboriginal Child Care Society
BC Association for Child Development & Intervention
BC Association of Family Resource Programs
BC Association of Pregnancy Outreach Programs
BC Association of Social Workers
BC Confederation of Parent Advisory Councils
BC Council for Families
BC Council of the Canadian Federation of University Women
BC Crime Prevention Association
BC Federation of Foster Parents Association
BC Government & Service Employees' Union
BC Play Therapy Association
BC Recreation and Parks Association
BC Retired Teachers' Association
BC Schizophrenia Society
BC Society of Transition Houses
BC Teachers' Federation
Big Sisters of BC Lower Mainland
Boys and Girls Clubs of BC
Breakfast for Learning
British Columbia Federation of Students
Cameray Child & Family Services
Canadian Association for Young Children
Canadian Mental Health Association BC
Canadian Red Cross – Respect Education
Capilano Students' Union
Centre for Child Honouring
Centre for Israel and Jewish Affairs
Cerebral Palsy Association of BC
Check Your Head: The Global Youth Education Network
Child and Youth Care Association of BC
Children's and Women's Health Centre of BC
Coalition of Child Care Advocates of BC Columbia/Kootenay Advocacy and Education Resource Society
Communities that Care – Squamish
Community Action Toward Children's Health
Council of Parent Participation Preschools BC
Deaf Children's Society of BC
Developmental Disabilities Association
Directorate of Agencies for School Health BC
Dr. C.J. Patricelli, Inc.
Early Childhood Educators of BC
East Kootenay Childhood Coalition
Elizabeth Fry Society of Greater Vancouver
Family Services of Greater Vancouver
Federation of BC Youth in Care Networks
Federation of Community Social Services BC
Foster Parent Support Services Society
Five Family Place Partnership – MPFCS
Health Sciences Association
Health Officers' Council of British Columbia
Helping Spirit Lodge Society
Health Sciences Association of BC
Hospital Employees' Union
Immigrant Services Society of BC
Inclusion BC
Indigenous Perspectives Society
Justice Institute of BC
Kamloops and District Elizabeth Fry Society
Kelowna Child Care Society
Kiwassa Neighbourhood House
Learning Disabilities Association of BC
McCreary Centre Society
Métis Commission for Children & Families BC
Mom to Mom Child Poverty Initiative
MOSAIC
National Council of Jewish Women of Canada – Vancouver Section
New Westminster Family Place
Pacific Association of First Nations Women
Pacific Community Resources Society
Pacific Immigrant Resources Society
Parent Support Services Society of BC
PeerNetBC
Penticton & District Community Resources Society
Phoenix Human Services Association
PLEA Community Services Society of BC
Progressive Intercultural Community Services Society
Provincial Association of Residential & Community Agencies
Public Health Association of BC
Single Mothers' Alliance of BC
Sea to Sky Community Services
Social Planning & Research Council of BC
Society for Children and Youth of BC
S.U.C.C.E.S.S.
Summit Negotiations Society
Sunshine Coast Community Services Society
Take a Hike Youth At Risk Foundation
United Way of the Lower Mainland
University Women's Club of Vancouver
Vancity Community Foundation
Vancouver Coastal Health Authority – Population Health
Vancouver Community College – Early Childhood Care & Education, Cont. Studies
Victoria Child Abuse Prevention & Counselling Centre
West Coast Legal Education and Action Fund
Westcoast Child Care Resource Centre
Westcoast Family Centres Society
Western Society for Children
Women Against Violence Against Women
YWCA Metro Vancouver

FIRST CALL LIAISONS

BC Representative for Children and Youth
Public Health Agency of Canada
Ministry of Children and Family Development
Human Early Learning Partnership, UBC
BC School Trustees' Association

Appendix B: 2018 BC Child Poverty Report Card – Tax Fairness and Income Support Recommendations

1. The provincial government should increase the minimum wage to \$15 per hour and make sure all workers in BC are covered by the minimum wage by the end of 2019, and index it annually to the cost of living.
2. Governments at all levels should ensure their direct 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.
3. The provincial government should significantly raise income and disability assistance rates to bring them in line with actual living expenses and index them to inflation.
4. The provincial government should redesign the BC Early Childhood Tax Benefit into a BC Child Benefit covering children under 18, double the maximum benefit to \$1,320 per child per year and index it annually to the cost of living.
5. The federal government should ensure the Canada Child Benefit, in combination with other income measures, raises all families with children above the CFLIM after-tax poverty lines calculated through taxfiler data and ensure access to the benefit for families in groups with higher rates of poverty.
6. The federal government should ensure maternity and parental leave benefits are universally available to all new parents (regardless of work status) and that the benefit levels are not less than the CFLIM after-tax poverty lines.
7. The federal government should enhance Employment Insurance to expand access, duration and levels of benefits to prevent and reduce child and family poverty.
8. The provincial and federal governments should address growing income inequality by continuing efforts to increase fairness in the personal income taxation system and re-introducing the principle of taxation based on ability to pay.