



# 2012 CHILD POVERTY REPORT CARD

NOVEMBER 2012

PRODUCED BY

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**This BC Child Poverty Report Card includes an introduction, ten fact sheets on child poverty, and recommendations.**

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# LOOKING AHEAD TO MAY 14, 2013

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With the next provincial election less than six months away, British Columbia's main political parties still have many questions to answer about how they would fight poverty.

The latest figures from Statistics Canada (2010) show BC near the bottom of the heap when it comes to most major measures of poverty:

- BC had an overall poverty rate of 15.5 percent – 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 second worst child poverty rate at 14.3 percent – the worst rate of any province except Manitoba.
- BC had the worst poverty rate of any province at 11.6 percent for children living in two-parent families.
- BC had the most unequal distribution of income among rich and poor families with children. The ratio of the average incomes of the richest ten percent compared to the poorest ten percent was the worst of any province at 13.8 to one.

During the first decade of the 21st century, most poverty rates in British Columbia were dismally high. Most other provincial and territorial governments used the decade to adopt comprehensive strategies and timetables for reducing poverty.

The BC Liberal government steadfastly refused to follow the lead of others. Finally, last spring, it announced plans for “regional poverty reduction strategies” with outrageously minimal targets. The strategies were initially aimed at 10 to 15 families with children in each of seven selected communities.

The Ministry of Children and Family Development made it clear that the strategies will not involve any new spending before the next election. That means no further increases in the minimum wage, no general increase in welfare rates, no breakthrough in child care, no commitment to make sure government contractors pay living wages to their employees, no spending on housing that has not already been announced and no breaks for students racking up debt to finance their post-secondary education.

First Call's analysis of the strategies was blunt: no more money for poor families means no reduction in poverty.<sup>1</sup>

The BC New Democratic Party (NDP) is the only major political party in the province that has been promoting a full-fledged attack on poverty through a proposed Poverty Reduction Act it introduced in the legislature some months ago. The bill provides for legislated poverty reduction targets and timelines. What it doesn't include is any substantive details about new programs and policies for achieving these goals.

The legislation, once passed, would give an NDP government one year to complete a strategy. It also provides for widespread consultations with the public – including consultations on issues and solutions that are already well known both inside and outside government. It is not clear whether an NDP government would take the obvious steps to fight poverty right away or whether it would wait a year until all the consultations are finished.

One thorny issue in fighting poverty is welfare reform, and neither the Liberals nor the NDP have shown themselves ready to commit to a major increase in welfare rates for all recipients.

The NDP started off strong last January, when Surrey-Fleetwood MLA Jagrup Brar spent the month living on a welfare budget of \$610. On Feb. 1, NDP leader Adrian Dix issued a five-paragraph news release praising Brar for his efforts, but completely ignoring the issue of raising welfare rates. The release mentioned income inequality,

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1 First Call: BC Child and Youth Advocacy Coalition, *BC's 'Alleged' Poverty Reduction Strategies: When is a strategy not a strategy?*, August 2012.



accessible education and training, health, housing, public transit and good jobs – everything but the obvious need for higher welfare rates.

The BC Liberals announced some welfare changes in June that would add a few dollars to the cheques of certain welfare recipients and would also make it possible for employable welfare recipients to keep a small portion of any part-time earnings. Earnings exemptions for employable recipients were dropped by the Liberals in 2002. Their return would allow a single recipient to earn \$200 a month, and it wouldn't cost or save the province any additional money.

Meanwhile, the actual increases in provincially provided benefits were small. For example, parents with children under 12 would see their back-to-school supplement increased from \$84 to \$100 a year.

The "Families First" policies promoted by Premier Christy Clark promise to "better harmonize" welfare programs and policies for families with other jurisdictions in Canada. What the government's brochure does not say is that welfare programs in all jurisdictions have been roundly criticized as inadequate year after year by social policy and anti-poverty activists everywhere in Canada.

Other political parties in BC have been just as unspecific as the NDP and the Liberals.

The BC Conservative Party supports "a strong social safety net which protects those who truly need support, while encouraging individuals to be self-sufficient." The party's web site provides no further details of what this means.

The Green Party of BC proposes uniting all current income support programs into one comprehensive "guaranteed livable income," but details about how this would be accomplished are not provided. The party also supports universal, safe and affordable child care, modernized services for people with disabilities "based on a social model of ability rather than a medical model," and employment assistance for individuals, businesses and community organizations among their ideas for addressing poverty.

## WE HELPED SENIORS, NOW HELP CHILDREN

Broad-based anti-poverty programs really do work. Think of what the federal and provincial governments did two generations ago when they created a new system of pension programs for seniors and brought in medicare to make sure seniors – and the rest of us – didn't wind up poor when we got sick.

The poverty rate for British Columbians 65 and over fell from 43.7 percent in 1976 to 14.1 percent in 2010.



## SUMMARY OF RECOMMENDATIONS IN THIS REPORT CARD *(full recommendations on page 26)*

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 percent or lower by 2020.

Specific recommendations to help government achieve these targets include:

1. Continue to raise the minimum wage and index it annually.
2. Extend minimum wage to alcoholic beverage servers and agricultural workers currently paid piece-work rates.
3. All levels of government should ensure that direct and contract employees are paid a living wage.
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 First Nations child welfare services, education and community health services and Aboriginal friendship centres, 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.
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 implement the Community Plan for an Integrated System of Early Care and Learning put forward by the Early Childhood Educators of BC and the Coalition of Child Care Advocates of BC.
12. Remove financial barriers for low-income students and lower student debt levels through tuition fee reductions, students 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. Address the demand for affordable housing and eliminate homelessness.
15. Establish universal public dental care, prescription drug and eye care programs.



## BC'S DISMAL POVERTY RATES

Despite some modest improvements, British Columbia still had a dismal record in 2010 in its child poverty rate and its poverty rate for all persons.

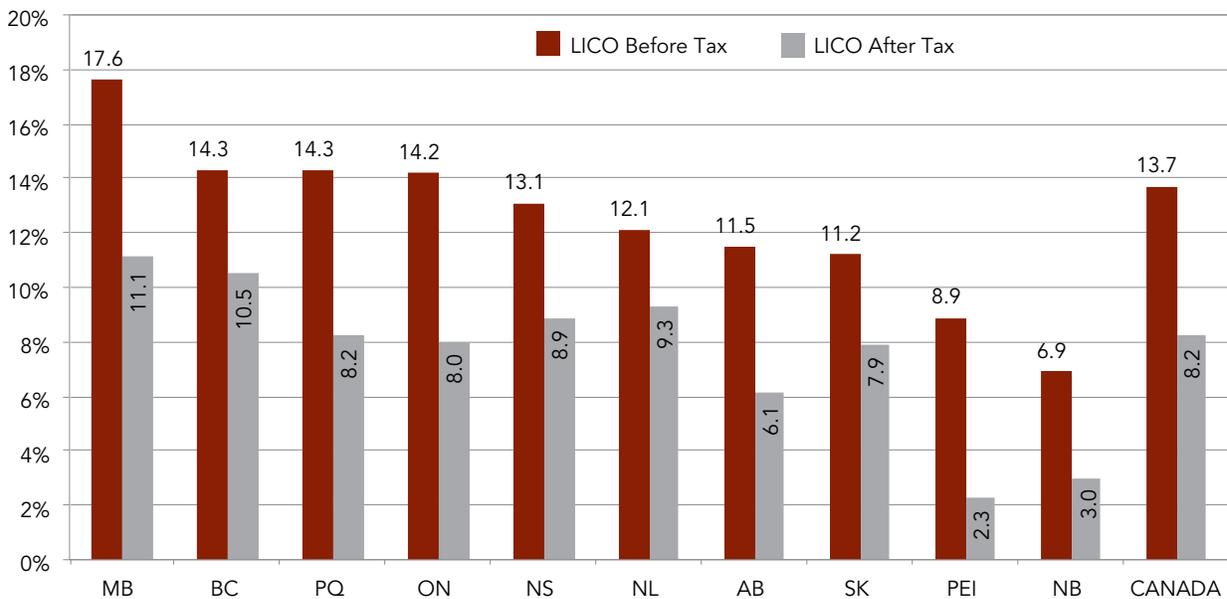
The child poverty rate dropped from 16.3 percent in 2009 to 14.3 percent in 2010, using Statistics Canada's Low Income Cut-Offs (LICO) before tax as a measure of poverty. However, the BC rate was still the second worst of any province behind the rate of 17.6 percent in Manitoba.

The number of poor children in BC was 119,000 – about the same as the total populations of New Westminster, Esquimalt, Cranbrook and Williams Lake combined.

The child poverty rate using Statistics Canada's LICO after income taxes fell from 11.8 percent in 2009 to 10.5 percent in 2010. The BC rate was the highest of any province from 2002 through 2009. Manitoba had the worst rate in 2010 at 11.1 percent on this measure as well.

The number of poor BC children in 2010 using the after-tax rate was 87,000.

### CHILD POVERTY RATES BY PROVINCE, 2010



Source: Statistics Canada, *Income in Canada 2010*, Table 802, Cat. no. 75-202-X

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. The poverty rates for these sub-groups in Canada have ranged from 27 percent to 48 percent in the most recently published census data (2006).<sup>2</sup> This 2006 census data also showed that urban Aboriginal families experienced nearly double the poverty rate of non-Aboriginal urban families (21% vs. 11% respectively).<sup>3</sup>

<sup>2</sup> Campaign 2000, *2010 Report Card on Child and Family Poverty in Canada: 1989-2010, 2010*, [www.campaign2000.ca/reportCards/national/2010EnglishC2000NationalReportCard.pdf](http://www.campaign2000.ca/reportCards/national/2010EnglishC2000NationalReportCard.pdf)

<sup>3</sup> Zhila Kashaninia, *Aboriginal Population in British Columbia: A Study of Selected Indicators for Off-Reserve and Urban Aboriginal and Non-Aboriginal Populations*, BC Stats, November 2011, p. 25 [www.bcstats.gov.bc.ca/Publications/AnalyticalReports.aspx](http://www.bcstats.gov.bc.ca/Publications/AnalyticalReports.aspx)

## CHILD POVERTY CONCENTRATED IN BIG CITIES

About two-thirds of all poor children in BC lived in Greater Vancouver in 2010, according to the latest estimates from Statistics Canada. Of the total of 119,000 poor children in BC, 80,000 lived in Greater Vancouver and 39,000 in other parts of the province.

Statistics Canada said the child poverty rate in Greater Vancouver was 18.4 percent in 2010, using the LICOs before taxes. The agency did not calculate a child poverty rate for all areas outside Vancouver, but First Call estimates it was in the range of ten percent.

The main reason for higher poverty rates in Vancouver and other large cities in Canada is that poverty lines are based on the size of the area of residence. The highest lines are for urban areas of 500,000 or more. See Appendix 1 for more information about poverty lines.

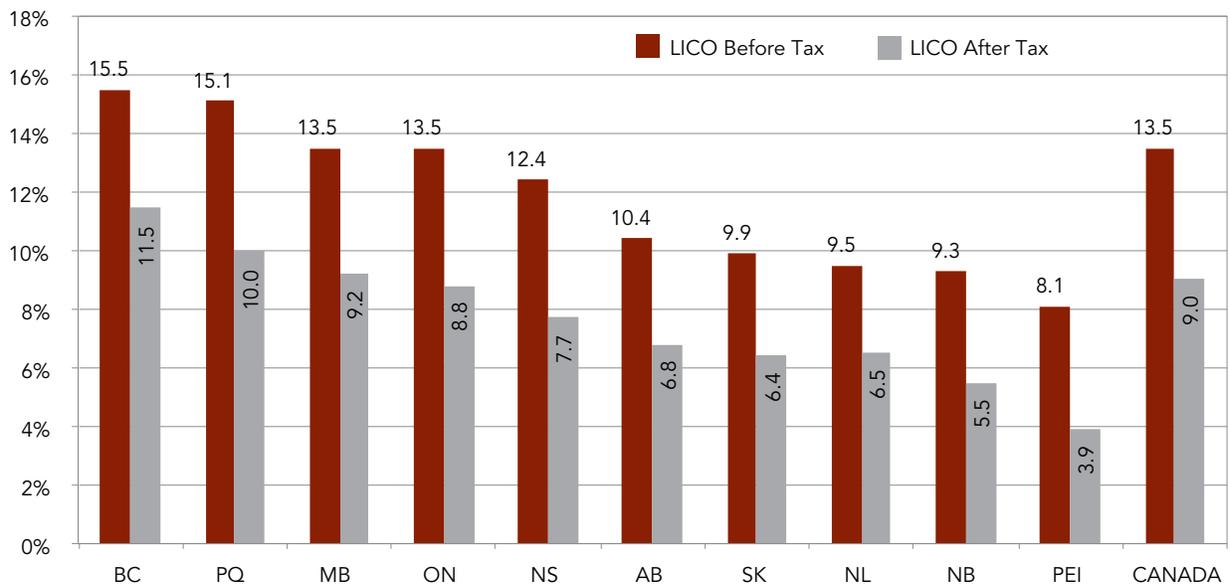
Poverty rates for most municipal areas are normally calculated from census data collected every five years. Income data from the 2011 census won't be released before next year.

The poverty rates for all persons in BC compared to other provinces were worse than the rates for children. BC had the worst poverty rates of any province using both sets of poverty lines from Statistics Canada.

The poverty rate for all persons using the before-tax statistics was 15.5 percent, and the number of poor persons was 688,000. The rate for all persons using the after-tax statistics was 11.5 percent, and the number of poor persons was 510,000.

BC was the worst of any province for eight of the ten years starting in 2001 using the before-tax statistics. It was the worst using the after-tax statistics for every year since 2001, a ten year record of shame.

## POVERTY RATES FOR ALL PERSONS BY PROVINCE, 2010



Source: Statistics Canada, *Income in Canada 2010*, Table 802, Cat. no. 75-202-X

## ABOUT THE LOW INCOME CUT-OFF AND LOW INCOME MEASURE

The fact sheets in the rest of this report feature Low Income Cut-Offs (LICOs) before-tax data. This set of data was selected because it is more reliable at the provincial level in all provinces than LICO after-tax data. Details of before-tax and after-tax poverty lines for 2010 are in Appendix 1 of this report.

For the purpose of making international comparisons, the Low Income Measure (LIM) is the most commonly used measure. It is increasingly being used in Canada by some provinces and researchers. Using the LIM, a child is considered to be in poverty when living in a family with income less than 50 percent of median household income for a reference Canadian household.

Using the LIM, BC's 2010 child poverty rate was 17.1 percent, or 142,000 children. The Canadian rate on this measure was 14.5 percent, or 979,000 children.



## CHILD POVERTY OVER THE YEARS

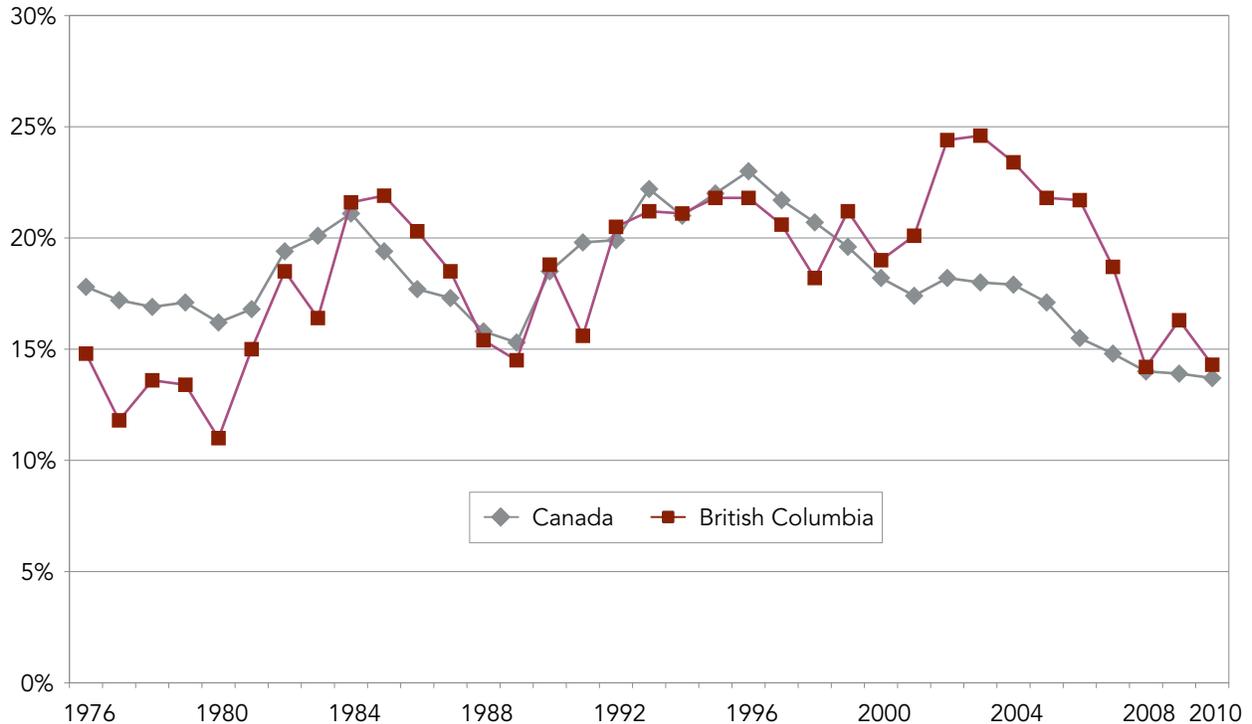
British Columbia's child poverty rates have been well above the national average for most of the past decade. While the national child poverty rate was on a downward trend because of year after year of economic growth, the BC child poverty rate soared to a record high of 24.6 percent in 2003 and dropped near the national rate only in 2008.

In 2010, the BC child poverty rate was 14.3 percent, and the national rate was 13.7 percent.

The 2010 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 2009 or 2010. In BC, the record low was way 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 1998, the two rates were more or less the same. Then in 1999, the BC rate jumped above the national rate and remained well above the national rate until 2008.

### CHILD POVERTY RATES FOR CANADA AND BRITISH COLUMBIA, 1976-2010



Source: Statistics Canada, *Income in Canada 2010*, Table 802, Cat. no. 75-202-X; LICO Before-Tax

## CHILD POVERTY BY FAMILY TYPE

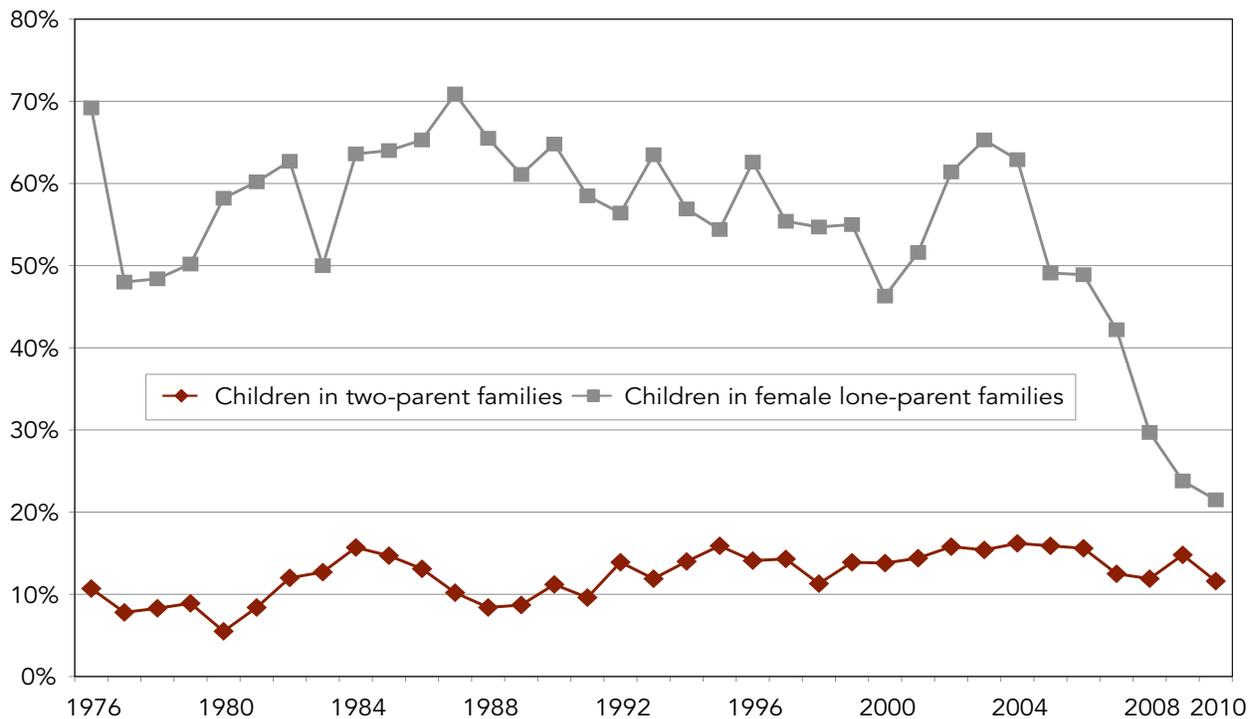
Lone-parent families led by women have traditionally had poverty rates much higher than two-parent families, but the difference between the two has narrowed considerably in the last few years with more female lone parents in the labour force.

The poverty rate for British Columbia children living in families headed by lone-parent mothers was a record low 21.5 percent in 2010, down from 23.8 percent in 2009. Despite this drop, the latest poverty rate of 21.5 percent was still one of the higher poverty rates among any family type in BC. This may reflect the realities that many lone-parent mothers can only find part-time work or have trouble finding affordable child care for their children. Besides having only one person's income to support the family, women's average hourly wages have historically been lower than men's.<sup>4</sup>

The poverty rate for BC children in two-parent families was 11.6 percent in 2010, down from 14.8 percent in 2009. The record low poverty rate for children in two-parent families was 5.5 percent way back in 1980.

Nearly 66 percent or 78,000 of the poor children in 2010 lived in two-parent families, and nearly 17 percent or 20,000 poor children lived with lone-parent mothers. The remaining 21,000 poor children or 18 percent lived with lone-parent fathers, with grandparents or in other family arrangements.

### BC CHILD POVERTY RATES BY FAMILY TYPE, 1976-2010



Source: Statistics Canada, *Income in Canada 2010*, Table 802, Cat. no. 75-202-X; LICO Before-Tax

4 Statistics Canada. *Box Table1, Female-to-male average hourly wage ratio, select years, 1988 to 2008*, [www.statcan.gc.ca/pub/89-503-x/2010001/article/11388/tbl/ttbl001-eng.htm](http://www.statcan.gc.ca/pub/89-503-x/2010001/article/11388/tbl/ttbl001-eng.htm)

## THE DEPTH OF POVERTY

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

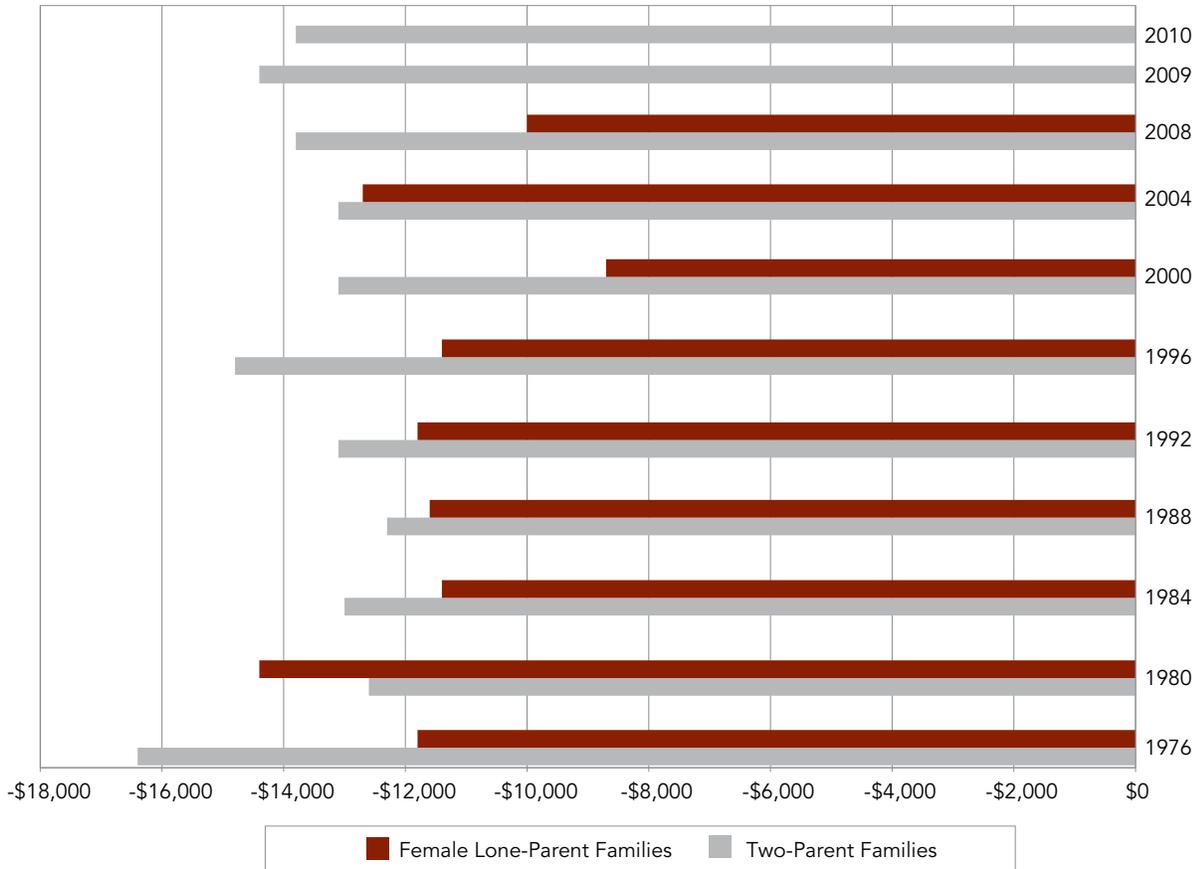
Elderly seniors living on their own often live a few thousand dollars below the poverty line. The depth of poverty for every other group of poor people is much more severe.

Statistics Canada reported that poor two-parent families in British Columbia lived an average of \$13,800 below the poverty line in 2010. For a family of four living in a large city, the poverty line was \$42,065. However, the depth of poverty figure means a typical poor family would have only \$28,265 in income before tax.

Depth of poverty figures were not available in 2010 for families led by lone-parent females, but their depth of poverty in previous years was generally more than \$10,000. With a poverty line of \$28,182 in 2010 for a lone parent with one child in a large city and depth of poverty of \$10,000, average family income would have been \$18,182.

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.

### AVERAGE DEPTH OF POVERTY FOR POOR BC FAMILIES WITH CHILDREN, 1976-2010



Source: Special Tabulations by Statistics Canada for Campaign 2000, LICO Before-Tax

FOOD BANK USE IN BC	2012	2011	2001
Individuals assisted by food banks	96,150	90,193	67,237
% Increase, 2001-2012	43%		
% Increase, 2011-2012	6.6%		
% Assisted who were children	29.5%	31.9%	35.3%
# Assisted who were children	28,364	28,772	23,735
% Increase in numbers, 2001-2012	19.5%		

Source: Food Banks Canada, Hunger Count 2012 and 2011.



## POVERTY AND PARENTING

*"Parenting and family function occur within a context. Punitive, or even abusive parenting, most often occurs in a context of parents who are themselves carrying a mental health burden. That mental health burden is often associated with the conditions of their life, and the most prevailing and profound condition that alters parenting is poverty."*

*There is indeed a biological basis for the link between society, family function and child development. This would strongly endorse the ongoing discussion in Canada about creating a minimum level of income for every family. People will, quite rightly, question whether throwing money into families really changes their circumstances... And the evidence now is yes, it will... This also supports movements towards high quality daycare."*

- Dr. Michael Meaney of McGill University, expert on the psychological impact of parenting, quoted in "A Healthy Environment Means Healthy Children", Bulletin for Early Childhood Development, Vol. 10, No. 1, December 2011, Centre of Excellence on Early Childhood Development.

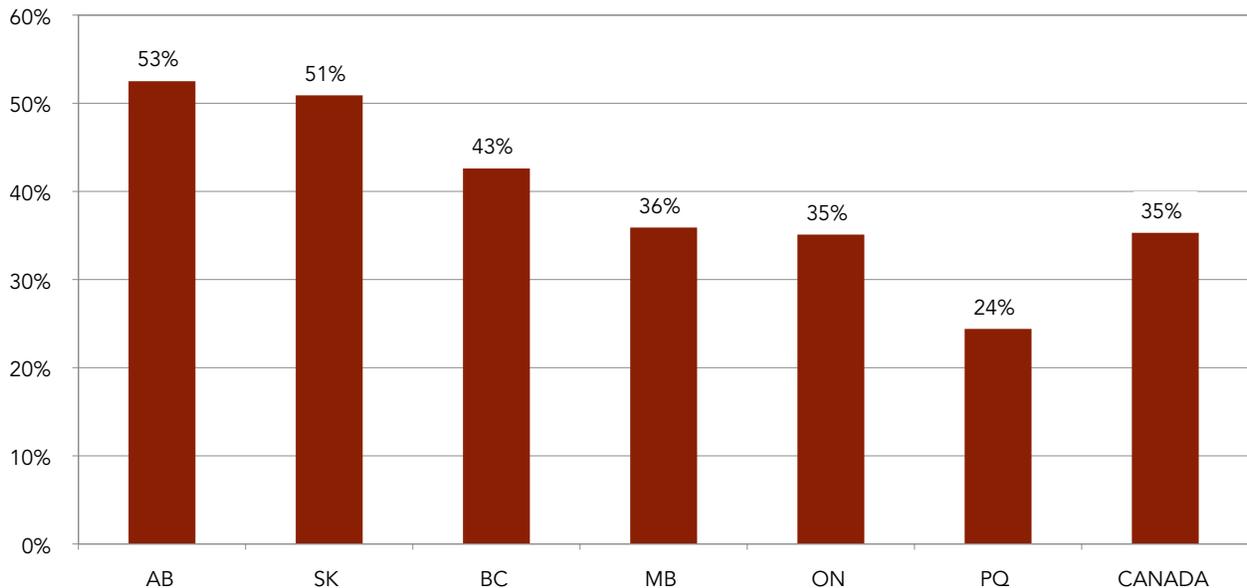
## CHILD POVERTY AND WORKING PARENTS

What many people don't realize is that British Columbia's high child poverty rate is first and foremost about low pay and insufficient work. Having a well-paying job can make a huge difference in family income, but good jobs are not always available. In 2010, 43 percent of the poor children in BC – 41,300 children – lived in families with at least one adult working full-time, full-year, and many others lived in families with at least some income from part-time or part-year employment.

The figure for poor children living in families with at least one adult working full-time, full-year for BC was down from 48 percent in 2009. Alberta and Saskatchewan had the highest rates in 2010, and Quebec had by far the lowest rate of all provinces.

Statistics Canada did not calculate percentages in the four Atlantic provinces in 2010 because of the relatively small number of residents it surveyed in each of those provinces.

### POOR CHILDREN WITH ONE OR MORE PARENTS EMPLOYED FULL-TIME, FULL-YEAR, 2010



Source: Statistics Canada, special data run, using LICO Before-Tax, 2010

### Minimum Wages

None of the increases in the minimum wage announced by the BC government was in effect in 2010. The first of the increases took place on May 1, 2011, and the last on May 1, 2012. These increases help take some of the financial sting out of low-paying jobs, but they are not large enough to ensure that people who work full-time, full-year do not live in poverty.

The current minimum wage of \$10.25 an hour would still leave full-time, full-year workers living on their own about \$3,000 below the poverty line for a large city. Details for improving the minimum wage appear in Appendix 2 of this report.

The situation is even more difficult for families with children. A parent with dependents would have to earn much more than the minimum wage to be above the poverty line..

Minimum wage policy is part of the much larger issue of low-wage jobs in Canada. Canada is considered a low-wage country under the standards of the Organisation for Economic Co-operation and Development because about one-quarter of its paid labour force work for wages that are less than two-thirds of the median wage. Statistics Canada said the median wage in 2010 was \$20.00 an hour, so low-wage jobs paid \$13.33 an hour or less.

## Living Wages for Families

Aside from its work in advocating for a full-fledged poverty reduction plan for BC, First Call has been promoting a living wage for families with children. 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. "The living wage is a call to private and public employers themselves to pay wages to both direct and contract employees sufficient to sustain families."<sup>5</sup>

The living wage calculations include the cost of food, shelter and clothing, a used car, child care expenses, 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.

As of 2012, 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.

Metro Vancouver	\$19.14
Sunshine Coast	\$18.80
Greater Victoria	\$18.07
Kamloops	\$17.95
Regional District of Central Okanagan	\$17.17
District 69 (Qualicum)	\$16.94
Abbotsford	\$16.42
Williams Lake	\$15.77
Cranbrook	\$14.16

(See [www.lwemployers.ca](http://www.lwemployers.ca) for current list of certified Living Wage Employers)

### Certified Living Wage Employers in Metro Vancouver to date:

Atira Women's Resource Society  
 BC Public Interest Advocacy Centre  
 Briteweb  
 British Columbia Teachers' Federation  
 Café Etico  
 Canadian Cancer Society – BC Yukon Division  
 Canadian Centre for Policy Alternatives – BC Office  
 CCEC Credit Union  
 Check Your Head  
 Co-Development Canada  
 Community Savings Credit Union  
 Eclipse Awards  
 Greenonomics  
 NOW Communications  
 Hospital Employees' Union  
 Pacific Community Resources Society  
 Pov Net  
 Raised Eyebrow  
 Renewal 2 Investment Fund  
 Richmond Women's Centre  
 SAP – Vancouver Office  
 Society for Children and Youth of BC  
 SHARE Society  
 The Columbia Institute  
 United Food and Commercial Workers Union, Local 1518  
 United Way of the Lower Mainland  
 Westcoast Legal Education and Action Fund  
 Vancity

5 Igljika Ivanova and Seth Klein, *Working for a Living Wage, Making Paid Work Meet Basic Family Needs in Metro Vancouver, 2012 Update*, Canadian Centre for Policy Alternatives, April 2012. See also: [livingwageforfamilies.ca](http://livingwageforfamilies.ca).



COMMUNITY PLAN FOR A PUBLIC SYSTEM OF  
integrated early care & learning

**\$10 a Day Child Care Plan**

NOVEMBER 2012 3RD EDITION

COALITION OF  
ECEBC | early childhood educators of BC  
child care  
advocates  
of BC

**A Living Wage  
for Families**

Work should lift you out of poverty, not keep you there

## CHILD CARE, LIVING WAGES, AND POVERTY REDUCTION

As a recent report from the Surrey Board of Trade and Children’s Partnership of Surrey-White Rock notes, “The cost of regulated child care services erodes take-home pay for employed parents more than taxes do.”

“Currently, BC has among the highest child care fees in the country. Consider that the average undergraduate tuition fees at BC’s universities are \$5,000 annually. In comparison, families with a 2 year old child will pay on average \$9,000 annually in child care fees and those with a 4 year old pay \$7,000. Families in large cities such as Vancouver pay an average of \$14,000 for child care for their toddler. Meanwhile, Manitoba families pay only \$4,500 and Quebec families pay \$1,800 for both age groups.”<sup>6</sup>

Access for families to a public system of affordable, high quality child care is key to an effective poverty reduction strategy.<sup>7</sup> 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 fee for families with annual incomes under \$40,000.

Metro Vancouver’s 2012 living wage rate would be lowered by \$3.23 per hour if these recommendations were implemented. Child care is the second highest cost (and in some places the highest) in living wage family budget calculations.<sup>8</sup>

- 6 Susan Papadionissiou, *Surrey Board of Trade & Children’s Partnership of Surrey-White Rock Business & Families Position Paper*, March 2012.
- 7 *FactSheet4:\$10ADayChildCare,AKeytoEndingFamilyPoverty,2012*, [www.cccabc.bc.ca/plan/wp-content/uploads/2012/10/CCCABC\\_ECEBC\\_Factsheet4.pdf](http://www.cccabc.bc.ca/plan/wp-content/uploads/2012/10/CCCABC_ECEBC_Factsheet4.pdf)
- 8 See: [livingwageforfamilies.ca/policy/](http://livingwageforfamilies.ca/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 National Council of Welfare.

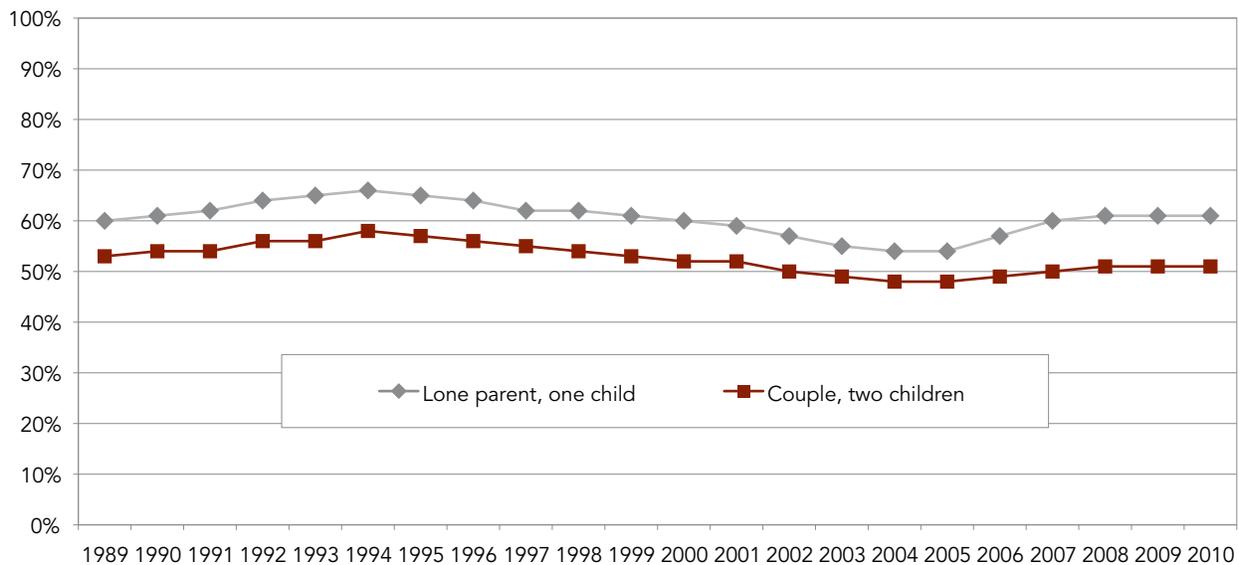
In 2010, a BC two-parent family with two children aged 10 and 15 on income assistance received a total income of \$21,608. That's a whopping \$20,457 below the Statistics Canada poverty line for a family of 4 in a large urban area like Greater Vancouver. A BC lone-parent family with one child aged two received \$17,121, which is \$11,061 below the poverty line.

Total welfare incomes in 2010 were about the same as in 2009. 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 says there was an average of 36,918 children in families on welfare in 2010. 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 2010, 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, 1989-2010



Source: National Council of Welfare, *Welfare Incomes 2010*; LICO Before-Tax

The 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 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 taxable federal Universal Child Care Benefit of \$1,200 a year for children under six.

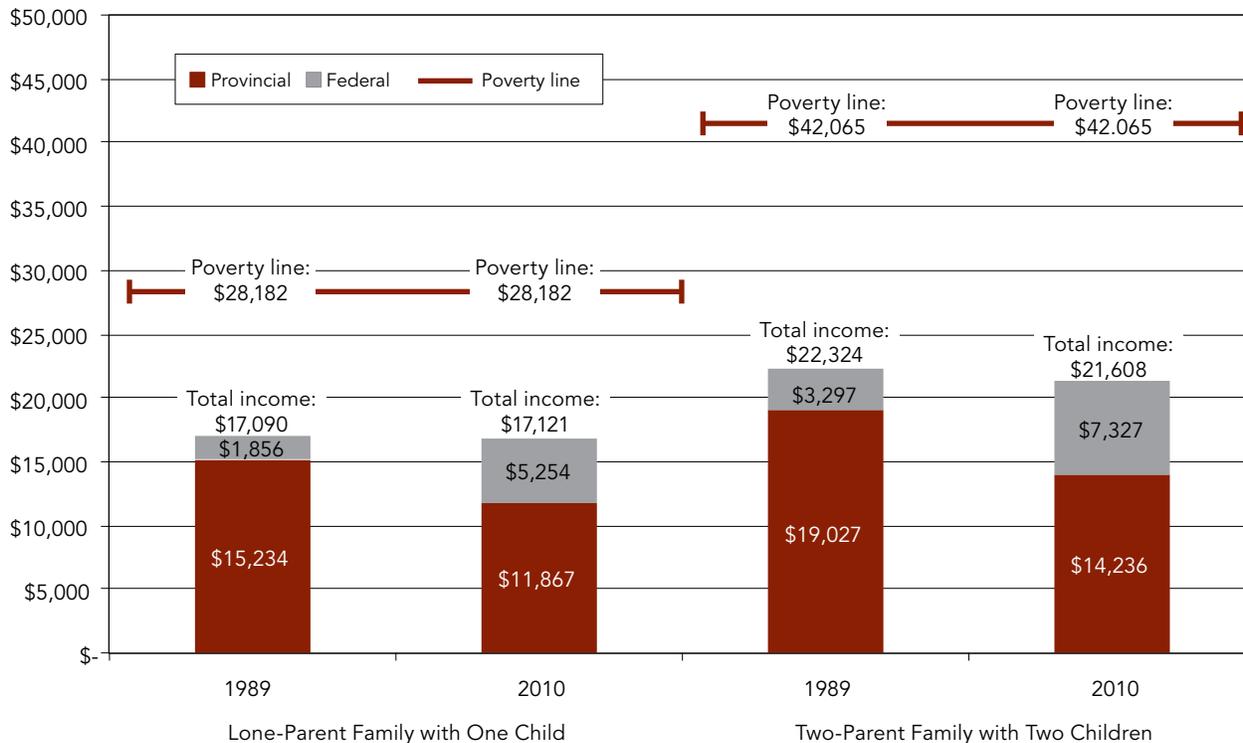
### “DESTITUTION DAYS” COME EARLY

If families on welfare were expected to live at the poverty line, their annual welfare incomes wouldn’t even get them through the summer. In 2010 Destitution Day – the day that all family income runs out – for a lone parent with one child living in Greater Vancouver would have come on August 9. Destitution Day for a couple with two children would have come on July 6. 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.

The idea of Destitution Days originated this year 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 and then seeing how long welfare incomes would last at the daily poverty line rate.

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 been converted to 2010 dollars to account for changes in the cost of living between 1989 and 2010. The graph also shows the poverty lines for each family.

### FEDERAL AND PROVINCIAL SHARES OF WELFARE INCOMES, 1989 AND 2010



Source: National Council of Welfare, Welfare Incomes 2010; 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 have called for major increases in welfare rates for all recipients and the annual indexing of welfare rates based on increases in the cost of living.

## FINALLY . . . THE RETURN OF EARNINGS EXEMPTIONS

The BC Liberal government of Premier Gordon Campbell provoked cries of outrage in 2002 when his government did away with earnings exemptions for welfare recipients who were considered able to work.

Ironically, the return of earnings exemptions this year under the BC Liberal government of Premier Christy Clark was billed as one of a series of "common sense changes" in the welfare system. A government back-grounder said the idea is to give recipients "a better opportunity to get job skills and experience, take advantage of short-term or temporary work, and better provide for their families while receiving assistance."

Presumably, none of those advantages mattered to the provincial government during the ten years between 2002 and 2012.

The end of the exemptions in 2002 meant that welfare recipients lost a dollar of their monthly welfare cheques for every dollar they earned. In other words, it was no longer possible for a person to work their way off welfare gradually. They had to make the jump off welfare and into work all in one fell swoop.

British Columbia was the only province in Canada to have such strict limitations in its welfare system.

The new earnings exemption for able-to-work recipients is \$200 a month. People who earn more than \$200 a month will have their welfare cheques trimmed. At the current minimum wage of \$10.25 an hour, a welfare recipient would hit the \$200 limit after 19½ hours of work a month.

Welfare recipients with disabilities were never cut off earnings exemptions. The latest arrangements have earnings exemptions of \$800 a month for an individual and \$1,600 a month for a couple where both partners are welfare recipients with disabilities. The province has also introduced flexibility arrangements so individuals with disabilities can claim an annual exemption of \$9,600 at some period during the year instead of an exemption of \$800 every single month.

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-custodian 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 \$15 million per year in child support payments that were intended to support children.

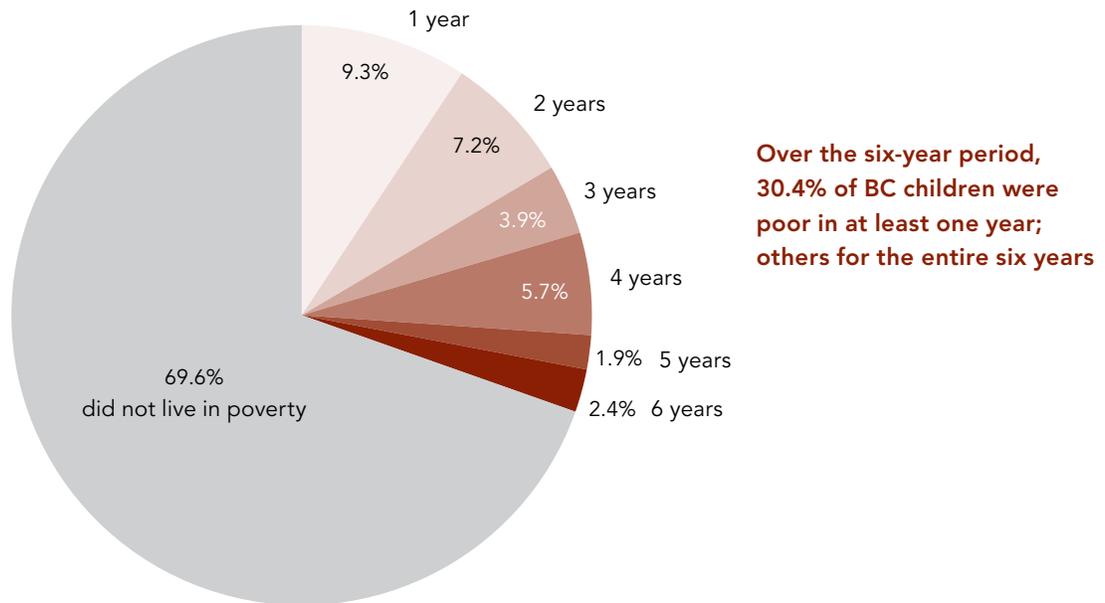


## THE INS AND OUTS OF CHILD POVERTY

Family incomes change significantly over time, so it is not unusual to see children and their families moving in and out of poverty. Since 1993, Statistics Canada has been grouping its survey participants into six-year terms and calculating whether the participants were poor for one or more years during the six years.

The pie graph below shows the status of children in British Columbia during the latest six-year term that began in 2005 and continued through 2010.

### YEARS OF POVERTY FOR BC CHILDREN, 2005-2010



Source: Statistics Canada, *Income in Canada 2010*, Table 807, Cat. no. 75-202-X

The large slice of the pie shows that 69.6 percent of BC children were not poor in any one of the six years. The smaller slices show children who were poor for one, two, three, four, five or six years. Altogether, the smaller slices add up to 30.4 percent of children who were poor at least one year.

Children's 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 longer-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.

The figures have sometimes been worse than shown in the most recent 2005-2010 period. Only 2.4 percent of BC children were poor the entire six years in the 2005-2010 group. In two earlier groups, 6.7 percent and 7.4 percent of the children were poor all six years.



The participants all were surveyed under the Survey of Labour and Income Dynamics, popularly known as SLID. The survey was discontinued by the Conservative federal government in the latest series of cuts that were made despite objections from within Statistics Canada and other groups who regularly used the data.

The end of SLID also eliminates a related source of data that showed how people moved in and out of poverty from one year to the next. The last set of figures in this series shows 545,000 children in BC were above the poverty lines before taxes in both 2009 and 2010, 64,000 were below the poverty lines both years, 29,000 moved out of poverty from 2009 to 2010, and 20,000 moved into poverty from 2009 to 2010.

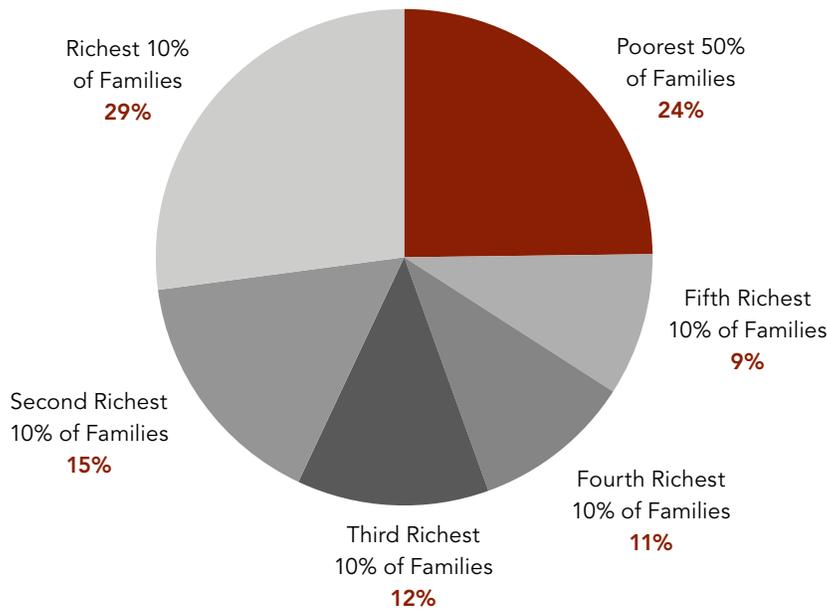
## INCOMES OF FAMILIES WITH CHILDREN – GROWING INEQUALITY

There's a good reason you may think you're not getting your fair share of the income pie. The sad, but true reality is that the largest slices of the pie go to the very well-to-do, and the other slices are small by comparison.

In fact, the richest ten percent received 29 percent of all the personal income of families with children in British Columbia in 2010. The graph below shows the slices for the ten-percent groups of the richest, second richest, third richest, fourth richest and fifth richest families with children. Together, they made up half of all families with children and collected more than three-quarters of the group's personal income.

The single maroon slice shows incomes for the other half of BC families with children. They got just under one-quarter of the group's income. Some families in the bottom half are poor, but many others are middle-class families living well above the poverty line.

### PERCENTAGE OF TOTAL INCOME AMONG BC PARENTS WITH CHILDREN, 2010



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

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.

The table below shows how total income has changed for each of the ten-percent groups or "deciles" since 1989. Many of the families in the lower deciles actually lost money over time. Only those in the higher deciles gained significant amounts of income – much of it during the last several years. Families in decile #10 really hit it big. Their average incomes went up by \$99,381 or 60 percent between 1989 and 2010, after adjusting for inflation.

**CHANGES IN AVERAGE TOTAL INCOMES BY DECILE GROUP,  
ALL BC FAMILIES WITH CHILDREN, IN CONSTANT 2010 DOLLARS**

Decile	1989	2010	Difference
Poorest 1	\$18,354	\$19,212	\$858
Second Poorest 2	36,014	35,144	-870
3	50,976	44,322	-6,654
4	61,526	57,854	-3,672
5	70,370	71,650	1,280
6	79,076	87,139	8,063
7	89,664	100,874	11,210
8	101,882	114,947	13,065
Second Richest 9	116,867	141,768	24,901
Richest 10	166,197	265,578	99,381
Average for Families with Children	\$79,237	\$94,443	\$15,206

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

All provinces have grossly unequal income distributions, but the distribution in BC is grosser than the others. 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.

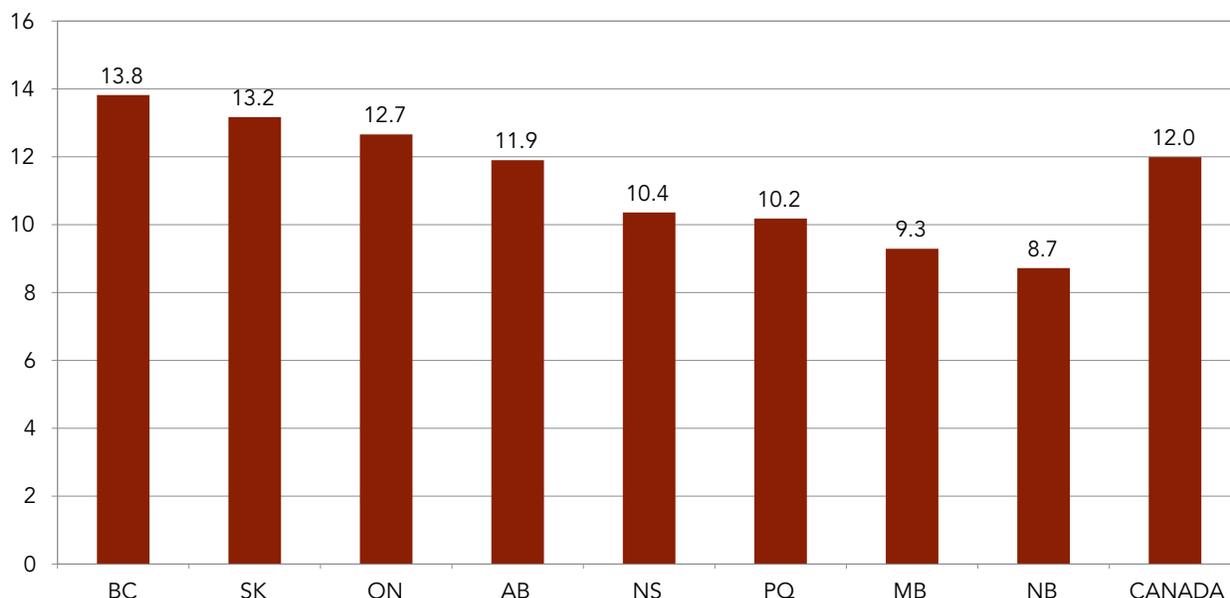
**TAX FACTS**

Over the past ten years BC tax policy has shifted away from income tax towards greater reliance on flat taxes such as sales tax and MSP premiums, which cost middle and lower-income households more as a share of their income. For example the provincial treasury now relies more heavily on sales tax income than it does on income tax, and collects more from MSP premiums than it does from corporate income taxes. As a result, BC now has a tax system where the rich pay a lower total provincial tax rate than middle and low income earners.<sup>1</sup>

BC Households in 2010	% of income paid in provincial taxes
Poorest 20 %	~ 14–15%
Middle-income	~ 13%
Wealthiest 20 %	~ 11%

Source: Seth Klein, Iglia Ivanova and Marc Lee, *A Decade of Eroding Tax Fairness in BC: Time for progressive tax reform*, Canadian Centre for Policy Alternatives, June 2012.

## RATIO OF HIGHEST TO LOWEST AVERAGE INCOMES, FAMILIES WITH CHILDREN, 2010



Source: First Call calculations on special Statistics Canada data runs for CCPA

The average income of the richest decile in BC was \$265,578 and the average for the lowest decile was \$19,212, a ratio of 13.8 to one. At the other end of the scale was New Brunswick, with a ratio of \$200,137 to \$22,971 or 8.7 to one.

Overall, it was the high incomes of the richest families that produced the largest disparities in incomes. Incomes of the richest families in all provinces were high, but they were especially high in BC, Saskatchewan, Ontario and Alberta. Incomes of the poorest families were well below the poverty lines for the largest cities in all provinces.

Newfoundland and Labrador and Prince Edward Island were left out of these calculations because of small sample sizes in the Statistics Canada survey.

### POVERTY INCREASES HEALTH CARE COSTS

Data from a poll conducted for the Canadian Medical Association in August 2012 highlights the impact of income inequality on health and health care:

	Earned < \$30,000/yr	Earned > \$60,000/yr
Accessed health care	59%	43%
Delayed or stopped buying prescriptions drugs	24%	3%
Diagnosed with a chronic condition	41%	28%

Source: Patrick Sullivan, CMA poll finds "worrisome" gap in income-related health status, August 2012, [www.cma.ca/index.php?ci\\_id=204846&la\\_id=1](http://www.cma.ca/index.php?ci_id=204846&la_id=1)

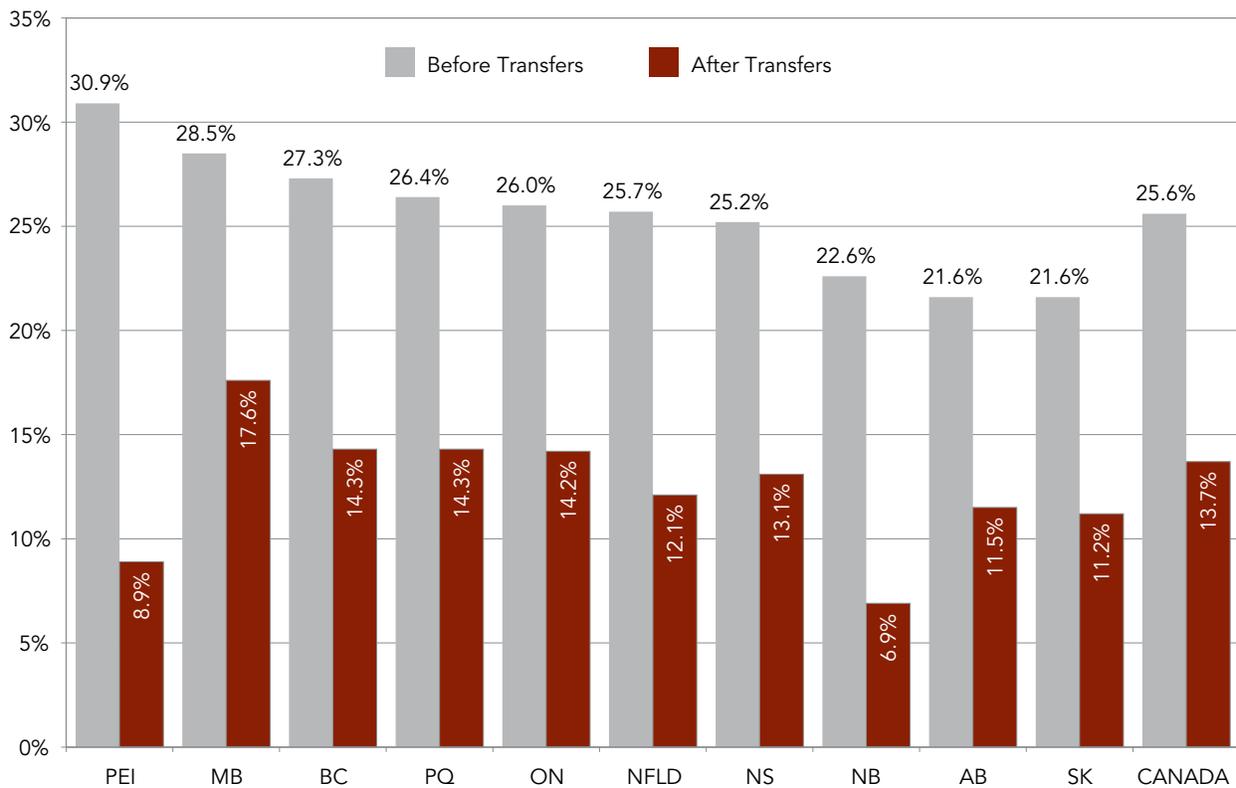
## THE IMPORTANCE OF GOVERNMENT HELP

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 25.6 percent in 2010. Government transfers reduced the poverty rate to 13.7 percent – a reduction of 46 percent.

A total of 1.7 million children would have been poor using family market income alone. With federal and provincial transfers, the number of poor children was lowered to 923,000.

The graph below shows the reduction in child poverty rates in 2010 in Canada and individual provinces. Prince Edward Island and New Brunswick had the sharpest reductions in poverty rates because of transfers. Other provinces were much closer to the reduction of 46 percent for Canada.

### PERCENTAGE REDUCTION IN CHILD POVERTY RATES IN 2010 BECAUSE OF GOVERNMENT TRANSFER PAYMENTS



Source: Special Statistics Canada tabulations for Campaign 2000

In British Columbia, the poverty rate for children using only family market income was 27.3 percent. It fell to 14.3 percent after government transfers – a reduction of 48 percent. A total of 225,700 BC children were poor using market income alone, and 119,000 were poor once transfers were added to family income.

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, early care and learning, 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, 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.

## THE POVERTY GAP IN BRITISH COLUMBIA

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What would it cost to wipe out poverty in British Columbia?

At the very least, it would require that everyone who was poor somehow got enough additional income to bring them up to the poverty line. Special data runs by Statistics Canada put that figure at nearly \$4.1 billion in 2010.

That sounds like an overwhelming amount of money, but it is surely not out of reach in either the public or private sectors. The total of \$4.1 billion amounts to nine percent of the BC government's operating budget of \$43.9 billion during the current fiscal year. The federal government could help make up the gap, through higher Canada Child Tax Benefits or higher pensions for poor seniors, for example. Higher wages paid by employers to workers could also make up a significant part of the total. It will be interesting to see if the BC poverty gap declines because of increases in the BC minimum wage in 2011 and 2012.

Statistics Canada did not publish detailed calculations of the poverty gap for all BC family types in 2010, but calculations by First Call put the poverty gap for families with children under 18 at approximately \$700 million. This gap works out to 1.6 percent of the province's annual operating budget and is very easily within reach of Premier Christy Clark's call to place "Families First."

It has been calculated that poverty already represents a direct cost to government of \$2.2 to \$2.3 billion annually, or close to six percent of the provincial budget. The cost to BC society overall, when lost productivity and foregone earnings due to unemployment, underemployment and low wages are considered, is considerably higher—\$8.1 to \$9.2 billion, or between 4.1 percent and 4.7 percent of BC's gross domestic product (GDP).<sup>9</sup>

Poverty gap statistics are useful in defining the extent of poverty that has to be eliminated, but they are not the final word on ensuring the well-being of British Columbians.

Higher welfare rates and continuing increases in the minimum wage would be essential parts of any campaign to wipe out child poverty. Parents with young children often require child care if they are to have full-time, full-year jobs in the paid labour force. People need to be able to continue their education or make sure that their children have ready access to higher education when the time comes. Or they may need social housing programs to be able to live in affordable and suitable housing.

All these services are provided at the present time by the BC government in one form or another, but the services are not widespread enough to cover everyone in need. Some poor people get them, but some don't. The long-standing challenge is to meet the need for services – but also to provide enough income to close the poverty gap.

9 Igluka Ivanova, *The Cost of Poverty in BC*, Canadian Centre for Policy Alternatives, July, 2011. See also: [www.policyalternatives.ca/multimedia/how-much-poverty-costing-bc](http://www.policyalternatives.ca/multimedia/how-much-poverty-costing-bc)

# WHAT NEEDS TO HAPPEN

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## 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.” Twenty-three years later one of every seven children in Canada and one of every seven children in BC still live in poverty.

## BC CAMPAIGN 2000 RECOMMENDATIONS

Campaign 2000 calls on all provinces and the federal government to commit to a 50 percent reduction in poverty among all Canadians by 2020.

In BC our overarching recommendation is the adoption of a comprehensive provincial 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 percent or lower by 2020.

Recognizing that children of recent immigrants, children of Aboriginal identity, 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 \$11 an hour as soon as possible and to \$12 an hour on May 1, 2013. Starting in 2014, the minimum wage should be indexed every year 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 income exemption for child support payments for lone parents on welfare. 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 Aboriginal friendship centres, 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 an Integrated System of 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 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.
15. 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.



## APPENDIX 1: MEASURES OF POVERTY

Canada does not have an official way of measuring poverty. This report features the Low Income Cut-Offs (LICOs) before tax produced by Statistics Canada. The LICOs are based on the concept that people in poverty live in “strained 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 “strained 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.

<b>STATISTICS CANADA'S LOW INCOME CUT-OFFS FOR 2010 (BEFORE TAX)</b>					
Size of Household/ Size of Community	500,000 or more	100,000 – 499,999	30,000 – 99,999	Less than 30,000	Rural Areas
1 person	22,637	19,496	19,375	17,729	15,583
2 persons	28,182	24,269	24,120	22,070	19,400
3 persons	34,646	29,836	29,652	27,132	23,849
4 persons	42,065	36,226	36,003	32,943	28,957

*Source: Statistics Canada, Income in Canada 2010, Table 801, Cat. no. 75-202-X*

For example, a lone parent with one child living in Vancouver with a total annual income of \$25,000 before tax would be below the LICO (\$28,182) and would be counted as living in poverty. A similar family in a smaller community like Prince George (population 87,247 in the Prince George census agglomeration area in 2010) would be above the LICO of \$24,120 and would be counted as not living in poverty.

The Survey of Household Spending also showed that the average family spent 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 “strained circumstances” if they spend 63 percent or more of their income on these three items.

<b>STATISTICS CANADA'S LOW INCOME CUT-OFFS FOR 2010 (AFTER TAX)</b>					
Size of Household/ Size of Community	500,000 or more	100,000 – 499,999	30,000 – 99,999	Less than 30,000	Rural Areas
1 person	18,759	15,865	15,666	14,044	12,271
2 persons	22,831	19,308	19,069	17,094	14,936
3 persons	28,430	24,043	23,744	21,283	18,598
4 persons	35,469	29,996	29,623	26,554	23,202

*Source: Statistics Canada, Income in Canada 2010, Table 801, Cat. no. 75-202-X*

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 \$42,065. In reality, some poor families of four are somehow surviving on \$20,000 or \$30,000 a year rather than \$42,065.

A third measure of poverty is the Market Basket Measure (MBM), developed by Human Resources and Skills Development 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.

The MBMs were revised for 2008, but questions were 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 doubt if there are many – or any – suitable two- and three-bedroom units that are available for less than \$700 per month. Consequently, we believe the MBMs should not be used until the methodology on housing costs is corrected.

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.

## APPENDIX 2: FURTHER CHANGES IN THE MINIMUM WAGE

Further improvements are needed in addition to the minimum wage policy changes announced by the BC government in 2011. One goal of these improvements should be to allow a single person working full-time, full-year at the minimum wage to reach the poverty line. Others are needed to eliminate inequities in the way certain groups of workers are paid.

The table below shows what happens after the last of the announced increases in the minimum wage went into effect on May 1, 2012. It shows a worker with no dependents who has paid work for 37.5 hours every week of the year.

<b>BC MINIMUM WAGE EARNINGS IN 2012 FOR A PERSON WORKING 37.5 HOURS A WEEK</b>	
Earnings for 17 weeks to May 1, 2012, at \$9.50 an hour	\$6,056
Earnings for remaining 35 weeks of 2012 at \$10.25 an hour	\$13,453
Total earnings in 2012	\$19,509
Estimated poverty line before income tax in 2012 in a large city	\$23,764
Depth of poverty (poverty line minus earnings)	\$4,255
Calculations by First Call, assuming increases in the poverty line of two percent in 2012 to match projected increases in the cost of living.	

Federal and provincial tax credits will lessen the depth of poverty, but not by much. Calculations of likely federal and provincial tax credits using the Canada Revenue Agency web calculator show tax credits in the order of \$740 a year for a single person earning the minimum wage in 2012.

Further increases in the minimum wage are still necessary in our view. First Call recommends an immediate increase in the minimum wage from \$10.25 to \$11 an hour and a further increase to \$12 on May 1, 2013.

Also needed are arrangements starting in 2014 to “index” the minimum wage to the cost of living as measured by the Consumer Price Index. Indexing means that increases would be guaranteed by law and would take effect every year without any further action by government.

First Call has long lamented the fact that governments of all political stripes in Canada have turned their backs on indexing the minimum wage year after year. Only Nova Scotia and the Yukon index their minimum wages at the present time.

The recent increases in the BC minimum wage do not apply to workers who serve liquor to customers in premises regulated by the province’s liquor laws. Their minimum wage went up to \$8.50 on May 1, 2011, to \$8.75 on Nov. 1, 2011, and to \$9 on May 1, 2012. These arrangements were modeled on arrangements already in place in several other provinces, but the BC government offered no justification for paying lower wages to liquor servers in its fact sheets on the increases.

Altogether different arrangements exist for harvesters of agricultural produce, based on the amounts they harvest. This appears to be the vestige of a system of piece-work pay that was once common both inside and outside agriculture. There are also commission sales jobs (for example, door-to-door chocolate sales) that youth are recruited to perform that pay below minimum wage in practice.

First Call opposes these separate arrangements as a matter of principle and believes all workers should be covered by one uniform minimum wage.



## 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 rights and well-being of British Columbia's 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 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, the Law Foundation, Vancity and contributions from individuals and our coalition partners.

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