

# BC CAMPAIGN 2000

## 2008 CHILD POVERTY

### REPORT CARD



This BC Child Poverty Report Card includes ten fact sheets that analyze various aspects of child poverty in BC.

Fact Sheet #1 .....What is Child Poverty?

Fact Sheet #2 .....BC Had the Worst Record –  
Five Years in a Row

Fact Sheet #3 .....Child Poverty over the Years

Fact Sheet #4 .....Child Poverty by Family Type

Fact Sheet #5 .....Depth of Poverty by Family Type

Fact Sheet #6 .....Income of Families with Children

Fact Sheet #7 .....Child Poverty and Working Parents

Fact Sheet #8 .....Families with Children on Welfare

Fact Sheet #9 .....Child Poverty and the  
Importance of Government Help

Fact Sheet #10 .....What Needs to Happen

Produced by

**First Call: BC Child and Youth Advocacy Coalition**  
with the support of SPARC BC



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## **CHILD POVERTY IN BC Summary**

*November 21, 2008*

In the 2005 Speech from the Throne, the Government of British Columbia stated that “B.C. will become the healthiest jurisdiction to ever host the Olympics”.<sup>1</sup> However, child poverty remains a significant barrier to achieving this goal. Researchers note that children and youth who live in poverty are at greater risk of poor health, poor performance in school, having to cope with a dangerous or unhealthy physical environment, failing to graduate from secondary school and, as adults, suffering from job insecurity, underemployment, and poor working conditions<sup>2 3</sup>.

In his recent report, the Chief Public Health Officer of Canada:

- Noted that children who live in low income families scored lower for school readiness in areas such as knowledge, skills, maturity, language and cognitive development.
- Recommended the need to reduce child poverty and stated that investments that work towards ensuring a healthy start in the early years will reduce the long-term costs associated with health care, addictions, crime, unemployment and welfare.<sup>4</sup>

Comprehensive data on BC’s children upon school entry shows a disturbing increase in vulnerability for many communities between 2004 and 2007<sup>5</sup>, despite this being a period of “good” economic times for the provincial economy.

With the 2010 Olympics only 14 months away, there is a lot of work to be done to improve the health and well-being of BC’s children and youth. The following fact sheets show that in 2006:

- BC had the highest child poverty rate in Canada for the 5th year in a row at 21.9%;
- Average incomes for both female lone-parent families and two-parent families with children living in poverty fell more than \$11,000 below the poverty line; and
- Over half of BC’s poor children lived in families where the adults worked the equivalent of a full-time full-year job or more.

The following report contains more information about child poverty in BC along with First Call BC’s recommendations on how to reduce child poverty in our province. Campaign 2000 calls on all provinces and the federal government to commit themselves to a poverty reduction plan that includes targets and timetables.

<sup>1</sup> Speech from the Throne....2005 Legislative Session: 6th Session, 37th Parliament <http://www.leg.bc.ca/37th6th/4-8-37-6.htm>

<sup>2</sup> Hay, D.I. & Watchel, A. (1998). *The Well-being of British Columbia’s Children and Youth: a Framework for Understanding and Action*. Vancouver: First Call BC Child and Youth Advocacy Coalition.

<sup>3</sup> Bating, K. (2006). *The Social Condition in BC*. Prepared for the BC Progress Board. Available: [http://www.bcprogressboard.com/2006Report/SocialReport/Social\\_Final.pdf](http://www.bcprogressboard.com/2006Report/SocialReport/Social_Final.pdf)

<sup>4</sup> *Report on the State of Public Health in Canada* (2008) <http://www.phac-aspc.gc.ca/publicat/2008/cpho-aspc/index-eng.php>

<sup>5</sup> Human Early Learning Partnership (2007). *EDI Mapping Package: Province of British Columbia*. Available: [http://ecdportal.help.ubc.ca/pubMaps/BC/Provincial/EDI/BC\\_EDI\\_Wave1-2.pdf](http://ecdportal.help.ubc.ca/pubMaps/BC/Provincial/EDI/BC_EDI_Wave1-2.pdf)



## BC CAMPAIGN 2000

### WHAT IS CHILD POVERTY? Fact Sheet #1

*November 21, 2008*

Poverty in Canada is measured by using Statistics Canada's Low Income Cut-Offs (LICOs). The cut-offs 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 Survey of Household Spending conducted by Statistics Canada shows that the average family spends 34.3% of its income from all sources before taxes on food, clothing and shelter. Families are considered to be in "straitened circumstances" if they spend 54.3% or more of their income on these three items.

The LICOs consist of 35 income lines that vary with the size of the household and the size of the community. As the following table shows, large urban communities have higher income thresholds due to higher costs of living, particularly housing.

#### STATISTICS CANADA'S LOW INCOME CUT-OFFS FOR 2006 (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          | \$21,199                       | \$18,257          | \$18,144        | \$16,603         | \$14,593    |
| 2 persons         | \$26,392                       | \$22,728          | \$22,588        | \$20,668         | \$18,168    |
| 3 persons         | \$32,446                       | \$27,941          | \$27,769        | \$25,409         | \$22,334    |
| 4 persons         | \$39,393                       | \$33,925          | \$33,716        | \$30,851         | \$27,118    |
| 5 persons         | \$44,679                       | \$38,476          | \$38,240        | \$34,990         | \$30,756    |
| 6 persons         | \$50,390                       | \$43,396          | \$43,128        | \$39,463         | \$34,689    |
| 7 or more persons | \$56,102                       | \$48,314          | \$48,017        | \$43,936         | \$38,620    |

Source: Statistics Canada, Catalogue No. 75F0002MIE2007004

Each spring, Statistics Canada does a survey of incomes and estimates the number of people with gross incomes above and below these respective thresholds.

For example, a single parent with one child living in Vancouver with gross annual income of \$25,000 would be below the LICO and would be counted as living in poverty. A similar family in a smaller community like Prince George (population 83,225) would be above the LICO and would be counted as not living in poverty.

Most low-income families have gross incomes that are thousands of dollars below the poverty line. How far a family falls below the poverty line is termed the depth of poverty.

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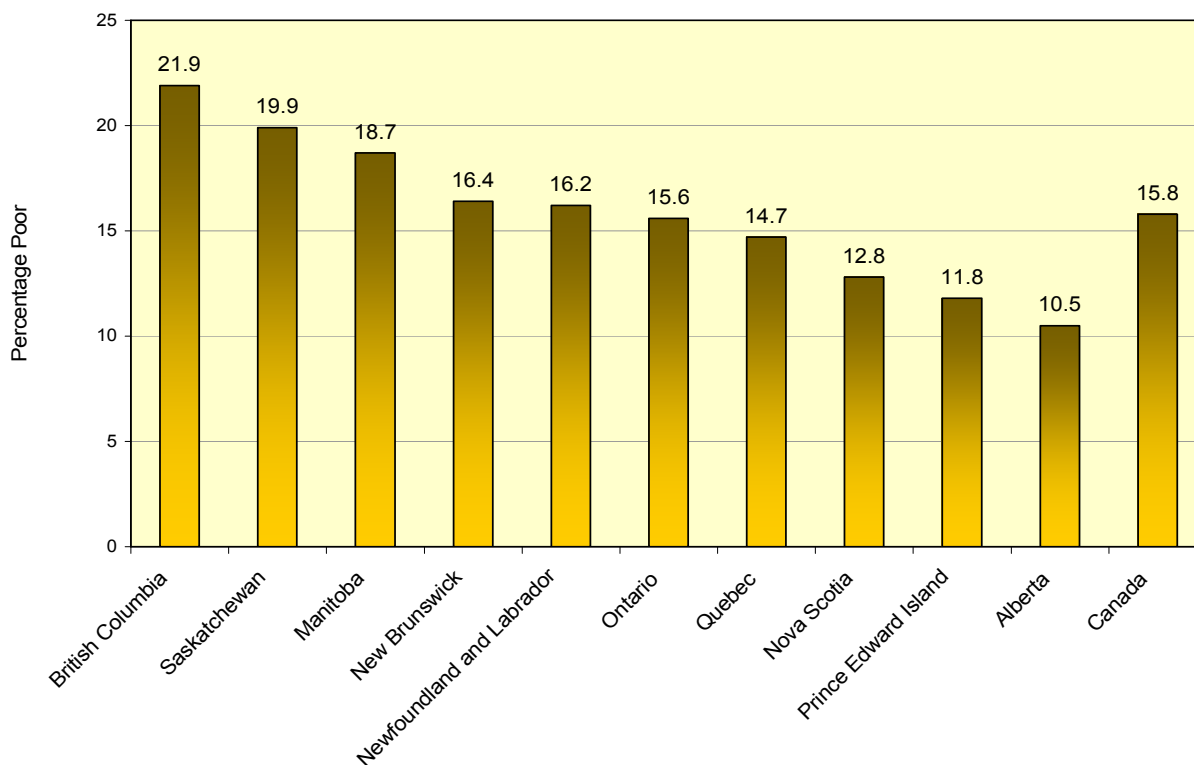
### BC HAD THE WORST RECORD – FIVE YEARS IN A ROW Fact Sheet #2

*November 21, 2008*

British Columbia had the highest child poverty rate in Canada for the fifth year in a row, despite the strong provincial economy. The proportion of children living in poverty in BC was 21.9%, well above the national child poverty rate of 15.8%.

There were an estimated 181,000 poor children in BC in 2006. That was more than the combined populations of the cities of Nanaimo, Prince George and Cranbrook.

#### CHILD POVERTY RATES BY PROVINCE, 2006 (Before Tax)



Source: Statistics Canada - Income Trends in Canada 1976-2006, Table 802, Cat no: 13F0022X

The latest available census figures show that Aboriginal children under the age of 6 years living off reserves had a poverty rate of 40% in 2005, which was more than twice the rate for non-Aboriginal children.<sup>6</sup> The number of poor Aboriginal children would have been significantly higher if the data had included children living on reserves. Statistics Canada does not include reserve communities in any of its poverty statistics, and there are over 20,000 children living on reserves in BC.

<sup>6</sup> Statistics Canada has not yet published 2005 census figures for older children and adults (<http://www.statcan.ca/english/freepub/89-634-XIE/2008005/tables/tab5-1-en.htm>).



## BC CAMPAIGN 2000

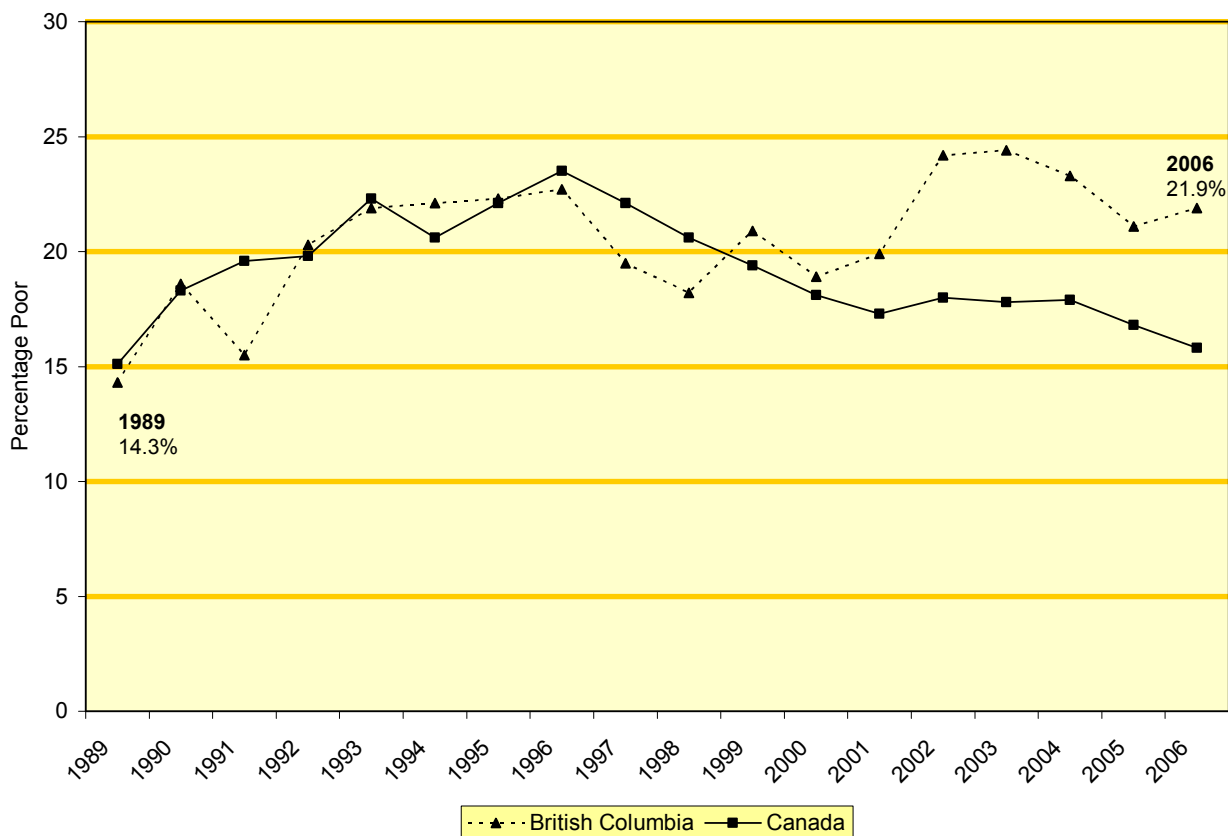
### CHILD POVERTY OVER THE YEARS Fact Sheet #3

November 21, 2008

In 1989, members of all parties in the House of Commons unanimously agreed to seek to eliminate child poverty by the year 2000. Unfortunately, since the time that child poverty was supposed to be eliminated the BC child poverty rates have moved well above the national average. The divergence between the BC and national rates became even more extreme with a particularly sharp increase between 2001 and 2002, when BC fell into first place for having the country's highest child poverty rates.

The graph below shows a significant rise in the rates between 1989 and 1993, coinciding with the recession of 1990-1991. The national child poverty rates peaked in 1996, but the rates began to fall as the economy improved through the rest of the decade.

**POVERTY RATES FOR CANADA AND BRITISH COLUMBIA 1989-2006 (Before Tax)**



Source: Statistics Canada's *Income Trends in Canada, 1976-2006*, Table 802 Cat no: 13F0022X

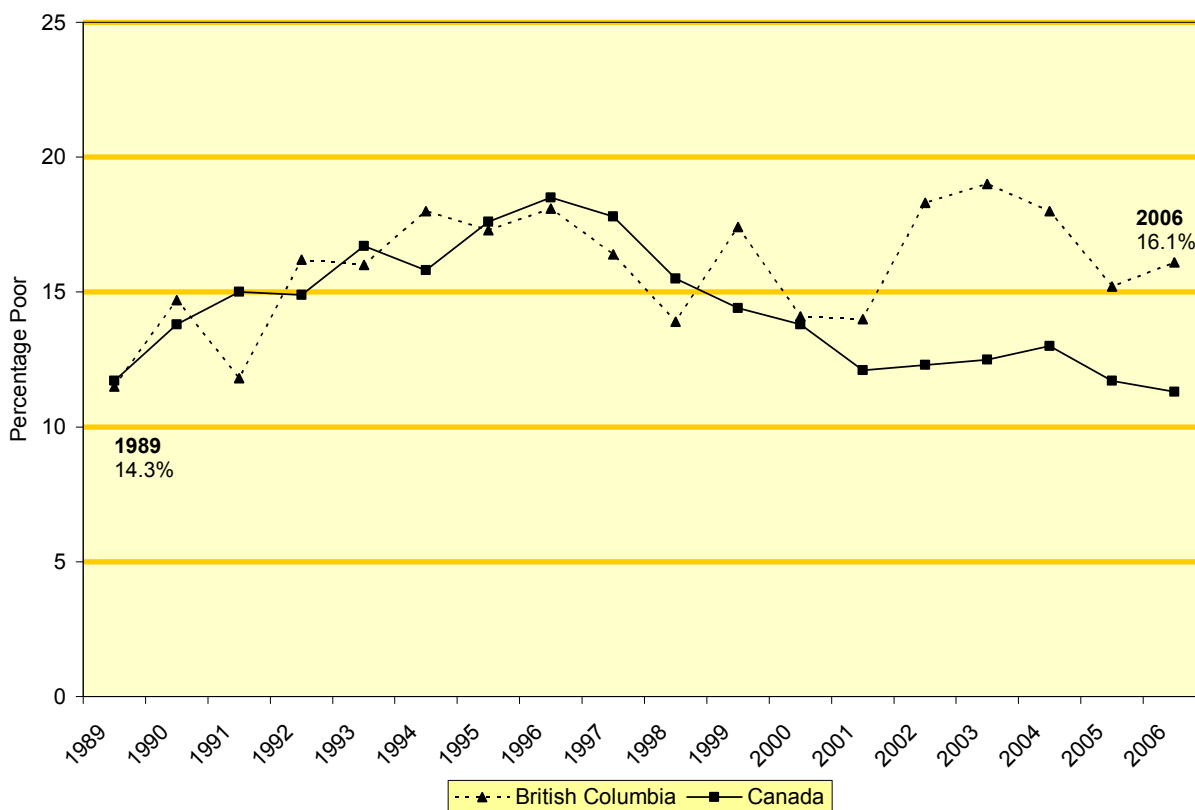


While BC's child poverty rates were lower than the national average in 1989, that is no longer the case. The graph shows BC child poverty rates rising from 18.2% in 1998 to a record high 24.2% in 2002 and down to 21.9% in 2006, still well above the rate of 14.3% in 1989.

In 1997, the year before the federal government introduced the Canada Child Tax Benefit and the year after the provincial government introduced the BC Family Bonus, the BC child poverty rate was 19.5% and the national rate was 22.1%. BC is the only province where the child poverty rate was actually higher in 2006 than in 1997 despite increases in child benefits.

Although the child poverty rates are lower when looking at the after tax LICO measure, the trend lines are the same over time. Using the after tax LICO, we still see that the poverty rates fluctuate with times of recession and economic boom in both Canada and British Columbia.

### POVERTY RATES FOR CANADA AND BRITISH COLUMBIA 1989-2006 (After Tax)



Source: Statistics Canada's [Income Trends in Canada, 1976-2006](#), Cat no: 13F0022X



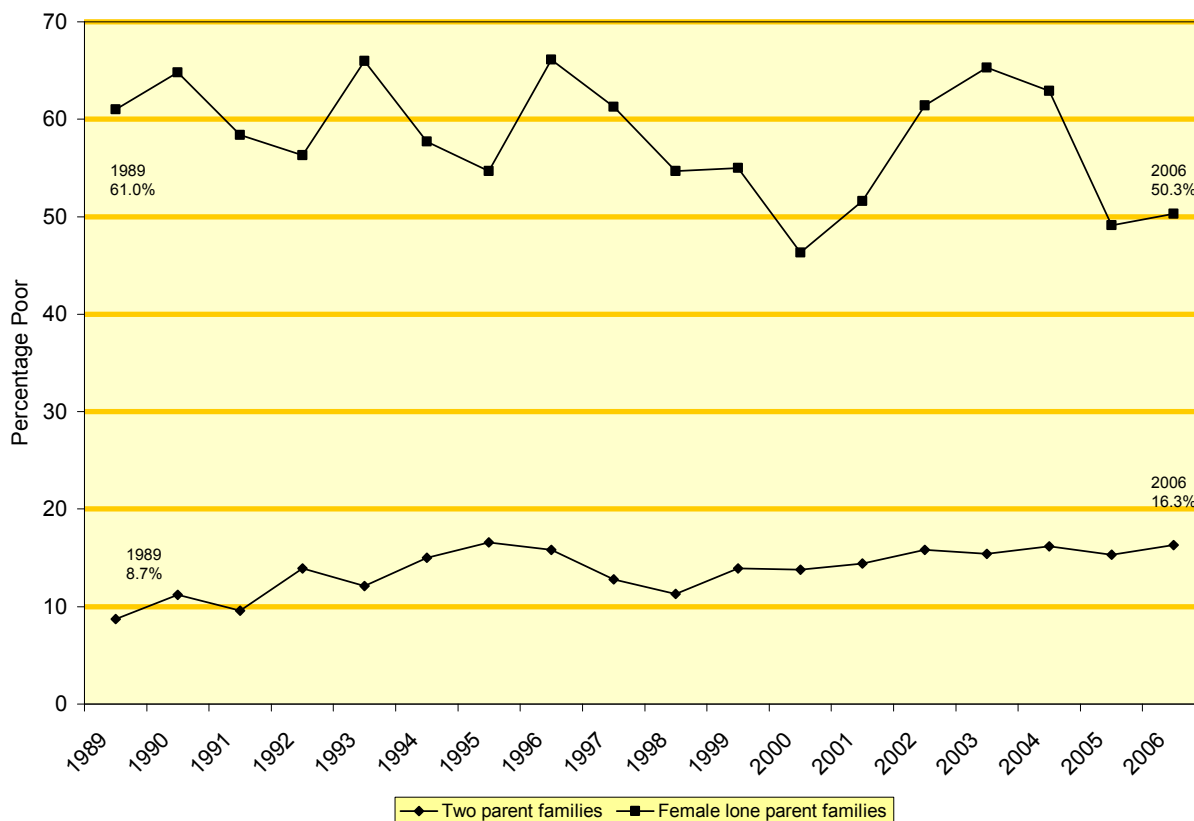
## BC CAMPAIGN 2000

### CHILD POVERTY BY FAMILY TYPE Fact Sheet #4

November 21, 2008

The risk of poverty varies greatly by family type. The poverty rate for BC children living in families headed by lone-parent mothers was 50.3% in 2006, while the poverty rate for BC children in two-parent families was 16.3%.

#### BC CHILD POVERTY BY FAMILY TYPE (Before Tax): 1989-2006



Source: Statistics Canada's Income Trends in Canada, 1976-2006, Table 802 Cat no: 13F0022X

The poverty rate for children in lone-parent families rose sharply between 2000 and 2003 and fell sharply in 2005. Last year we cautioned that this drop did not yet indicate a downward trend. We see in 2006 that the rate increased by approximately a percentage point.

Poverty rates for BC children in two-parent families have been relatively constant over the years, but have been creeping up since 1998. There was a small decrease in the poverty rate for children in two-parent families in 2005; however, the rate inched back up in 2006 to 16.3%.



## BC CAMPAIGN 2000

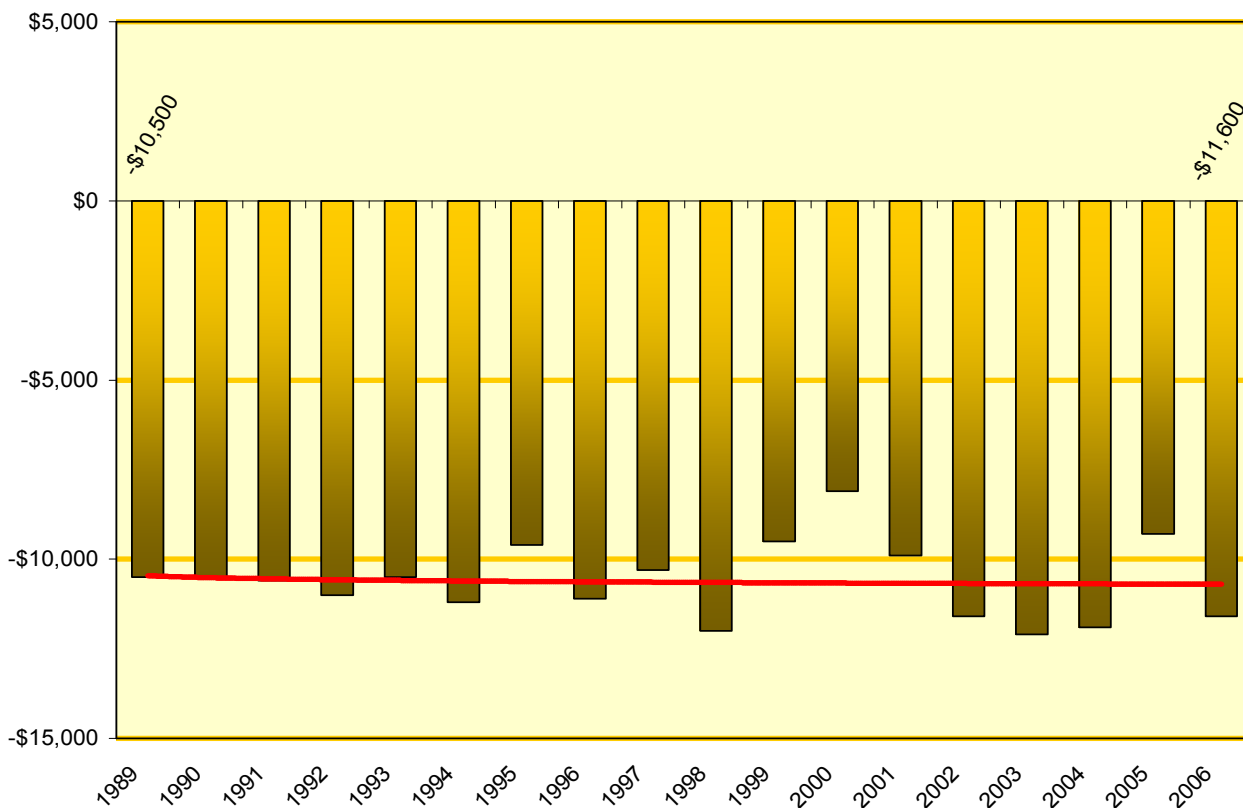
### DEPTH OF POVERTY BY FAMILY TYPE Fact Sheet #5

November 21, 2008

Depth of poverty is the amount in dollars that the family's household income falls below the LICO or poverty line. Both female lone-parent families and two-parent families have incomes on average that are far below the poverty line.

After a decline in the average depth of poverty for lone-mother families in both 2004 and 2005, the depth of poverty for this household type increased sharply in 2006. In 2006, the average income for lone-parent families living in poverty was \$11,600 below the before tax LICO, compared to \$9,300 in 2005. The overall trend line shows that, over time, the depth of poverty for lone-parent families seems to be increasing slightly.

#### BC DEPTH OF POVERTY FOR FEMALE LONE-PARENT FAMILIES (Before Tax): 1989-2006

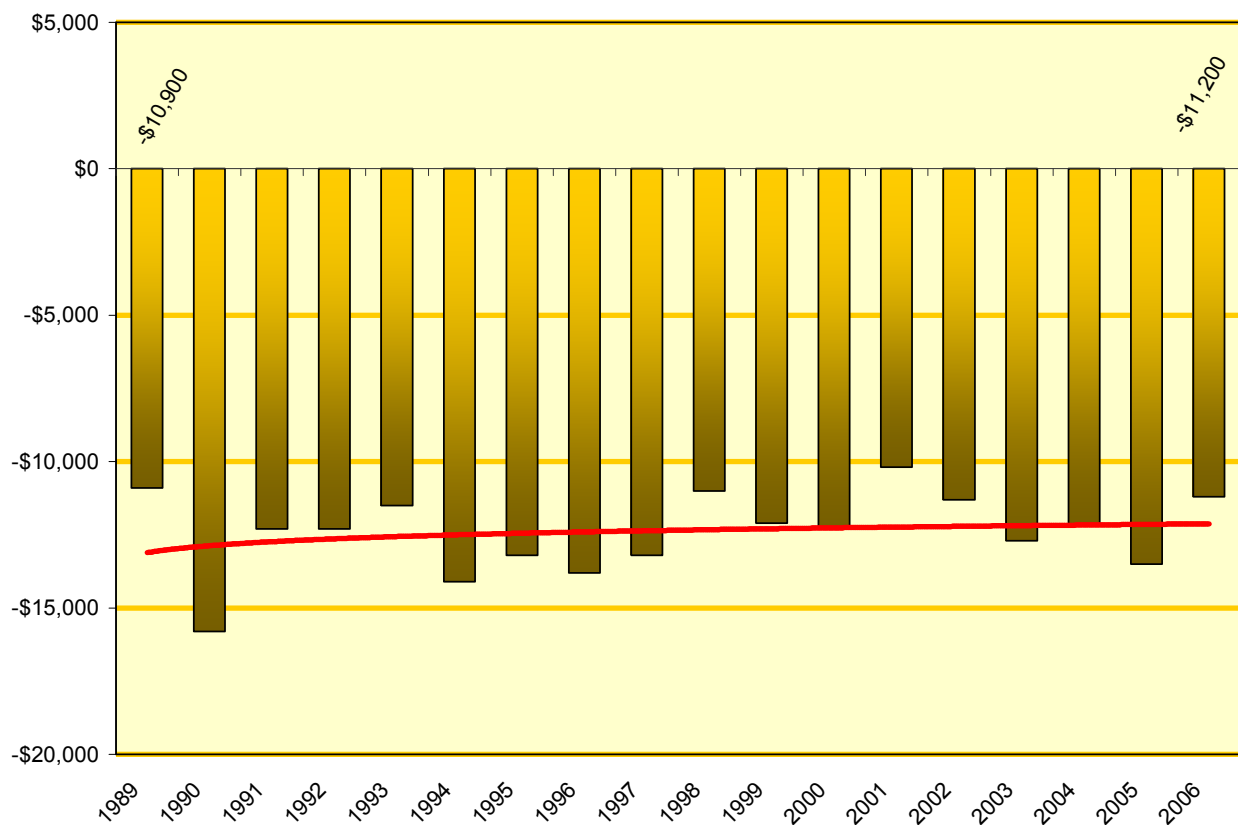


Source: Statistics Canada's *Income Trends in Canada, 1976-2006*, Cat no: 13F0022X



Two parent families on the other hand saw a decrease in the depth of poverty. The average household income for two parent households living in poverty was \$11,200 below the before tax LICO. The before tax depth of poverty figure for two parent families in 2006 was above the national average depth of poverty for this family type of \$10,300. The trend line shows that the depth of poverty seems to be decreasing slightly for this household type.

### BC DEPTH OF POVERTY FOR TWO-PARENT FAMILIES (Before Tax): 1989-2006



Source: Statistics Canada's Income Trends in Canada, 1976-2006, Cat no: 13F0022X

## BC CAMPAIGN 2000

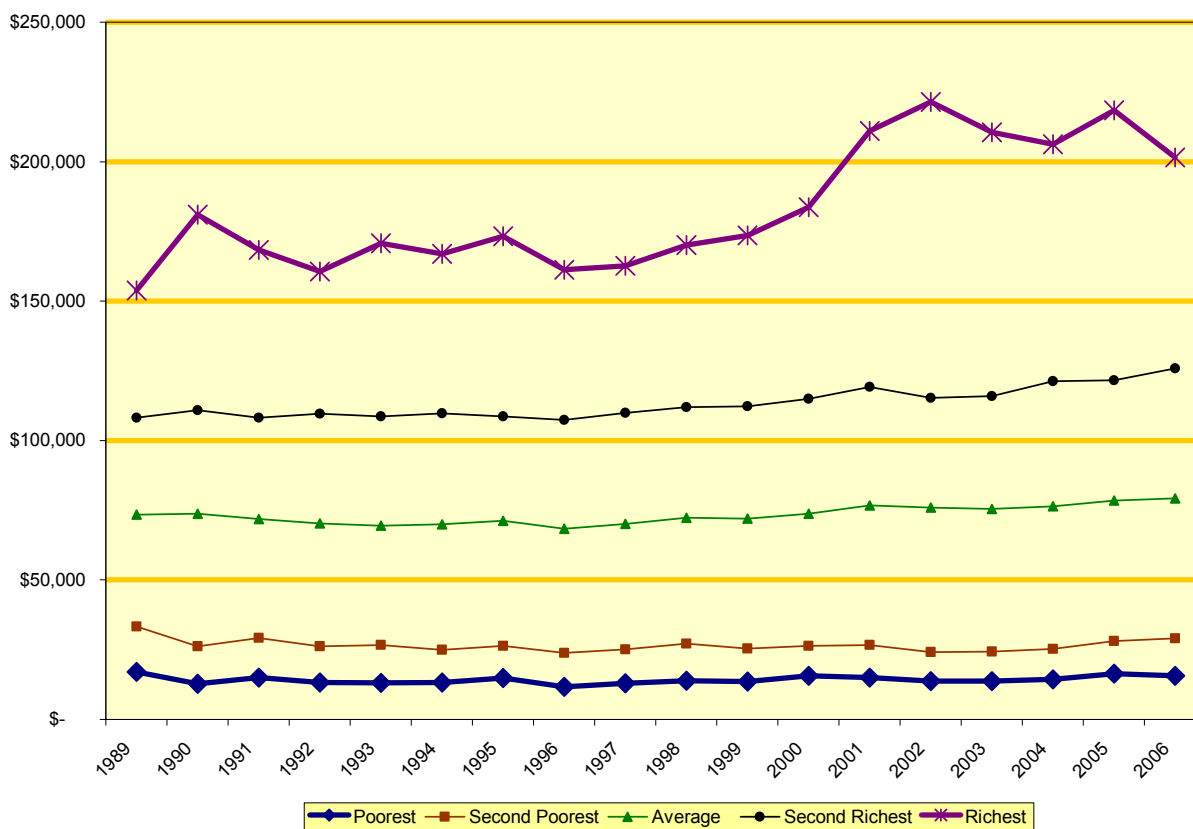
### INCOMES OF FAMILIES WITH CHILDREN Fact Sheet #6

*November 21, 2008*

Average incomes in BC were fairly flat through the mid 1990s in the wake of the last recession. While the average income has gone up since then, the richest families have enjoyed the greatest increases by far.

The graph below shows the average total incomes for the poorest 10% of families with children, the second poorest 10%, all families with children, the second richest 10%, and the richest 10%. 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 INCOME FOR FAMILIES WITH CHILDREN IN BC  
(Constant 2006 Dollars)**



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



The richest 10% of BC's families with children had an average income of \$201,490 in 2006, up from \$153,899 in 1989 in constant 2006 dollars. By comparison, the poorest 10% of families with children had an average income of \$15,657 in 2006, down from \$16,966 in 1989. The second poorest 10% of families had an even greater loss, falling from \$33,349 in 1989 to \$29,629 in 2006.

A study of high-income Canadians published by Statistics Canada shows that the most significant gains in income between 1982 and 2004 were found not in the richest ten percent of family units, not in the richest five percent, and not in the richest one percent, but in the richest 1/10 of one percent of family units.<sup>7</sup> The average total income for the top 1/10 of a percent grew from \$1,143,000 in 1982 to \$2,495,000 in 2004. Meanwhile the average total income for the bottom 10% of taxfilers in 2004 was \$6,000.

This divergence in income underlines the increasing inequality in the Canadian economy. Despite continued economic growth, poor families have seen no real improvement in their situation, while wealthy families have typically shown continual increases in their income. The income ratio between the richest and poorest 10% of families with children in BC has increased from 9 to 1 in 1989 to almost 13 to 1 in 2006.

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<sup>7</sup> Source: p. 15, A Profile of High-Income Canadians, Cat. No. 75F0002MIE2007006

## BC CAMPAIGN 2000

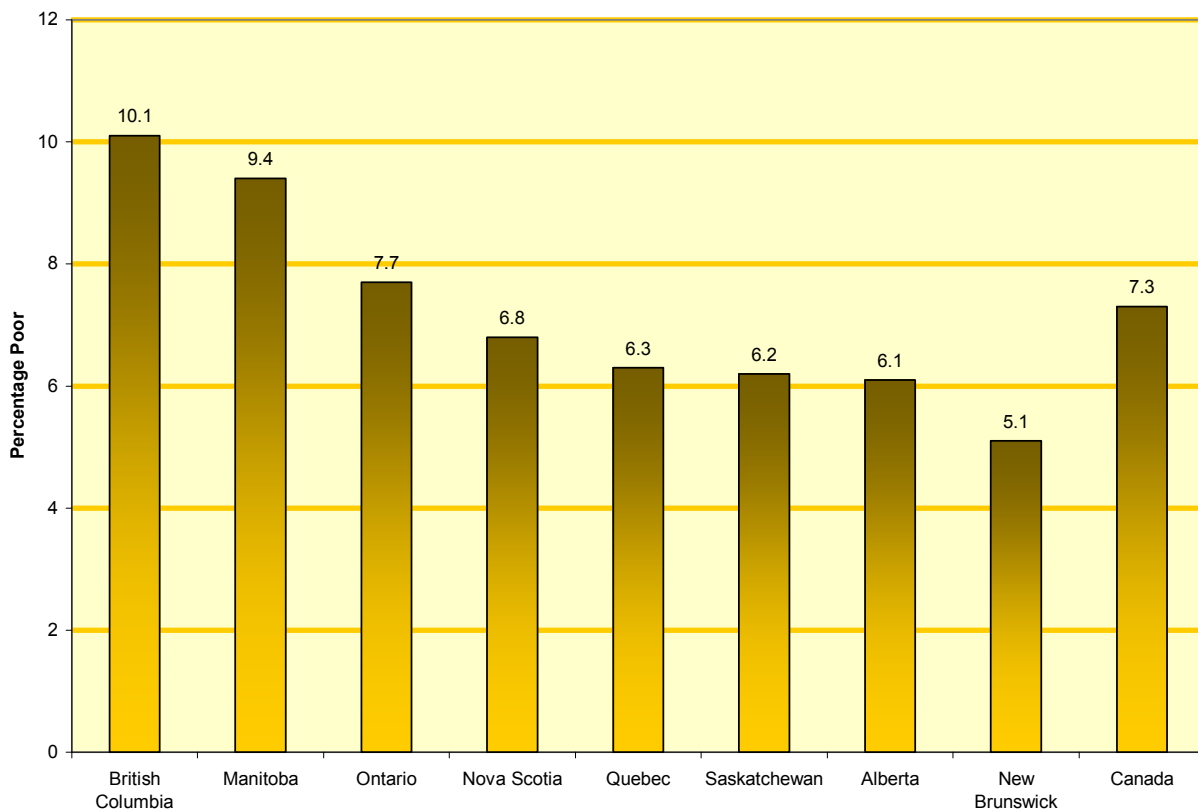
### CHILD POVERTY AND WORKING PARENTS Fact Sheet #7

*November 21, 2008*

The majority of poor children in BC live in families with some earned income. Over one third of BC's poor children lived in families where at least one adult had a full-time full-year job (38.2%). Over half of BC's poor children lived in families where the adults worked the equivalent of a full-time full year or more (54.3%).<sup>8</sup>

In 2006, 10.1% of children living in families where at least one person had full-time full-year work were poor. As in 2005, BC had the highest proportion of children living in poverty again in 2006, despite at least one member of their family having a full-time full-year job. For Canada as a whole, 7.3% of children living in families where at least one person had full-time full-year employment were poor.

#### POVERTY RATE AMONG CHILDREN IN FAMILIES WITH FULL-TIME FULL-YEAR EMPLOYMENT BY PROVINCE, 2006



\* Note – Prince Edward Island and Newfoundland and Labrador figures were not published by Statistics Canada  
Source: Statistics Canada data

<sup>8</sup> Full-time full-year work is defined as 1,590 hours of paid work.



BC has the highest proportion of working poor families because there are too many low-wage jobs. A person working 40 hours a week for 52 weeks would have to earn \$10.76 an hour in 2008 to reach the poverty line for a single person in Vancouver. There were over 245,000 employees in BC earning less than \$10/hour and over 185,000 other employees that were paid between \$10.00-\$11.99/hour in 2006. The current BC minimum wage is \$8, and the “training wage” is only \$6 an hour. Workers with dependent children have to earn even more to reach the poverty line, although some of the costs of raising children are met by the Canada Child Tax Benefit.



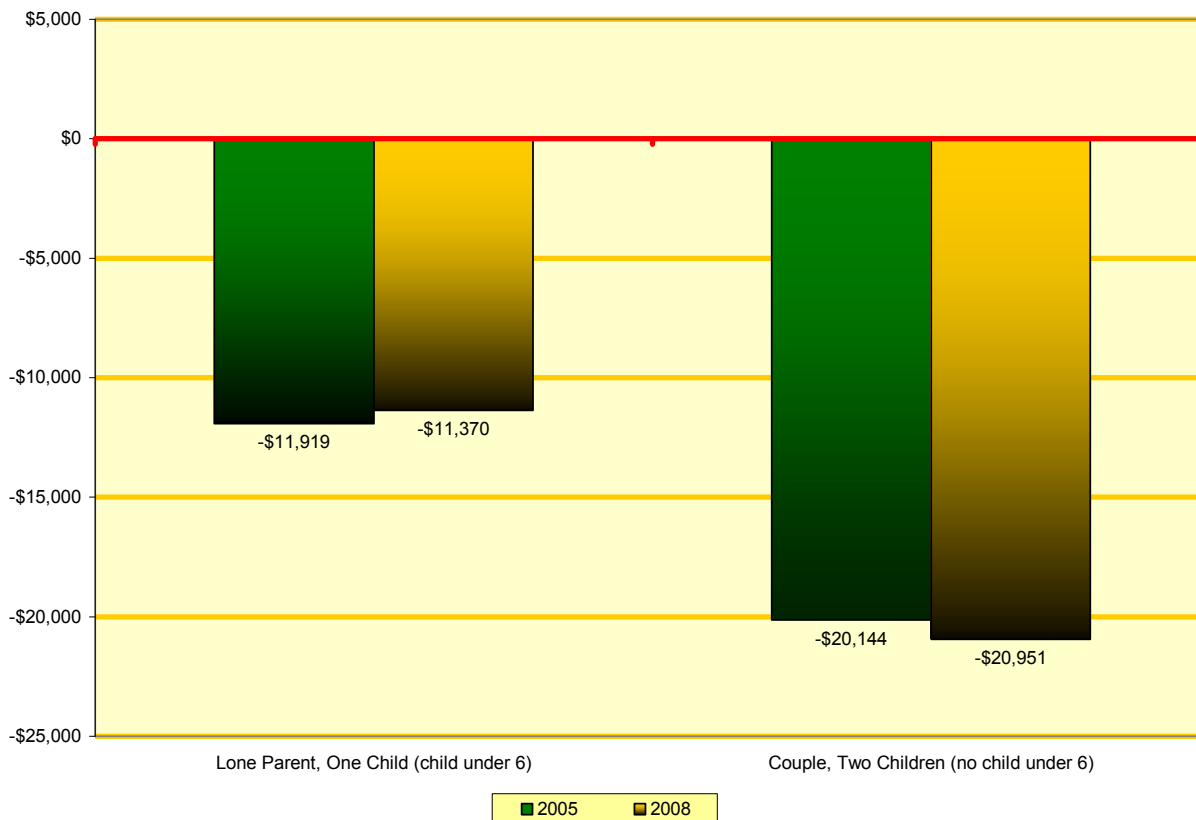
## BC CAMPAIGN 2000

### FAMILIES WITH CHILDREN ON WELFARE Fact Sheet #8

November 21, 2008

Families with children on welfare in British Columbia continue to live far below the poverty line, even with the small increases announced in the 2007 provincial budget.<sup>9</sup>

#### DEPTH OF POVERTY FOR BC FAMILIES WITH CHILDREN ON WELFARE, 2006 AND 2008



Source: BC Income Assistance Fact Sheet, National Council of Welfare's Welfare Incomes 2006, Calculations by BC Campaign 2000.

<sup>9</sup> Among the increases in welfare rates that took effect April 2007 were an increase of \$50 a month in the shelter allowance and an increase of \$50 a month in the support allowance for employable single people, including lone parents.

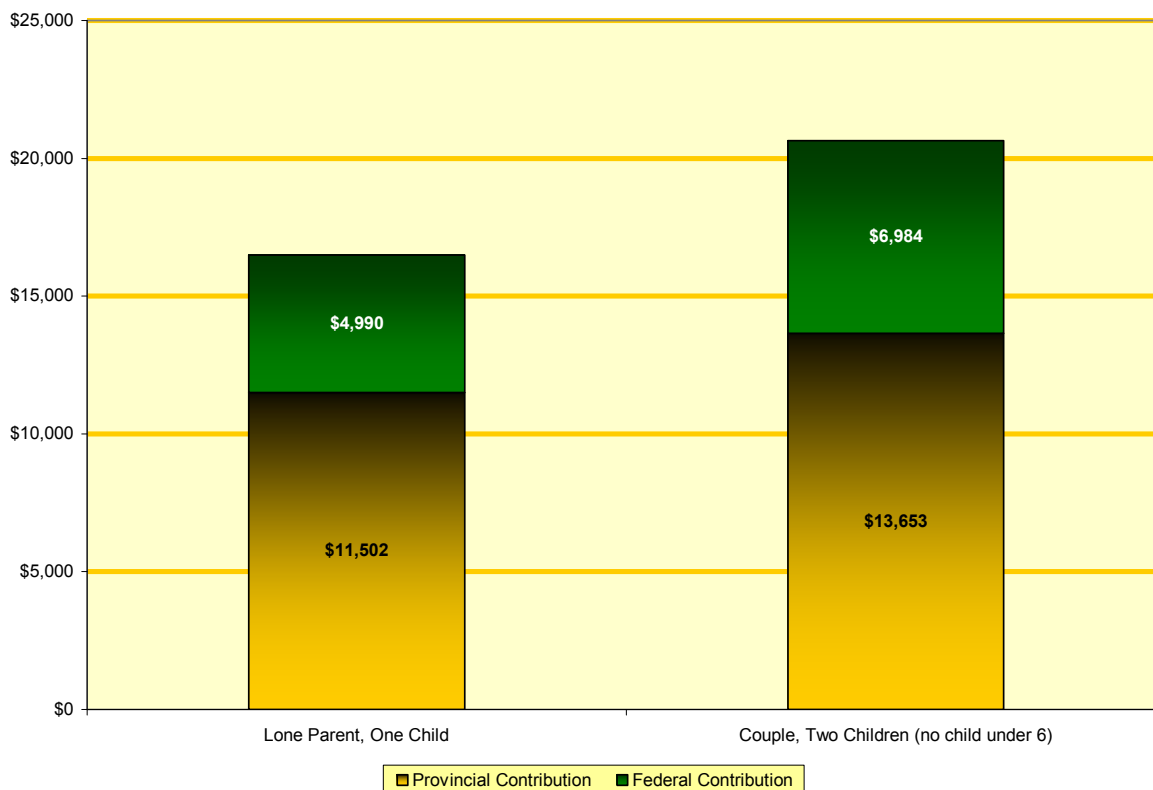


The total annual income of a lone parent with a four-year-old on welfare is currently calculated to be \$16,492 a year — or \$11,370 below the estimated before-tax poverty line for a large city.<sup>10 11</sup> The current total annual income of a couple with children ages ten and twelve on welfare is \$20,637 — or \$20,951 below the poverty line.

The average depth of poverty for BC's lone parent families with one child receiving welfare has decreased slightly between 2006 and 2008, while the depth of poverty for a couple with two children has increased in that time. This is because our lone parent household has a child under the age of six years. In 2006, the federal government introduced the Universal Child Care Benefit, which gives households \$100 per month for every child under the age of six years. A couple with two children with one child under the age of six years would receive a total annual welfare income of \$21,837 in 2008, which is \$19,751 below the poverty line.

In 2008, 30% of the total income received by the lone parent household on welfare came from federal sources. As for couples with two children (both over the age of 6 years), 34% of the total welfare income came from federal sources.

### TOTAL ANNUAL WELFARE INCOME FOR BC BY FEDERAL AND PROVINCIAL CONTRIBUTIONS, 2008



Source: Province of BC and Canada Revenue Agency

Welfare caseloads have fallen substantially in recent years, as the BC economy continues to grow. That is good news for people who have been able to leave the welfare rolls and find decent jobs. However, people still on welfare continue to suffer from abysmally low welfare rates.

<sup>10</sup> The before-tax poverty line for a large city in 2008 has been calculated by updating the 2007 before-tax low-income cut-off to reflect the increase in the consumer price index of 3.3% between August 2007 and August 2008.

<sup>11</sup> The total annual income for welfare includes the shelter and support allowances, the Christmas bonus, school start up for allowance for children in school, PST credit, applicable federal child benefits, and the GST rebate.

## BC CAMPAIGN 2000

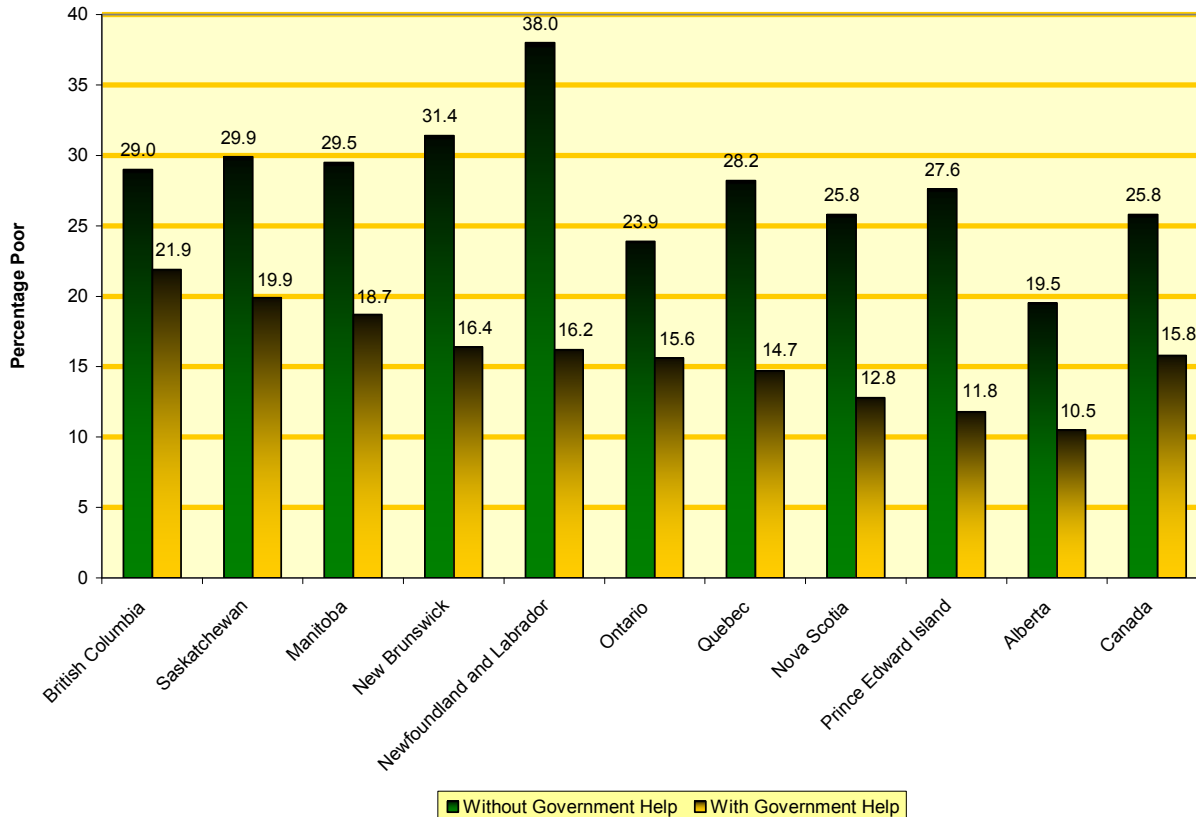
### CHILD POVERTY AND THE IMPORTANCE OF GOVERNMENT HELP Fact Sheet #9

*November 21, 2008*

Federal and provincial government income support programs play a huge role in reducing child poverty in British Columbia and all other provinces. In 2006, the child poverty rate was 21.9% in BC. If BC parents had been forced to rely only on earnings, income from investments and other sources of market income, the proportion of families with children living in poverty would have been 29.0%. This means that government transfers reduced the market child poverty rate by nearly one quarter.

BC, however, was not as successful at reducing market child poverty rates as other provinces. Newfoundland and Labrador, for example, had a market poverty child rate of 38.0%; after government transfers, the rate dropped to 16.2%. This means that government transfers in Newfoundland and Labrador reduced the market child poverty rate by over half.

**FAMILY POVERTY RATES WITH AND WITHOUT GOVERNMENT HELP, 2006<sup>12</sup>**



Source: Statistics Canada.

<sup>12</sup> Provinces are arranged by highest to lowest poverty rates after government help.



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 following benefits: a monthly Canada Child Tax Benefit; a Universal Child Care Benefit for each child under six years; and a quarterly GST credit to low-income families and individuals. Ottawa also 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. The CST is a government-to-government transfer designed to defray the costs of welfare and post-secondary education.

Comprehensive data on BC's children upon school entry shows a disturbing increase in vulnerability for many communities between 2004 and 2007<sup>13</sup>, despite this being a period of “good” economic times for the provincial economy.

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<sup>13</sup> Human Early Learning Partnership (2007). EDI Mapping Package: Province of British Columbia. Available: [http://ecdportal.help.ubc.ca/pubMaps/BC/Provincial/EDI/BC\\_EDI\\_Wave1-2.pdf](http://ecdportal.help.ubc.ca/pubMaps/BC/Provincial/EDI/BC_EDI_Wave1-2.pdf)



## BC CAMPAIGN 2000

### WHAT NEEDS TO HAPPEN Fact Sheet #10

*November 21, 2008*

In 2010, BC will be on display for the world to see at the Winter Olympics. Now is the last chance for the government of BC to ensure that visitors see the province as a healthy and compassionate society that looks after the well-being of all its residents. The province cannot wait any longer to act if it wants to have any impact on the child poverty rates by 2010.

Fighting poverty requires a wide range of policies and programs. Here are some of the changes that are needed<sup>14</sup>:

- The BC government should raise the minimum wage to \$10.76 an hour and increase it every year in line with increases in the cost of living. The so-called \$6 an hour training wage should be abolished. No family with a full-time full-year worker should live in poverty.
- The BC government should raise welfare rates to meet the income levels in the federal government's Market Basket Measures, and the rates should be increased each year in line with the cost of living.
- The province should restore welfare earnings exemptions and the income exemption for child support payments. People trying to make the move from welfare to work need all the help they can get.
- The federal government should increase the Canada Child Tax Benefit to \$5,250 per child. Payments should go to families without regard to whether earnings or government transfers are the family's main source of income.
- Cuts in Employment Insurance made by successive federal governments should be rescinded, so that most workers are protected during a temporary loss of wages.
- 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.
- 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 be even better and also less expensive.

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<sup>14</sup> See *Summoned to Stewardship: Make Poverty Reduction a Collective Legacy* for further details on the strategy. Available at <http://www.campaign2000.ca/>



Campaign 2000 calls on all provinces and the federal government to commit themselves to a two-stage strategy of targets and timetables for the reduction of child poverty across Canada. This would lead to:

- 1) A minimum 25% reduction in the child poverty rate by the year 2012; and
- 2) A minimum 50% reduction in the child poverty rate by the year 2017.

The BC government needs to demonstrate a firm commitment to fighting poverty by assigning a cabinet minister with the authority and responsibility to ensure that the poverty reduction plan is being implemented and that the province is on track for achieving the poverty reduction targets.

