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**Pre-Budget Submission to:
House of Commons Standing Committee on Finance**

**Submitted by First Call: BC Child and Youth Advocacy Coalition
August 2008**

EXECUTIVE SUMMARY

First Call: BC Child and Youth Advocacy Coalition is a coalition of province-wide and regional organizations, smaller groups, individuals and mobilized communities that share the belief that children and youth should have “first call” on the resources of government.

First Call’s priority recommendation to the House of Commons Standing Committee on Finance is:

That the federal government make a legislated, continuing and co-operative commitment to eliminate poverty in Canada.

By legislated, we mean Parliament should enact the pledge into law and agree to pursue it until poverty is actually eliminated. By continuing, we mean that annual reports be tabled in Parliament on the actions taken, progress made, and future plans in pursuit of this objective. By co-operative, we mean the federal government should work with provincial and territorial governments and with business and labour groups to assist each other in eliminating poverty.

Proposed components of a poverty reduction commitment span government policy and market-based initiatives. First Call’s own list of priorities, based on its standing commitments to children, youth and parents, include a significant increase in federal child tax benefits, an increase in the minimum wage and linking the wage to annual increases in the cost of living, more government support for social housing and post-secondary education, and a revival of government funding to help create a system of regulated community-based child care for children under the age of 12.

A RENEWED COMMITMENT TO ELIMINATE POVERTY IN CANADA

First Call: BC Child and Youth Advocacy Coalition is a coalition of province-wide and regional organizations, smaller groups, individuals and mobilized communities that share the belief that children and youth should have “first call” on the resources of government.

The coalition is committed to what it calls the “four keys to success” for children and youth: a strong commitment to early childhood development, support in transitions from childhood to youth and adulthood, increased economic equality, and safe and caring communities.

First Call has made numerous recommendations in support of the four keys during its presentations to the Finance Committee in previous years. In line with the request of the committee that only one recommendation be presented for this year’s hearings, we are making the following recommendation:

That the federal government make a legislated, continuing and co-operative commitment to eliminate poverty in Canada.

It is difficult to imagine any other single initiative that would make such a huge difference in the lives of so many Canadians in a relatively short period of time.

By legislated, we mean Parliament should enact the pledge into law and agree to pursue it until poverty is actually eliminated. Part of the legislation should include a commitment to make progress in reducing poverty rates year by year. We believe the pledge must in the form of a law, rather than a Parliamentary resolution. The unanimous vote on the House of Commons resolution to work to end child poverty by the year 2000 was all but ignored in the years that followed. We also believe that the 2009 budget should include the first additional funding for fighting poverty – perhaps a start-up allocation in the order of \$3 billion.

By continuing, we mean that annual reports be tabled in Parliament that contain an overview of the latest poverty statistics, actions taken by Parliament during the previous 12 months to reduce poverty, an explanation of plans in the works to correct past shortcomings, and an outline of new initiatives planned during the next 12 months. The Prime Minister should appoint one of his senior ministers as the Minister Responsible for the Elimination of Poverty to oversee work in progress.

By co-operative, we mean the federal government should work with provincial and territorial governments and with business and labour groups to assist each other in eliminating poverty. Fighting poverty is too large a task to be handled by any single government or any group outside government, but it is certainly a feasible task if everyone works together.

The latest published figures from Statistics Canada show that the “poverty gap” in Canada after income taxes was \$13.245 billion in 2006. The gap refers to the amount of money that is needed to bring the incomes of all persons living in poverty up to the poverty line. The average poverty gap for individual family units was \$6,600, although that figure varies sharply among families and unattached individuals living in poverty.

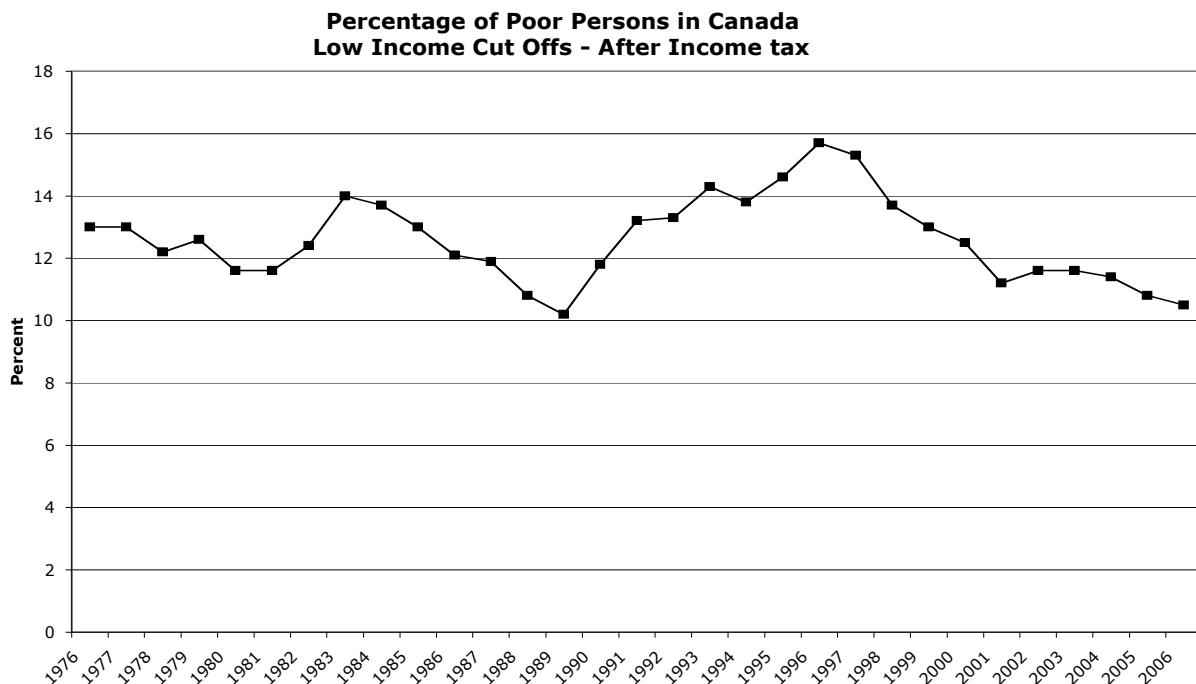
Not all the money to reduce the poverty gap would come from government. Reducing the gap would require significant improvements in wages and salaries as well as significant new efforts by government.

Increases in wages and salaries would help reduce the number of Canadians currently working at low-wage jobs and improvements in earnings could contribute to reducing the depth of poverty. In addition to income security programs, actions by government could include new spending on programs such as child care and affordable housing, Part of the revenue for such programs could be realized from the elimination of wasteful tax expenditures.

Most governments in recent years have been obsessed with tax cuts, and the conventional wisdom seems to be that tax cuts trump all other forms of public policy. On the other hand, Canadians have already spoken out strongly for adequate spending on medicare, reducing the cost of post-secondary education, and restoring unemployment insurance to cover most workers who lose their jobs.

Many of the tax cuts of recent years have produced meager increases in income for most Canadians. Given that reality, we believe that a large portion of the population would be willing to forgo further meager tax cuts if the intended alternative was wiping out poverty in Canada.

The poverty statistics over the years show that the poverty rate for all persons after income taxes has moved up and down with the state of the economy. The graph below shows increases in poverty following the recession of 1981-82, a reduction in poverty as the economy grew in the last part of that decade, further increases in poverty following the recession of 1990-91, and a downward trend during this subsequent period of economic growth since 1996.



While the Canada Child Tax Benefit has contributed to both a reduction in poverty rates and the depth of poverty for families with children, the poverty figures suggest that much more needs to

be done. Many families on welfare have been denied any real increase in federal support since 1998 because of the “clawbacks” of benefits by some provincial and territorial governments.

One other important indicator is the data on average incomes for family units after income taxes, as compiled by Statistics Canada in its annual publication *Income Trends in Canada*. Income, after adjustments for inflation, has changed very little for most Canadians over the years. The table below contains the latest highlights.

AVERAGE INCOMES AFTER INCOME TAXES, ALL FAMILY UNITS, CONSTANT 2006 DOLLARS				
	1976 Average	2006 Average	Increase in Dollars	Percentage Increase
Poorest 20%	\$11,800	\$13,100	\$1,300	11%
Second 20%	\$28,100	\$29,100	\$1,000	4%
Middle 20%	\$43,700	\$44,600	\$900	2%
Fourth 20%	\$60,200	\$65,200	\$5,000	8%
Richest 20%	\$99,800	\$119,300	\$19,500	20%

The table shows that 60 percent of family units in Canada have seen very modest improvements in income between 1976 and 2006. At the very low end of the income scale, the 2006 average income of \$13,100 is well below the low-income cut-off after income taxes of \$17,568 for a single person living in a large city.

Meanwhile, the richest 20 percent of family units saw an increase of 20 percent or \$19,500. Research by Emmanuel Saez and Michael R. Veall suggests that the most dramatic increases in income actually took place for people in the top one percent.

The table underlines the reality that governments overall have done a very poor job of supporting many of Canada’s family units. Raising the incomes of lower-income Canadians and ensuring fair taxation of wealthy Canadians are both long overdue.

The benefits to the health of our population that would result from the reduction of poverty and income disparities are significant. Income allows people to achieve greater control over their lives and exercise more discretion in their life style choices and living conditions. The Federal Senate Subcommittee on Population Health noted in their recent report:

Wide disparities in health exist among Canadians. While many whose health is good can expect to live long and comfortable lives, significant and avoidable ill-health is experienced by many people. Although this ill-health is distributed throughout the whole population, it is borne disproportionately by specific groups, notably Aboriginal peoples and individuals and families whose incomes are low.[...] The wealthy live longer than the poor, and experience less chronic illness, obesity, and mental distress.¹

¹ **Fourth Report of the Subcommittee on Population Health of the Standing Senate Committee on Social Affairs, Science and Technology (April 2008)**

The Subcommittee noted the need for political will to address income disparities, stating:

High-level leadership has proved to be key to most successful population health strategies internationally. But such strategies also require long-term continuity; too often they are derailed by changes in government or the adoption of different priorities by successive (or even the same) government.²

If our recommendation in this brief is accepted by the committee and adopted by the Government of Canada, First Call would be more than pleased to assist in the development of appropriate anti-poverty strategies.

Most social policy and anti-poverty groups have clear ideas about fighting poverty, and there is already broad consensus on measures that the Government of Canada would be wise to consider. The groups reject the notion that “one size fits all” when it comes to fighting poverty, and they have proposed a number of measures that would address the needs of different groups.

First Call’s own list of priorities, based on its standing commitments to children, youth and parents, include a significant increase in federal child tax benefits, an increase in the minimum wage and linking the wage to annual increases in the cost of living, more government support for social housing and post-secondary education, and a revival of government funding to help create a system of regulated community-based child care for children under the age of 12.

We would support suggestions to government from our sister social policy organizations for fighting poverty in family units other than families with children. Poverty among elderly unattached women, Aboriginal people, recent immigrants to Canada, and persons with disabilities are among the groups with long-standing poverty rates that are much higher than the national average.

We hope the committee will give serious consideration to our one overarching recommendation:

That the federal government make a legislated, continuing and co-operative commitment to eliminate poverty in Canada.

² Ibid.