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FOR IMMEDIATE RELEASE

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THANKS FOR THE MONEY FOR CHILD CARE, NOW WHAT ABOUT FIGHTING CHILD POVERTY?

First Call: BC Child and Youth Advocacy Coalition is pleased to see additional money for child care in the 2005 federal budget, but sorry to see child poverty slipping away as a government priority.

The budget set aside \$5 billion over the next five years for child care. First Call believes that amount is large enough to allow Ottawa to reach an agreement with the provinces and territories to start building a first-rate national child care system.

“We hope the provinces and territories see the new money as an expression of good faith by the federal government,” said First Call Chair Michael Goldberg. “Now it’s time for governments to finish their negotiations and get on with the work of helping families with children.”

Social Development Minister Ken Dryden is expected to meet again soon with his provincial and territorial counterparts to try to wrap up talks on a national child care plan.

The ministers have already agreed on the principles that would underlie a national plan – quality, universally inclusive, accessible and developmental. Few details are known about how these principles would be translated into actual provincial or territorial child care programs.

While the new money for child care is welcome, the budget speech had nothing to say about the larger issue of fighting child poverty, and it offered nothing new on four key policy areas of long-standing concern to First Call: increasing the Canada Child Tax Benefit to \$4,900 a child, building 25,000 new affordable housing units in Canada every year, raising the federal minimum wage and other labour market measures to ensure parents and other workers can earn a “living wage,” and renewing the national social safety net by increasing federal transfer payments for social programs.

“The House of Commons agreed way back in 1989 to work to eliminate child poverty, but the child poverty rate was actually higher in 2002 than it was in 1989,” Goldberg said.

On the taxation side, the budget proposed to increase the personal amount on the income tax form to \$10,000 and the spousal amount to \$8,500 and also to raise the dollar limit on contributions to registered retirement savings plans (RRSPs) to \$22,000 a year. First Call believes the minister of finance should have chosen other alternatives to raising the personal and spousal amounts, and it believes raising the RRSP limit is simply bad social policy.

The effect of raising the personal and spousal amounts is to raise the threshold where people start paying income tax. The problem with the change is that it benefits all taxpayers from the poorest to the richest and winds up being extremely costly – more than \$3.5 billion a year when fully phased in.

“A much better alternative would be to raise the Canada Child Tax Benefit for low-income parents and to raise the GST Credit for all low-income taxpayers,” said Steve Kerstetter, a member of the First Call co-ordinating committee. “That way, substantial benefits could be directed to people in need rather than providing a very tiny tax break to all taxpayers.”

“The most ill-conceived measure in the budget is raising the RRSP contribution limits,” Kerstetter added. “Only the very rich can afford to make RRSP contributions of \$22,000 a year, so only the very rich will get the huge tax breaks that go along with those contributions.”

The budget also announced major cuts in corporate taxes that will cost the federal government nearly \$2.7 billion a year when fully implemented. First Call believes all that money would have been better used fighting child poverty.

On the spending side, the 2005 budget speech included more money for special education for children living on reserves, better services for newcomers to Canada, and the first ad hoc increase in the Guaranteed Income Supplement for low-income seniors since 1984.

“Over the years, governments have been able to make a huge dent in poverty among seniors through the Guaranteed Income Supplement and a variety of other programs,” Goldberg said. “Now it’s time for them to get serious about child poverty.”

First Call is a non-partisan BC coalition of provincial and regional organizations, mobilized communities and individuals and groups that believe children and youth should have “first call” on the resources of government.

-30 -

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