



# BC CAMPAIGN 2000

## WHAT IS CHILD POVERTY?

FACT SHEET #1  
November 24, 2005

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 total gross 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 2003

Size of Household	Metropolitan - 500,000 or more	100,000 - 499,999	30,000 - 99,999	Less than 30,000	Rural Areas
1 person	\$19,962	\$17,192	\$17,085	\$15,634	\$13,742
2 persons	24,851	21,401	21,269	19,462	17,107
3 persons	30,552	26,310	26,148	23,926	21,031
4 persons	37,094	31,945	31,748	29,050	25,535
5 persons	42,071	36,230	36,008	32,948	28,961
6 persons	47,449	40,863	40,611	37,160	32,664
7 or more persons	52,827	45,494	45,214	41,372	36,366

Source: Statistics Canada, Catalogue No. 75F0002MIE2005003

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 \$22,000 would be below the LICO and would be counted as living in poverty. A similar family in a smaller community like Prince George (population 77,000) 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.



## **BC CAMPAIGN 2000**

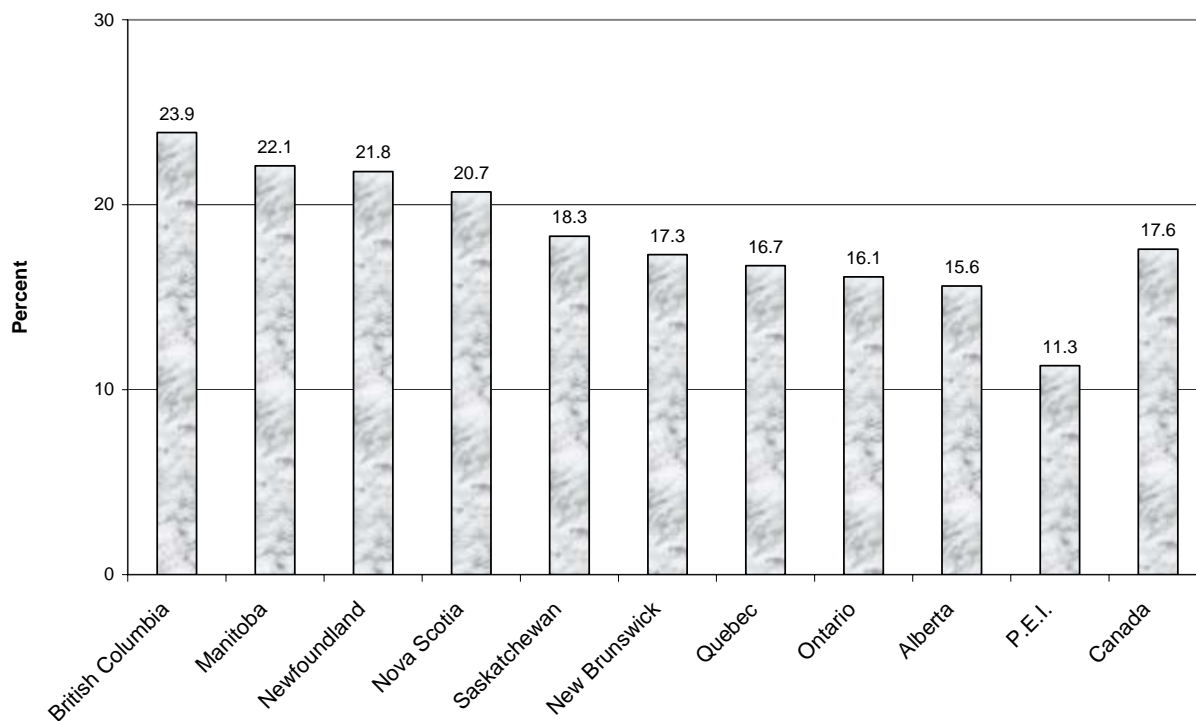
### **BC HAD THE WORST RECORD**

FACT SHEET #2  
November 24, 2005

British Columbia had the highest child poverty rate of any province in 2003, according to the latest figures from Statistics Canada. The 2003 BC rate was 23.9% or nearly one of every four children. That was well above the national child poverty rate of 17.6%.

The estimated number of poor children in BC in 2003 was 201,000. That was about the same as the entire population of Burnaby or the entire populations of Nanaimo, Kelowna and Cranbrook combined.

#### **CHILD POVERTY RATES BY PROVINCE, 2003**



It was the second year in a row that British Columbia had the highest child poverty rate in Canada. The rate in 2002 was 24.2%, which was also the highest child poverty rate ever reported in BC since Statistics Canada started publishing poverty data on an annual basis in 1980. The national child poverty rate in 2002 was 18%.

Census figures show that Aboriginal children have a poverty rate that is almost twice as large as for non-aboriginal children. 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.



# BC CAMPAIGN 2000

## CHILD POVERTY OVER THE YEARS

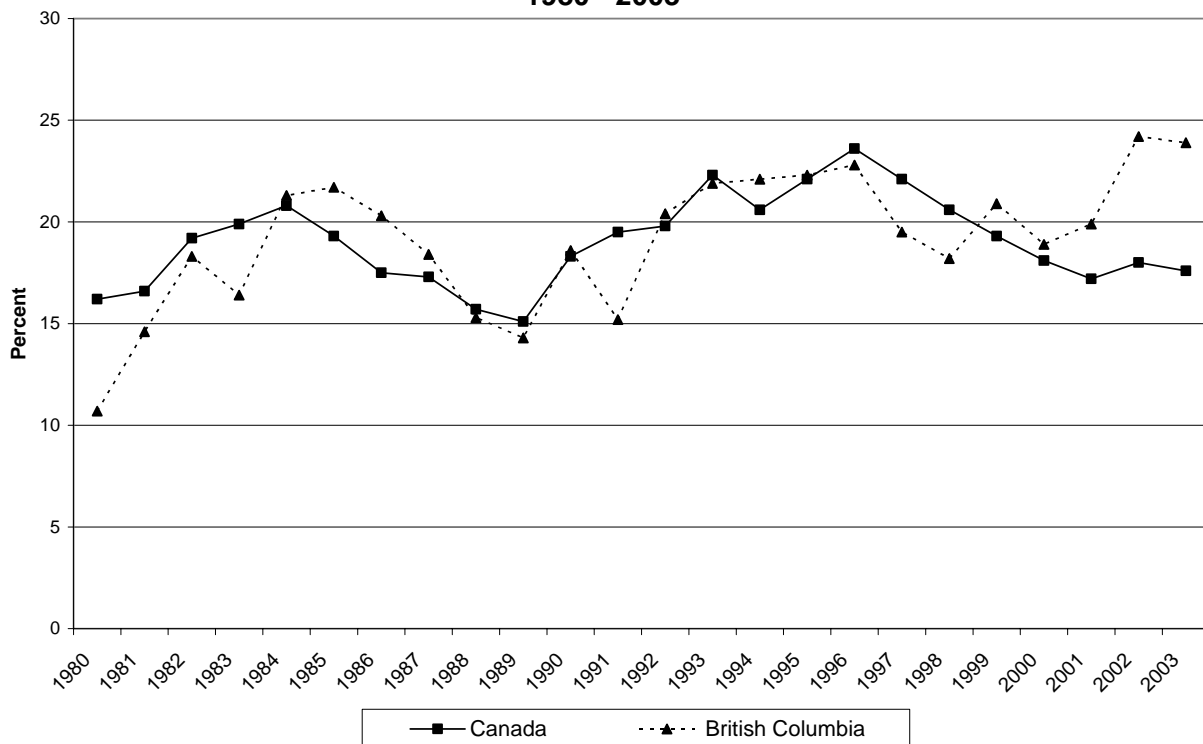
FACT SHEET #3  
November 24, 2005

In 1989, members of all parties in the House of Commons unanimously agreed to seek to eliminate child poverty by the year 2000. Sadly, there has been very limited progress toward that goal, and child poverty rates in BC have actually risen in recent years.

For Canada as a whole, child poverty rates (and most other poverty rates) continue to rise and fall with the overall state of the economy. The graph below shows a rise in the rates following the recession of 1981-1982 and a fall as the economy improved through the rest of the decade.

The national child poverty rate went up again in the wake of the recession of 1990-1991, peaked in 1996 and has been declining ever since.

**POVERTY RATES FOR CANADA AND BRITISH COLUMBIA  
1980 - 2003**



For most of the years since 1980, the child poverty rate in British Columbia also went up and down with the state of the economy, but the situation changed dramatically in recent years. From 1998 through 2003, the trend in child poverty has been sharply upwards in BC.

The graph shows BC child poverty rates rising from 18.2% in 1998 to a record high 24.2% in 2002 and down marginally to 23.9% in 2003. Meanwhile, the national rate was on its way down.

In 1980, when Statistics Canada first started publishing poverty statistics on an annual basis, BC had the lowest child poverty rate in Canada. The BC rate was 10.7%, well below the national rate of 16.2%.

In 1989, the year of the House of Commons resolution, the BC child poverty rate was 14.3% and the national rate was 15.1%.

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%.

As of 2003, BC is the province with the largest increase in child poverty since 1980. It is the province with the largest increase in child poverty since the House of Commons resolution in 1989. And it is the only province where the child poverty rate was actually higher in 2003 than in 1997 despite increases in child benefits.

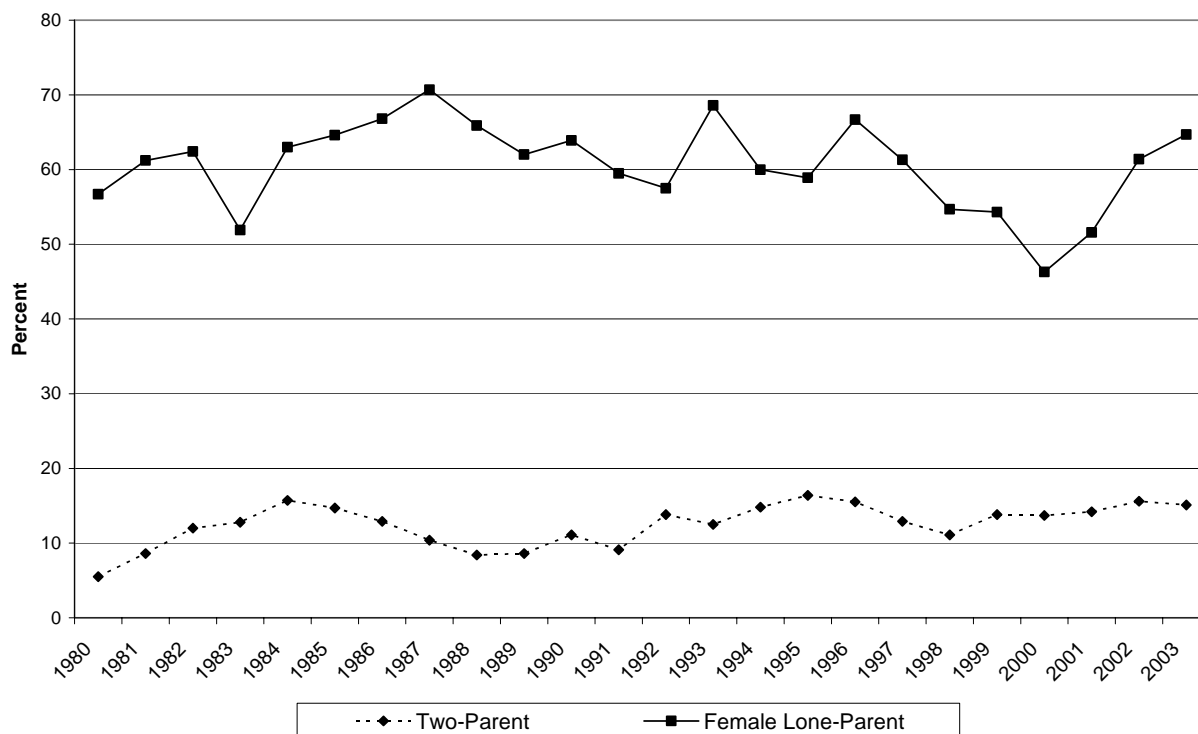


## BC CAMPAIGN 2000 CHILD POVERTY BY FAMILY TYPE

FACT SHEET #4  
November 24, 2005

The risk of poverty varies greatly by family type. The poverty rate for BC children living in families headed by lone-parent mothers was 64.7% in 2003, while the poverty rate for BC children in two-parent families was 15.1%.

### BC CHILD POVERTY BY FAMILY TYPE: 1980 - 2003



Source: Income Trends in Canada, 2003. Statistics Canada

Poverty rates for BC children in lone-parent families headed by women came down noticeably between 1996 and 2000 but have increased sharply ever since. Poverty rates for BC children in two-parent families have been relatively constant over the years, but since 1998 have been increasing slightly.

Poor children typically live in families with incomes far below the poverty line, and the depth of poverty for families in British Columbia has been increasing in recent years. In 2003, the average depth of poverty for poor children in families headed by lone-parent mothers was \$11,600, and the average depth of poverty for children in two-parent families was \$11,900. The depth of poverty figures in BC are among the worst in Canada and were \$2,000 greater than the average depth of poverty in Canada for each of these two family types.



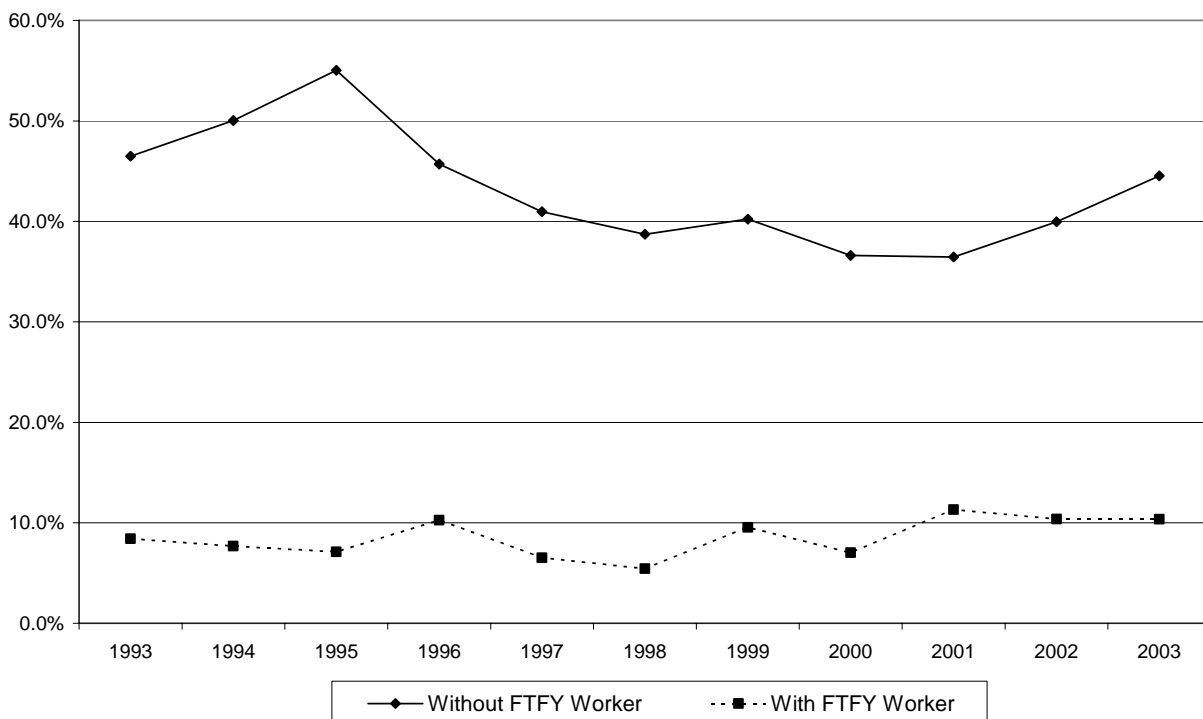
## BC CAMPAIGN 2000 CHILD POVERTY AND WORKING PARENTS

FACT SHEET #5  
November 24, 2005

Paid work is often the first line of defense against poverty, but only if the jobs are good jobs. The vast majority of poor children in BC live in families with some earned income, but not enough to get them over the poverty line.

Part of the problem is inadequate hours of work. The odds of being poor increase greatly when there is no one in the family with a full-time, full-year job. As shown in the graph below, the poverty rates for children in these families have been as high as 55% in recent years. The poverty rate was 40% in 2002 and 44.5% in 2003. The comparable rate for children in families with at least one full-time, full-year worker was 10.4%

**CHILD POVERTY IN BC WITH AND WITHOUT A  
FULL-TIME, FULL-YEAR WORKER: 1993-2003**



Another part of the problem is low wages. A person working 40 hours a week for 52 weeks would have to earn \$9.60 an hour to reach the poverty line for a single person in Vancouver. The current BC minimum wage is \$8, and the so-called training wage for new workers 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 and BC Family Bonus.



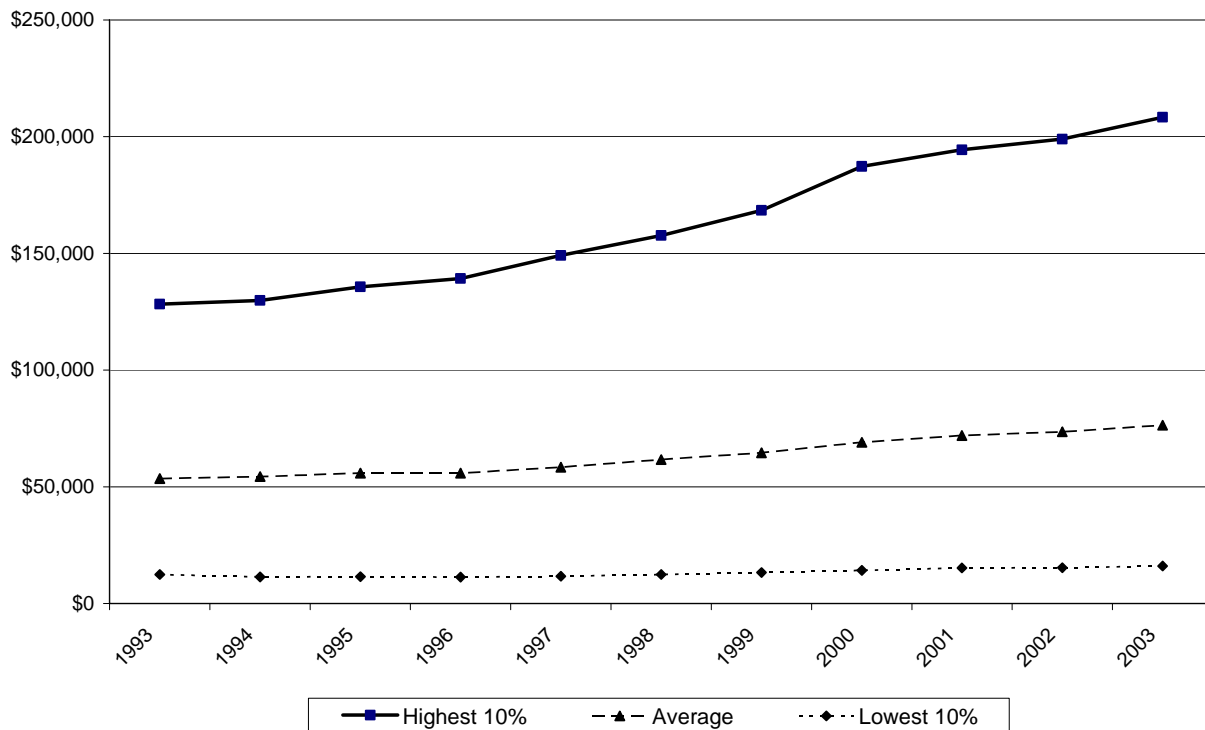
## BC CAMPAIGN 2000 INCOMES OF FAMILIES WITH CHILDREN

FACT SHEET #6  
November 24, 2005

Average incomes in BC were fairly flat in the early 1990s in the wake of the last recession. They have been on the rise since then, but the richest families have enjoyed the greatest increases by far.

The graph below outlines the situation for families with children in Canada. Total income refers to 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 CANADA  
(Constant 2003 Dollars)**



Canadian families with children in the poorest 10% of the income spectrum saw their incomes rise on average from \$14,968 in 1993 to \$16,134 in 2003, an increase of only \$1,134 or 8%. Meanwhile, families with children in the richest 10% went from \$154,096 to \$208,329, an increase of \$54,234 or 35%. Average family incomes were up from \$64,316 to \$76,441, an increase of \$12,125 or 19%.

This divergence in relative income underlines the increasing inequality in the Canadian economy. Despite continued economic growth, poor families have seen almost no real improvement in their situation, while wealthy families have shown continual increases in relative and actual income. The relative income ratio between the two extremes has increased from just over 10 to 1 in 1993 to just under 13 to 1 on 2003.



## BC CAMPAIGN 2000 FAMILIES WITH CHILDREN ON WELFARE

FACT SHEET #7  
November 24, 2005

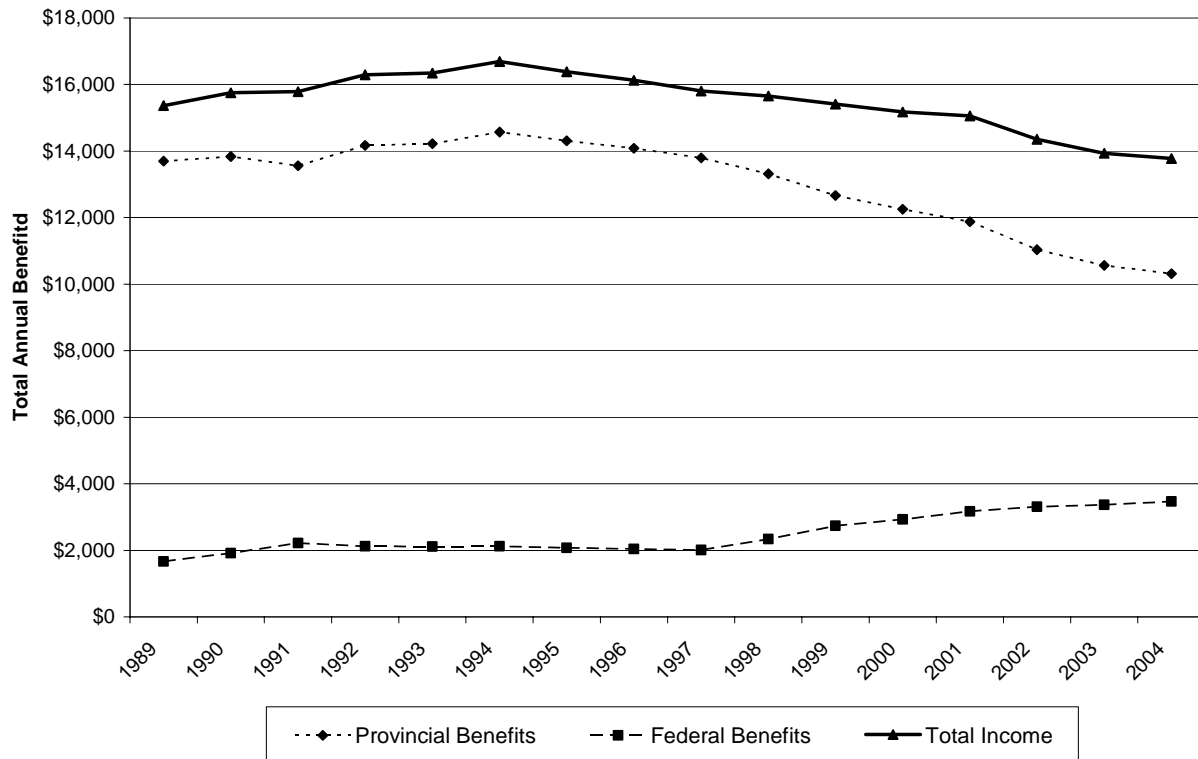
The incomes of British Columbia families with children on welfare fell to a 16-year low in 2004, according to the latest calculations by the National Council of Welfare.

A single parent with one child on welfare in BC had a total income of \$13,778 - or \$11,541 below the poverty line for Vancouver, according to the Council's report *Welfare Incomes 2004*. A couple with two children had a total welfare income of \$18,258 - or \$19,533 below the poverty line for Vancouver.

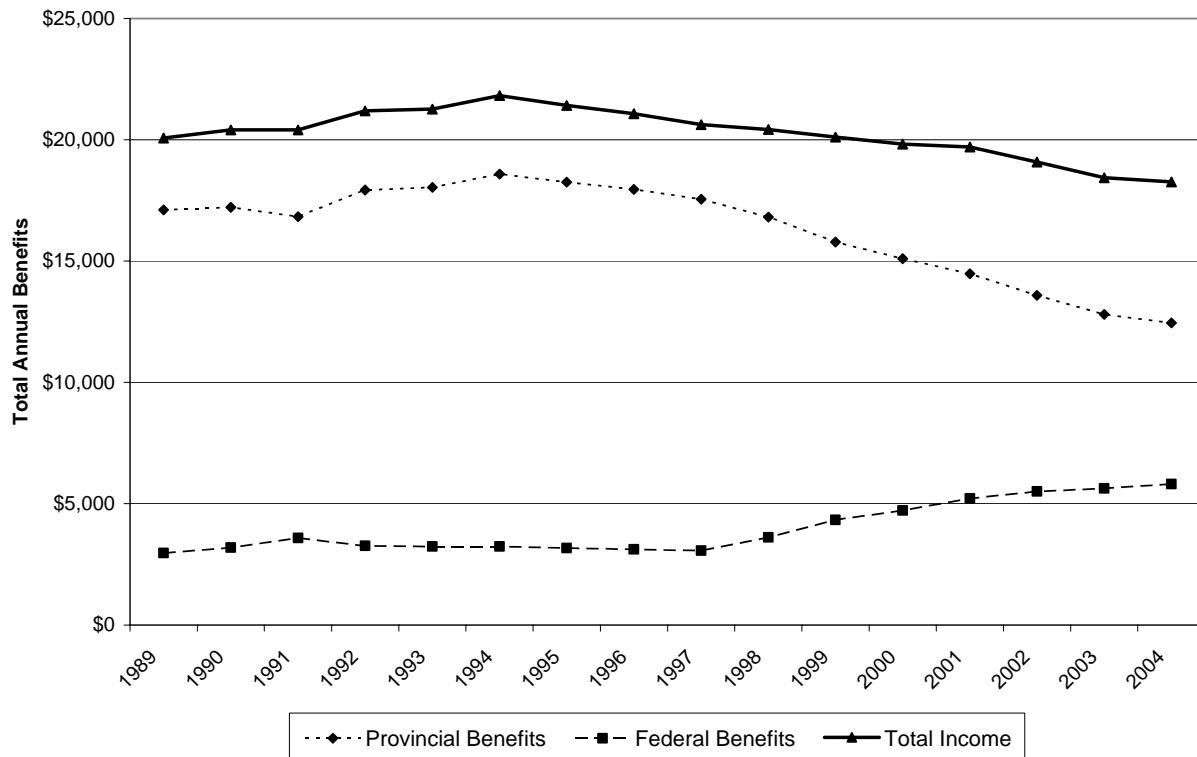
The following graphs show total welfare incomes over the years for the two main types of families with children and the portions of total income provided by the BC and federal governments. The incomes are in 2004 dollars to reflect their purchasing power after inflation.

Total welfare incomes in BC, shown in the top line of each graph, rose slightly in the early 1990s, peaked in 1994 and have been getting worse ever since. The totals for 2004 are the result of ten consecutive years of decline. The incomes of families with children on welfare were 17% or 18% lower in 2004 than they were in 1994.

**BC WELFARE BENEFITS - LONE PARENT, ONE CHILD**



### BC WELFARE BENEFITS - TWO PARENTS, TWO CHILDREN



Source: *Welfare Incomes 2004*. National Council of Welfare.

The federal share of welfare incomes has increased since 1998 because of increases in the Canada Child Tax Benefit. The federal increases, however, have been more than offset by reductions in provincial benefits. British Columbia is one of several provinces and territories that “claws back” the federal increases in child benefits from families on welfare.

BC welfare incomes are also down because of selective cuts in welfare benefits by the former NDP provincial government and the current BC Liberal government and because welfare benefits are not indexed or increased automatically with the cost of living. Beneficiaries of most other government programs in Canada have their benefits indexed so their purchasing power is not eroded by inflation.

In 2004, there were an average of 23,559 single-parent families on welfare and an average of 4,335 two-parent families on welfare in British Columbia. The average number of dependent children on welfare was 51,628.

About 64% of the two-parent families and 44% of the lone-parent families were classified as “expected to work.” The rest were temporary assistance cases, persons with disabilities or persons with persistent multiple barriers.



# BC CAMPAIGN 2000

## CHILD POVERTY AND THE IMPORTANCE OF GOVERNMENT HELP

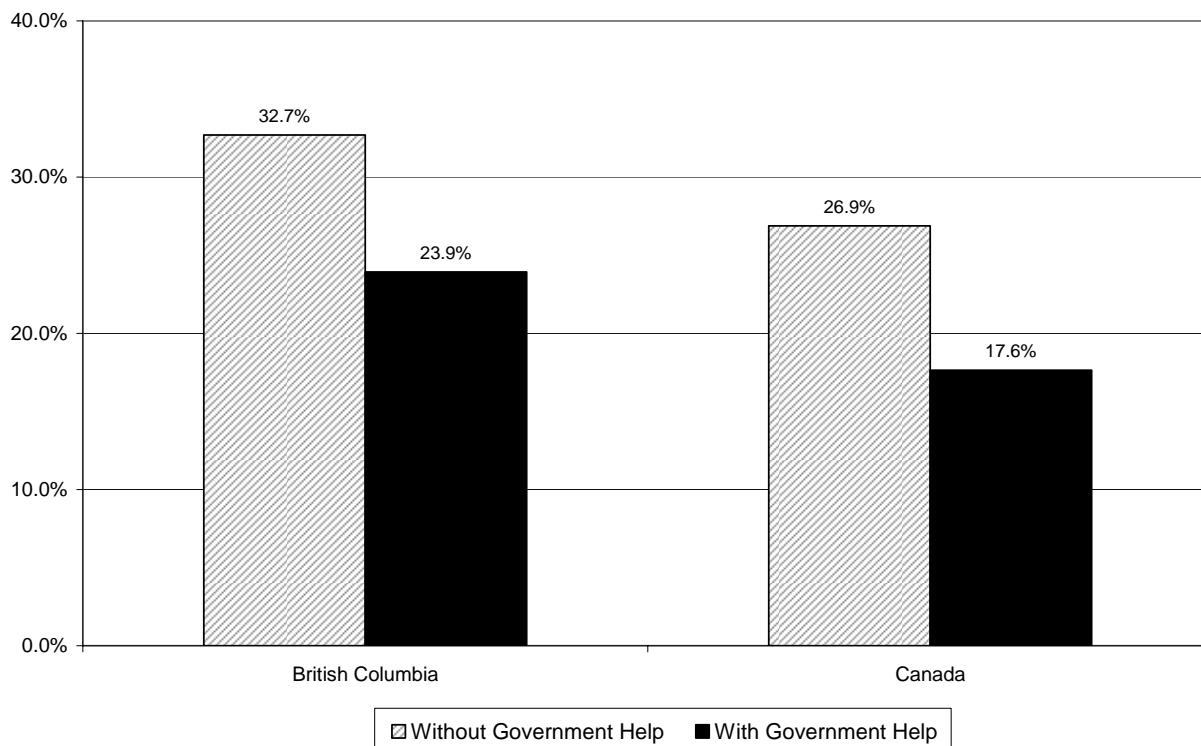
FACT SHEET #8  
November 24, 2005

Federal and provincial government income support programs play a huge role in reducing child poverty in British Columbia and in all other provinces.

In 2003, there were 201,100 children living in poverty in BC and the child poverty rate was 23.9%. If BC parents had been forced to rely only on earnings, income from investments and other sources of market income, the number of poor children would have been 274,800 and the child poverty rate would have been 32.7%.

Similarly, Canada had 1,201,300 poor children in 2003 and a child poverty rate of 17.6%. Without the income provided by various government programs, the number of poor children would have been 1,829,700, and the child poverty rate would have been 26.9%.

**CHILD POVERTY RATES WITH AND WITHOUT GOVERNMENT HELP**



Source: CCSD using Statistics Canada's Survey of Labour and Income Dynamics, master file

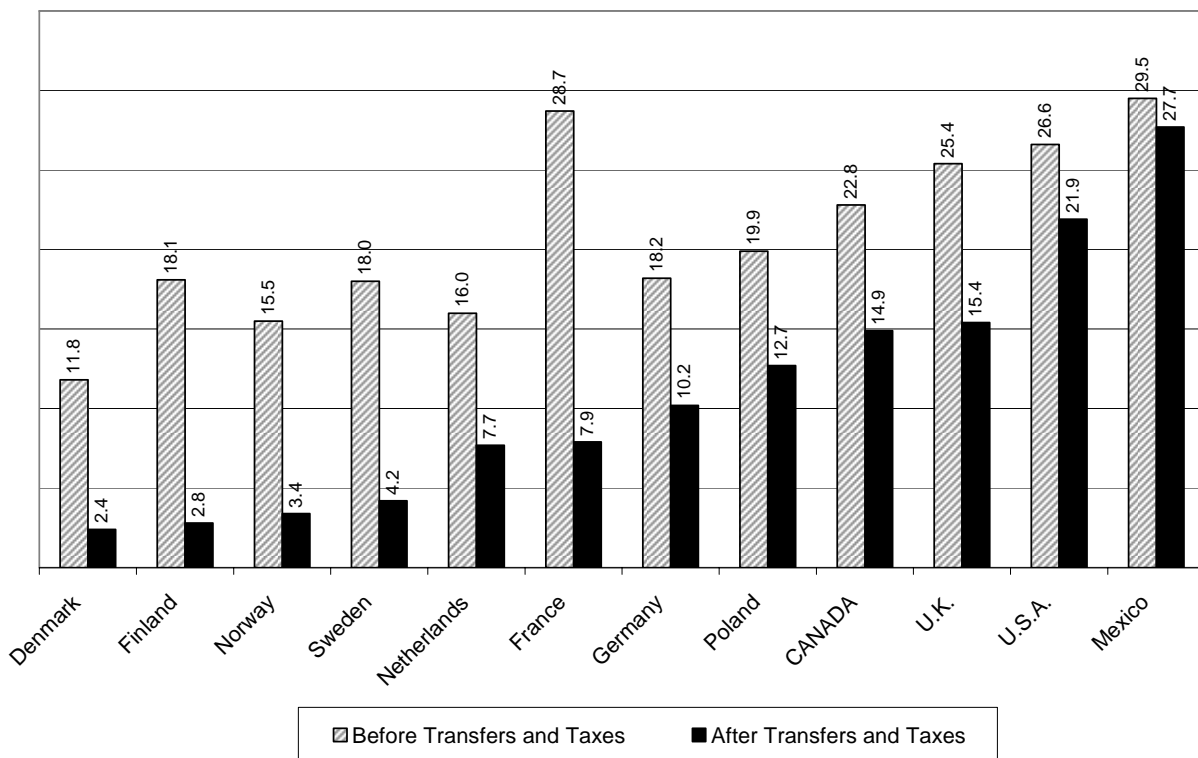
Both the federal and provincial governments have programs that help reduce the extent of child poverty. The federal government provides families with children with the monthly Canada Child Tax Benefit, and it pays a quarterly GST credit to low-income families and individuals. Ottawa also administers 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.

By international standards however, Canada does a very poor job of fighting child poverty. Government programs in Canada reduce child poverty by roughly one-third - from 22.8% to 14.9% as shown in the graph. That was better than the United States and Mexico, but much worse than most other developed countries.

**CHILD POVERTY RATES BEFORE AND AFTER GOVERNMENT TRANSFERS**



Source: UNICEF Innocenti Research Centre, Child Poverty in Rich Countries 2005

Poverty rates are based on percent of children in families with less than half the median income in their respective country.

The four Nordic countries - Denmark, Finland, Norway and Sweden - have the most effective government action against child poverty. They had fairly high child poverty rates before government intervention and rates falling to 2.5% to 4.2% after government intervention.

Government intervention to reduce child poverty does not need to come at the expense of economic competitiveness. The four Nordic countries were all ranked in the top 10 in the World Economic Forum's 2005 report on global competitiveness.



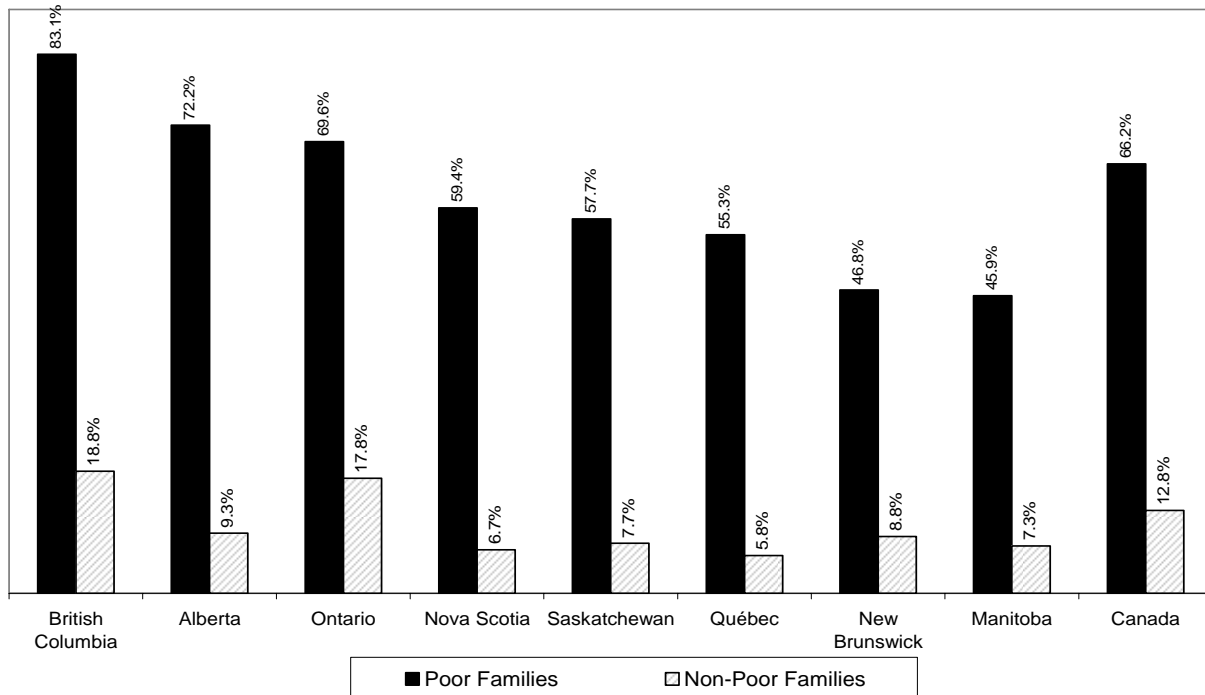
## BC CAMPAIGN 2000 CHILD POVERTY AND HOUSING

FACT SHEET #9  
November 24, 2005

British Columbia's booming housing market has pushed the province's legendary high housing prices even higher, and the results are reflected in the latest poverty statistics.

The graph shows the percentage of families with children in each province that spend more than 30% of their total income before taxes on housing. Ironically, the three richest provinces had the highest percentages of poor families with children in unaffordable housing.

### CHILDREN LIVING IN UNAFFORDABLE HOUSING



Source: CCSD using data in Statistics Canada's Survey of Labour and Income Dynamics. Figures were not available for P.E.I. or Newfoundland.

BC had the worst record, with 83.1% of poor families with children living in unaffordable housing. That represented an estimated 78,700 poor families out of the total of 94,700 poor families with children in 2003. The national average was 66.2%.

Unaffordable housing has also been a problem for many families living above the poverty line. The percentages are not as high as they are for poor families, but the absolute numbers are significant. Once again, BC had the worst record of any province, followed by Ontario and Alberta. The BC figure was 18.8% of non-poor families with children living in unaffordable housing. The absolute numbers were 66,800 non-poor families out of a total of 354,900 non-poor families with children. The comparable percentage for Canada was 12.8% of non-poor families with children in unaffordable housing.



# **BC CAMPAIGN 2000**

## **WHAT NEEDS TO HAPPEN**

FACT SHEET #10

November 24, 2005

The eradication of child poverty in BC and Canada requires action on a number of fronts by both the federal and provincial governments.

### **1. Income security through an enhanced Child Tax Benefit**

- Develop a multi-year plan with targets and timetables to consolidate the Canada Child Tax Benefit into a single program that provides \$4,900 per child per year.
- End the “clawback” of National Child Benefit funds from families on social assistance in BC.

### **2. Action to create good jobs with decent wages and working conditions.**

- Increase the minimum wage to \$10/hour.
- Eliminate the \$6/hour training wage.
- Increase the minimum call out from two to four hours.
- Repeal legislation (Bill 37) that reduced the work start age from 15 to 12.

### **3. A Canadian system of Early Learning and Child Care**

- Use designated federal funds to develop and sustain quality, universal, affordable, inclusive **regulated** and **licensed** child care.
- Use federal funds only to supplement, not replace, existing provincial funding.

### **4. A comprehensive Canadian housing strategy**

- Increase annual federal funding of \$625 million per annum over the period 2006-2008.
- Develop a minimum of 25,000 affordable units across Canada annually.

### **5. Increased and stabilized funding of the Canada Social Transfer (CST).**

- Establish enforceable principles that ensure adequate support is available to those in need.
- Increase federal funds for social services and social assistance.