



Long Overdue

WHY BC NEEDS A POVERTY REDUCTION PLAN

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Summary

BRITISH COLUMBIA IS THE ONLY PROVINCE OR TERRITORY in Canada that stubbornly refuses to develop a poverty reduction plan.

This is not because BC doesn't have a poverty problem. In fact, despite being one of Canada's wealthiest provinces, BC has among the highest poverty rates in the country—13.2 per cent according to the Market Basket Measure (MBM), which we believe most accurately estimates current poverty. This makes BC's poverty rate the second highest in Canada.

This report examines the most recent statistics on poverty and its associated hardships in BC. In so doing, it makes clear that strong policies are urgently needed to dramatically reduce and ultimately eliminate poverty in our province. A comprehensive and ambitious poverty reduction plan for BC is long overdue.

Since 2008, over 400 organizations representing hundreds of thousands of British Columbians—including community groups, faith, Indigenous, businesses and health organizations, trade unions and others—have signed on to the BC Poverty Reduction Coalition’s call for a comprehensive plan with legislated targets and timelines. Similar calls have been issued multiple times by the Union of BC Municipalities and by the BC Legislature’s own finance committee. Yet so far these calls have gone unheeded.

In rejecting the call for a poverty reduction plan, the BC government points instead to its Jobs Plan. This report reveals the failure of their approach.

First, while the government touts “jobs” as its answer to poverty, a large share of the poor have already taken such advice and are currently employed in the low-wage labour market. It is a common misconception that the poor are mostly on social assistance. Our research shows that about half of those living below the poverty line are either the working poor or children of the working poor. While over 13 per cent of British Columbians live in poverty, only about four per cent rely on social assistance at any given time (the balance of those not employed are mainly seniors or those who rely on other forms of income support).

Second, a closer look at poverty trends over time reveals that the government’s approach has failed to meaningfully reduce poverty. BC’s poverty rates are now approximately the same as they were prior to the 2008 recession (when the call for a poverty reduction plan was first issued), and poverty rates remain much higher than historic lows seen in the late 1970s and late 1980s. Measures of severe hardship such as food bank use and homelessness have continued to climb. And the number of people working but who still live in poverty is also on the rise.

Poverty a serious problem in BC

People in every BC community experience poverty and are affected by the physical, emotional and social hardships of being poor. Particularly troubling is the high number of children living in poverty because of the long-term health and social impacts. One in five of BC’s poor are under 18 years of age. Poverty rates are also disproportionately high for marginalized groups including Indigenous people, people with disabilities and mental illness, recent immigrants and refugees, single mothers, single senior women, and queer and transgender people.

When these factors combine rates climb even higher. For example, the poverty rate for children in single mother-led households is a shocking 49 per cent. The poverty rate for Indigenous children in Vancouver is 33 per cent, and 52 per cent of on-reserve Indigenous children live in poverty.

Other indicators of BC’s serious poverty problem include:

- Food Banks Canada’s annual *Hunger Count* reports that 103,464 people used BC food banks in 2016, up 3.4 per cent from the previous year, and 32.5 per cent higher than before the recession hit in 2008.
- Food bank use is widely viewed as under-representing the level of food insecurity, meaning households reduce food consumption or fail to eat a balanced diet because of lack of money. In 2012 (the last year for which we have data), 12.7 per cent of British Columbians reported food insecurity at some point in the year (up from 11 per cent in 2005). And notably, a majority of those who reported food insecurity (63 per cent) were employed and not on social assistance or other forms of income support.
- Metro Vancouver’s 2014 homeless count (which again is widely seen as under-reporting homelessness) found 2,777 homeless people, of which close to one-third identified as Aboriginal. Province-wide homelessness data is harder to find, but homelessness is reported in communities throughout BC.
- Welfare rates are far too low. People on social assistance do not have an income only just below the poverty line, but rather thousands of dollars below the poverty line. Basic welfare for a single person is only \$610 per month and has not increased since 2007. A person in this category of social assistance has an annual income that reaches less than 40 per cent of the poverty line. Consequently, for those on social assistance much of day-to-day life is about survival.
- Nearly half a million British Columbians—a quarter of all paid employees—earn \$15 per hour or less. Most of these people work full-time (59 per cent) and 58 per cent support a household.
- BC’s current minimum wage is \$10.85 an hour, meaning a full-time minimum wage worker earns \$19,747 annually or about \$3,500 a year below the poverty line for a single person.
- A 2011 study by CCPA–BC senior economist Igljika Ivanova found that poverty in BC costs society between \$8.1 and \$9.2 billion a year—or between 4.1 and 4.7 per cent of the provincial economy (as measured by GDP) in costs to the health care and justice systems and in foregone economic activity.

This report also finds that costs for core essentials like housing, child care, energy/electricity and food have been increasing much faster than incomes. Essentials make up a higher share of family budgets for British Columbians on fixed incomes (such as welfare or old-age pensions), and for those earning minimum wages.

Therefore, recent price increases place additional stress on already-tight household budgets.

2014 BC Poverty Rates		
	LIM	MBM
Overall Rate	13.4%	13.2%
Children Under 18	15.3%	15.1%
Persons 18-64	13.0%	14.4%
Persons 65 and over (seniors)	12.7%	6.3%

Source: Statistics Canada. CANSIM Table 206-0041. 2014 is the latest year for which data is available.

This report uses two measures to calculate rates of poverty:

- The LIM (Low Income Measure) calculates how many households live on less than half the median household income after-tax, adjusted for family size. The LIM is easily compared internationally—the same measure is used in most countries—and we have LIM data going back many decades.
- The MBM (Market Basket Measure) is based on actual costs of a specific and modest basket of goods and services, including shelter, food, clothing and footwear, transportation, and basic household needs. It is produced for various family and community sizes in each province. Unlike the LIM this measure captures differences in local costs of living and reflects the higher cost of housing in BC and particularly in Metro Vancouver. However it has only been produced since 2002.

Poverty and homelessness not inevitable in our wealthy society

Too often we become resigned to the presence of poverty, hunger and homelessness, and we falsely believe that ending these social ills represents too great a challenge.

The “poverty gap” in BC—meaning the total amount of money needed to bring every British Columbian living under the poverty line to that threshold—was \$5.8 billion in 2014. That’s how much

it would take in increased wages and income supports to eliminate poverty in BC. This sounds like a lot of money, but it represented only about 2.4 per cent of BC’s economy (as measured by GDP). Surely in a province with an annual income of \$250 billion we can afford to close a poverty gap of less than \$6 billion.

Jurisdictions that set ambitious goals have seen substantial progress in reducing poverty. And federal policies, like Old Age Security and the new Canada Child Benefit, have and will continue to produce notable reductions in poverty rates for the demographic groups impacted.

Complex circumstances require a comprehensive policy response

There is no single policy solution that can dramatically reduce the number of British Columbians living in poverty. Nor can we rely on charity as a solution.

Just as we pool our resources to provide health care and education to all, we must work together to reduce poverty by enhancing public programs and supports, and ensuring more employers pay living wages. Addressing poverty is a societal responsibility.

This report recommends a comprehensive provincial poverty reduction plan that includes measures to:

1. Significantly increase welfare and disability rates and index them to inflation;
2. Increase the minimum wage to \$15 an hour and then index it to inflation, and encourage employers to adopt the living wage for families in their community;
3. Build 10,000 new social and co-op housing units annually; and
4. Adopt the \$10-a-Day child care plan, which includes free child care for those earning less than \$40,000.

Meaningful action to address poverty in our province is long overdue. As we approach a provincial election in the spring it is incumbent upon all political parties to finally join the rest of Canada and commit to adopting a poverty reduction plan.

Download the full report at: policyalternatives.ca/overdue

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United Way
Lower Mainland

United Way of the Lower Mainland is dedicated to creating healthy, caring and inclusive communities by helping families move from poverty to possibility, kids be all that they can be and building stronger communities for all. We are leaders in our field developing partnerships, tracking progress, and bringing the right people together to initiate change. UWLM serves 26 communities.

www.uwlm.ca



The BC Poverty Reduction Coalition is a broad-based network that includes community and non-profit groups, faith groups, health organizations, First Nations and Aboriginal organizations, businesses, labour unions, and social policy groups. We have come together around a campaign aimed at seeing the introduction of a bold and comprehensive poverty reduction plan from the government of British Columbia that would include legislated targets and timelines to significantly reduce poverty and homelessness. We seek to improve the health and well-being of all British Columbians. We have over 50 Coalition Members and almost 400 supporting organizations that have joined the call for a poverty reduction plan.

www.bcpovertyreduction.ca