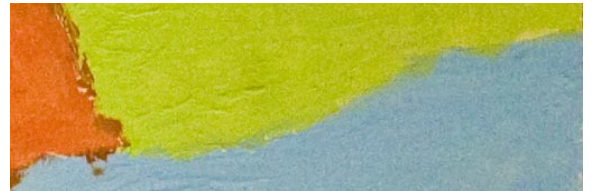


The Time is Now

A POVERTY REDUCTION PLAN FOR BC



We have the ability to dramatically reduce poverty and homelessness in BC.

The vast majority of British Columbians want to see a plan of action. Here is that plan.

All that is needed now is the political will to act.

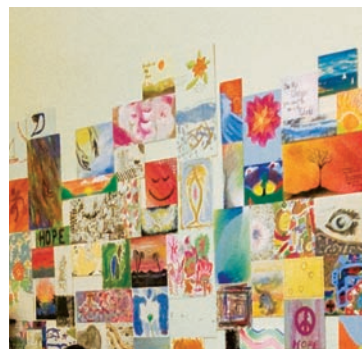
SUMMARY

The full report is available from www.policyalternatives.ca

DECEMBER 2008



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office



The Time is Now

A Poverty Reduction Plan for BC

The time has come for BC to adopt a comprehensive poverty reduction plan. With a provincial election approaching, all political parties should commit to a detailed strategy with concrete, legislated targets and timelines. We propose targets to reduce poverty by one third in four years, eliminate deep poverty, and put an end to street homelessness.

BRITISH COLUMBIA ENJOYS THE DISTINCTION of being the most affluent province in Canada. Beloved for its stunning natural setting, BC has the highest average wealth in Canada, and more millionaires per capita than any other province. By most measures, British Columbia ranks as one of the most wonderful places to live on the planet.

Unfortunately, many residents neither share the wealth nor experience the lifestyle, for British Columbia has another distinction that has grown more glaring over the years. BC also claims the highest rate of the nation's poor.

Yet we have no plan for reducing poverty. As we head into a global economic downturn, BC will not be spared, and poverty risks getting much worse.

Over half a million British Columbians live in poverty, and children make up a quarter of this number. British Columbia's stature in Canada and the world depends on our government adopting changes and instituting policies that will allow all of its residents the decent life most now enjoy and include every child as a beneficiary of its wealth. It makes social sense and it makes financial sense. What we invest today will pay later, as the future of BC unfolds with fewer people living on the streets, with a better educated population, with more affordable housing for those with low incomes.

Let's take action. It's the right thing to do.

We have the will. We know the solutions. We need a plan.

Other countries and provinces are setting targets and timelines to reduce poverty—and they're seeing results. In the United Kingdom, the government set a plan in motion and reduced child poverty by almost 25 per cent in five years. If BC reduced poverty by 30 per cent in four years (our target), about 170,000 fewer people would be living in poverty.

Five provinces in Canada have either adopted poverty-reduction plans, or are in the process of developing them. With the highest poverty rates in Canada, now is the time for BC to set clear goals, with concrete targets and a system of transparency. That way, the public can measure the results, even when the government changes hands.

Polling shows that British Columbians want to end poverty in the province now

The public desire for action is overwhelming. According to a recent Environics poll (commissioned by the CCPA):

- Over 90 per cent of British Columbians believe that if other countries can reduce poverty, Canada can.
- 87 per cent of British Columbians believe that now is the time for strong political leadership to reduce the number of BC and Canada's poor.
- 87 per cent said the Prime Minister and the Premier should set concrete targets and timelines to reduce poverty.
- 91 per cent said they would feel proud if BC's premier took leadership on poverty reduction.
- 77 per cent said that in the face of a recession, governments should focus even more effort on supporting the poor.
- 74 per cent said they would be more likely to support a provincial political party that pledged to make poverty reduction a high priority. They would want the government to propose clear policies, targets and timelines aimed at reducing the number of poor people.

Thirteen per cent of British Columbians are poor. Most work in the paid labour force, many of them full time.



GARY MOORE PHOTO

Essential elements of a comprehensive and meaningful plan

Successful anti-poverty strategies from other jurisdictions tell us that the most effective plans tend to have the following common characteristics:

The plan must include measures that focus specifically on populations where poverty and marginalization are most acute.



GARY MOORE PHOTO

- **TARGETS AND TIMELINES:** The plan must have clear targets and timelines, using multiple and widely-accepted measures of progress. The benchmarks for the timelines must be concrete enough, and frequent enough, that a government can be held accountable for progress within its mandate. The targets and timelines should be legislated.
- **ACCOUNTABILITY:** Accountability mechanisms are key to an effective and credible plan. The plan should lay out overarching goals for the whole of government, and include the development of implementation plans within key ministries. The lead minister responsible should be required by legislation to submit an annual progress report to the legislature.
- **COMPREHENSIVE:** The plan must deal comprehensively with the multiple dimensions and causes of poverty and homelessness. Policy measures put in place must aid those in the low-wage workforce and those who cannot work in paid labour (either temporarily or long-term), as well as enhance the social programs/public goods that are relied upon by everyone, but in particular, low and middle-income households (such as housing, child care and accessible post-secondary education).
- **FOCUS ON MARGINALIZED GROUPS:** The plan must include measures that focus specifically on populations where poverty and marginalization are most acute—namely, Aboriginal people, recent immigrants, lone mothers, single senior women, people with disabilities, and people with severe mental illness, addictions and other health problems.
- **COMMUNITY INVOLVEMENT:** An official government strategy should be the product of a meaningful province-wide consultation process—one that hears in particular from those most affected by poverty. That said, there are policy actions that require immediate implementation, and should not wait for further consultation.

Poverty in BC: Why we need a plan now

By any measure, BC has the highest rate of poverty in Canada. After years of strong economic growth and record low unemployment, it is inexcusable that 546,000 British Columbians—13 per cent of the total population—live in poverty, and that homelessness continues to rise.

Most poor people in BC are working in the paid labour force, yet their earnings (even working full time) are not enough to lift them and their children out of poverty. And those in desperate need of social assistance, due to the loss of a job, the loss of a spouse, the loss of good health, or any number of other life circumstances, find that the social safety net meant to catch them is simply not there—welfare is both inadequate and inaccessible.

In 2006, the most recent year for which statistics are available, the average poor person in BC had a yearly income that was \$7,700 below the poverty line (using Statistics Canada's Low Income Cut-Off line). This indicates that people are not living just below the poverty line, they are living far below it.

According to the 2008 Metro Vancouver Homelessness Count there are 2,660 homeless people in Greater Vancouver, an increase of 22 per cent since 2005, and 137 per cent since 2002.

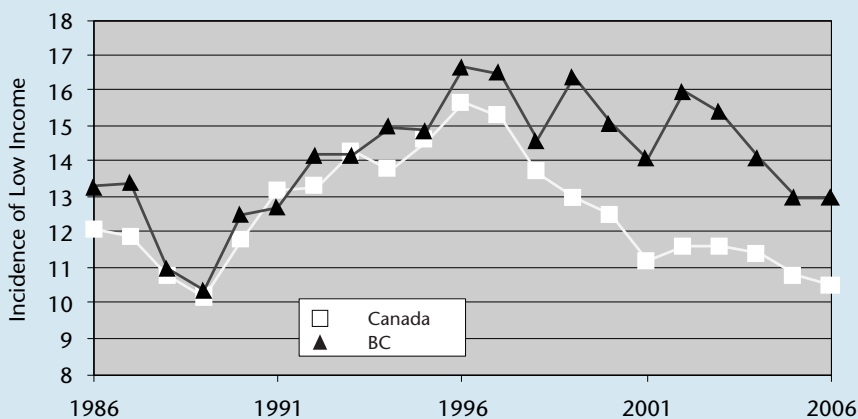
British Columbia has the worst record of housing affordability in Canada, with almost one in three households spending more than 30 per cent of their gross income on housing costs. Forty-four per cent of renters in BC spend more than 30 per cent of their income on shelter, Census data shows.

Housing shortages have added to the problem. In 2008, BC's rental vacancy rate hit an all-time low. At 1 per cent, it is the lowest in Canada. With severe housing shortages and high prices, the demand for publicly subsidized housing far outweighs supply. BC Housing, the provider of social housing across BC, had over 13,400 applicants on its waitlist in May 2008.



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Poverty Rates, BC and Canada, Low Income Cut-Off (After Tax), 1986–2006



Source: CANSIM Table 202-0802, Statistics Canada.

Hunger affects thousands of British Columbians—those on welfare, but also people who are working, and many of them full-time. According to the latest Food Banks Canada *HungerCount* in March 2008, over 78,000 people in BC used food banks. More than one in three were children, and more than one in 10 were employed.

Poverty hits women, the Aboriginal population, recent immigrants and refugees, and people with disabilities, mental health issues and/or addictions hardest.

Poverty rates among single mothers and senior single women, in particular, are extremely high. Women are far more likely to work low-wage jobs. They also make up the majority of the welfare caseload, with single mothers vastly overrepresented among this group.

While the national rate of child poverty has steadily decreased in recent years and now stands at 11.3 per cent, BC's child poverty rate, at 16 per cent, has gone in the opposite direction. BC has had the highest child poverty rate in Canada for five years running.



GOH IROMOTO PHOTO

Poverty hits women, the Aboriginal population, recent immigrants and refugees, and people with disabilities, mental health issues and/or addictions hardest.

BC has had the highest child poverty rate in Canada for five years running.



MURAL AT FIRST UNITED CHURCH IN VANCOUVER'S DOWNTOWN EASTSIDE
GOH IROMOTO PHOTO

We all pay for poverty

- Study after study has linked poverty with poorer health, more young people in trouble with the law, higher rates of incarceration, and higher justice system costs.
- Studies show that poverty drains community services, places high stress on family members, and diminishes the chance of success for young people in school.
- Since 2001, the Dietitians of Canada, BC Region have calculated the basic budget needed to eat a healthy and nutritious diet, and each year they find that welfare incomes are well below what is needed to meet basic food costs. The implications of this for the long-term provincial health care budget are obvious.
- We know that poverty among children in particular has tremendous costs over the long run because it affects their cognitive development and future life chances. Children who live in poor families are at a higher risk of becoming involved in crime, dropping out of school, and relying on more income supports and social services over their lifetime.
- Homelessness is particularly costly, both to society at large and to the public treasury. As a recent study from SFU's Centre for Applied Research in Mental Health and Addictions found, the cost of servicing the homeless is greater than the cost of housing them. The study found that BC has 11,750 people with severe addictions and/or mental illness who are "absolutely homeless," and that this group costs the public treasury \$644 million (or \$55,000 per person) in health care, correctional and social services each year.
- Long, arduous applications processes for receiving both welfare and disability mean that thousands of British Columbians cannot access the services and benefits to which they have a right. Inadequate and inaccessible social assistance means women often stay in or return to abusive relationships, and many feel compelled to engage in prostitution. These policies force others to engage in criminalized activities, and they put an additional strain on the public health care system.
- A recent study published by the Ontario Association of Food Banks calculated the cost of poverty in Ontario to the public treasury to be between \$10.4 and \$13.1 billion, and between \$32.2 and \$38.3 billion for society at large (or about 6 per cent of Ontario's GDP).

Without question, there is a false economy in failing to implement a bold poverty reduction plan. It makes much more sense to address poverty directly than to wait for its long-term effects to surface.

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GOH IROMOTO PHOTO

Poverty is not inevitable

A plan to reduce poverty in BC is long overdue. We must act by demanding that our government adopt a plan that will:

1. PROVIDE ADEQUATE AND ACCESSIBLE INCOME SUPPORT FOR THE NON-EMPLOYED

Priority actions:

- Immediately increase income assistance and disability benefit rates by 50 per cent and index them to inflation.
- Ensure income support is accessible to those in need by removing the arbitrary barriers that discourage, delay and deny applicants.

2. IMPROVE EARNINGS AND WORKING CONDITIONS FOR LOW-WAGE WORKERS

Priority actions:

- Immediately increase the minimum wage to \$10.60/hour (and eliminate the \$6/hour training wage), and index the wage to inflation.
- Restore the number of employment standards officers, increase pro-active enforcement of the Employment Standards Act, and eliminate the “self-help” kit, so that workers can more readily report workplace violations and access the earnings to which they are entitled.

3. ADDRESS THE NEEDS OF THOSE MOST LIKELY TO BE LIVING IN POVERTY

- The plan must focus its efforts on those groups with higher poverty rates, such as Aboriginal people, people with disabilities and mental illness, recent immigrants and refugees, single mothers, and single senior women.

Studies show that poverty drains community services, places high stress on family members, and diminishes the chance of success for young people in school.



GOH IROMOTO PHOTO

4. ADDRESS HOMELESSNESS AND THE LACK OF AFFORDABLE HOUSING

Priority action:

- Immediately start building over 2,000 new units of social housing per year (not counting conversions, rental subsidies, or shelter spaces).

5. PROVIDE UNIVERSAL PUBLICLY-FUNDED CHILD CARE

Priority action:

- Within one year, develop a comprehensive plan and time frame for the implementation of a high-quality, universal, publicly-funded early learning and child care program. Initial phase-in should start immediately.

6. PROVIDE SUPPORT FOR TRAINING AND EDUCATION

Priority actions:

- Immediately increase the availability of post-secondary grants for low-income students.
- Rescind the rule that does not permit income assistance recipients to retain benefits while attending a post-secondary institution.

7. PROMOTE THE HEALTH OF ALL BRITISH COLUMBIANS

Priority action:

- Expand home support and residential care services, and increase the number of residential care beds.

There is nothing inevitable about poverty and homelessness in a province as wealthy as ours. If we commit to a bold plan, a dramatic reduction in poverty and homelessness in a few short years is an achievable goal.



GARY MOORE PHOTO

Taking policy action

For too long we've heard that a rising tide lifts all boats—that economic growth benefits everyone and will solve problems like poverty. Yet in BC, after a decade-long run of strong economic growth and low unemployment, poverty remains deep and persistent, and homelessness continues to rise. The benefits of economic growth have been concentrated chiefly among the wealthy.

Public policy choices explain some of this paradox—policies that have reduced access to welfare, cut welfare benefits, reduced employment standards protections for those in the low wage workforce, and contracted out work so that thousands of workers earn less than a living wage.

If we are to tackle poverty, particularly in the face of a significant economic downturn, we need our provincial government to adopt a policy agenda that focuses on that goal. Only when governments make concrete commitments to reducing poverty—and evaluate their choices through that lens—will we see real improvements.

Targets and timelines

We recommend that the following indicators, targets and timelines be adopted and legislated:

- Reduce BC's poverty rate from 13 per cent to 9 per cent in four years, and to 3 per cent in 10 years (using Statistics Canada's low income cut-off after tax, or LICO-AT). This means a one third reduction within the mandate of the next government—or about 170,000 fewer people in poverty—and a 75 per cent reduction within a decade.
- Ensure the poverty rate for children, lone-mother households, single senior women, Aboriginal people, people with disabilities, and recent immigrants likewise declines by 30 per cent in four years, and by 75 per cent in 10 years, in recognition that poverty is concentrated in these populations.
- Within two years, ensure there are no British Columbians living 50 per cent or more below the poverty line.



A living wage would allow families to escape poverty and severe financial stress, participate fully in their communities, and ensure healthy child development.

The Living Wage

A “living wage” is one of the most powerful tools available to address poverty. This is where real improvements can be made. CCPA, First Call, and the Community Social Planning Council of Greater Victoria recently produced a report calculating a living family wage for Metro Vancouver and Greater Victoria.

The 2008 living wage in Vancouver is \$16.74 an hour, and \$16.39 in Victoria.

A living wage is not the same as the minimum wage, which is the legal statutory minimum all employers must pay. The living wage calls on public and private sector employers to voluntarily meet a higher test, for both their direct staff and their main contractors. It reflects what a family needs to bring home, based on the actual costs of living and raising children in a specific community. It would allow families to escape poverty and severe financial stress, participate fully in their communities, and ensure healthy child development.

The Vancouver/Victoria calculation includes basic expenses (such as housing, food, clothing, child care and transportation) for a family of four with two wage earners and two young children. It also incorporates government taxes, credits and subsidies. It assumes both parents are working full time. (Importantly, the living wage calculation is also enough for a single parent with one child, although a single parent with two children would have a much tougher time.)

The living wage is a conservative calculation, without the extras many of us take for granted. For example, it does not include money for debt payments, or for retirement or post-secondary savings (RRSPs or RESPs), and the amounts for recreation and emergencies are very modest.

- Eliminate street homelessness in five years.
- Reduce the share of British Columbians facing “core housing need” (paying more than 50 per cent of their income on housing) by half by 2015.
- Improve food security for low-income individuals and families:
 - » Reduce the number of British Columbians who report both hunger and food insecurity by half within two years (based on the Canadian Community Health Survey).
 - » Reduce food bank use from 1.8 per cent to 0.5 per cent within five years, and set a date for the elimination of food banks in BC.
- Reduce the share of low-wage workers. The BC median wage was \$19 per hour in 2007. Therefore, two thirds of the median (a common measure of low-wage work) was \$12.67. BC should seek to reduce the share of workers earning less than two-thirds the median wage every year.
- Reduce the waiting list for BC Housing to less than 10,000 within four years, and to less than 5,000 within eight years. (This must not be accomplished by reducing the number of people who are eligible or via qualification barriers).

The total cost of bringing the income of every person in BC to the poverty line: \$2.4 billion

This amount as a share of BC’s overall budget: 6%

This amount as a share of BC’s total economy: 1.3%

The time to take action is now

The CCPA’s full report *A Poverty Reduction Plan for BC* outlines a detailed package of policy recommendations that, in total, would cost \$3–4 billion per year (once fully implemented). British Columbia has recorded budget surpluses of this amount for the last four years. By contrast, BC’s total provincial government budget is about \$40 billion, and the size of the overall BC economy is about \$190 billion.

We can invest this money now into ending poverty or we can pay much more over future years in terms of poverty’s long-range costs. There is nothing inevitable about poverty and homelessness in a province as wealthy as ours. If we commit to a bold plan, a dramatic reduction in poverty and homelessness in a few short years is an achievable goal.

The need is obvious, the policy measures are known, the financial resources are present, and the public appetite is strong. All that is needed now is the political will to act boldly. Please put your support behind a poverty reduction plan. Demand that all political parties recognize the urgency of ending poverty and homelessness in British Columbia in the next few years. The time to take action is now.

This summary is based on the CCPA’s detailed report, A Poverty Reduction Plan for BC, by Seth Klein, Marjorie Griffin Cohen, T Garner, Iglia Ivanova, Marc Lee, Bruce Wallace, and Margot Young.

The full report is available from www.policyalternatives.ca.



GARY MOORE PHOTO

Please put your support behind a poverty reduction plan. Demand that all political parties recognize the urgency of ending poverty and homelessness in BC in the next few years.

ECONOMIC SECURITY PROJECT

The Economic Security Project is a research alliance led by the CCPA's BC Office and Simon Fraser University, and includes 24 community organizations and four BC universities. It looks at how provincial policies affect the economic well-being of vulnerable people in BC, such as those who rely on social assistance, low-wage earners, recent immigrants, people with disabilities, seniors, youth and others. It also develops and promotes policy solutions that improve economic security. The project is funded primarily by a grant from the Social Sciences and Humanities Research Council of Canada (SSHRC) through its Community-University Research Alliance Program.

www.policyalternatives.ca/economic_security

Thanks also to United Way of the Lower Mainland for its financial support of this project.



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The opinions in this report, and any errors, are those of the authors, and do not necessarily reflect the views of the CCPA, the Economic Security Project partners, or the United Way.

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Copyedit and design: Nadene Rehnby and Pete Tuepah, www.handsonpublications.com

Cover art: Mural at First United Church, Goh Iromoto photo

ISBN 978-1-897569-11-5

December 2008