



## **IF YOUR MLA IS LIBERAL**

This fact sheet is designed to assist you when you contact your local Liberal MLA.

When you write to your local Liberal MLA or have a meeting with them, you are likely to receive a fairly standardized government response, and this fact sheet will provide you with helpful context and effective rebuttals.

### **Introduction**

At 10.7%, BC has the highest poverty rate in Canada and no plan to tackle it directly.

While the government has introduced some good initiatives, like raising the minimum wage, they tend to be isolated efforts. A laundry list of actions (some dating back years and some of dubious net benefit) doesn't constitute a plan (as the BC Auditor General<sup>1</sup> and BC's Representative for Children and Youth have said).

We do not have a comprehensive and coordinated plan with legislated targets and timelines, and without that, real sustained progress remains elusive. We need to know if our actions are effective. We need to know if we're actually making a difference in people's lives. We need a plan.

A coordinated approach to poverty has been proven to work. The poverty rate for seniors decreased from 9.7% in 1996 to just 5.2% in 2011<sup>2</sup> (the latest available data) in large part due to the federal provision of Old Age Security plus the Guaranteed Income Supplement, which are indexed to inflation so they continue to provide an adequate income as costs rise.

BC is now one of the last provinces in Canada without a poverty reduction plan. Most other places in the country have a strategy or are in the process of developing one, and many are already seeing success. They are saving lives and money by tackling the issue of poverty head-on.

Here are the government's main responses to our call for a poverty reduction plan and some ways to challenge them:

1. Focus on Employment: The Liberals "Job Plan"
2. Cost of Poverty
3. Child Poverty Rates are Declining
4. Child Care
5. Housing
6. Health
7. Regional Poverty Reduction Plans

# Meet your MLA

*Ask them to commit to a Poverty Reduction Plan*

## 1. Focus on Employment

*Government says: "Best way to address child poverty is creating jobs for their parents"<sup>3</sup>*

### **Having a job is not a guaranteed way out of poverty.**

The government's "Job Plan" is simply not enough to tackle poverty. Most poor people already have a job in the paid labour force. Almost half the poor children in BC live in families with at least one parent working full-time, full-year.<sup>4</sup> And the vast majority of poor children live with caregivers who have some paid employment. 16% of households accessing food banks in BC last year had income from current or recent employment.<sup>5</sup>

Poverty in BC is primarily about the "working poor." Contrary to popular belief, only 3% of people living in poverty are on welfare,<sup>6</sup> whereas the overall poverty rate is 10.7%. The increased minimum wage (\$10.25 by May 1, 2012) will not allow workers to escape poverty. A single person working full-time, full-year at \$10.25 would still be below the poverty line in Vancouver and other large cities, and a person with a child would be far below.<sup>7</sup>

Many people worry that raising the minimum wage leads to the loss of jobs but mainstream economists' opinion has shifted toward the conclusion that "modest" increases in minimum wages do not kill jobs.<sup>8</sup> Where negative employment effects are measured, it is in response to fairly large increases in minimum wages, which wouldn't be necessary if the government indexed it to inflation.

### **The welfare system does not encourage transition to employment.**

Welfare rates are deeply inadequate at \$610 for a single "employable" person. This doesn't even cover basic needs such as a home (the average rent of a room in a boarding house in the Downtown Eastside is \$425)<sup>9</sup> and food (a healthy diet costs, on average, \$225),<sup>10</sup> let alone looking for a job. These rates have been frozen since 2007 so inflation eats away at what is already a subsistence income.

The recent re-introduction of a \$200 earnings exemption for non-disabled people is a step in the right direction but it needs to be more to provide for transitioning gradually into full employment.

The government advice to "get a job" isn't applicable to the majority of those on social assistance, because they are exempt from employment expectations due to a disability or other barrier. While these people have earnings exemptions up to \$800 now, only a minority is able to work. The disability allowance of \$906 is inadequate, especially given the extra costs of living with a disability.

A system that is supposed to help people bounce back on their feet more often keeps them down.

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## 2. Cost of Poverty

*Government says: "We can't afford it"*

### **We all pay for poverty.**

Our government tells us they can't afford the price tag associated with poverty reduction policies like investing in new social housing, increasing welfare, or implementing universal access to child-care. What they fail to consider, however, is the large amount of resources that we spend, year after year, paying for the consequences of poverty.

The costs of inaction are so large that they far exceed the costs of poverty reduction. Poverty is consistently linked to poor health, lower literacy, poor school performance for children, more crime, and greater stress for family members. It is society as a whole that bears the costs of poverty, through higher public health care costs, increased policing and crime costs, and many more social costs.

Considering the costs of health care, crime, and lost economic activity, we are spending between \$8.1 and \$9.2 billion per year to maintain the status quo of poverty.<sup>11</sup> That's more than double the \$3 to \$4 billion needed to implement a comprehensive poverty reduction plan.

Purely on economic grounds, it makes sense to tackle poverty directly than to continue to pay out year after year for its long-term consequences. The real question is not "Can we afford to reduce poverty?" but "Can we afford not to?"

We need to stop mopping the floor and fix the hole in the roof.

## 3. Child Poverty Rates are Declining

*Government says: "In the last ten years, the child poverty rate has dropped by 45 per cent – a better rate of decline than the national average" and "BC's child poverty rate is at its second-lowest point in the past 20 years."*

**But when you compare BC to the rest of the country, the province has the highest rate of child poverty and consistently has the highest overall rate of poverty.**

Child poverty rates may have gone down significantly but only after rates shot up about 35% in the first 2 years the Liberals were in power, at a time when the national average was going down.

Let's set targets and timelines so that we can aim for and measure success.

## 4. Child Care

*Government says: "To make child care more affordable for families, we're introducing the BC Early Childhood Tax Benefit which, when combined with other with other federal tax benefits, would provide a single mother with one child under the age of six up to \$5,514 a year and a couple with two children under six up to \$9,703." <sup>12</sup>*

The government "neglects to mention that the mother is only eligible for that amount if her annual income is \$25,000 or less; that the \$55 per month BC Early Childhood Tax Benefit (\$660 annually) is not

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effective until April 1, 2015; and that it makes up only 11 per cent of the \$5,514, the remainder coming from federal child-related benefits. Neither does the minister explain how a single parent earning \$25,000 annually is going to pay for child care which can cost up to \$24,000 annually."<sup>13</sup>

### **For parents to work or go to school, they need accessible, affordable child care but child care in BC is in crisis.**

There is only a licensed child care space for about 17% of BC children. Child care is currently the second highest expense (after housing) for families in BC. Fees have increased substantially over the last few years while government subsidies have not kept up.

Quebec has a \$7/day child care system that now pays for itself: for every dollar Quebec invests, it recoups \$1.05 while Ottawa receives a 44-cent windfall.<sup>14</sup>

For more information on child care, please go to <http://www.cccabc.bc.ca/plan/wp-content/uploads/2013/05/BCisFailing.pdf>

## **5. Housing**

*Government says: "In 2006, the B.C. Liberal government introduced the Rental Assistance Program, which helps families earning less than \$35,000 per year with their rent. These programs go a long way - currently, about 19,800 families live in provincially subsidized housing."*

BC has the worst record of housing affordability in Canada and increasing numbers of homeless and under-housed people.

The government's rental assistance program does help some people struggling to pay their rent, but very few. It also only helps those with children but we know that single people are far more likely to live in poverty (1 in 3), yet they receive no assistance.

19,800 families living in subsidized housing amounts to about 0.4% of the population so has little impact on the 10.7% living in poverty. These programs are insufficient when the government fails to increase the stock of affordable housing.

*Government says: "We have created X new, affordable housing units" (X equals the number from the most recent announcement)*

The government's housing figures are misleading because they count emergency shelter beds and hotel room conversions, and don't factor in the loss of social housing units.

### **In reality, the government has built few new social housing units in the past few years.**

Overall, BC has seen a net increase of approximately 3,340 new units of housing, or 418 new units per year from 2006 to 2013.<sup>15</sup> In contrast, between the mid-1970s and early 1990s, with the help of the federal government, BC created between 1,000 and 1,500 new units of social housing every year. But that hasn't happened in BC in years.

# Meet your MLA

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## 6. Health

*Government says: We have eliminated or reduced "MSP premiums that help about 215,000 low-income families each year"*

BC is the only province with this unfair tax, so exempting some is only a partial step.

The implication of their statement is that 215,000 families in BC are trying to get by on an adjusted net income of less than \$30,000 per year, which is not something to be proud of.

This is a regressive tax meaning that it is not based on income level. Only those earning less than \$30,000 get a subsidy, with full exemption only kicking in at \$22,000, which is a very low threshold. Everyone else earning above \$30,000, whether it's \$35,000 or \$350,000, pays the full amount.

**Many essential health care services are not included in the public health care system, like dental care and eye exams.**

The costs of accessing dental care and eye exams, as well as eyeglasses or contact lenses, are a significant barrier for those living on low incomes. These are all preventative measures that would decrease our public health care costs in the long-term.

The government does provide public dental benefits to those on welfare and through Healthy Kids, but we need to improve and expand this program to include low-wage workers and seniors living on low incomes with no benefits.

## 7. Regional Poverty Reduction Plans

*Government says: We don't want "a plan that's a compromise or watered down for one-size fits all... It has to be community-based"*

Last year, the government launched "regional poverty reduction plans," pilot programs in 7 BC communities, but with no new money or policies associated with them. We haven't heard any reports from this approach but we do know that it is not legislated and does not include targets and timelines. So we have no way to measure its effectiveness.

While each community does have it's own challenges in relation to poverty, **there are "one-size fits all" measures that would make a significant difference throughout the province, such as raising the welfare rates and indexing welfare rates and minimum wage to inflation.**

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## Endnotes

- 1 See Office of the Auditor General of British Columbia, Homelessness: Clear Focus Needed, March 2009, [www.bcauditor.com/pubs/2009/report16/homelessness-clear-focus-needed](http://www.bcauditor.com/pubs/2009/report16/homelessness-clear-focus-needed).
- 2 From CANSIM Table 202-0802, Statistics Canada.
- 3 Clark, Christy, "Best way to address child poverty is creating jobs for their parents, B.C. premier says," The Vancouver Sun, April 18, 2013, <http://www.vancouversun.com/business/Best+address+child+poverty+creating+jobs+their+parents+premier+says/8259461/story.html>
- 4 See BC Campaign 2000: 2012 Child Poverty Report Card produced by First Call: BC Child and Youth Advocacy Coalition with the collaboration of SPARC BC, November 2012, <http://www.firstcallbc.org/pdfs/EconomicEquality/First%20Call%20BC%20Child%20Poverty%20Report%20Card%202012.pdf>
- 5 See HungerCount 2012 from FoodBanks Canada, <http://foodbanksCanada.ca/hungercount>
- 6 See Ministry of Social Development BC Employment and Assistance Summary Report, August 2013, <http://www.eia.gov.bc.ca/research/keyfacts.pdf>
- 7 See Statistics Canada, Table 2: Low income cut-offs (1992 base) before tax, <http://www.statcan.gc.ca/pub/75f0002m/2011002/tbl/tbl02-eng.htm>
- 8 Ivanova, Iglia, August 2008, Revisiting the minimum wage disemployment effects, The Progressive Economics Forum, <http://www.progressive-economics.ca/2008/08/06/revisiting-the-minimum-wage-disemployment-effects>
- 9 See Carnegie Community Action Project's Pushed Out: Escalating Rents in the DTES, <http://ccapvancouver.wordpress.com/ccap-reports>
- 10 See The Cost of Eating in BC 2011: Low-income British Columbians can't afford healthy food published by Dietitians of Canada, BC Region and the Community Nutritionists Council of BC, February 2012, <http://www.dietitians.ca/Secondary-Pages/Public/The-Cost-of-Eating-in-British-Columbia.aspx>
- 11 Ivanova, Iglia, July 2011, The Cost of Poverty in BC, co-published by the CCPA-BC Office, the Public Health Association of BC, and the Social Planning and Research Council of BC, <http://www.policyalternatives.ca/costofpovertybc>
- 12 Cadieux, Stephanie, "Liberals give their take on child poverty in B.C.," The Vancouver Sun, July 14, 2013, <http://www.vancouversun.com/opinion/Liberals+give+their+take+child+poverty/8659787/story.html>
- 13 Oloman, Mab, "Meagre assistance does little to help poor," The Vancouver Sun, July 19, 2013, <http://www.vancouversun.com/opinion/Meagre+assistance+does+little+help+poor/8681538/story.html>
- 14 Fortin, Pierre, Luc Godbout and Suzie St-Cerny. 2011. Economic Consequences of Quebec's Educational Child care Policy. Presented at Early Years Economics Forum, Toronto. [http://www.oise.utoronto.ca/atkinson/UserFiles/File/EarlyLearningEconomicForum\\_Fortin.pdf](http://www.oise.utoronto.ca/atkinson/UserFiles/File/EarlyLearningEconomicForum_Fortin.pdf)
- 15 Klein, Seth, BC's Real Social Housing Numbers, The Tyee, Mar. 2013, <http://thetyee.ca/Opinion/2013/03/29/BC-Real-Social-Housing-Numbers>