



## Submission to the BC Select Standing Committee on Finance and Government Services

October, 2017

The **BC Poverty Reduction Coalition** is an alliance of organizations that have come together to raise awareness about poverty and inequality in BC and improve the health and well-being of all British Columbians through the call for a comprehensive solution that addresses the systemic causes of these problems.

**We congratulate the government for your commitment to implement a poverty reduction plan for BC.** After almost a decade of calling for action to address the root causes of BC's high poverty rates, it is good to see a government paying attention to the evidence. When the cost of poverty -- \$8-9 billion per year -- is double that of a comprehensive poverty reduction plan, it is smart policy to invest in eliminating and preventing poverty.

We are also thrilled to see that a foundation of the government is the adoption of the UN Declaration on the Rights of Indigenous Peoples, the Truth and Reconciliation Commission calls-to-action and the Tsilhqot'in Supreme Court decision. We look forward to seeing how these principles are embedded in poverty reduction policies, programs and legislation.

Other steps in the right direction that the government has taken include:

- An initial increase of \$100 to welfare and disability rates; an increase of \$200 to the earnings exemption in all income assistance categories; and a transportation subsidy for People With Disabilities of \$52 per month to cover bus pass/other transportation needs
- A 50% reduction of MSP with plans to eliminate this unfair tax entirely
- Investment in 1,700 affordable rental units over 4 years and 2,000 modular units for the homeless including supports
- Launch of a new Ministry of Mental Health and Addictions, and funding to address the fentanyl crisis
- The elimination of tuition fees for Adult Basic Education and English Language Learning
- Tuition waivers for foster youth aging out of care

We look forward to working with the government on further poverty reduction measures outlined in this submission. As the Canadian Centre for Policy Alternatives has highlighted in their submission, "BC has the economic and fiscal capacity to make significant reinvestments in our public sector and the critical services it provides," especially considering government revenue projections are conservative relative to GDP growth, the government should fully replace the MSP revenue, and further progressive tax increases could generate more capacity for social investment.

## Overview

British Columbia has one of the highest rates of poverty in Canada with 678,000 people living in poverty and many more living one pay-cheque away. The BC Poverty Reduction Coalition was launched in 2009 in response to these critical issues, and has now gained the support of over 400 organizations throughout the province in the call for a **strong, comprehensive poverty reduction strategy with legislated targets and timelines** to significantly reduce poverty, inequality, and homelessness in BC.

This approach needs to raise the incomes of those living in poverty, but also build the social infrastructure, public services and assets that are vital to providing a path out of poverty and improving quality of life: social housing, universal child care, education and training, and community health care.

The Coalition is made up of a diverse membership of over 70 organizations that bring their collective strength and support to this call, including community and non-profit groups, faith groups, health organizations, indigenous organizations, immigrant service agencies, businesses, labour organizations, and social policy groups. Current members listed as an Appendix.

## Make Poverty Public: The Benefits of a Poverty Reduction Plan

A study from the Canadian Centre of Policy Alternatives finds that “the costs of inaction are so large that they far exceed the costs of poverty reduction” (Ivanova, July 2011). According to this report:

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, lost productivity, and forgone economic activity...

The bottom line is that poverty in BC represents a direct cost to government alone of \$2.2 to \$2.3 billion annually, or close to 6 per cent of the provincial budget. The cost to society overall is considerably higher – \$8.1 to \$9.2 billion, or between 4.1 per cent of BC’s GDP. That is as much as \$2100 for every man, woman and child in BC, or \$8400 for a family of four, every year.

In contrast, the estimated cost of a comprehensive poverty reduction plan in BC is \$3 to \$4 billion per year. Homelessness and housing insecurity, as well as lack of accessible and affordable child care, are central issues, and therefore more social housing and universal child care are key components of such a plan. Although they are the items with the highest costs for the government, the returns on these investments for government, business and families are clear.

### ***Child care***

A socio-economic analysis of the \$10 a day child care plan released in January this year projects that this universal child care system would generate sufficient revenue to the government to pay for the additional government spending required to build and operate the system. According to the report, “the increase to GDP is close to 2.0 per cent or \$5.787 billion on full implementation,” and the analysis estimates “employment increases by 2.8 per cent, or 69,100 net new FTE jobs - an employment multiplier of 36.4 jobs per million dollars of spending. Both of these multipliers are well above the benefits the province conventionally expects to receive from other investments.”

There is also a benefit for business. Housing and child care are the two highest costs in a household’s budget so the un-affordability of both contributes to high stress and work-life conflict among employees. According to a position paper on Business and Families produced for the Surrey Board of Trade in March 2012 drawing from research from Paul Kershaw of HELP, work-life conflict for parents with young children causes problems for employers, including higher absenteeism, greater turnover, lower productivity, and increased use of extended health benefits (Papadionissiou). The estimates calculated specifically for the study referred to above “find the turnover and absenteeism effects range between \$481.1 and \$539.7 million annually, while the total effect including productivity, but not reductions in health care premiums, ranges between \$992.9 and \$1.096 billion annually.” This is a huge cost to the BC business community that could be addressed through implementation of the key public policy elements of the \$10 a day child care plan.

The benefits to families are clear but it is worth highlighting that the gains are particularly significant for single mothers, and help many families transition off social assistance, reducing government expenditure in that system and reducing income inequality overall.

### ***Housing***

BC has a housing crisis throughout the province with thousands of homeless and people facing housing insecurity struggling to survive in our communities, spending a huge share of their income on rent and/or living in sub-standard, over-crowded housing.

According to the Affordable Housing Plan for BC, using conservative estimates of the need, an annual investment of \$691 million (matched by the federal government and supported by the community housing sector) over the next ten years would provide an annual saving of \$177 million in homelessness related costs, \$1.87 billion annual contribution to Canada’s GDP, and \$4.06 billion total increase in disposable income. The report goes further to articulate the details:

While the costs outlined in the Plan may seem large, the costs of inaction are far higher. Investments made now can save billions in the future. For example, homelessness alone is estimated to cost Canadians \$7 billion annually, including \$1 billion per year in British Columbia. Research has found that for every \$10 spent on housing and supports for those who are chronically homeless, \$21.72 is saved in costs related to health care, the justice system, shelters, and other social supports. The proposed annual investments of \$81.6 million for homelessness contained in this

Plan have the potential to save \$177 million annually in other areas of spending within BC.

The construction of affordable rental housing units will contribute thousands of jobs and billions in tax revenue for government. A 2013 report by LandlordBC and KPMG Canada found that BC's rental housing sector contributed \$10.60 billion to Canada's GDP, produced \$4.87 billion of labour income, and generated 82,851 full-time equivalent jobs across the province. Another study found that for every dollar government invested in residential building construction in Ontario, Canada's GDP increased by \$1.52. Using the same multiplier effect, the Plan's proposed average annual supply investment of \$1.23 billion would contribute \$1.87 billion to Canada's GDP annually. In addition, given that housing is the most expensive budget item for the average BC household, income support programs would increase disposable income for low-income households, creating even more economic activity.

As well as addressing housing and child care, a strong poverty reduction plan also needs to include: higher incomes for those in the low-wage workforce and those on income assistance; more support for training and education, which directly benefits the business community; and enhanced health care.

### ***Income assistance***

Data from the 2016 Census shows that BC's poverty rate is 15.5 per cent, effectively unchanged since 2005 when it was 15.4 per cent. In contrast, poverty fell in a number of other provinces with the most dramatic reduction of almost 5 per cent in Newfoundland and Labrador, which has had a poverty reduction strategy with targets and timelines since 2006. One of the contributing factors to their success is the policy decision to raise welfare rates for single parents above the poverty line.

The government has taken a step in the right direction with an increase to welfare rates of \$100 after the basic rate was frozen at \$610 per month for a decade. However, welfare rates remain vastly below what it costs to live in our city. Even for a single-room occupancy (SRO) unit (like those at the recently closed Balmoral Hotel in Vancouver), the average rent is up to \$548 according to the Carnegie Community Action Project's annual report. Looking at the reality of housing costs alone, it's clear that welfare rates need to be increased significantly not incrementally.

Why not use the Market Basket Measure as a way to set this piece of the social safety net. Calculated by Statistics Canada, the Market Basket Measure represents a basic standard of living and is based on the actual cost of purchasing shelter (including utilities), a nutritious diet, clothing and footwear, transportation costs, and other necessary goods and services. Currently, this ranges from \$1460 to \$1665 a month in BC for a single person and from \$2920 to \$3329 for a family of four depending on the size of their community. Setting welfare rates below this remains a sentence of poverty and is very hard to bounce back from.

### ***Low wages***

The majority of those living in poverty in BC are working. The latest Census data reveals that BC has the second highest poverty rate in Canada for working age people (18-64 years) at almost 15 per cent. One of the factors driving the high poverty rate in this age range is the fact that our minimum wage of \$11.35 per hour leaves a worker living below the poverty line, providing strong evidence for immediately increasing the minimum wage to \$15 an hour.

Families who work for low wages face impossible choices – buy clothing or heat the house, feed the children or pay the rent. The result can be spiraling debt, constant anxiety and long-term health problems. In many cases it means that the adults in the family are working long hours just to pay for basic necessities, often at two or three jobs. These workers have little time to spend with their family, much less to help their children with school work or participate in community activities.

An increase of the minimum wage to \$15/hour would not only lift workers above any poverty line, it would benefit the government in terms of increased tax and consumption revenue. While there would be a cost to local businesses, they will also experience the benefit because low-wage workers would have more purchasing power and these workers largely spend within their local communities. Their increased spending drives demand for firms' products, in turn generating more employment and investment.

### ***Education and Training***

Over the last 16 years, BC's public schools have faced devastating cuts and the Select Standing Committee on Finance and Government Services has, for the past 3 years, found that public funding is not adequately supporting public education. According to the submission from the BC Confederation of Parent Advisory Councils:

While annual funding dollars to education has increased, the allocation for public education has not kept up with inflation, increases in contract agreements or rising operational and maintenance expenses. In terms of per-pupil funding and percentage of GDP, BC has fallen behind the rest of Canada. A 0.9% decline in the share of GDP dedicated to education funding represents about \$2 billion per year.

BC lags behind the rest of Canada in terms of spending per student, growth in education expenditures since 2008-2009 and student to educator ratio. In the five-year period 2008-2009 to 2012-2013, the average expenditure per student in Canada increased 14.1% whereas BC increased only by 6.5%. The average expenditure per student nationally for 2012-2013 was \$12,377 while BC remained at \$12,113. If BC matched the \$12,377 average national expenditure, it translates to \$143 million more in funding for the province's 565,000 students.

We urge the government to provide stable, increased operational and capital funding to mitigate inequalities, including ensuring adequate library staff and resources, and special needs assessment and support.

Post-secondary education (PSE) is also severely underfunded and, without meaningful long-term training and education, people cannot access stable and well-paying jobs. Tuition fees have increased substantially over the last 16 years, well outpacing inflation; and housing costs have skyrocketed while wages have remained stagnant, leaving students facing a huge burden of debt if they are even able to access PSE. According to a study referenced in the submission from the BC Federation of Students (BCFS), the average public student debt for a four-year program in BC is estimated to be \$34,866. As the BCFS highlights, this impacts low-income students far more:

Students and families with the fewest financial resources have to borrow the most for post-secondary education. As a result, these same students end up graduating with higher debt levels, and end up paying more in interest payments, and ultimately pay more for the same education than those who can afford to pay up-front. For these and other reasons, provinces such as Manitoba and Newfoundland and Labrador have eliminated interest on student loans, moving towards a more equal and accessible model of student aid.

In 2015 the Government of Newfoundland and Labrador announced the replacement of its entire student loan system with a grants-only model, meaning that student financial assistance in that province is now 100% non-repayable. By comparison, a 2008 report by the Millennium Scholarship Foundation found that non-repayable forms of aid in BC amount to only 12% of student financial assistance, the lowest such proportion in Canada.

We recommend reducing tuition fees by 50 per cent and increasing the availability of post-secondary grants for low-income students. Income assistance recipients should have access to post-secondary education and apprenticeships to enhance transition into living-wage employment not merely employment programs that lead to low-wage work.

Investing in education has both social and economic benefits. According to a study from the Canadian Centre for Policy Alternatives cited in the BCFS submission, “British Columbians with university education pay between \$80,300 and \$140,000 more in income taxes, and require between \$15,400 and \$18,100 less in government aid throughout their lifetimes.” Supporting those who can least afford to access post-secondary education provides the greatest returns to government investment.

### ***Healthcare***

Poverty is a fundamental determinant of health, and the health care costs of poverty add up to \$1.2 billion per year. So, all of the other policy recommendations outlined so far will have a direct impact on improving the health of low-income people. That said, government provision of essential health services, such as dental, optical, hearing and prescription drug coverage, as well as community health care — home care, home support, assisted living, long-term care, and community mental health services — should be enhanced and expanded.

### ***Marginalization***

Other features of the latest Census data reveal the communities in BC hardest hit by poverty: Port Alberni has a poverty rate at over 20 per cent followed by Nelson at 18.3 per cent and Prince Rupert at 17.6 per cent. Lone-parent families throughout BC continue to face much higher poverty rates reaching over 30 per cent while single people are not faring much better with over 1 in 4 facing poverty. Poverty rates have also increased since 2005 for youth between 18 and 24 years old and seniors over 65. More data will come out shortly on how immigrants and indigenous people are doing but we expect the news to be disheartening and provide more evidence for targeted policies for all of these groups.

Children in BC also face higher rates of poverty than the general population, which is of great concern considering the long-term physical, social and cognitive development implications, not to mention the cost to society as a whole. BC is the only province that provides a childhood tax benefit that stops at age 6, in comparison to the rest of the country providing support up to age 18. In support of First Call's recommendation, we urge the government to redesign the BC Early Childhood Tax Benefit to cover children under 18 and increase the maximum to \$1,320 per child per year.

The strength of a provincial poverty reduction strategy is its broadness and therefore its ability to get to the heart of the causes of poverty. Through a poverty reduction plan, BC will save lives and money by tackling poverty directly rather than dealing with the negatives consequences of poverty later.

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*Doing nothing about poverty  
in BC is costing society  
more than double  
the cost of tackling poverty directly.  
We pay now or pay later.*

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## Recommendations

We call on the Government of British Columbia to launch a comprehensive and accountable poverty reduction plan aimed at dramatically reducing poverty, inequality, and homelessness in our province.

We urge the provincial government to provide leadership, and to adopt and legislate poverty reduction targets and timelines. We congratulate the government in appointing Minister Shane Simpson as lead minister for poverty reduction (a champion for this initiative), and we encourage him to oversee a cross-ministry poverty action secretariat and have them report annually on their progress. We recommend the following targets and timelines:

- Reduce BC's poverty rate by 30% within four years, and by 75% within 10 years.
- Ensure the poverty rate for children, lone-mother households, single senior women, Aboriginal people, people with disabilities and mental illness, queer and transgender people, and recent immigrants and refugees likewise declines by 30% in four years, and by 75% in ten years, in recognition that poverty is concentrated in these populations.
- Within two years, ensure that every British Columbian has an income that reaches at least 75% of the poverty line.
- Within two years, ensure no one has to sleep outside, and end all homelessness within eight years (ensuring all homeless people have good quality, appropriate housing).

In order to achieve these targets, we call upon the province to commit to specific policy measures and concrete actions in each of the following policy areas:

1. Significantly increase welfare and disability rates, and index them to inflation.
2. Improve the earnings and working conditions of those in the low-wage workforce.
3. Address the needs of those most likely to be living in poverty.
4. Address homelessness and adopt a comprehensive affordable housing and supportive housing plan.
5. Provide universal publicly-funded child care by implementing the \$10/day child care plan from Child Care Advocates of BC and Early Childhood Educators of BC.
6. Enhanced support for training and education for low-income people.
7. Enhance community mental health and home support services, and expand integrated approaches to prevention and health promotion services.

A comprehensive approach needs to boost the incomes of those living in poverty, but also build the social infrastructure, public services and assets that are vital to providing a path out of poverty and improving quality of life. If we commit to a bold plan, a dramatic reduction in poverty and homelessness within a few short years is perfectly achievable.



## **Policy Actions within a Poverty Reduction Plan for BC**

A comprehensive strategy must focus on the following seven overarching policy areas and specific actions:

### **1. Provide adequate and accessible income support for the non-employed**

Welfare and disability benefits are far too low at \$710 for a single person and \$1033 (plus a \$52 transportation subsidy) per month for a person with a disability. And the eligibility rules and procedures make income assistance far too inaccessible for many.

Priority actions:

- Significantly increase welfare and disability rates, and index them to inflation
- Increase earnings exemptions, and remove arbitrary barriers that discourage, delay and deny people in need

### **2. Improve the earnings and working conditions of those in the low-wage workforce**

Most adults living in poverty have a job, and almost half the poor children in BC live in families with at least one parent working full-time. The employment standards protections for vulnerable workers, which cover such areas as overtime hours and vacation pay, are far too lax.

Priority Actions:

- Increase the minimum wage to \$15 an hour and index it to inflation, and encourage employers to adopt the living wage for families
- Restore the coverage and enforcement of employment standards

### **3. Address the needs of those most likely to be living in poverty**

Indigenous people, people with disabilities and mental illness, recent immigrants, refugees and temporary foreign workers (including farm workers and live-in caregivers), single mothers, single senior women, and queer and transgender people (particularly youth) have higher rates of poverty and homelessness. The poverty reduction plan must focus its efforts on the structural barriers faced by these groups.

Priority Actions:

- Restructure federal and provincial funding to better address the needs of all Aboriginal people, including the large off-reserve population
- Increase disability rates and index them to inflation
- Guarantee access to income assistance for all regardless of citizenship status

#### **4. End homelessness and adopt a comprehensive affordable housing and supportive housing plan**

BC has the worst record of housing affordability in Canada, and the numbers of homeless and underhoused people are increasing.

Priority Action:

- Recommit to building thousands of new social and co-op housing units per year. BC should be bringing on stream 10,000 such units per year

#### **5. Provide universal publicly-funded child care**

The high cost of child care is a huge burden for many families and makes it completely inaccessible to others. Moreover, there is a shortage of child care spaces and the quality of care available is inconsistent across providers.

Priority Action:

- Adopt the \$10 a day child care plan produced by the Coalition of Child Care Advocates of BC and the Early Childhood Educators of BC, which will provide free child care for those earning less than \$40,000 per year, increase the number of child care spaces, support high-quality programming and ensure early childhood educators are paid a living wage

#### **6. Enhanced support for training and education for low-income people**

Without meaningful long-term training and education, people cannot access stable and well-paying jobs.

Priority Actions:

- Reduce tuition fees by 50% and increase the availability of post-secondary grants for low-income students
- Allow welfare recipients to attend post-secondary education and get apprenticeships
- Adequately fund K-12 education to mitigate inequalities and to ensure adequate library, special needs and programs. Make adult basic education and English-language education free

#### **7. Enhance community mental health and home support services, and expand integrated approaches to prevention and health promotion services**

Poverty is a fundamental determinant of health, and the health care costs of poverty add up to \$1.2 billion per year. So, all of the other objectives will have a direct impact on improving the health of low-income people. That said, government provision of essential health services and community health care — home care, home support, assisted living, long-term care, and community mental health services — should be enhanced and expanded.

Priority Actions:

- Expand essential health services in the public system, such as dental and optical care and community mental health services
- Eliminate MSP premiums
- Expand home support and residential care services, and increase the number of residential care beds

## Appendix A: Current Members of BCPRC

Africa Great Lakes Networking Foundation  
Association of Neighbourhood Houses BC  
Basic Income Vancouver  
ACORN BC  
BC Alliance on Mental Health/Illness & Addiction  
BC Disability Caucus  
BC Federation of Labour  
BC Federation of Students  
BC Ferry and Marine Workers Union  
BC Food Systems Network  
BC Government and Service Employees' Union  
BC Health Coalition  
BC Healthy Communities  
BC Healthy Living Alliance  
BC Non-Profit Housing Association  
BC Public Interest Advocacy Centre  
BC Teachers' Federation  
Burnaby Community Services Society  
Canada Without Poverty  
Canadian Cancer Society, BC & Yukon Division  
Canadian Centre for Policy Alternatives - BC  
Canadian Federation of University Women BC Council  
Canadian Mental Health Association - BC Division  
Cedar Cottage Neighbourhood House  
Check Your Head: The Youth Global Education Network  
Citizens for Accessible Neighbourhoods  
Coalition of Child Care Advocates of BC  
Community Legal Assistance Society  
Community Social Planning Council, Victoria  
Council of Senior Citizens' Organizations of BC  
Cranbrook Social Planning Society  
Disability Alliance BC  
Downtown Eastside Neighbourhood House  
Early Childhood Educators of BC  
Faith in Action  
Federation of Post-Secondary Educators of BC  
First Call: BC Child and Youth Advocacy Coalition  
Gordon Neighbourhood House  
Grandview Woodland Food Connection  
Greater Trail Community Skills Centre  
Greater Vancouver Food Bank  
Health Officer's Council of BC  
Health Sciences Association of BC  
Hospital Employees' Union  
Interspiritual Centre of Vancouver Society  
Jewish Seniors Alliance of Greater Vancouver  
Living Wage for Families Campaign  
Megaphone Magazine  
MOSAIC  
MoveUP  
New Westminster & District Labour Council  
North Shore Disability Resource Centre  
North Shore Homelessness Task Force  
Parent Advocacy Network for Public Education  
PIVOT Legal Society  
Protein for People  
Public Health Association of BC  
Raise the Rates Coalition  
Revelstoke Poverty Reduction Working Group  
Richmond Poverty Response Committee  
Single Mothers' Alliance of BC  
Society for Children and Youth of BC  
SPARC BC  
Streams of Justice  
Surrey Poverty Reduction Coalition  
Together Against Poverty Society  
UFCW 1518  
Unifor  
Union Gospel Mission  
United Way of Greater Victoria  
United Way of the Lower Mainland  
Vancity Community Foundation  
Vancity Credit Union  
Vancouver & District Labour Council  
Vancouver Foundation  
Vancouver Neighbourhood Food Networks  
Vancouver Rape Relief and Women's Shelter  
Vibrant Abbotsford  
West Coast Domestic Workers' Association  
West Coast Women's LEAF  
Women Against Violence Against Women  
YWCA Metro Vancouver