



INSIDE:

From the Economic Security Project

Growing Call for the Living Wage: Making Paid Work Meet Basic Family Needs

by Seth Klein, Deborah Littman, Adrienne Montani and Tim Richards
page 2

Getting By is Getting Harder for Those in "Casual" Jobs

by Fiona MacPhail and Paul Bowles
page 3

From the Resource Economics Project

Reinvestment in Forest Sector Needed

by Ben Parfitt
page 4

From the Climate Justice Project

Is BC's Carbon Tax Fair?

by Marc Lee
page 5

GHG Emission Reductions in BC

by Colin R. Campbell and Cliff Stainsby
page 6

Towards a BC Poverty Reduction Plan

By Seth Klein, Marjorie Griffin Cohen, T Garner, Igluka Ivanova, Marc Lee, Bruce Wallace and Margot Young

Now is the time for British Columbia's provincial government to launch a comprehensive poverty reduction plan—a detailed and accountable strategy with concrete and legislated targets and timelines to dramatically reduce and ultimately eliminate homelessness and poverty in the province.

Five Canadian provinces either have such plans or are in the process of developing them, but so far, not BC. With the next provincial election scheduled for May 2009, all political parties need to commit to a meaningful plan.

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 homelessness continues to rise. As we head into a global economic downturn, BC will not be spared, and poverty risks getting worse unless action is taken.

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 not there—welfare is both inadequate and inaccessible.

We all pay for poverty and homelessness. Study after study links poverty with poorer health, higher justice system costs, more demands on social and community services, more stress on family members, and diminished school success.



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The public desire for action is overwhelming. According to a recent Environics poll (commissioned by the CCPA), 87 per cent of British Columbians want to see strong political leadership to reduce the number of poor people in Canada and our province. The same percent believe the Premier should set concrete targets and timelines to reduce poverty. And 74 percent of British Columbians say they would be more likely to support a provincial political party that pledged to make poverty reduction a high priority and proposed clear policies, targets and timelines.

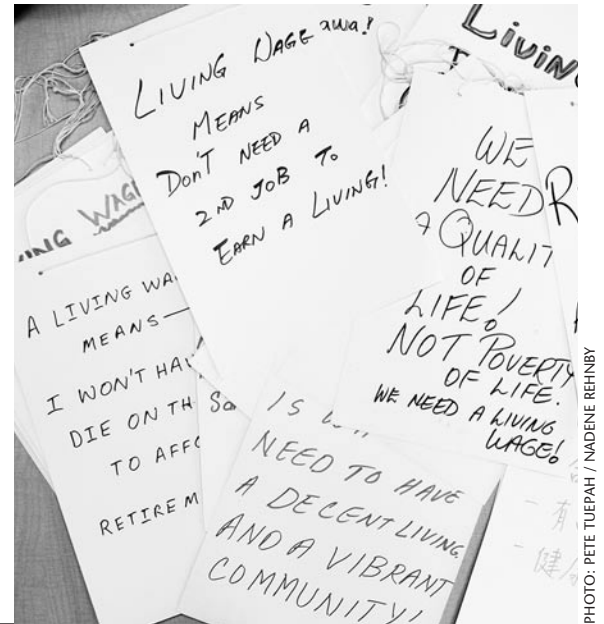
Poverty and homelessness are not inevitable. The policies needed to make a dramatic difference are known, and other jurisdictions that are setting clear targets and timelines are getting results. We recommend that a comprehensive plan focus on the following seven overarching objectives and priority actions. Among them:

- Make major improvements to working conditions and pay for low-wage workers, who are the majority of BC's poor. Raise the minimum wage, strengthen employment standards and actively enforce minimum workplace protections.

Growing Call for the Living Wage: Making Paid Work Meet Basic Family Needs

By Seth Klein, Deborah Littman, Adrienne Montani and Tim Richards

Families who work for low wages often face impossible choices: buy clothes 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 parents are working extremely long hours, often at two or three jobs, just to pay for basic necessities. They have little time to spend with their family, much less to help their kids with schoolwork or participate in community activities.



The bottom line: the living wage in Vancouver is \$16.74 an hour, and \$16.39 in Victoria.

For five years running, BC has had the highest child poverty rate in Canada. The story of child poverty is very much a story of low wages. More than half of BC's poor children live in families where their parents work at least the equivalent of full-time, full-year paid work.

Something is not right when families are doing all the right things, yet still struggling to meet basic needs.

A living wage is one of the most powerful tools available to address this troubling state of poverty amid plenty. For those employers who purport to be committed to ending child poverty, this is truly where "the rubber hits the road."

A living wage is not the same as the minimum wage, which is the legal minimum employers must pay. The living wage calls on public and private sector employers to 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; ensure healthy child development; and participate fully in their communities. However, it is also a reasonable and conservative estimate.

Our recent report, *Working for a Living Wage 2008*, calculates what the living family wage is for both Metro Vancouver and Greater Victoria. The calculation includes basic expenses for a two-earner family of four with two young children (such as housing, food, clothing, child care and transportation), and also incorporates government taxes (income and payroll), credits, and subsidies (such

as the Canada Child Tax Benefit). It assumes both parents are working full time.

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

The bottom line: the living wage in Vancouver is \$16.74 an hour, and \$16.39 in Victoria.

Importantly, our 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.

Living wage movements have been gaining ground over the past 20 years across the US and the UK, and in a number of Canadian cities.

In 2004, the mayor of London responded to broad public pressure by agreeing to annually set an official living wage figure for the capital. All workers employed by the Greater London Authority—either directly or on contract—are paid at least that amount. And even London's new Conservative mayor declared that paying the living wage is good for business, and good for the London economy.

A growing number of leading UK corporate employers now see the benefits of paying living wages. And, significantly, the 2012 London Games will be the first living wage Olympics.

Getting By is Getting Harder for Those in “Casual” Jobs

By Fiona MacPhail and Paul Bowles

Many experts are puzzling over a paradox in BC’s economy—why have years of solid growth and low unemployment failed to translate into improved earnings for those in lower end jobs? One piece of the puzzle can be found in the growth in casual work. “Casual” means you have a job but no job security—working without a contract or with one that lasts a very short time (whereas people with permanent jobs expect ongoing employment, barring unforeseen circumstances like layoffs).



The likelihood of being in casual employment has increased more in BC, compared to the rest of Canada—despite the buoyant economic conditions in the province. In other words, even though a strong economy has been increasing the pool of available jobs, the quality of those jobs is deteriorating.

Casual (or temporary) employment often gets mixed up in the debate about “flexibility.” For some workers, such as professional consultants, the greater flexibility afforded by temporary work can be both desirable and well-paid. But for most people, the flexibility that comes with temporary work is good for the employer and costly for the employee—costly in terms of personal and family stress, and financial hardship.

Casual workers typically have lower quality jobs and fewer benefits such as holiday pay, extended health coverage or pensions. They usually also have lower pay. Casual jobs are found across both the private and public sectors, particularly in teaching and child care/home support occupations, as well as sales and services, construction trades, and occupations in primary industry.

In a survey of casual workers we undertook in Vancouver and Prince George, we found that most people do not choose temporary work. In fact, 80 per cent said they are actively seeking permanent jobs.

The overwhelming picture that emerges from our research is of the double bind in which financial and time constraints affect all aspects of casual workers’ lives and their ability to balance work and family obligations. There is a constant need for

more income, yet this is continually undermined by irregular hours, shift work, short call-ins, minimal notice of work schedules, and low pay.

Recent provincial policy changes have contributed to the growth in casual work. For example, privatization and contracting out in crown corporations, hospitals and care facilities reduced the stock of public sector jobs—jobs that offered a measure of security and decent pay.

Other policy changes have deregulated the labour market to a significant degree, making work life tougher and undermining the economic security of vulnerable workers in temporary, part-time and low-wage jobs.

For example, a series of changes to the Employment Standards Act (ESA) weakened the already very basic minimums employers had to follow. These include: reducing the minimum shift from four hours to two; dropping the requirement that employers give 24 hours notice of shift changes; excluding whole groups of workers from the ESA altogether (such as those employed in agriculture and truck drivers); and requiring workers whose employment rights are violated to confront their employer using a “self-help kit” instead of direct enforcement by the Employment Standards Branch. As a result, vulnerable workers are left to fend largely for themselves.

It is time the provincial government recognized its responsibility to make sure more British Columbians share in the good times. In addition to reversing the policies listed above, the province

Comments by respondents in our survey reflect the stresses of being trapped in involuntary casual work:

“I constantly have to move my kids to different care-givers.”

“I have missed many family events. There is a lot of stress and tension.”

Reinvestment in Forest Sector Needed

By Ben Parfitt

In recent months as the credit crisis has spread and stock markets tumbled, many economists have suggested that governments should blunt a global recession through increased public funding of infrastructure projects.



Unless the provincial government intervenes and increases its reforestation spending, it will almost certainly fail to meet its greenhouse gas emissions reduction goals.

Typically taken to mean roads, transit and sewer lines, infrastructure can also be understood more generally as an underlying base or foundation upon which great things are built. In that vein, British Columbia's vast publicly owned forests are a vital infrastructure that help to sustain a healthy environment and, by extension, healthy economy and healthy society.

Yet everywhere, there are signs that our forest foundation is crumbling. The most visible indication is, of course, the devastation wrought by the mountain pine beetle over a swath of land roughly the size of England in BC's interior. In less than a decade, hundreds of millions of pine trees have been killed by the bugs, vaporizing billions of dollars worth of timber.

For a while, the devastation spelled profit for BC's timber companies. Record numbers of beetle-killed trees were logged in a race to process them before they became unusable for lumber. The boom was good news for the province. In five years, the provincial government collected \$5.1 billion in stumpage payments with fully 42 percent of those revenues (\$2.1 billion) coming from the logging of pine trees—money that helped to underwrite our public health and education costs. But the frenzy is over, done in by the US housing slump, forest companies hemorrhaging red ink, and a far more rapid decline in the commercial value of the dead pines than foresters originally predicted.

The beetle attack and years of unsustainable logging in response to it now mean that our collective provincial forest account is badly depleted, signs of which are emerging in provincial government accounts.

In his first quarterly report for this fiscal year, BC Finance Minister Colin Hansen presented "revised" provincial revenues from forestry activities. The figures show a 28 percent drop from earlier projections, plummeting from \$952 million to \$690 million this fiscal year. Yet even this sharp drop may understate the magnitude of the decline.

This is not encouraging, doubly so in light of our deteriorating economy.

But think how much worse it could be if the province fails to act. With our forest bank account overdrawn, we need an infusion of new deposits; deposits in the form of planted trees.

Much as government leaders around the world recently pumped billions of dollars into banks to prop up a faltering global financial network, Forests Minister Pat Bell needs to boldly commit to revitalizing our publicly owned forests. As a first step in what will likely be a decade or longer process, Bell should commit to a new stand-alone reforestation account, with a minimum infusion of \$100 million per year over the next five years. Once done, he should seek Ottawa's support through matching funds. But federal participation or not, Bell must commit to put some of the hundreds of millions the province has collected in stumpage fees over the years back to work revitalizing our forest infrastructure.

With timber company fortunes flagging, Bell's leadership is desperately needed. 2009 will be one of the lowest in recent memory for industry tree planting. So low, that we may see commercial tree nurseries uprooting and burying millions of trees because anticipated orders failed to materialize or were canceled. This is bad news for a province that has admirably chosen to make steep cuts to greenhouse gas emissions. Trees store carbon. And with hundreds of millions of them now dead and littering our landscape, we need to grow a lot more of them.

Unless the provincial government intervenes and increases its reforestation spending, it will almost certainly fail to meet its greenhouse gas emissions reduction goals. Meanwhile, First Nations, rural communities and working families in the interior, in particular, are faced with daunting social and economic challenges.

Is BC's Carbon Tax Fair?

By Marc Lee

Introducing a new tax is never a popular political move, so it was notable when the BC Liberal government, known more for its tax cutting, brought in Canada's first broad-based carbon tax in February's budget.



As with sales or consumption taxes, lower-income households will feel the impact of carbon taxes more intensely. On its own, BC's carbon tax is regressive, meaning low-income families pay a larger share of their income to the tax than high-income families (even though high-income families will pay more in straight dollars).

But distribution is also affected by how the proceeds of the tax are recycled back to households in the form of personal and corporate income tax cuts and a new low-income tax credit. This revenue recycling turns a regressive tax into a progressive outcome—at least for the first year.

In 2008/09, the overall carbon tax regime delivers a modest net gain in dollar terms for the bottom two-fifths of households (about \$40 per household on average, or 0.2 per cent of income). These amounts are relatively small because the carbon tax starts out at such a low rate.

A major concern looking forward, however, is that the low-income credit is not scheduled to grow in line with the carbon tax. The credit of \$100 per adult will grow to \$105 as of July 2009, and no further increases are scheduled. But the carbon tax itself will grow by 50 per cent as of July, and will continue to rise in future years.

This means the progressive outcome in 2008/09 disappears next year, and as of 2010/11 the carbon tax regime becomes regressive—and more so with each passing year.

This problem is relatively easy to fix. The 2009 BC Budget should commit that the low-income credit will grow in line with carbon tax revenues. Indeed, because low-income families need real options for taking climate-friendly actions, the credit could be increased much more. Currently, one-third of total carbon tax revenues is used to finance the low-income credit. If this was increased to one-half of revenues, the net gain in 2009/10 for the bottom 20 per cent would be \$125 on average (or 0.8 per cent of income).

A second concern with the carbon tax regime is that tax cuts undermine a progressive outcome at the top of the income scale. In 2008/09, personal and corporate income tax cuts lead to an average net gain for the top 20 per cent of households that is larger in dollar terms than for the bottom 40 per cent.

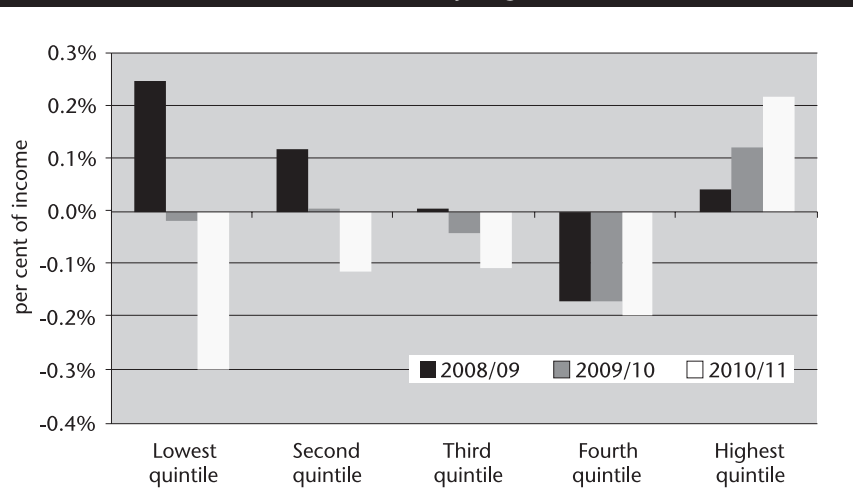
This problem will get worse in future years, and is a perverse outcome since top earners tend to have the largest carbon footprints. Personal and corporate income tax cuts should thus be dropped, and the remaining carbon tax revenues should fund other programs to reduce BC's greenhouse gas emissions, including major public transit expansion, transition programs for workers, and energy efficiency programs.

Taking global warming seriously means accepting higher prices for activities that emit greenhouse

The 2009 BC Budget should commit that the low-income credit will grow in line with carbon tax revenues. Indeed, because low-income families need real options for taking climate-friendly actions, the credit could be increased much more.

Continued on page 7

Net Gain (Loss) from Carbon Tax and Recycling Measures



Notes and sources: Authors' calculations are based on Statistics Canada's Survey of Household Expenditure and BC Budget 2008. Estimates are for the full July 1 to June 30 year in accordance with the carbon tax. Indirect effect estimates based on data from Statistics Canada Environmental Accounts, Direct and Indirect Household Greenhouse Gas Emissions, 1990-2002p, but are adjusted to exclude imports.

GHG Emission Reductions in BC: Taking Global Equity and Temperature Stabilization Seriously

By Colin R. Campbell and Cliff Stainsby

Any greenhouse gas emission reduction strategy designed to restrain global average temperature rise to less than 2°C above the pre-industrial value will require a rapid initial reduction in emissions.



For BC to converge to equal global per capita emissions consistent with global equity and the 2 degree maximum, GHG emissions will have to fall by 94 per cent by 2050.

Using the University of Victoria Earth System Climate Model we find that achieving this goal would require global emission reductions of approximately 83 per cent by 2050. Meeting this target requires an average annual emission reduction of 4.1 per cent between 2008 and 2100. Moreover, significant artificial withdrawals of GHGs from the atmosphere would also be required in order to meet the stabilization goal.

Stated in the starkest terms, the world can emit a further 223 Gt (ie. billions of tonnes) of carbon in total by 2100 and have a greater than 70 per cent chance of remaining under the 2°C threshold. If BC were restricted to an equitable per capita contribution to that total carbon budget, its permissible emissions in total between now and 2100 would be 144 Mt of carbon (i.e. millions of tonnes). This is equal to 7.5 years of emissions at expected 2008 rates (which must now be spread out over the coming 92 years).

Achieving equal allowable per capita emissions globally, over the 2008 to 2100 period, will thus be very challenging. Because many industrialized jurisdictions, such as British Columbia, are starting with per capita GHG emissions considerably higher than the global average, they must achieve emission reduction rates considerably greater than the global average if global equity is to be achieved. For British Columbia the annual percent GHG emission reductions required to meet this measure of equity by 2100 would average 12.6 per cent (per year) between 2008 and 2100 with an emission reduction target of 99.7 per cent for 2050—effectively, we must be a carbon-neutral society by 2050.

Living within its 2100 carbon budget (144 MtC) will be very difficult for BC, and may be unrealistic. But, because the global carbon budget (244 GtC) simply cannot be exceeded and because

equity ought to be a primary objective, difficult discussions about the meaning of and means of achieving global equity in GHG emissions are likely required.

For BC to converge to equal global per capita emissions consistent with global equity and the 2 degree maximum, GHG emissions will have to fall by 94 per cent by 2050. In this scenario, BC will exceed its equity target of 144 MtC over the next 92 years. This highlights the need for, and scale of, transfers to low emitting countries. These transfers of finance or technology will have to be agreed to by the receiving countries and will have to result in emission reductions equal to or greater than the excess emissions from BC.

Given the civilization-threatening risks expected from global warming, it is clear that we have a profound moral obligation to achieve these global targets, so that Earth's natural life support systems can provide for future generations. Failure to ensure that global temperatures remain below 2°C above pre-industrial levels will condemn future generations to massively unreliable and uncertain environments, constrained food supplies, diseases, rising sea levels, and greatly compromised economic and social well being—in such circumstances even survival will be difficult for millions if not billions of people.

Colin R. Campbell is a science advisor with Sierra Club BC. Cliff Stainsby is a researcher with the BC Government and Service Employees' Union. They are co-authors of Greenhouse Gas Emission Reduction Scenarios for BC: Meeting the Twin Objectives of Temperature Stabilization and Global Equity, co-published by the CCPA-BC, Sierra Club BC and BCGEU. The study is available at www.policyalternatives.ca.

Continued from page 1
Poverty Reduction Plan

- Increase welfare rates by 50 per cent and remove arbitrary barriers to accessing welfare that keep people in dire need from getting assistance.
- Immediately start building 2,000 units per year of social housing (not counting conversions, rental subsidies or shelter spaces).
- Implement a universal public early learning and child care program.

In all, our recent *Poverty Reduction Plan* contains over 50 specific policy recommendations.

If a plan is to be credible, it 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.

Among our recommendations:

- Reduce poverty by one third (from 13 per cent to 9 per cent using Statistics Canada's Low Income Cut-Off after tax) within four years;
- Make an equal or greater reduction in poverty among groups that are most vulnerable to poverty—recent immigrants, children, single-mother families, Aboriginal people, people with disabilities, and single senior women;
- Eliminate deep poverty (those living 50 per cent or more below the poverty line) within two years; and
- Eliminate street homelessness within five years.

There is nothing inevitable about poverty and homelessness in a society as rich as ours. If we commit to a bold plan, a dramatic reduction in poverty and homelessness within a few short years is a perfectly achievable goal.

Seth Klein, Marjorie Griffin Cohen, T Garner, Iglia Ivanova, Marc Lee, Bruce Wallace and Margot Young are co-authors of the Economic Security Project report A Poverty Reduction Plan for BC. The paper and accompanying 12-page popular summary may be downloaded from www.policyalternatives.ca.

Continued from page 3
Casual Jobs

should enhance the economic security of workers in the lower end of the labour market by:

- Immediately increasing the minimum wage to \$10 and indexing it to inflation;
- Expanding the Employment Standards Act so that it covers all workers, including independent contract workers and casual workers;
- Establishing reasonable minimum shifts and contract lengths and strengthening rules for termination/dismissal, to ensure work provides people with a basic level of security and predictability;
- Removing barriers to unionization;
- Enhancing child care subsidies and improving eligibility.

BC is often promoted as “the best place to invest.” But if it also to be “the best place to live and work,” the provincial government must rethink its approach.

Fiona MacPhail and Paul Bowles are professors of Economics at the University of Northern BC, and co-authors of the CCPA-BC study Improving the Economic Security of Casual Workers in BC, an Economic Security Project report.

Continued from page 5
Is BC's Carbon Tax Fair?

gases. Carbon taxes, as well as cap-and-trade systems and regulations on industry, will all lead to higher prices that will adversely affect low-income households. One of the main benefits of a carbon tax is that revenues come in to the government, which can use them to offset those regressive impacts.

A basic principle of fairness is that families with low or modest incomes should be no worse off under any carbon pricing system. BC's carbon tax and recycling regime is a good first step, but the 2009 budget must correct some design flaws to ensure that the carbon tax regime does not worsen inequality.

Marc Lee is Senior Economist at the BC Office of the Canadian Centre for Policy Alternatives, and co-author (with Toby Sanger) of Is BC's Carbon Tax Fair? An Impact Analysis for Different Income Levels, available at www.policyalternatives.ca.

BC is often promoted as “the best place to invest.” But if it also to be “the best place to live and work,” the provincial government must rethink its approach.

Some of these employers were reticent at first, not just about paying a higher wage, but about taking back responsibility for workers they had contracted out. But as with other areas of corporate social responsibility, most have found important benefits to becoming a living wage employer:

- Lower recruitment and retention costs and reduced absenteeism;
- Higher productivity and morale; and
- The benefits of being able to market oneself as a living wage employer.

The living wage is not just about employers, however. The labour market alone cannot solve all problems of poverty and social exclusion. Government policies and programs also have a direct impact.

First, direct government transfers can put money into the pockets of low-income families. The more generous these transfers are, the less a family requires in wages to achieve a decent standard of living. However, most government transfers and subsidies (such as the Canada Child Tax Benefit, the GST credit, and BC's child care subsidy program and rental assistance program) are reduced or eliminated once a family reaches an income level well below the living wage.

The living wage is also affected by public services that shift certain costs off the shoulders of individual families. For example, if we had a universal public child care system for children under six years old, the living wage calculation would no longer have to include over \$600 per month in child care costs. Increasing the stock of affordable housing, or making public transit more affordable, would likewise decrease the amount employers need to pay in order to provide a living wage.

If employers feel unable to pay the living wage, but remain committed to ending child poverty, then they should become advocates for policy changes that enhance government benefits to low-income earners and the public services that improve our quality of life.

Seth Klein, Deborah Littman and Tim Richards along with Marcy Cohen are the authors of the Economic Security Project study, Working for a Living Wage: Making Paid Work Meet Basic Family Needs in Vancouver and Victoria—2008, published recently by the Canadian Centre for Policy Alternatives, First Call: BC Child and Youth Advocacy Coalition, and the Community Social Planning Council of Greater Victoria. Adrienne Montani is Provincial Coordinator at First Call. The study and a detailed calculation guide for other communities may be downloaded at www.policyalternatives.ca.

ECONOMIC SECURITY PROJECT

A Poverty Reduction Plan for BC, Working for a Living Wage and Improving the Economic Security of Casual Workers in BC were created as part of the Economic Security Project (ESP), a joint research initiative of the CCPA and Simon Fraser University, funded primarily by the Social Sciences and Humanities Research Council of Canada (SSHRC). For more ESP studies, visit:

www.policyalternatives.ca/economic_security

Continued from page 4
Reinvestment in Forest Sector Needed

While planting additional trees will not stave off a wrenching transition for forestry-dependent communities, doing nothing ensures even deeper social and economic pain. Aggressive, thoughtful investments in our forest infrastructure will, however, provide an immediate economic stimulus in terms of seasonal jobs, lessen the duration of the "fall down" in logging rates that is upon us, and ensure that today's depleted forest bank account is revitalized with deposits that bear interest each and every spring.

Ben Parfitt, resource policy analyst with the Canadian Centre for Policy Alternatives BC Office, is author of After the Windfall: Plotting a New Course for BC Beyond the Softwood Lumber Agreement, available at www.policyalternatives.ca.

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Canadian Centre for Policy Alternatives

1400 – 207 West Hastings Street
Vancouver, BC V6B 1H7
tel: 604-801-5121
fax: 604-801-5122
www.policyalternatives.ca

Editor: Marc Lee
<marc@policyalternatives.ca>

Layout & Production: Terra Poirier
<terra@policyalternatives.ca>

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