



Long Overdue

WHY BC NEEDS A POVERTY REDUCTION PLAN

By Seth Klein, Igljika Ivanova and Andrew Leyland

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CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office



United Way
Lower Mainland



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Contents

- Summary 4
- Introduction 8
- Why does poverty matter?..... 9
- Box: How is poverty measured? 11
- What are BC’s poverty rates? 14
- How do BC’s poverty rates compare to the rest of Canada? 16
- Who are the poor in BC?..... 17
- Other indicators of poverty..... 23
- Welfare rates, the minimum wage and the poverty line 27
- Core costs of living relative to income and inflation 34
- Conclusion..... 37
- Box: A poverty reduction plan for British Columbia 38
- Appendix: Additional tables and figures..... 39

Summary

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

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

Despite being one of Canada's wealthiest provinces, BC has among the highest poverty rates in the country.

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

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

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

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

Second, a closer look at poverty trends over time reveals that the government's approach has failed to meaningfully reduce poverty. BC's poverty rates are now approximately the same as they were prior to the 2008 recession (when the call for a poverty reduction plan was first issued), and poverty rates remain much higher than historic lows seen in the late 1970s and late 1980s.

Measures of severe hardship such as food bank use and homelessness have continued to climb. And the number of people working but who still live in poverty is also on the rise.

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

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

This report uses two measures to calculate rates of poverty:

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

Our research shows that about half of those living below the poverty line are either the working poor or children of the working poor.

Poverty a serious problem in BC

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

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

Basic welfare for a single person is only \$610 per month, meaning an annual income that reaches less than 40 per cent of the poverty line.

Other indicators of BC's serious poverty problem include:

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

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

Poverty and homelessness not inevitable in our wealthy society

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

The "poverty gap" in BC—meaning the total amount of money needed to bring every British Columbian living under the poverty line to that threshold—was \$5.8 billion in 2014. That's how much it would take in increased wages and income supports to eliminate poverty in BC. This sounds like a lot of money, but it represented only about 2.4 per cent of BC's economy (as

measured by GDP). Surely in a province with an annual income of \$250 billion we can afford to close a poverty gap of less than \$6 billion.

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

Complex circumstances require a comprehensive policy response

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

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

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

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

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

Surely, in a province with an annual income of \$250 billion, we can afford to close a poverty gap of less than \$6 billion.

Introduction

There is nothing inevitable about poverty and homelessness in a society as wealthy as ours.

TOO OFTEN, BRITISH COLUMBIANS FEEL RESIGNED to the presence of poverty in our society. We have come to see poverty, homelessness and hunger as the new normal.

But there is nothing inevitable about poverty and homelessness in a society as wealthy as ours.

The policies needed to make a dramatic difference are known, and other jurisdictions that are setting clear targets and timelines are achieving results in reducing poverty. Evidence from other countries and provinces demonstrates how governments that commit to bold action on poverty get results. Nations such as Finland and Denmark that pledged to eradicate child poverty have seen poverty rates fall below 5 per cent, whereas Canada's child poverty rate is three-and-a-half times higher (16.5 per cent).¹ Canada is a rich country. We have the resources to create any kind of society we want.

British Columbia is now the only province in Canada without a poverty reduction strategy in place or in development.² While other provinces and territories are tackling poverty head-on, the BC government denies it is a significant problem in our province.

Building upon previous work published by the CCPA,³ this paper restates the case for why BC needs a comprehensive and ambitious poverty reduction plan. It analyses the most recent statistics on poverty and its associated hardships in BC, and in so doing it makes clear that strong policies are urgently needed to dramatically reduce and ultimately eliminate poverty in our province.

1 Organisation for Economic Co-operation and Development, OECD Family Database, Table C02.2 Child Poverty (includes family poverty). Data up to 2013. See <http://www.oecd.org/social/family/database.htm>.

2 In the fall of 2014, Saskatchewan became the latest province to announce that it will develop a plan, leaving BC alone in refusing to accept the need for a poverty reduction plan. The Caledon Institute of Social Policy has produced a helpful summary of all the poverty reduction plans in Canada, along with their outcomes. It can be found at <http://www.canadasocialreport.ca/PovertyReductionStrategies/>.

3 See in particular Seth Klein et al., *A Poverty Reduction Plan for BC: Full Research Report* (Vancouver: Canadian Centre for Policy Alternatives, 2008), https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC_Office_Pubs/bc_2008/ccpa_bc_poverty_reduction_full.pdf.

Why does poverty matter?

POVERTY CAUSES HARM TO HUMAN DIGNITY. Poverty manifests itself first and foremost in the lives of thousands of people who face extremely difficult choices as they struggle to make ends meet, care for their children, participate in the lives of their communities and fulfill their aspirations. There are a number of reasons to be concerned with the persistently high poverty rates in BC:

- **Redressing poverty is just and ethical.** Many people in our province are not able to meet basic needs, and consequently must resort to desperate measures. But combatting poverty should not be understood as an act of charity, but rather, as an obligation reflecting our commitment to justice and individual dignity. Indeed, it is required by our international obligations; the International Covenant on Economic, Social and Cultural Rights,⁴ for example, asserts the right of all individuals to “social security” and to an “adequate standard of living ... including adequate food, clothing and housing, and to the continuous improvement of living conditions.”
- **Many of us will experience poverty at some time.** A surprising number of Canadians are just a step away from the poverty that can arise from the loss of a job, the loss of a spouse or the loss of good health. High levels of household indebtedness serve as a warning that it will take very little for many people to tip into poverty. Indeed, according to Statistics Canada’s analysis of the persistence of poverty, while the current poverty rate in BC (based on the Low Income Measure, LIM) is approximately 13 per cent, nearly one in three British Columbians—29 per cent—has been living below the poverty line for at least one of the past eight years.⁵

The people who helped plan Canada’s social programs many years ago realized the often fragile and contingent nature of economic well-being and the importance of programs to help people in need. Our nation has been built on principles of collective responsibility for one another.

- **We all pay for poverty.** Study after study links poverty with poorer health, more young people in trouble with the law, higher rates of incarceration and higher justice system costs, more demands on numerous social and community services, increased stress on family members and diminished chances of success at school. Poverty also results

Study after study links poverty with poorer health, higher rates of incarceration, more demands on social and community services, increased stress on families and diminished chances of success at school.

⁴ See <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx>.

⁵ This rate is similar to the number for Canada as a whole (27 per cent). Statistics Canada, CANSIM Table 204-0102.

in reduced productivity and foregone economic activity, imposing enormous costs to society as a whole.

In 2011, the CCPA's BC Office estimated the costs of poverty in British Columbia, using a methodology developed in Ontario that has since been employed in other Canadian provinces. That study,⁶ authored by CCPA-BC senior economist Iglia Ivanova, considered the additional pressure poverty imposes on the health care system and the justice system and the costs in foregone economic activity. It found that poverty in BC costs society between \$8.1 and \$9.2 billion a year, or between 4.1 and 4.7 per cent of provincial GDP.

It is well established that poverty among children in particular has tremendous costs over the long run because it affects children's physical, social and cognitive development, which impacts their 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.

For too long, BC governments have hoped that economic growth and a lower unemployment rate would, in time, "solve" the poverty problem.

According to the National Longitudinal Survey of Children and Youth,⁷ parents in households with low incomes are more than twice as likely as parents in either middle- or high-income families to be chronically stressed. Not having enough money to buy household essentials and feeling that unrealistic expectations were being placed on their time are two of the primary sources of stress identified in this research. These parents are more likely to suffer from poor health and to be higher users of health care services. Adolescents living with chronically stressed parents are more likely than other youth to have a tough time socially and academically.

- For those on social assistance (officially known as "income assistance" and more commonly as "welfare"), much of day-to-day life is about survival. This was a core finding in a 2008 CCPA report that followed 60 people on social assistance over a two-year period.⁸ Living on welfare means living well below the poverty line. It is a constant and frequently unsuccessful struggle to look after basic needs for food, shelter, health and personal safety—making the task of seeking employment, which people categorized as "employable" are required to do, very difficult if not impossible for many. BC's welfare system is structurally dependent on food banks and other charities in order for people to meet their basic needs. The study also found that those who were "upgraded" to disability status (known in BC as PWD, or person with a disability), qualifying them for slightly larger monthly benefits, continued to use food banks/soup kitchens an average of four times per month. A disturbing number of women in our study either returned to or remained in abusive relationships or engaged in prostitution to make ends meet.

For too long, BC governments have hoped that economic growth and a lower unemployment rate would, in time, "solve" the poverty problem. But that has not happened. In reality, many poor people in BC are gainfully employed (sometimes with more than one job), yet their income still falls below the poverty line. A closer look at the data reveals that poverty remains deep and persistent in BC.

6 See Iglia Ivanova, *The Cost of Poverty in BC* (Vancouver: Canadian Centre for Policy Alternatives, Public Health Association of BC and Social Planning and Research Council of BC, 2011), <https://www.policyalternatives.ca/costofpovertybc>.

7 The survey was conducted every two years by Statistics Canada but was ended in 2009. See <http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=4450>.

8 See Seth Klein and Jane Pulkingham, *Living on Welfare in BC: Experiences of Longer-Term "Expected to Work" Recipients* (Vancouver: Canadian Centre for Policy Alternatives, 2008), https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC_Office_Pubs/bc_2008/bc_LoW_full_web.pdf.

HOW IS POVERTY MEASURED?

There is much debate about different poverty measures. No official “poverty line” exists in Canada. Instead, Statistics Canada produces three annual low-income measures: the Low Income Cut-Off (LICO), the Low Income Measure (LIM) and the Market Basket Measure (MBM).

For years, the most commonly used measure, and the one treated as the unofficial poverty line by many, was the LICO.

The LICO is a hybrid of an absolute and a relative measure. It references both expenditures on basic items and the distribution of income, as it is an income threshold below which a family spends a larger proportion of its income than the average family on basic necessities. According to the most recent base, the 1992 Family Expenditures Survey, the average Canadian family spent 43 per cent of its after-tax income on shelter, food and clothing. A family spending 20 percentage points more than the average family on these three necessities (i.e., 63 per cent or more of their income) is considered to be in “straitened circumstances.” Statistics Canada estimates an income threshold at which families are expected to spend more than 63 per cent of their income on necessities for seven family sizes (from one to seven people) and five community sizes. LICOs are produced in relation to both before and after-tax incomes.⁹ Since 1992, the LICO thresholds are calculated by applying the Consumer Price Index (CPI) to the base year cut-offs.

The fact that the LICO has not been rebased since 1992 makes it an increasingly unreliable metric. Given that the costs of housing and other necessities have tended to rise faster than the general CPI, the LICO base no longer reflects the experience of Canadian families; much has changed in family expenditures since 1992. The LICO is particularly problematic in BC, as it fails to capture the higher cost of housing in our province. For this reason, CCPA economists no longer recommend using the LICO, and instead we track poverty rates using the more reliable LIM and MBM.

The LIM is a purely relative low-income measure. It is set at 50 per cent of adjusted median household income, and is produced for various family sizes for both pre-tax and after-tax incomes. One of LIM’s benefits is that it allows for easy international comparisons, as the same measure is produced for most countries. Some jurisdictions, notably Ontario, have officially moved toward using the LIM rather than the LICO as their preferred low-income measure. But the LIM, like the LICO, uses the same income thresholds for all of Canada and thus fails to reflect the higher cost of housing in most of BC.

⁹ In both cases, the cut-offs are based on income after government transfers, such as the Canada Child Tax Benefit, Old Age Security program, GST/HST credit, Employment Insurance benefits, and provincial or territorial welfare payments.

The Market Basket Measure is the best available measure of current poverty in BC as it is the most easily understood, the least arbitrary and it is specific to local cost realities.

The MBM, in contrast, is an absolute measure based on the actual costs of a specified and modest basket of goods and services. The MBM includes five broad types of expenditures—shelter, food, clothing and footwear, transportation, and other basic household needs (such as personal care, furniture, basic telephone service, school supplies, and a modest level of reading material, recreation and entertainment)—for a reference family of two adults and two children. The MBM is calculated for five community sizes. With this measure, a family is considered to have a low income if it is unable to purchase this basket of essential goods in the local community. The income compared to the MBM threshold is not gross before- or after-tax income, as with LIM and LICO, but rather “disposable income” (or the actual income available to purchase these necessities). Statistics Canada calculates “disposable income” by deducting items such as child care and health care expenses, income taxes and all mandatory payroll deductions from before-tax income.¹⁰ A major advantage of the MBM is that, unlike any of the other measures, it captures differences in local costs of living (such as housing), which are particularly high in BC.

In our opinion, the MBM is the best available measure of current poverty in BC (although when tracking poverty over time, the LIM is more appropriate). The MBM is the most easily understood, it is the least arbitrary and it is specific to local cost realities. Unless otherwise noted, we will use the MBM as our measure of poverty for the remainder of the paper.

Inevitably, there is a time lag between available poverty data and the present day, but this problem plagues all research relying on these poverty measures and should not be used as an excuse for inaction. The latest low-income statistics available are for 2014.

One limitation of all these poverty measures is that they consider income in annual terms, assuming that people’s income (whether from government benefits, employment or retirement pensions) comes in relatively even monthly installments. The problem, however, is that in people’s real lived experience, many expenditures (particularly unexpected or emergency ones) do not follow such an even and predictable cycle. Given that many low-income households find it virtually impossible to save (and indeed, for those on basic social assistance, the rules prohibit anything beyond minimal assets¹¹), the consequence of such cash-flow problems is often debt, additional interest costs and heightened stress.

10 The reason that child care and health care costs are not included as components of the market basket measure (MBM) is that spending on these items varies dramatically among families depending on their particular circumstances (unlike spending on food or shelter, for which the needs of Canadian families of a particular size in a particular region are much more similar). For more on the MBM methodology, see Human Resources and Social Development Canada, *Low Income in Canada: 2000–2004, Using the Market Basket Measure*, www.publications.gc.ca/collections/collection_2013/rhdcc-hrsdc/HS28-49-2004-eng.pdf.

11 In BC, a single person on basic income assistance can have cash assets up to a maximum of \$2,000, while a single parent with one child is entitled to cash assets of \$4,000. Those on disability benefits are entitled to a larger asset limit of \$100,000.

Annual low-income MBM thresholds for British Columbia, 2014.

Rural BC

Single person = \$18,024

Single parent + one child = \$25,489

Family of four = \$36,047

Metro Vancouver

Single person = \$19,536

Single parent + one child = \$27,628

Family of four = \$39,072

Note: These thresholds exclude child care and health care costs, since they vary widely among households depending on the family make-up. For additional thresholds for various family and community sizes, see the Appendix.

What are BC's poverty rates?

BY ANY MEASURE, POVERTY RATES IN CANADA AND BC rose immediately following the onset of the 2008 recession. While poverty rates have returned to pre-recession levels, they still remain higher than the historic lows seen in the late 1970s and late 1980s (based on the LIM).

The overall poverty rate in BC (for all persons) in 2014 using the LICO after-tax threshold was 9.6 per cent, a low not seen since 1980. However, using the LIM after-tax threshold, the poverty rate was 13.4 per cent, which remains above the LIM rates that prevailed in the 1970s, '80s and '90s (despite the fact that we are a much richer society overall than we were back then). Using the MBM, the BC poverty rate in 2014 was 13.2 per cent, which is marginally below the pre-recession low of 13.5 per cent in 2008 (note that Statistics Canada started to produce the MBM in 2002).¹²

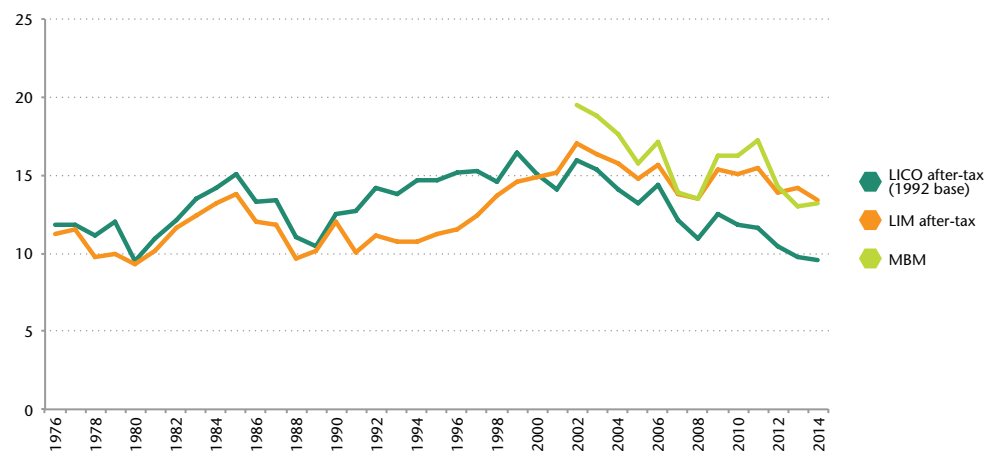
To put these rates into population numbers, between 432,000 and 603,000 British Columbians lived below the poverty line in 2014, depending on which measure is used to make the calculation.

The poverty rate varies by age group. The child poverty rate tends to be marginally higher than the rate for adults (although we will see a decline in the child poverty rate as of 2016, when the new Canada Child Benefit kicked in), while the seniors' poverty rate tends to be lower. The lower rate of seniors' poverty speaks to the success of public programs such as Old Age Security and the Guaranteed Income Supplement in dramatically reducing seniors' poverty over the past four decades; seniors have gone from the highest rate of all the age groups to the lowest. However, the seniors' poverty rate using the LIM threshold has been climbing in recent years, and single senior women in particular have a much higher rate of poverty, at about 34 per cent (see Table 3 on p.21).¹³

12 Note that Statistics Canada does not calculate poverty rates (the LIM or LICO or MBM) on First Nations reserves. So these overall rates exclude Indigenous people living in First Nations communities.

13 Poverty rates based on LIM after tax (LIM-AT) and MBM are very close for all age groups except for seniors. The reason is that existing Old Age Security programs provide a basic income for seniors (virtually all seniors qualify, except for recent immigrants who may not have the required years of residency in Canada). As a result, many seniors without other sources of income (such as workplace pensions) end up living very close to the poverty line, at which point a small difference in the dollar value of the poverty thresholds, such as the difference between LIM and MBM, makes a big difference in the poverty rate.

Figure 1: Percentage of British Columbians living below the poverty line, by low-income threshold, 1976 to 2014.



Source: Statistics Canada, CANSIM Table 206-0041.

In 2014, BC's poverty gap was \$5.8 billion - the amount needed to eliminate poverty. \$5.8 billion is a lot of money, but represented about 2.4 per cent of BC's GDP.

Table 1: BC poverty rates for various measures and ages, 2014.

	LIM	MBM
Overall rate	13.4%	13.2%
Children under 18	15.3% ¹⁴	15.1%
Persons 18 to 64	13.0%	14.4%
Persons 65 and over (seniors)	12.7%	6.3%

Source: Statistics Canada, CANSIM Table 206-0041.

Another calculation that helps to conceptualize the extent of poverty in British Columbia is the “poverty gap.” This measure represents the total amount of money needed to bring every British Columbian currently under the poverty line to that threshold; it is a cumulative measure of the depth of poverty. In 2014, the aggregate poverty gap in BC was \$5.8 billion.¹⁵ This is how much money would be needed (whether in wages or income transfers) to eliminate poverty. Of course \$5.8 billion is a lot of money, but it represented about 2.4 per cent of BC's GDP in 2014. Surely, in a province with an annual income of about \$250 billion, we can afford to close a poverty gap of less than \$6 billion.

14 Note that this figure for child poverty is different from the 19.8 per cent in First Call's 2016 BC Child Poverty Report Card. The reason is that the *Child Poverty Report Card* uses a different data source, namely data from tax files rather than data from the Canadian Income Survey, which are used in this paper. The tax-filer data include children living on reserve and in institutions, which likely explains the higher rate. See First Call, BC Child and Youth Advocacy Coalition, *2016 BC Child Poverty Report Card* (Vancouver: First Call and SPARC BC, 2016), <http://still1in5.ca/wp-content/uploads/2016/11/2016-BC-Child-Poverty-Report-Card.pdf>.

15 Source: Custom calculation from Statistics Canada, Income Statistics Division, Canadian Income Survey.

How do BC's poverty rates compare to the rest of Canada?

The BC poverty rate in 2014 (the most-recent available data) was 13.2 per cent using what we believe to be the most-accurate measure.

BC'S OVERALL POVERTY RATE USED TO FAIRLY CLOSELY TRACK THE NATIONAL POVERTY RATE. Then, between the mid-1990s and about 2011, BC consistently had among the highest poverty rates in the country. As of 2014, provincial rankings show BC with the second-highest poverty rate based on the MBM (and for adults of working age, BC's poverty rate continues to rank among the worst, across all poverty measures).

Table 2: Provincial poverty comparisons, 2014.

	Poverty rates for all persons		Rankings (highest=1)	
	LIM rate	MBM rate	LIM rank	MBM rank
Nova Scotia	15.8%	14.8%	2	1
British Columbia	13.4%	13.2%	7	2
Ontario	13.8%	12.4%	5	3
New Brunswick	15.9%	12.3%	1	4
Newfoundland and Labrador	14.4%	11.6%	4	5
Manitoba	15%	11%	3	6
Prince Edward Island	12.5%	10.7%	8	7
Saskatchewan	12.2%	10.3%	9	8
Quebec	13.7%	9.4%	6	9
Alberta	6.9%	8.3%	10	10

Source: Statistics Canada, Income Statistics Division, CANSIM Table 206-0041.

Who are the poor in BC?

By income source

Debates about poverty are frequently plagued by myths and misconceptions about who the poor are and why they are poor.

There is a common perception that the poor are virtually all on social assistance. This is not correct. While the MBM poverty rate in BC in 2014 was 13.2 per cent, a much smaller share of British Columbians relies on social assistance at any given time. The number of social assistance recipients per month averaged 177,031 in 2015, or 3.8 per cent of BC's population.¹⁶

Among those on social assistance, a majority (63 per cent in 2015) are receiving long-term disability assistance (PWD). By definition, these are people who cannot and are not expected to earn a living through paid employment. They have gone through an exhaustive process that has formally recognized them as having a disability that precludes full-time work. (And it is important to note that many of those on basic income assistance without formal PWD designation nevertheless face significant barriers to employment).¹⁷

Although *deep* poverty in BC is primarily a story of inadequate welfare rates (as people on social assistance live on thousands of dollars below the poverty line; see more below), the *breadth* of poverty in BC is much more of a low-wage story. We have a labour market in which many people work full-time and year round, yet they remain below the poverty line. As noted above, fewer than four per cent of British Columbians rely on social assistance at any time. Seniors make up a small share of the overall poverty rate (about eight per cent of those in poverty, using the MBM threshold). It is therefore reasonable to assume that close to half of those living below the poverty line are either the working poor or the children of the working poor.

Close to half of those living below the poverty line are either the working poor or the children of the working poor.

16 BC Ministry of Social Development and Social Innovation, *BC Employment and Assistance Summary Report, 2016*, <http://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/organizational-structure/ministries-organizations/social-development-social-innovation/bcea-caseload-6page.pdf>. Note that the social assistance figures do not include First Nations people living on reserve.

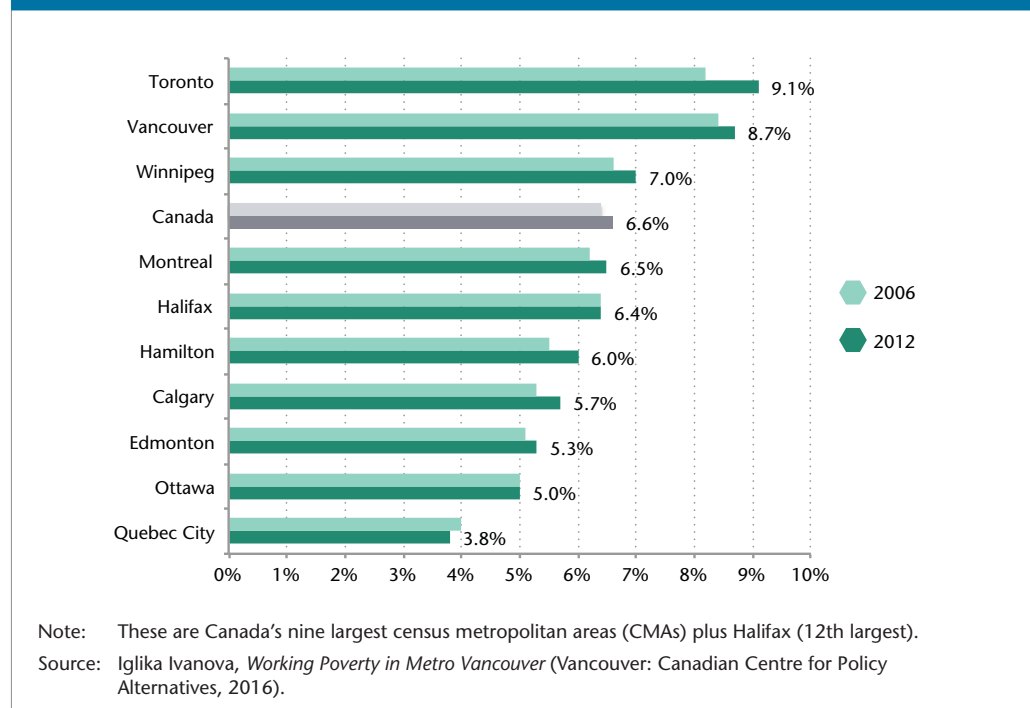
17 See Klein and Pulkingham, *Living on Welfare in BC*.

In 2011 (the last year for which we have data), one out of every three children in poverty (32 per cent) lived in a family in which at least one adult had a full-time, year-round job. A majority lived in a family with some paid work (part-year or part-time).¹⁸

As revealed in a recent CCPA report, Metro Vancouver had the second-highest working poverty level in Canada in 2012, only slightly below Greater Toronto's.¹⁹ A total of 105,600 people, or 8.7 per cent of Metro Vancouver's working-age population, was working and yet lived in poverty (below the LIM, the only measure available in the data used for the study). Although that report focused on Metro Vancouver, it found that working poverty exists elsewhere in BC as well. Of a total of 2.2 million people of working age in BC in 2012 (not including students and young adults living at home with their parents), 75 per cent were working. While most of those working were not poor, a significant minority—10.6 per cent (eight per cent of the total working-age population), or 179,100 people—lived in poverty, not including students or working-age children living with their parents.²⁰ In comparison, 277,200 people in the province were of working age and poor but not working.

In fact, even though Greater Toronto had a slightly higher working poverty rate than Metro Vancouver, working poverty was significantly higher in BC than in Ontario. That is because outside Metro Vancouver, 7.2 per cent of working-age British Columbians were working poor, a higher rate than in Ontario outside Greater Toronto.

Figure 2: Working poverty in Canada's largest cities, 2006 and 2012.



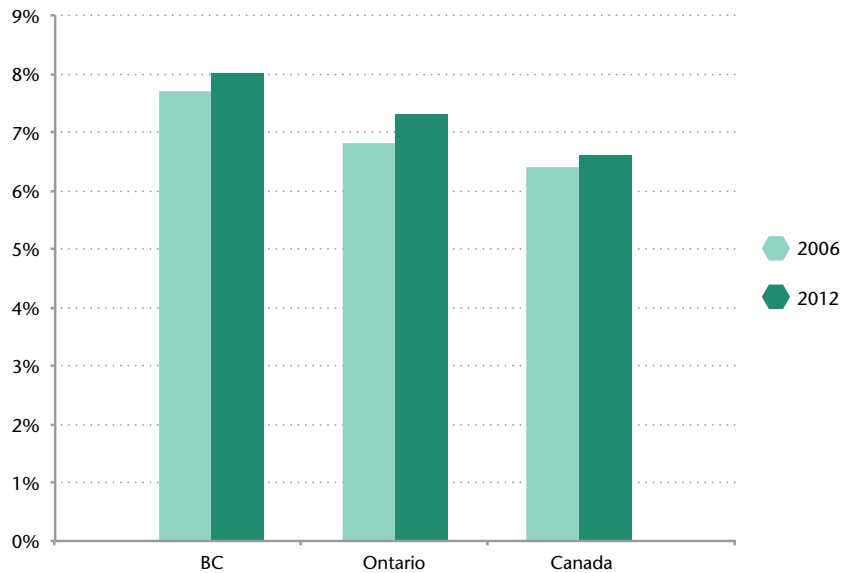
Even though Greater Toronto had a slightly higher working poverty rate than Metro Vancouver, working poverty was significantly higher in BC than in Ontario.

18 First Call, BC Child and Youth Advocacy Coalition, *2015 BC Child Poverty Report Card* (Vancouver: First Call and SPARC BC, 2015), 25, <http://still1.in5.ca/wp-content/uploads/2015/11/2015-BC-Child-Poverty-Report-Card-WebSmall-FirstCall-2015-11.pdf>.

19 See Iglia Ivanova, *Working Poverty in Metro Vancouver* (Vancouver: Canadian Centre for Policy Alternatives, 2016), https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2016/06/CCPA_Working_poverty_full.pdf.

20 Unpublished data from the same Statistics Canada custom tabulation of T1FF tax-filer data that the Metro Vancouver report was based on.

Figure 3: Working poverty in Canada, 2006 and 2012.



Source: Igluka Ivanova, *Working Poverty in Metro Vancouver* (Vancouver: Canadian Centre for Policy Alternatives, 2016).

Noting the level of working poverty is important as it refutes the common misconception that the poor should simply “get a job” and governmental responses that they address poverty with a jobs plan.

Noting the level of working poverty is important as it refutes the common misconception that the poor should simply “get a job” and governmental responses that they address poverty with a jobs plan. In fact, a large share of poor people have already taken such advice: they are employed in the paid labour market but they remain in poverty. It’s a reality that speaks to the low wages, the increasing polarization of the labour market and the rising share of precarious and temporary work.

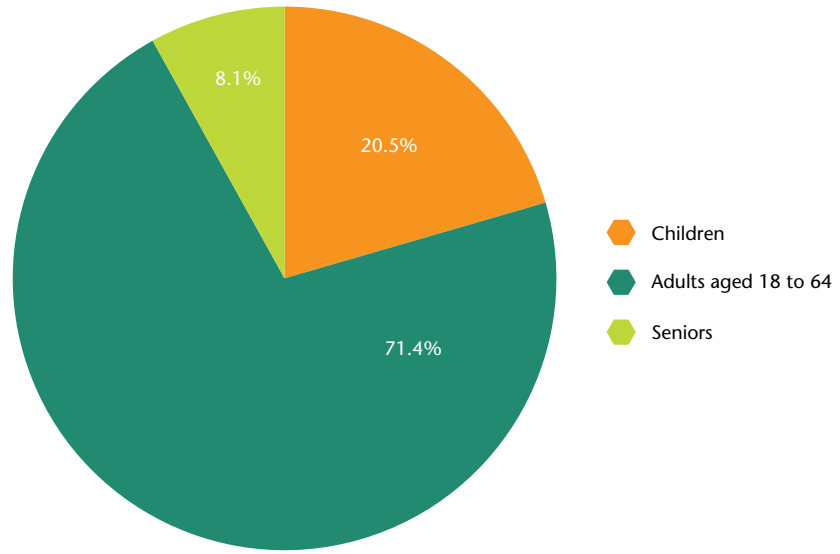
By family type and demographic differences

The age distribution of British Columbians living in poverty is shown in Figure 4.

Most of BC’s poor (71.4 per cent) are adults between the ages of 18 and 64. Approximately one-fifth of the poor in BC are children.

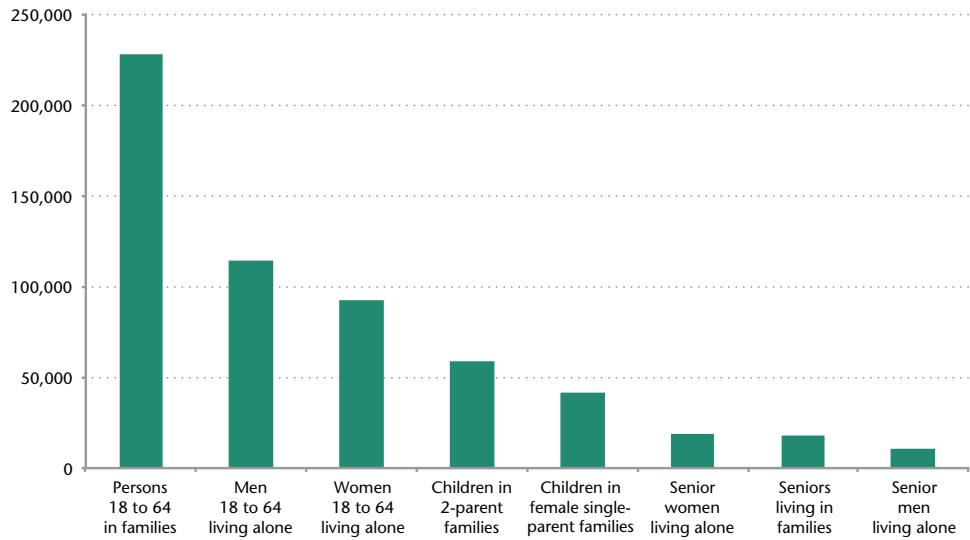
The makeup of the poor in BC can be further broken down by family type, as seen in Figure 5.

Figure 4: BC's poor by age (MBM), 2014.



Source: Statistics Canada, Income Statistics Division, CANSIM Table 206-0041.

Figure 5: BC's poor by family type (MBM), 2014.



Source: Statistics Canada, CANSIM Table 206-0041.

Table 3: BC poverty rates by family type, 2014.

	LIM	MBM
Overall rate	13.4%	13.2%
Children in 2-parent families	11.1%	9.0%
Children in female single-parent families	47.0%	49.0%
Persons 18 to 64 living in families	9.6%	9.6%
Men 18 to 64 living alone	26.3%	33.2%
Women 18 to 64 living alone	27.3%	38.4%
Seniors living in families	6.8%	3.2%
Senior men living alone	22.5%	15.3%
Senior women living alone	33.8%	15.6%

Source: Statistics Canada, CANSIM Table 206-0041.

The poverty rate in 2014 for children living in single mother-led households was a shockingly high 49 per cent.

To reduce the number of British Columbians living in poverty, a wide array of solutions are required. No single policy solution can address the circumstances faced by people living in all these household types. Recently, the BC government focused its policy efforts on improving supports for single-parent families receiving welfare (for example by introducing the Single Parent Employment Initiative). However, this narrow focus misses many people living below the poverty line such as those who do not have children. Moreover, more poor children live in two-parent families than in single-parent families, and their needs would also be unaddressed by such policies.

British Columbians living alone tend to have a much higher rate of poverty than those living with a spouse or other relatives. Single men and women younger than 65 make up the second- and third-largest groups of poor British Columbians, a combined 207,000 people. And while the overall poverty rate among seniors tends to be comparatively low, and seniors make up a relatively small share of the overall poor, the poverty rate among seniors living alone in 2014 was 15.5 per cent (compared with 3.2 per cent of seniors in families).

Although most children who are poor live in a household with two parents, the overall poverty rate among children living in two-parent households is relatively low at nine per cent. In contrast, the poverty rate for children living in single mother-led households is a shockingly high 49 per cent.

Poverty rates are also especially acute for certain demographic groups, particularly Indigenous people, people with disabilities, various racialized groups, and recent immigrants and refugees.

More recent demographic data are difficult to access. The only Statistics Canada source that collects information on both income and these demographic characteristics is the national census,

which is done once every five years, and in particular, the long-form census, which the Harper government cancelled for 2011.²¹ Consequently, there is a dearth of reliable data on the incomes of vulnerable groups such as racialized and Indigenous people since 2006 (a situation that should be rectified with the reintroduction of the long-form census in 2016, although poverty data will not become available until fall 2017).

The National Household Survey (NHS) may not provide an accurate measure of poverty in every demographic group due to non-response concerns, but it clearly demonstrates that certain groups of people are more likely to experience poverty than the general population:²²

- 17.1% for women versus 15.7% for men.
- 20.0% for immigrants versus 14.4% for non-immigrants.
- 41.8% for non-permanent residents.
- 22.0% for visible minorities versus 14.3% for non-visible minorities.
- 27.4% for Indigenous identity versus 15.9% for non-Indigenous identity.
- 32.8% for children living with only one parent present versus 12.4% for children with both parents present.

A further important gap in the data exists with respect to on-reserve First Nations people. Census/NHS coverage on reserve is lacking, and Statistics Canada does not apply poverty lines (the LIM or LICO or MBM) on reserve, as they argue that the collective provision of certain goods (such as housing) renders these poverty lines non-applicable. While the applicability of these measures on reserve may be questionable, there is no denying that poverty rates in many First Nations communities are very high. Based on custom data the CCPA requested from the 2011 National Household Survey (and using the LIM), the poverty rate for Indigenous children in Vancouver was 33 per cent, compared with 19 per cent for non-Indigenous children. These figures are even more striking outside urban centres, with 52 per cent of on-reserve Indigenous children living in poverty, compared with 18 per cent for non-Indigenous children.²³

Very little data is collected on queer and transgender poverty in BC, despite anecdotal evidence that these groups face a high level of poverty and marginalization. Advocates estimate that 30 per cent of homeless youth in BC identify as queer or transgender but we are not aware of any estimates of queer or transgender poverty rates. The Canadian census collects data on queer people in same-sex marriages and common-law partnerships but not on those who are single. The question about sex in the census provides only two options (male/female) leaving out those who do not identify with the sexual binary. These serious data gaps urgently need to be addressed.²⁴

21 The mandatory long-form census was replaced with the voluntary National Household Survey (NHS) for 2011, which had a much higher non-response rate and failed to capture as many people in the lowest- and highest-income groups. Consequently, much of the data in the NHS are considered unreliable, particularly data disaggregated by province, income group and other demographic characteristics.

22 Statistics Canada, 2011 National Household Survey, Statistics Canada catalogue no. 99-014-X2011043, <https://www12.statcan.gc.ca/nhs-enm/2011/dp-pd/dt-td/index-eng.cfm>. Note that the only low-income measure provided in the 2011 NHS is the LIM.

23 David Macdonald and Daniel Wilson, *Shameful Neglect: Indigenous Child Poverty in Canada* (Ottawa: Canadian Centre for Policy Alternatives, 2016), <https://www.policyalternatives.ca/publications/reports/shameful-neglect>.

24 BC Poverty Reduction Coalition, *Poverty is a Queer and Trans Issue Factsheet* (Vancouver: BC Poverty Reduction Coalition, 2013), http://bcpovertyreduction.ca/wp-content/uploads/2014/08/2013_prc-lgbqt-poverty-factsheet.pdf

Other Indicators of Poverty

BEYOND GENERAL POVERTY RATES, a number of other indicators speak to the extent of low income in our province and its associated hardships. In particular, food bank use and homelessness point to severe poverty in our society. Their rising prevalence—all the rates are trending in the wrong direction—tells us about both the deep inadequacy and inaccessibility of welfare benefits, and about how hard many people find it to make ends meet in the face of rising rents, electricity bills and food costs.

Food bank use

According to the annual *HungerCount* report produced by Food Banks Canada, an estimated 103,464 individuals turned to food banks across British Columbia in March of 2016, up 3.4 per cent from the previous year. A total of 32.5 per cent more people visited food banks in 2016 than before the recession hit in 2008 (a slightly higher increase than the national average of 28 per cent). Of those relying on food banks in BC, 32 per cent were children, and slightly more than 60 per cent were on some form of social assistance.²⁵ The fact that food bank use is trending up even while the poverty rate is trending down should serve as a warning that low-income measures may miss the reality of deepening hardship for many families.

Food insecurity

Food bank use is widely viewed as under-representing the level of food insecurity (meaning households reducing food consumption or failing to eat a balanced diet because of lack of money). A much higher percentage of Canadians and British Columbians report food insecurity in national surveys. For example, in the 2012 Statistics Canada *Canadian Community Health Survey*, 12.7 per cent of British Columbians reported food insecurity at some point in the year (up from 11 per cent

To demonstrate how extreme poverty is in BC, 32.5 per cent more people used food banks in 2016 than before the recession hit in 2008. This was higher than the national average of 28 per cent.

²⁵ Food Banks Canada, *HungerCount 2016* (Toronto: Food Banks Canada, 2016), <https://www.foodbankscanada.ca/Hunger-in-Canada/HungerCount-2015.aspx>.

in 2005). And notably, a majority of those who reported food insecurity (63 per cent) relied on employment income, not social assistance or other forms of income support.²⁶

Homelessness

Metro Vancouver's homeless count, which is conducted every three years, found 2,777 homeless people in 2014, though this number is widely regarded as an underestimate.²⁷ The count includes people in shelters (66 per cent) and unsheltered (34 per cent), and acknowledges that many more "hidden homeless" (those sleeping in cars or couch surfing or living in overcrowded housing) are likely not captured by the survey. Close to one-third of homeless people included in the count identified as Aboriginal (compared with just two per cent in the general population). Four hundred and ten of the homeless people counted were children and youth (15 per cent of the total).

Recent BC-wide homelessness data are harder to come by. However, a 2008 study by Simon Fraser University's Centre for Applied Research in Mental Health and Addiction estimated that 11,750 people in BC with severe addictions and/or mental illness were "absolutely homeless" and another 18,750 were at imminent risk of homelessness.²⁸ A recent report by *Megaphone* magazine found that at least 46 homeless people died in BC in 2014, and that homeless people are dying much younger than the general population.²⁹

Wait-lists for social housing

Slightly more than one-third of households in Metro Vancouver were renters in 2011. Of these, 15 per cent rented specifically within the social housing realm (housing that is publicly owned, run by non-profits or as a co-op).³⁰ But many more would like to move into social or co-op housing. The current wait-list for social housing in Metro Vancouver alone has roughly 10,000 applicants.³¹

26 This is despite a much higher prevalence of food insecurity among households that relied on social assistance. See Na Li et al., "The impacts of changes to social policies on household food insecurity in British Columbia, 2005–2012," in *Preventive Medicine* 93 (2016), 151–58. Note that more recent data exist for other provinces, but British Columbia chose not to participate in the optional food security module in the 2013-14 round of the Canadian Community Health Survey.

27 The count was done on the evening of March 11 and during the day of March 12, 2014. Greater Vancouver Regional Steering Committee on Homelessness, *Results of the 2014 Homeless Count in the Metro Vancouver Region*, (Vancouver: Greater Vancouver Regional Steering Committee on Homelessness, 2014), <http://stophomelessness.ca/wp-content/uploads/2014/07/Results-of-the-2014-Metro-Vancouver-Homeless-Count.pdf>.

28 Michelle Patterson et al., *Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia* (Vancouver: Centre for Applied Research in Mental Health and Addiction, 2008), <http://www.sfu.ca/content/dam/sfu/carmha/resources/hsami/Housing-SAMI-BC-FINAL-PD.pdf>.

29 Sean Condon, *Still Dying on the Streets: Homeless Deaths in British Columbia, 2006-2014*. (Vancouver: Megaphone, 2016), <http://www.megaphonemagazine.com/stilldying>. The report notes, "The median age of death for a homeless person in BC is between 40 and 49 years of age. This contrasts with the general population's average age of death of 76.4 years of age."

30 This is the latest available data. Metro Vancouver, *Housing Data Book* (Vancouver: Metro Vancouver, November 2015), http://www.metrovancouver.org/services/regional-planning/PlanningPublications/MV_Housing_Data_Book.pdf.

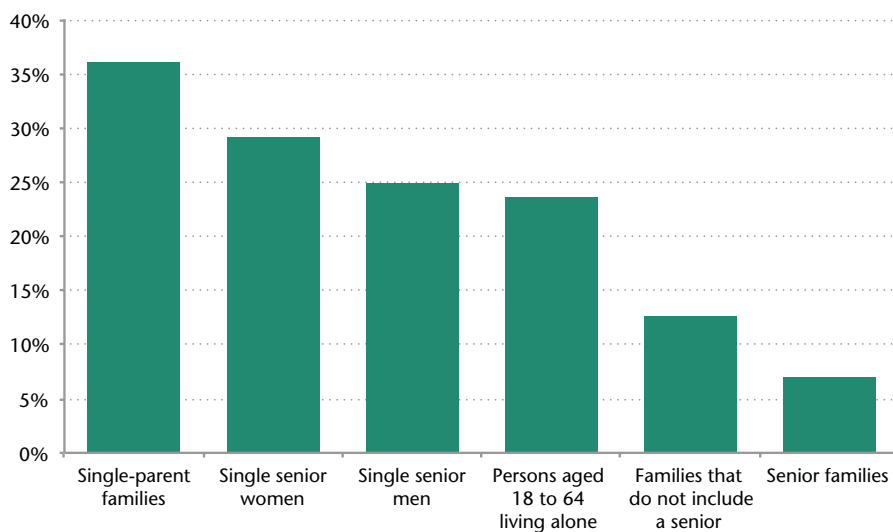
31 Received from BC Housing. This number represents the total number of applicants in the housing registry as of December 31, 2015, and includes families (3,228), singles (772), people with disabilities (2,111), wheelchair modified (403) and seniors (3,442).

Core housing need

The Canada Mortgage and Housing Corporation (CMHC) measures “core housing need,” which is defined as the share of the population living in housing that is overcrowded, needs major repairs or costs more than 30 per cent of pre-tax income. A total of 144,720 households in Metro Vancouver (or 17.7 per cent) were in core housing need in 2011, the highest of any Canadian city.³² The rate is much higher for renters (almost one in three) than for those who own their home (one in nine).

The share of households in “core housing need” for British Columbia as a whole was slightly lower than in Metro Vancouver (15.4 per cent, or 247,280 households).

Figure 6: BC households in core housing need, 2011.



Source: CMHC, *Characteristics of Households in Core Housing Need, British Columbia, 2011*.

Certain types of households experience a greater incidence of core housing need: single-parent families (36%), single senior women (29%) and single senior men (25%) have much higher rates of core housing need than other families. Indigenous households (23%) and recent immigrants (30%) are a lot more likely to be in core housing need than non-Indigenous households (15%) and non-immigrants (14%). Combining these factors, more than half of renters who are lone seniors or single-parent households are in core housing need, as are 40 per cent of renters who are Indigenous and 35 per cent of immigrant households that rent.

32 Canada Mortgage and Housing Corporation, *Households in Core Housing Need, Canada, Provinces, Territories and Metropolitan Areas, 1991–2011* (Ottawa, Canada Mortgage and Housing Corporation, 2014), https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data_013.cfm. The last year for which data are available is 2011, as these statistics are drawn from the 2011 National Household Survey. These data do not include First Nations reserves. Most households in core housing spend over 30 per cent of their income on housing.

A new data project, the Rental Housing Index (RHI, developed by the BC Non-Profit Housing Association), suggests the rental market crisis is even more severe.³³ The RHI also draws on the 2011 National Household Survey and has more comprehensive coverage of the rental market, including secondary suites. It estimates that 45 per cent of renter households (136,025) in Metro Vancouver spend more than 30 per cent of total income on rent plus utilities, and 24 per cent (73,540) spend more than half of total income on rent plus utilities. Arguably the affordability crisis has only worsened since 2011, given rising housing prices.

³³ The data are available at <http://rentalhousingindex.ca>.

Welfare rates, the minimum wage and the poverty line

Welfare rates

People on social assistance do not have an income just below the poverty line, but rather, thousands of dollars below the poverty line. Moreover, as welfare benefit rates have been frozen for years at a time, the real (after-inflation) value of a social assistance cheque has eroded. Basic welfare for a single person is only \$610 a month and has not increased since 2007.

People on social assistance do not have an income just below the poverty line, but rather, thousands of dollars below the poverty line. Basic welfare for a single person is only \$610 a month and has not increased since 2007.

WELFARE RATES: A REALITY CHECK

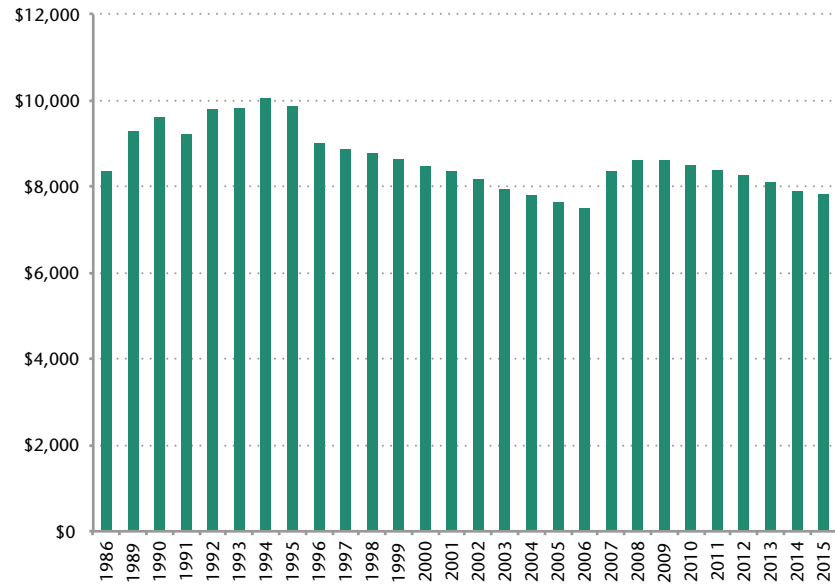
Social assistance benefits in BC are administered by the Ministry of Social Development and Social Innovation (MSDSI). *Basic income assistance* is available for those who are “expected to work” and those considered “Persons with Persistent Multiple Barriers” to employment yet who are nonetheless categorized as being on “temporary assistance.” *Disability assistance*, also known as PWD, is available for people with a disability and is understood to be long-term assistance.

The current basic income assistance benefit rate for a single person is \$610 a month, of which \$375 is designated for rent. These amounts have not changed since April 2007. But it has become virtually impossible to find rental housing at that price, leaving people with even less than \$235 a month to pay for all their other needs. For example, according to an annual survey of Downtown Eastside single room occupancy (SRO) hotels conducted by the Carnegie Community Action Project, between 2009 and 2015 the average lowest rents increased from \$398 to \$517 per month. Most privately owned and run hotels now charge more than \$425 a month for rent.³⁴ For a single parent with one child on basic assistance, the rate is \$946 a month. And for a single person on PWD, the rate ranges between \$931 and \$983 per month, as of September 2016.³⁵

34 See Jean Swanson et al., *Our Homes Can't Wait: Carnegie Community Action Project's 2015 Hotel Survey and Housing Report* (Vancouver: Carnegie Community Action Project, 2016), <https://ccapvancouver.files.wordpress.com/2008/11/2015hotelreport.pdf>.

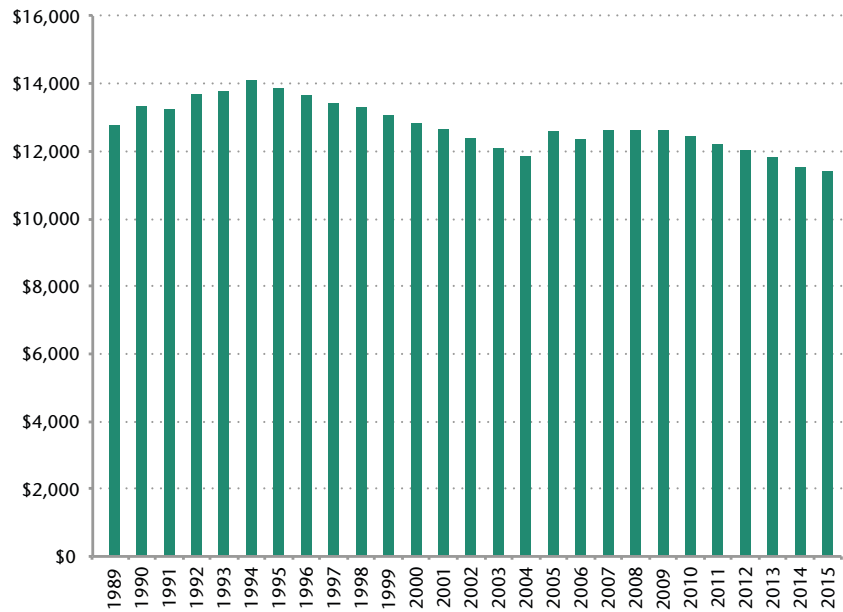
35 Income assistance and disability benefit rates for people who live on reserves in BC generally mirror the income assistance and disability benefit rates for recipients of benefits from the Ministry of Social Development and Social Innovation.

Figure 7: Annual welfare income for a single person in BC, in constant 2015 dollars, 1986–2015.



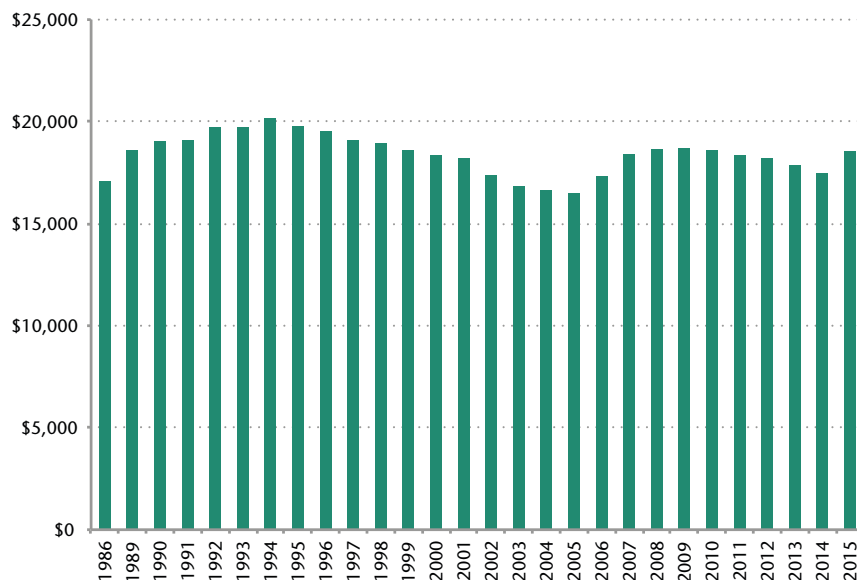
Source: Caledon Institute of Social Policy, *Welfare in Canada*, 2015.

Figure 8: Annual welfare income for a single person with a disability in BC, in constant 2015 dollars, 1986–2015.



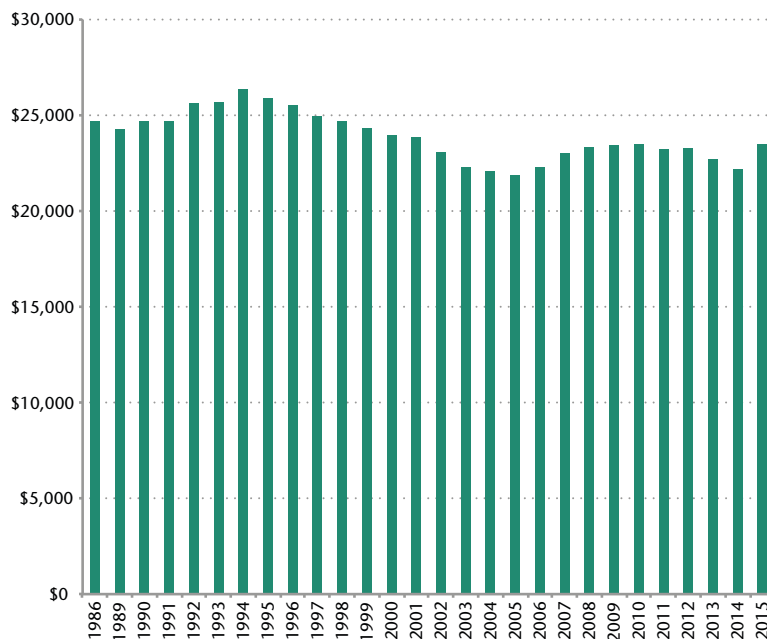
Source: Caledon Institute of Social Policy, *Welfare in Canada*, 2015.

Figure 9: Annual welfare income for a single parent with one child aged 2 in BC, in constant 2015 dollars, 1986–2015.



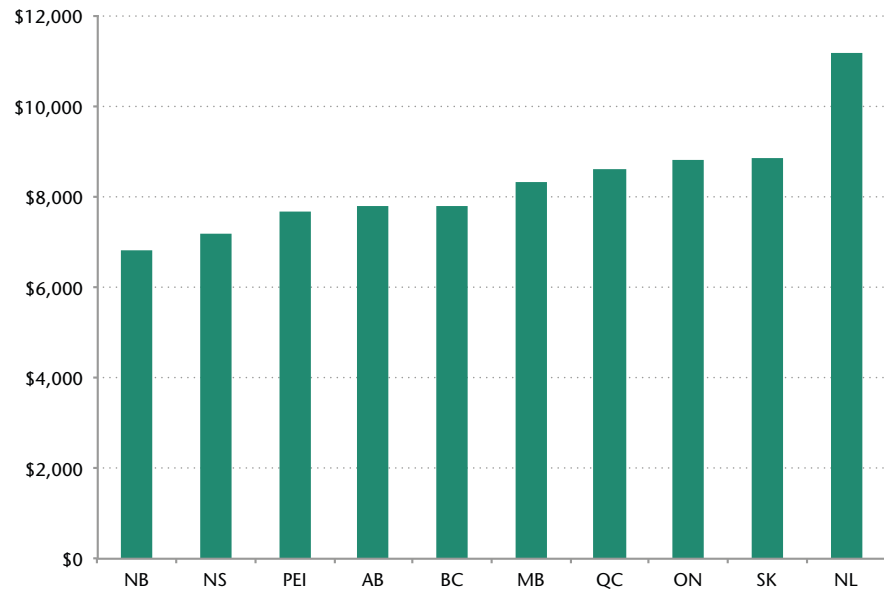
Source: Caledon Institute of Social Policy, *Welfare in Canada*, 2015.

Figure 10: Annual welfare income for a couple with two children aged 10 and 15 in BC, in constant 2015 dollars, 1986–2015.



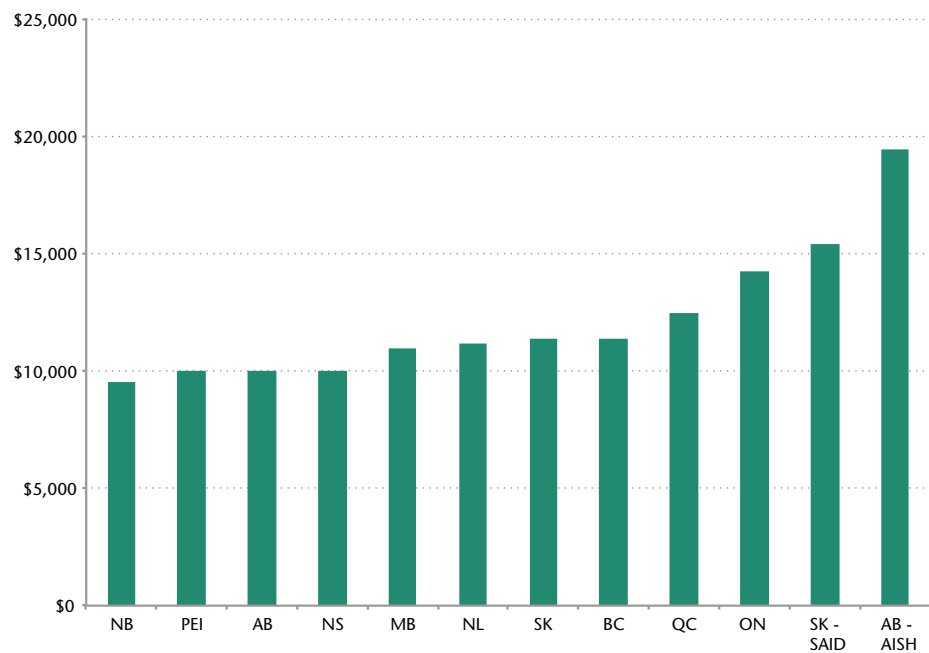
Source: Caledon Institute of Social Policy, *Welfare in Canada*, 2015.

Figure 11: Annual welfare income for a single person, by province, 2015.



Source: Caledon Institute of Social Policy, *Welfare in Canada*, 2015.

Figure 12: Annual welfare income for a person with a disability, by province, 2015.



Note: AB and SK have separate programs for people with disabilities that provide much higher benefits: the Assured Income for the Severely Handicapped (AISH) in AB and the Saskatchewan Assured Income for Disability (SAID).

Source: Caledon Institute of Social Policy, *Welfare in Canada*, 2015.

The Caledon Institute of Social Policy's annual *Welfare in Canada* report calculates in constant dollars the total income available to people on social assistance in each province, including income from applicable federal and provincial child and tax benefits such as the Canada Child Tax Benefit and the GST/HST credit.³⁶

As the Figures 7 to 10 show, for all four household types (a single person on basic income assistance, a single person on disability assistance, a single parent with one child on income assistance and a couple with two children on income assistance), the real value of a welfare cheque in BC peaked in 1994. A modest lift occurred in 2007–08, which was the last time social assistance rates went up, and real incomes have declined again since.

Notably, the real value of annual welfare income fell by more than \$2,000 between 1994 and 2015 for single persons with or without a disability. The drop for a family of four was close to \$3,000.

Compared with other provinces, BC's welfare rates are roughly in the middle of the pack for single people (see Figures 11 and 12), even though BC has among the highest cost of living in the country. Not captured by these charts is Ontario's recent increase of welfare benefit rates and BC's small increase in disability benefits (both in September 2016). A single person on basic assistance in Ontario now receives \$96 more per month than in BC and a single person on disability assistance in Ontario receives \$145 more per month.

Table 4 shows how welfare incomes in 2015 compare with the poverty line for Metro Vancouver. Significantly, depending on the type of household, welfare incomes were just above or just below half the poverty line. And, as discussed above, the real value of BC's frozen welfare incomes erodes with every passing year. The crucial point here is that people relying on social assistance are not merely in poverty—they are in *deep* poverty.

The real value of annual welfare income fell by more than \$2,000 between 1994 and 2015 for single parent families and single persons with and without a disability. The drop for a family of four was \$4,000 (adjusted for inflation).

Table 4: Comparison of 2015 BC welfare income to Market Basket Measure (MBM) for Vancouver

	Total welfare income	Estimated 2015 MBM (Vancouver)	Poverty gap	Welfare income as a % of MBM
Single employable person	\$7,816	\$19,763	– \$11,947	39.5%
Person with a disability	\$11,416	\$19,763	– \$8,347	57.8%
Single parent with one child	\$18,549	\$27,949	– \$9,400	66.4%
Couple with two children	\$23,468	\$39,526	– \$16,058	59.4%

Source: Caledon Institute of Social Policy, *Welfare in Canada*, 2015.

³⁶ The data for Figures 7 to 12 can be found in Anne Tweddle et al., *Canada Social Report: Welfare in Canada, 2015* (Toronto: Caledon Institute of Social Policy, 2016), <http://www.caledoninst.org/Publications/PDF/1109ENG%2Epdf>.

Minimum wage³⁷

A similar pattern exists with respect to the minimum wage: rates are frozen for years at a time, allowing their real value to be eroded by inflation, and the income earned even for full-time, full-year work fails to reach the poverty line.

BC's minimum wage was frozen at \$8 an hour for nearly a decade between November 2001 and April 2011. It was raised in three steps to \$10.25 an hour in May 2012, and was then frozen again for more than two years. In September 2015, the minimum wage was increased to \$10.45 an hour, and in September 2016, it rose to \$10.85 an hour (liquor servers and farmworkers are paid less).³⁸

A full-time minimum wage worker is therefore earning about \$3,500 a year less than the poverty line for a single person.

A single person working full-time year round (meaning 35 hours of paid work for 52 weeks) at BC's current minimum wage of \$10.85 an hour earns \$19,747 a year. By comparison, the LIM for market income (the most appropriate comparison given that the minimum wage earner will have to pay tax) is approximately \$23,300 in 2016.³⁹ A full-time minimum wage worker is therefore earning about \$3,500 a year less than the poverty line for a single person. Even if we assume a minimum wage worker is being paid for 40 hours per week (which is generally not the case), the total annual income only comes to \$22,568, which is still about \$750 below the LIM for market income.

Few British Columbians earn exactly the minimum wage, but a much larger group of workers earns a few dollars above the minimum. Nearly half a million British Columbians—a quarter of paid employees in the province—work for \$15 per hour or less. Most are supporting a household (58 per cent) and have a full-time job (59 per cent).⁴⁰ Women are more likely to be earning low wages than men: 58 per cent of low-wage workers are women. And while it is true that, for youth, low-wage jobs are a stepping stone to higher-paying careers, most low-wage workers over the age of 25 risk getting stuck in low-wage jobs with little opportunity to earn more. Slightly more than half of BC's low-wage workers are adults aged 25 to 64 (53 per cent) and a staggering 45 per cent of them have been in the same job for more than three years.

Living wage for families

Of course, if minimum wage workers are supporting a family and children on their income, they are then living much further below the poverty line. This is why the CCPA developed a methodology to calculate the living wage for families in 2008.⁴¹ The goal was to determine what a family of four (two parents, both working full-time, and two young children) needs to earn to:

- escape severe financial stress;
- ensure healthy childhood development and after; and

37 For more on the minimum wage in BC, its connection to poverty and the workers who earn minimum wage, see David Green, *The Case for Increasing the Minimum Wage* (Vancouver: Canadian Centre for Policy Alternatives, 2015), <https://www.policyalternatives.ca/publications/reports/case-increasing-minimum-wage>.

38 Liquor servers are paid a minimum wage of \$9.60 an hour, and farmworkers are often paid on a piece-rate basis, which frequently works out to an hourly rate below the minimum wage.

39 Assuming 3 per cent growth per year over the LIM for market income of \$21,959 in 2014.

40 Statistics in this paragraph are calculations by Iglia Ivanova based upon Statistics Canada's Labour Force Survey public use micro data files for 2015.

41 For more on the living wage methodology, see Tim Richards et al., *Working for a Living Wage 2008: Making Paid Work Meet Basic Family Needs in Vancouver and Victoria* (Vancouver: Canadian Centre for Policy Alternatives, First Call and the Community Social Planning Council of Greater Victoria, 2008), <https://www.policyalternatives.ca/livingwage2008>.

- participate in the social, civic and cultural life of their communities.

The living wage is nonetheless a conservative measure. It calculates the hourly pay rate needed for the family to meet a bare-bones budget with virtually no financial wiggle room. It incorporates what the family pays in various taxes, and also what it receives in federal and provincial benefits. And it is a unique calculation for each community, based on the actual cost of items such as housing, child care and food in that community.

The map shows recent living wage calculations from across BC.



In Metro Vancouver, with a \$20.64-an-hour living wage, each parent working full-time would earn \$37,565 annually for a total annual family income of \$75,130. This figure represents an important reality check on what it actually costs to live and raise children in BC's Lower Mainland. BC's statutory minimum wage of \$10.85 an hour falls far short of a living wage anywhere in the province, and low wages are the reason so many people have to work two (or three) jobs to make ends meet.

Core costs of living relative to income and inflation

THE RISING COST OF LIVING AFFECTS ALL BRITISH COLUMBIANS. But those living in poverty experience a more acute strain on their household budgets. We examine below some examples of basic necessities that have seen price increases greatly outpacing the rate of inflation across BC, and in Vancouver specifically.

Housing

The tight rental market is pushing up monthly rents to the extent that the cost of a rental apartment rose at double the rate of inflation between 2005 and 2015.

As is widely known, housing costs in BC (particularly in the Lower Mainland) rank among the highest in Canada. Rising sale prices for housing (which far surpass the rate of inflation or income growth) are keeping tenants in rental housing longer and pushing down vacancy rates for rental units.⁴² The tight rental market is pushing up monthly rents. The cost of a rental apartment rose at double the rate of inflation between 2005 and 2015. For example, the median cost of a bachelor apartment in Vancouver went from \$680 in 2005 to \$922 in 2015, an increase of 36 per cent. Over this same period, the rate of inflation in Vancouver (measured by the CPI) was 15 per cent.⁴³ The increases in median rent for one- and two-bedroom apartments in Metro Vancouver have been similarly high (33 per cent and 39 per cent respectively). Although rental costs are lower outside Metro Vancouver, rent increases across BC have been strikingly similar. The median rental costs in BC have risen between 29 per cent and 36 per cent, depending on the unit size, compared with a provincial inflation rate of 13 per cent over the decade.

Moreover, a core problem with BC's Residential Tenancy Act is that provincial rent controls are tied to the tenant, not to the unit. Provincial legislation prevents landlords from raising the rent on occupied units more than two percentage points per year above the rate of inflation (which means that rents can escalate faster than many people's incomes). However, the rent on vacated units can be increased without constraint, which creates an incentive for landlords to change tenants more often.

⁴² Lee, *Getting Serious About Affordable Housing: Towards a Plan for Metro Vancouver*.

⁴³ The rental data are from Canada Mortgage and Housing Corporation, Rental Market Survey, 2015, <https://www03.cmhc-schl.gc.ca/hmiportal/en/#TableMapChart/59/2/British%20Columbia>. Inflation data for BC are from Statistics Canada, CANSIM Table 326-0021, Consumer Price Index, annual.

Child care

As with housing, increases in child care fees (another core expense for young families) have steadily outstripped the overall inflation rate. The CCPA's living wage for families calculation reveals that child care fees are the second-largest expense after housing for a family with young children in Metro Vancouver. Fees across BC are similarly high, and in some BC communities, child care costs are as high as rent.

According to the BC government's Annual Child Care Provider Profile survey, the median monthly child care fees in BC in 2015 ranged from \$755 for preschool children to \$1,000 for infants. The median fee for an infant space increased 33 per cent between 2006 and 2015, an amount nearly triple the rate of inflation over that period (11 per cent).⁴⁴ For preschoolers and toddlers, the median fee increased even faster: by 37 per cent and 40 per cent respectively, over the same period.

In contrast, child care subsidies for children younger than five have been frozen since 2005, leaving low-income families with high out-of-pocket costs even when they qualify for the maximum subsidy amount.

Increases in child care fees (another core expense for young families) have steadily outstripped the overall inflation rate.

Table 5: Median child care fees in BC for full-time centre-based care, by year.

	Infants	Toddlers	Preschoolers
2006	\$750	\$680	\$550
2012	\$950	\$890	\$700
2014	\$995	\$925	\$750
2015	\$1000	\$953	\$755

Source: Annual Child Care Provider Profile survey, Government of BC (data provided by request).

Energy and electricity

"Energy poverty" is becoming a growing concern for British Columbians living below the poverty line. Because the overall cost of living is comparatively high in British Columbia, lower-income households have less room in their budget for energy costs, and are consequently more sensitive to rising energy and electricity bills (particularly when such increases far outstrip inflation and income growth).

For many years, BC Hydro rates were fairly stable. No longer. Between 2008 and 2014, BC Hydro rates increased by 46.5 per cent, or 35.5 per cent after inflation. However, average after-tax income in British Columbia grew by only 3.6 per cent over the same period, and even less for those at the lower end of the income spectrum.⁴⁵ Hydro rates have continued to rise well beyond inflation in 2015 and 2016, with large after-inflation rate increases forecast into the future.

44 The increase in the Consumer Price Index (CPI) is calculated from Statistics Canada, CANSIM Table 326-0021.

45 Statistics Canada, CANSIM Table 206-0031.

“Energy poverty” is becoming a growing concern for British Columbians living below the poverty line. And between 2005 and 2015, food prices in BC rose by 29 per cent—more than twice the rate of inflation.

Escalating electricity and energy costs are exacerbating the problem of energy poverty. As Marc Lee et al. explain in a CCPA Climate Justice Project report, energy poverty is understood as “a situation where a household’s quality of life is compromised by the high cost of energy needed for heating, hot water, lighting and appliances.”⁴⁶ The most common definition of energy poverty is when a household spends more than 10 per cent of its after-tax income on home energy and electricity. On this basis, Lee and his co-authors write:

A report for the Ministry of Energy, Mines and Resources estimated that around 292,000 BC households (18% of total households) were living in energy poverty in 2005.⁴⁷ An update of energy poverty by the University of Victoria’s Environmental Law Centre for 2007 estimated between 297,000 (17%) and 349,000 (20%) households living in energy poverty.⁴⁸ Thus, the extent of energy poverty in BC is significant.

Of particular concern is that, as the province moves to take more action on climate change, households will need to shift from natural gas heating to electricity. As a result, electricity will constitute a growing share of household energy consumption over time. If electricity costs are not made more progressive by instituting offsetting policy measures for lower-income households, energy poverty will only worsen.

Food costs

Food costs have also significantly grown over the past decade. Statistics Canada calculates a consumer price index for food separately from the general consumer price index, and it shows that food prices in BC rose by 29 per cent between 2005 and 2015, a rate that is more than twice as high as general inflation (13 per cent).⁴⁹ The prices of foods purchased from stores are increasing faster than the prices of restaurant meals (31 per cent compared with 24 per cent). Food is a significant part of low-income family budgets, which means that growing food prices hit these families much harder than other British Columbians.

46 See Marc Lee et al., *Fighting Energy Poverty in the Transition to Zero-Emission Housing: A Framework for BC* (Vancouver: Canadian Centre for Policy Alternatives, 2011), <https://www.policyalternatives.ca/energy-poverty>. Their work also drew on Liz Kelly, *Affordable Energy, Diversifying DSM Programs in BC: A Discussion Paper* (Vancouver: EAGA Canada on behalf of the Ministry of Energy, Mines and Petroleum, BC, 2007).

47 Kelly, *Affordable Energy*.

48 Maine McEachern and Jill Vivian, *Conserving the Planet Without Hurting Low-Income Families: Options for Fair Energy-Efficient Programs for Low-Income Households* (Victoria: University of Victoria Environmental Law Centre in support of the Climate Justice Project, 2010). <http://www.elc.uvic.ca/press/documents/Conserving-planet-without-hurting-low-income-families-April2010-FINAL.pdf>

49 Statistics Canada, CANSIM Table 326-0021.

Conclusion

THERE IS AMPLE EVIDENCE that thousands of British Columbians struggle in poverty, and the homelessness, housing insecurity, hunger and food insecurity associated with it. And the struggles of lower-income people will only worsen with escalating costs for housing, child care, food and electricity—unless bold policy interventions are forthcoming.

Poverty is not limited to those receiving social assistance, though these households experience particularly deep levels of poverty. A number of British Columbians who rely on Old Age Security and other forms of government income support are also poor, as are thousands of British Columbians labouring in the low-wage workforce and their children.

Often in the face of poverty, British Columbians give to food banks and shelters. The impulse to respond through charity is admirable and speaks to common values of generosity and caring for one another. But ultimately, poverty cannot be solved by charitable services because they address only the consequences and not the root causes. Rather, solving poverty is a collective responsibility that we must accomplish through our governments and public programs, and through employers paying living wages. With respect to health care and education, we understand that problems and solutions don't rest on individuals acting alone; we need to achieve a healthy and educated population through good public services. Ending poverty is no different.

It is crucial that British Columbia adopt a bold and comprehensive poverty reduction plan. To date, the provincial government has stubbornly resisted this call. The BC Poverty Reduction Coalition has called for such a plan since 2008, and its open letter has been signed by more than 400 organizations. The Union of BC Municipalities has also advocated for such a plan, pointing out that the BC government's "community poverty reduction plans" have been of little or no benefit. And, for the last four years the BC Legislature's finance committee has similarly recommended provincial investment in a comprehensive poverty reduction plan.

The people of BC want and deserve such a plan, with ambitious and legislated targets and timelines, and strong accountability measures such that progress can be transparent and monitored. It's time.

Poverty cannot be solved by charity because it only addresses the consequences and not the root causes.

A POVERTY REDUCTION PLAN FOR BRITISH COLUMBIA

British Columbia remains the only province in Canada without a formal plan to reduce poverty. A comprehensive strategy must focus on the following seven overarching policy areas:

1. Improve the adequacy and accessibility of welfare.

Welfare and disability benefits are far too low at \$610 for a single person and between \$931 and \$983 per month for a person with a disability (with and without a bus pass respectively). And the eligibility rules and procedures make income assistance far too inaccessible for many.

Significantly increase welfare and disability rates, and index them to inflation.

2. Increase wages and protect the rights of vulnerable workers.

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.

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

3. Invest in affordable housing.

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

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.

4. Create a public child care system.

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.

Adopt the \$10 a day child care plan, 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.

5. Promote population health.

Poverty is a fundamental determinant of health, and the health care costs of poverty add up to \$1.2 billion per year.

Expand essential health services in the public system, such as dental and optical care and community mental health services, and enhance community health care for seniors and people with disabilities.

6. Support training and education.

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

Adequately fund public schools, and make post-secondary education and apprenticeship training more accessible. Allow welfare recipients to pursue post-secondary education, and make adult basic education and English-language education free.

7. Focus on the most marginalized.

Indigenous people, people with disabilities and mental illness, recent immigrants and refugees, 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.

The people of BC want and deserve such a plan, with ambitious and legislated targets and timelines, and strong accountability measures such that progress can be transparent and monitored. It's time.

APPENDIX: ADDITIONAL TABLES AND FIGURES

LICO after-tax income thresholds, by population size and family size, 2014 (1992 base)

Family size	Rural areas	Population under 30,000	Population 30,000 to 99,999	Population 100,000 to 499,999	Population 500,000 and over
1 person	\$13,188	\$15,093	\$16,836	\$17,050	\$20,160
2 persons	\$16,051	\$18,370	\$20,493	\$20,750	\$24,536
3 persons	\$19,987	\$22,873	\$25,517	\$25,839	\$30,553
4 persons	\$24,934	\$28,537	\$31,835	\$32,236	\$38,117
5 persons	\$28,394	\$32,495	\$36,251	\$36,707	\$43,404
6 persons	\$31,489	\$36,038	\$40,204	\$40,709	\$48,136
7 persons or more	\$34,585	\$39,581	\$44,155	\$44,711	\$52,869

Source: Statistics Canada, Income Statistics Division, CANSIM Table 206-0094.

LIM after-tax income thresholds, by family size, 2014

1 person	\$21,773
2 persons	\$30,792
3 persons	\$37,712
4 persons	\$43,546
5 persons	\$48,686
6 persons	\$53,333
7 persons	\$57,606

Source: Statistics Canada, Income Statistics Division, CANSIM Table 206-0091.

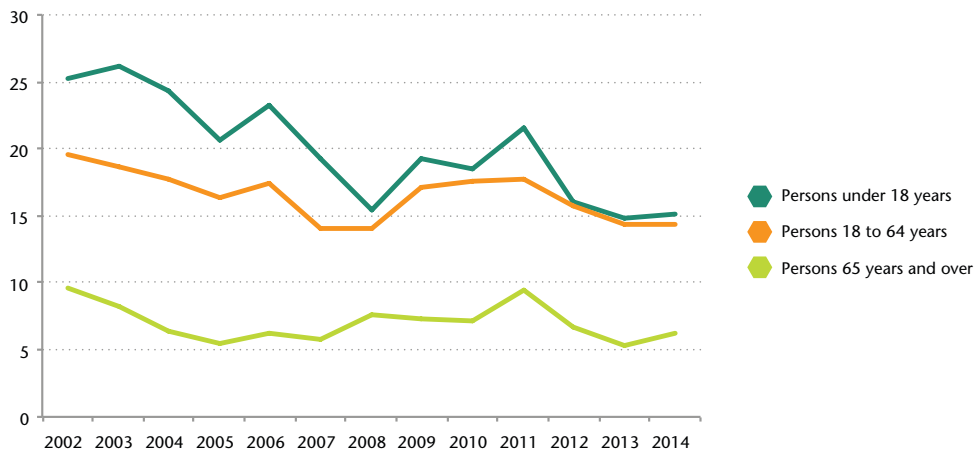
MBM income thresholds, by region and family size, 2014				
	Family of 1	Family of 2	Family of 3	Family of 4
British Columbia, rural	\$18,024	\$25,489	\$31,218	\$36,047
British Columbia, population under 30,000	\$18,031	\$25,500	\$31,231	\$36,062
British Columbia, population 30,000 to 99,999	\$16,921	\$23,929	\$29,307	\$33,841
British Columbia, population 100,000 to 499,999	\$19,034	\$26,917	\$32,967	\$38,067
Vancouver, British Columbia	\$19,536	\$27,628	\$33,837	\$39,072

Source: Statistics Canada, Income Statistics Division, CANSIM Table 206-0093.

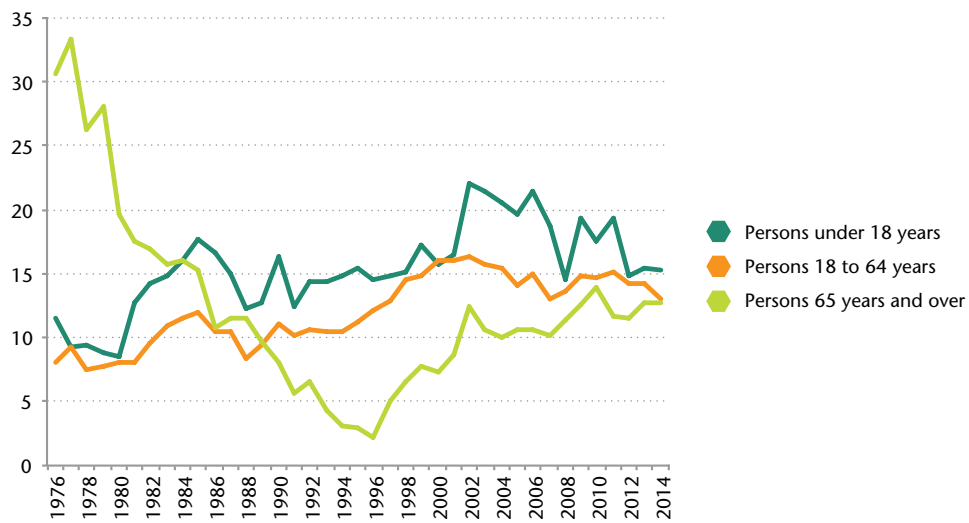
The longer-term trends shown with the LIM measure are notable, as they point to an important social policy success story. The dramatic decline in seniors' poverty until the mid-1990s speaks to the effectiveness of public programs such as Old Age Security and the Guaranteed Income Supplement. However, that trend has reversed in more recent years, which tells us that we should not be complacent with respect to seniors' economic security.

The LIM stats for children tell a somewhat different story. Child poverty rates spiked up in the early 2000s, and we are really only now returning to the rates seen for much of the 1990s. Importantly, BC's child poverty rate still remains well above rates in the 1970s and '80s. The MBM child poverty rates show some improvement, but only because 2002 (the year the MBM was introduced) was a high point for child poverty.

Poverty rates by age group in BC, 2002 to 2014 (MBM).



Poverty rates by age group in BC, 1976 to 2014 (LIM).





CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office

The Canadian Centre for Policy Alternatives is an independent, non-partisan research institute concerned with issues of social, economic and environmental justice. Founded in 1980, it is one of Canada's leading progressive voices in public policy debates.

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United Way
Lower Mainland

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

www.uwlm.ca



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

www.bcpovertyreduction.ca



living wage
employer