

Questions and Answers About the Call for a BC Poverty Reduction Plan

Q: Are the proposed targets really achievable/realistic?

A: Yes. They are bold, but they are achievable. What we are calling for is actually a one percentage point decrease in the poverty rate each year (from 13% to 9% in 4 years, and to 3% in 10 years). Surely, we can do that if we set our minds to it. But the key is to have *legislated* targets and timelines and an accountable plan, where a Minister must report annually on progress, and extra measures can be taken to stay on target if necessary.

The policies needed to achieve these targets are not a mystery. It just requires focus and determination. It takes all elements of society, but we need the provincial government to lead.

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

Q: But is the Low-Income Cut Off (the LICO) really the best measure to use? Isn't that a relative measure that never really improves?

A: Statistics Canada's LICO is a good measure, and a widely used poverty line. (It is not a purely relative measure, but a hybrid absolute and relative measure. If incomes improve, and the cost of basic needs does not go up equivalently, then poverty rates will decline). The Market Basket Measure produced by the federal government is another a good measure, and a poverty line based solely on the actual costs of goods and services in a given community. That would be fine too. The point is to pick a credible measure that is produced each year, so that progress can be tracked. And then to legislate targets and timelines based on that measure.

Q: Won't people flood to BC if we have a plan like this?

A: Unlikely. The sad truth is that BC is a laggard in Canada right now. We have the highest poverty rates in Canada. Five other provinces either have such a plan, or have them in development. So we're the ones who need to catch up.

Ultimately, we need a federal and nationally-coordinated strategy. But BC needs to take the first step, and ideally would lead such a national effort.

Q: Doesn't this call ignore the good work and progress the provincial government is already achieving?

A: The government has undertaken some good initiatives in the last couple years – buying up some of the Single-Room Occupancy hotels; modestly raising welfare rates in 2007; establishing homelessness outreach teams in some cities; the rental assistance program.

But these all tend to be isolated efforts. We do not have a comprehensive and coordinated plan with accountable targets and timelines, and without that, real sustained progress remains elusive. Poverty remains stubbornly high, and homelessness increases. That's why we need a plan.

We're now seeing some activity with respect to housing, but nothing like it used to be (we used to build 2,000 new units *per year*, back when we didn't have the homelessness crisis we have now, and we're a long way from that today).

The Premier himself makes the case very strongly when he speaks of the need to have legislated targets and timelines with respect to meeting our ***climate action goals***. He says that's when you know that a government is serious about something. So why not have legislated targets to dramatically reduce poverty and homelessness?

Q: Why the focus on the provincial government, rather than the private sector, community, society at large or other levels of government?

A: All levels of government and all sectors of society need to be part of the solution, and all have a role to play. But it makes sense for the province to lead. The province has the resources. The province determines minimum wages, and welfare rates and policies. The province is the main funder of front-line community service agencies. The province should be the main builder of social housing. Most of the key policy areas needed to reduce poverty and homelessness come under provincial jurisdiction. And, with a provincial election before us, now is the time to call upon the province to lead a society-wide effort.

Q: Can we really afford this, particularly in the current economic crisis?

A: Yes. The province now recognizes that it needs to run a deficit for a few years. That's good. And at a time when all governments are talking about economic stimulus packages, a poverty reduction plan such as this is exactly the kind of wise stimulus package we need – it concentrates services and money among those who are most vulnerable, who will feel the brunt of the downturn, and who don't have the luxury of saving – they spend all they have in our local communities.

As for affordability, consider this: The total amount of money needed to take everyone in British Columbia who is below the poverty line, and raise their income to the poverty line, is about \$2.4 billion. That's a lot of money. But it is about 6% of the provincial budget, or about 1.3% of annual provincial GDP. So, we can afford to do this. Surely, in a province with an annual GDP of nearly \$200 billion, we can close a poverty gap of \$2.4 billion.

And a large majority of British Columbians (77%) agree that, in an economic downturn, it is even more important that we concentrate our efforts in this way. And remember, we all pay for poverty:

- Study after study has linked poverty with poorer health, more young people in trouble with the law, higher rates of incarceration and higher justice system costs
- Since 2001, the Dietitians of Canada, BC Region have calculated the basic budget needed to eat a healthy and nutritious diet, and each year they find that welfare incomes are well below what is needed to meet basic food costs. The implications of this for the long-term provincial health care budget are obvious.
- We know that poverty among children in particular has tremendous costs over the long run because it affects children's cognitive development and future life chances. Children who live in poor families are at a higher risk of getting involved in crime, dropping out of school, and relying on more income supports and social services over their lifetime.
- Homelessness is particularly costly, both to society at large and to the public treasury. As a recent study from SFU's Centre for Applied Research in Mental Health and Addictions found, the cost of servicing the homeless is greater than the cost of housing them. The study found that BC has 11,750 people with severe addictions and/or mental illness who are "absolutely homeless," and that this group costs the public treasury \$644 million (or \$55,000 per person) in healthcare, correctional and social services.
- A recent study published by the Ontario Association of Food Banks calculated the cost of poverty on Ontario to the public treasury to be between \$10.4 and \$13.1 billion, and between \$32.2 and \$38.3 billion for society at large (or about 6 per cent of Ontario's GDP).

So, without question, there is a false economy in failing to implement a bold poverty reduction plan. It makes much more sense to address poverty directly today, than to wait for its longer-term effects to surface and pay later.

Q: Why does BC have the highest poverty rate?

A: The reasons are complex. We are the richest province in Canada, and have had many years of strong economic growth, but the gains of that growth have not been well shared, and this is an expensive place to live. And even though we've had low unemployment, there are features of the BC economy and policy decisions that have meant that this low unemployment has not translated into real gains at the low end of the labour market.

Structurally, BC has a very small manufacturing sector relative to jurisdictions like Ontario and Quebec. Manufacturing jobs tend to pay better. Whereas we have a large service sector, where pay tends to be less.

It is helpful to think about both the *depth* of poverty and the *breadth* of poverty. Deep poverty in BC is mainly a story about welfare – both inadequate benefits and inaccessibility. Policy changes in BC have made welfare harder to access, and we've seen cuts in benefits. So, for example, prior to 2002, single mothers used to be able to combine welfare and other sources of income in such a manner that, over the course of a year, they could get their incomes just above the poverty line. Since 2002, they can't do that (and so, we saw a large jump in single mother poverty in BC between 2000 and 2004).

The breadth of poverty, on the other hand, is mainly a low wage story. Most poor people work in the paid labour market, but their earnings are too low to get out of poverty. And again, policy choices have aggravated this: the contracting out of work (such as hospital support jobs), and roll-back to employment standards, all combine to undermine earnings of low wage workers.