



British Columbia
Poverty Reduction Strategy

Submission
by
The Canadian Union of Public Employees
British Columbia Division

Paul Faoro, President

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The Canadian Union of Public Employees British Columbia (CUPE BC) appreciates the opportunity to submit its views on the provincial poverty reduction strategy.

CUPE BC represents more than 87,000 workers in British Columbia employed in municipalities, school boards, colleges, universities, and community organizations. Our members also provide transit, early childhood education, community social services and library services, and we represent many workers in private sector organizations. Our 87,000 members deliver public services across a wide range of sectors. Many of our members work every day with people living in poverty and, as a result, are activists for human rights and poverty reduction. Despite being unionized and working in the broader public service, some of our own members are also among the working poor and those facing precarious employment.

For sixteen years British Columbians have lived under a government that actively ignored poverty and its effects on the province and its people while at the same time introducing policies and programs that exacerbated the causes and effects of poverty. It is time for that to change; it's time to work not just at ameliorating the effects of poverty through subsidies and programs but to look at the root causes of poverty, income and wealth inequality and make significant steps towards creating a province that is fair and just for everyone. We thank the Provincial Government for its commitment to implement a poverty reduction strategy.

In addition to the content contained in this submission, CUPE BC recognizes the significant research and advocacy work of the BC Poverty Reduction Coalition (PRC) and supports the recommendations contained in their submission to the task force.

The PRC submission can be found at: http://bcpovertyreduction.ca/wp-content/uploads/2018/03/BCPRC_SubmissionPRConsultation_Mar15_2018.pdf.

A job should be a path out of poverty, not a never-ending maze of low-paid, precarious, contract or “gig” jobs. Even in the unionized work environments of the broader public sector the constant erosion of work being contracted out to the private sector has meant that more and more people working in direct public services are facing low wages and precarious employment.

Research estimates that poverty is costing our province between \$8.1 and \$9.2 billion a year.¹ Increasing the minimum wage is an important part of a comprehensive poverty reduction strategy for our province, and we are pleased to see the government's commitment to an increased minimum wage.

Inequality has detrimental impacts on society – in unequal societies people are less happy, less engaged, and less healthy. Inequality hurts the social mobility of workers, making it more difficult for people to improve their lives and the lives of their children. Higher crime rates are also associated with more unequal societies.

Canada's wealth inequality is astounding. In 2012 the richest 20% held almost 70% of the wealth in Canada, while the bottom 20% held less than 1% and the bottom 50% of the population held less than 6%. In 2012, BC had the highest concentration of wealth at the top out of any province in Canada – with the wealthiest 10% of the population holding 56% of the

¹ Ivanova, Iglia (2011) *The Cost of Poverty in BC*. Canadian Centre for Policy Alternatives. https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2011/07/CCPA_BC_cost_of_poverty_full_report.pdf

wealth.² Increasing the minimum wage is an important step towards reducing poverty in our province.

Recommendation #1: The government should continue the process of raising the minimum wage to \$15 per hour and end all exclusions—including the “server” wage.

Statistics Canada data shows that BC continues to have the second highest poverty rate in Canada for working age people (18-64 years) at 13.5%.³ Our minimum wage of \$11.35 per hour is one of the most significant factors driving working poverty.

Working for low wages means that the adults in the family are working long hours just to pay for basic necessities, often at two or three jobs. These workers have little time to spend with their families or participate in the community. In 2016, 12% of the people who accessed the food bank in BC were people with jobs, the working poor.⁴

Approximately 1 in 4 workers in BC, 421,400 people, earn less than \$15 an hour, and they are predominantly women and racialized making this an issue of gender and racial justice:

- 62% of minimum wage earners are women and 59% of workers earning less than \$15/hour are women;
- In relation to precarious employment, women are 40% more likely than men to work multiple part-time jobs;
- New immigrants, racialized people, and indigenous people are over-represented in low-wage work and face a significant income gap.

In contrast to the view that low wage workers are teenagers still living at home working part-time just to earn some extra money, the reality is that many of them are adults of prime working age trying to support families. Of workers earning less than \$15/hour:

- 78% are 20 or older;
- Two thirds do not live at home with their parents and 76% are not students;
- Over half work full-time and over a third have worked in the same job for more than 2 years so these are long-term positions;
- 56% are the head of their household;
- 47% have children under 24 and 11% are single parent families;
- 14% or 69,600 of these workers are over 55.⁵

An increase of the minimum wage to \$15/hour not only lifts fulltime workers above the poverty line, it benefits the government and local businesses in terms of increased tax and consumption revenue.

² Broadbent Institute (2014). Have and Have Nots: Deep and persistent wealth inequality in Canada. https://d3n8a8pro7vhm.cloudfront.net/broadbent/pages/32/attachments/original/1430002827/Haves_and_Have_Nots.pdf?1430002827

³ Table 206-0041: Low income statistics by age, sex and economic family type, Canada, provinces and selected census metropolitan areas (CMAs), <http://www.statcan.gc.ca/daily-quotidien/180313/dq180313a-eng.htm?CMP=mstatcan>.

⁴ Pegg, Shawn and Diana Stapleton. 2017. Hunger Count 2016. Food Banks Canada

⁵ <https://www.policyalternatives.ca/publications/reports/charting-path-15hour-all-workers—and-road-beyond>

Recommendation #2: The provincial government should require that all provincially funded sectors and contractors to the provincial government pay their employees a living wage.

Paying a living wage is the fastest way to lift people out of poverty and to reduce the number of people living one pay cheque away from homelessness.

According to the 2016 Canadian Centre for Policy Alternatives' Working for a Living Wage Update, "A growing body of evidence tells us that growing up in an engaged, supportive environment is a powerful lifelong determinant of a person's health and general well-being. Children from low-income families are less likely to do well at school, have lower literacy levels and are more likely as adults to suffer from job insecurity, underemployment and poor health."⁶

According to the National Longitudinal Survey of Children and Youth, 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.⁷ 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 in school.

Other research has shown that paying living wages has concrete benefits for employers, including: reduced absenteeism and staff turnover; increased skill, morale and productivity levels; reduced recruitment and training costs; and improved customer satisfaction. It is also good for a company's reputation. For example, a study on living wage employers in London (UK) found that turnover rates were cut by 25 per cent on average after organizations implemented a living wage policy.⁸

This will have significant and meaningful impacts among those working in home care, seniors care, early childhood education, community social services and many other provincially funded sectors.

Providing a living wage is part of the process to reduce poverty. Another key part of the solution is the provision of stable and secure employment.

Another contributing factor to B.C.'s high rates of inequality is the province's Labour Code, which in 2003 was changed dramatically by the former government to make it harder for workers to join a union. CUPE BC has submitted a number of detailed recommendations to the Labour Code Review Panel, and a copy of that submission is attached.

Recommendation #3: Demand that all provincially funded sectors and contractors to the provincial government provide employment that is predictable, secure and stable removing precarious work factors including but not limited to split shifts, unpaid on call, gig work, involuntary part-time and piece work.

⁶ Ivanova, Iglia and Klein, Seth. 2016. Working for a Living Wage 2016 Update.

⁷ Ross, David and Paul Roberts. 1999. Income and Child Well-Being: A New Perspective on the Poverty Debate. Ottawa: Canadian Council of Social Development.

⁸ Wills, Jane and Brian Linneker. 2012. The Costs and Benefits of the London Living Wage. September. London: University of London and Trust for London.

Recommendation #4: Amend the Employment Standards Act to eliminate the discriminatory exclusions and protect the rights of workers working under contract or gig economies and address and enforce the misclassification of workers and private contractors when they are employees.

Recommendation #5: Expand and resource the enforcement of penalties for violations of the Employment Standards Act.

Recommendation #6: Abolish the Self-Help Kit and individualized complain system from the Employment Standards Act.

“Employment Standards” are part of the broader system of labour standards that govern the conditions in which people do paid work. Employment standards deal with issues such as the minimum wage, minimum and maximum hours of work, overtime pay, parental leave and statutory holidays. They are *supposed to* offer a basic level of protection for all workers – providing assurance that they can earn a decent living under reasonable conditions, protect their personal safety, and balance work and family life.

These standards are vitally important for everyone in the paid labour force because they provide a minimum floor below which employers cannot go and a starting point for negotiations for improved working conditions. More than 80% of workers in the private sector of British Columbia have no other employment rights than those covered under the Employment Standards Act.⁹ However the Act is useless unless there is a reasonable complaint mechanism and resourced enforcement.

While employment standards matter to all workers, they are especially important for “vulnerable” workers – those who are least able to negotiate fair and decent working conditions with their employer and those not represented by unions. Vulnerable workers are disproportionately women, recent immigrants, racial minorities and young people.¹⁰

Increasing the capacity of the Employment Standards Branch (ESB) to enforce the Act is key to the success of any increase to minimum wage. The Employment Standards Branch (ESB) has experienced a 54% reduction in staff since 2002, while total employment in BC has increased by 23%.¹¹ The ESB lacks the necessary resources to engage in proactive and effective enforcement of the basic provisions of the Act.

Furthermore, the current “self-help kit” complaint-based model should be abolished. It is not reasonable to expect workers to submit complaints directly to their employers. After the implementation of the “self-help kit” complaints to the ESB dropped by over 50%.¹²

Research has demonstrated that wage theft is still a significant concern in our province. Wage theft takes a variety of forms including hours of work without pay, non-payment of overtime, improper deductions from pay, unpaid travel time, unpaid training etc.¹³

⁹ Longhurst, Andrew and Fairey, David. 2017. Workers’ Stories of exploitation and abuse: Why BC Employment Standards need to Change. BC Employment Standards Coalition

¹⁰ Fairey, David. 2005. Eroding Worker Protections: British Columbia’s New ‘Flexible’ Employment Standards. CCPA

¹¹ Longhurst, Andrew and Fairey, David. 2017. Workers’ Stories of exploitation and abuse: Why BC Employment Standards need to Change. BC Employment Standards Coalition

¹² Ivanova, Iglia. 2011. *The Cost of Poverty in BC*. Canadian Centre for Policy Alternatives.

https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2011/07/CCPA_BC_cost_of_poverty_full_report.pdf

It is also still common for temporary foreign workers to pay illegal recruitment fees – another form of wage theft. B.C. should follow Manitoba’s lead in requiring employers to recruit foreign workers through recruitment agencies that are licenced and monitored by the province. Employers also often violate the terms of employment contracts – for example failing to increase the pay of workers after the provincial minimum wage was raised, or providing fewer hours than originally promised.

Proactive enforcement is key to ensure the success of any improvements to the ESA.

Online gig work, contingent work delivered by online platforms, is becoming increasingly common in our province. Online gig workers are extremely vulnerable to exploitation. For example, we have heard anecdotally of food delivery workers, who use online apps to connect them with “gigs,” having to work a designated number of unpaid hours before being “qualified” for payment. Workers who have no control over their wage rates should be classified as employees, not as independent contractors. Consideration should be given to determining ways to ensure that these workers are entitled to at least a minimum wage.

There is growing recognition that labour laws must be modernized and strengthened in order to reflect the realities of today’s labour market. The changing nature of work, including the growth of precarious and non-standard forms of employment, requires that governments protect workers’ rights and ensure decency and fairness in the workplace. Enacting employment standards reform will protect and improve the lives of British Columbian workers and, ultimately, foster a more inclusive and economically just economy and society.

Conclusion

We can and should do better. In a province as rich as British Columbia it is shameful that we have allowed wealth and income inequality to grow to the levels they have reached. We believe that the changes we have recommended, along with many of the actions the new government is already taking to address the root causes of poverty and inequality, will begin to reverse these trends.

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¹³ Fairey, David. 2005. *Eroding Worker Protections: British Columbia’s New ‘Flexible’ Employment Standards*. CCPA