

Backgrounder: Strategy for income security

While the incumbent government touts B.C.'s apparent economic success based on the province's increase in GDP, many British Columbians are struggling to make ends meet. There are many concerning trends such as growing income inequality, increasing numbers of children living in poverty, increased homelessness, more working poor and increased reliance on food banks.

Over the past 25 years, many well-paying jobs in manufacturing and the resource industries have been automated. New jobs are often part-time, pay minimum wage and are not evenly distributed throughout the province.

Studies predict that 42% of Canadian jobs are at high risk of being replaced by technology or computers over the course of the next two decades.¹ Due to globalization and highly mobile capital markets, corporations that do require labour are able to move to jurisdictions with lower wages, poorer working conditions and lower environmental standards.

Without government action, this will lead to unprecedented levels of under-employment and unemployment, and an even greater concentration of wealth in the hands of the privileged few. We must modernize the social supports of the 20th century to better suit the emerging economy. This includes promoting long-term, good-paying jobs in British Columbia with a new approach to support people and families when they are between jobs, on low incomes or experiencing other life transitions.

The B.C. Green Party Strategy for Covering the Basics will:

- Address the unacceptable levels of poverty and inequality in our province, mitigate the negative consequences of the rise in precarious work and prepare for a future that may bring fundamental economic change through technological advancement.
- Create a secure environment for people that ensures their health and essential needs are met without being stigmatized. This means addressing income security, food security, and affordable housing.
- Introduce the policy of basic income to alleviate poverty, foster healthier families and communities, encourage entrepreneurs and volunteers, enable education and retraining,

¹ <http://www.cbc.ca/news/business/automation-job-brookfield-1.3636253>

and allow British Columbians dignity and autonomy while they navigate a changing world of work.

Toward liveable incomes

1. A Green government will begin the transition to liveable incomes with an increase in Persons with Disabilities (PWD), income assistance and shelter allowance rates. Rates will increase by 10% effective October 1, 2017, and rise to 50% above the current level on April 1, 2020. This increase will be supplemented by other programming to support those on assistance programs.

- Existing assistance programs will be reviewed to ensure that they are efficient, effective and fair; and, that financial disincentives to work are avoided.
- Poverty has significant impacts on physical and mental health outcomes. The adverse effects of growing up in poverty on a child's ability to be successful in school and to integrate into the workforce contribute to intergenerational poverty.
- The financial cost of poverty is also significant, leading to increased costs for the public health care system, more hospitalizations and lost economic activity, among other effects.²

Budget implications

- Estimated cost of the programs is \$79 million in 2017/18, rising to \$788 million in 2020/21.

Impact of rate increases							
	Monthly Income					Annual income	
	Current	01/10/17	01/04/18	01/04/19	01/04/20	Current	01/04/20
Single PWD under 65	\$1,033.00	\$1,136.30	\$1,342.90	\$1,446.20	\$1,549.50	\$12,396.00	\$18,594.00
Employable single under 65	\$610.00	\$671.00	\$793.00	\$854.00	\$915.00	\$7,320.00	\$10,980.00
Family of 4	\$1,997.00	\$2,196.70	\$2,596.10	\$2,795.80	\$2,995.50	\$23,964.00	\$35,946.00

² 2

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

where both parents are PWDs							
Family of 4 where both parents are Persons with Persistent Multiple Barriers	\$1,246.00	\$1,308.30	\$1,619.80	\$1,744.40	\$1,869.00	\$14,952.00	\$22,428.00

2. A B.C. Green government will introduce a basic income support for youth aged 18 to 24, who are transitioning out of foster care, at an estimated cost of \$60 million per year.

- A recent report by the Vancouver Foundation advocates for paying all youth ages 18-24 transitioning out of foster care a “basic support fund” of between \$15,000-\$20,000. They estimate this would cost \$57 million per year, whereas the cost of the status quo is between \$22-268 million per year, due to the range of adverse outcomes that affect youth in transition.³

3. A B.C. Green government will draw on experience in other jurisdictions to design a basic income pilot project that will test its ability to reduce poverty, improve health, housing and employment.

- There is strong evidence that providing a basic income saves costs in other areas. For example, a pilot project undertaken in Manitoba in the 1970s found that providing a basic income to residents of Dauphin for 3 years, reduced hospital visits by 8.5%.⁴
- Researchers attributed this decrease in hospital visits to lower levels of stress in low income families, which resulted in lower rates of alcohol and drug use, fewer car accidents and lower levels of hospitalization due to mental health.
- Basic income provides a means to respond to the changes in the labour market as people move more frequently between jobs. Providing a basic income enables people to retrain for new professions, return to school, explore entrepreneurship,

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<https://d3n8a8pro7vhmx.cloudfront.net/vancouverfoundation/pages/83/attachments/original/1474042096/Fostering-Change- Opportunities-in- Transition-Report- Summary.pdf>

⁴ [https://public.econ.duke.edu/~erw/197/forget-cea%20\(2\).pdf](https://public.econ.duke.edu/~erw/197/forget-cea%20(2).pdf)

contribute time to their communities through volunteering, and invest time in their families.

Results

- Reduce the number of children in poverty.
- Improve people's health by addressing income security.
- Restore dignity to the most vulnerable in society and give them a chance to rebuild their lives, rather than just be in survival mode.
- Conduct ongoing assessment and evaluation of basic minimum income before a next phase is introduced.
- Eliminate penalties for working faced by parents on welfare or persons with disabilities.

Budget implications

- The program would be funded by reallocating resources from existing programs, plus new funding.
- Current expenditures on income assistance, shelter and Persons with Disabilities Program is \$1.6 billion.

4. A B.C. Green government will establish an arm's-length fair wages commission, that will be tasked with establishing a new minimum wage and overseeing regular rate reviews. The commission will bring forward recommendations regarding strategies to address the discrepancy between minimum wages and liveable wages.

- Members of the commission will come from a cross section of society including business leaders, small business representatives, unions and the nonprofit sector.
- There is a significant gap between minimum wage and liveable income. This approach is designed to protect marginal jobs. The long-term intent is that the basic income program would fill the gap between minimum wage and a liveable wage.

Results

- Reasonable, measured increases in the minimum wage that avoid negative impacts on employment.
- Eliminate the gap between liveable wage and minimum wage.

Budget implications:

- No cost to government.

5. A B.C. Green government will work with the federal government to provide a Low-Income Benefit of up to \$205 per month for low-income families.

- Several programs are already in place to support people with low incomes. The Working Income Tax Benefit, a federal program, provides refunds of up to \$2,000 per year for a low-income family. B.C. also provides an annual benefit of \$115 per person through the Low-Income Climate Action Tax Credit.
- The Working Income Tax Benefit is claimed annually and the carbon tax is paid quarterly, but those on low incomes need the money in their pockets on a weekly basis. The B.C. Green commitment here is to work with the federal government to consolidate the payments into monthly real time payments to help those with low incomes to meet day-to-day expenses.

Budget implications: Funding from the Low-Income Climate Action Tax Credit and Federal Working Income Tax Benefit would be repurposed.

6. A B.C. Green Government will roll Medical Service Plan (MSP) premiums into the payroll tax and personal income tax to ensure that they are administered in a more equitable and progressive manner.

- B.C. is the only province in Canada to charge regressive MSP premiums. Such premiums unfairly burden low and fixed income British Columbians with a heavy flat tax. Individuals earning an annual net income of \$30,000 pay the same monthly flat fee as those earning \$3,000,000.
- In Budget 2017, the government announced that effective 2018, MSP premiums will be reduced by 50% for households with annual net incomes of up to \$120,000. The B.C. Liberals state that the intention is to eliminate MSP premiums entirely at unspecified point in the future.
- A 50% reduction does not change the regressive nature of MSPs.
- The B.C. Liberal plan does not include any mitigating actions to make up for the loss of revenue from reduced MPS premiums.
- The B.C. Greens plan would incorporate a compensating amount for lost health premiums into the tax systems following the model used in Ontario.

Budget implications

- The B.C. Green plan will avoid revenue loss for important programs including health care.