

Reframing the Informal Economy Through Social Innovation

by

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Reframing the Informal Economy Through Social Innovation: Understanding and Eliminating Regulatory Barriers to Market Entry in the DTES



I. Executive summary

This Project examines the complex economic, political, and social factors that drive the informal economy in the Downtown Eastside (DTES) of Vancouver, British Columbia, Canada. The stagnation in welfare rates coupled with the lack of policy interventions has prevented the DTES community from pulling itself out of poverty and social exclusion. Using the theory of social innovation, this paper provides policy recommendations that can support the informal workforce and social enterprises in the DTES—which has the potential to make a significant contribution to poverty alleviation in the city of Vancouver.

The socio-economic characteristics and structure of DTES's informal economy is explored using three on-going socially innovative projects in partnership with the Local Economic Development Lab (LEDlab)—The Binnars' Project, DTES Street Market, and Knack. These non-profit social enterprises are currently providing opportunities for social integration and economic development for DTES residents who have been working within the informal economy.

My project presents an opportunity for the City of Vancouver to engage, integrate, and build capacity among those that have limited economic options, who in turn can contribute to an equitable socio-economic regeneration of the urban environment.

Keywords

Informal economy, social innovation, social innovation theory, policy, Downtown Eastside, social enterprise

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1 Introduction

1.1 Motivation for research

This research supports the ongoing efforts of various non-profit social enterprises¹ in the DTES to build capacity and improve the economic opportunities for the informal workforce. It is motivated by my direct experience working with DTES residents who face barriers to fair compensation for the work they do, and stigma from the formal sector at many levels. After working as an intern for the Binner's Project—a binner-led social enterprise—I have come to understand the capacity of social innovation to gradually transform the informal economy and empower the informal workforce.

1.2 Goal and objectives of the study

Using the lens of social innovation, the goal of this project is to provide policy recommendations for the BC Government on how to support individuals involved in the informal economy and reduce barriers to formal market entry. The objectives of this study are to recommend policies that could:

- Support innovative social enterprises by clarifying their legal framework
- Provide informal workers with more support for integration with the formal economy.

1.3 Organization of the study

The following section of this study provides the background and context of the informal economy in the DTES, including details about the links between poverty,

¹Social enterprise can be defined as “organizations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits” (Borzaga and Defourny 2001).

welfare system, and current policies in place. Next, a literature review is conducted that focuses on the theory of social innovation. Section 4 describes the methods of data collection used in this study.

Section 5 provides an overview of the case studies. Section 6 conducts a qualitative analysis of the collected data to identify key findings. These key findings are shared in the form of emerging themes from the theory of social innovation to describe the similarities between all three case studies. The final section 7 includes policy recommendations for the City to support social enterprises and informal workers in the DTES. This study concludes with considerations for further research.

2 Detailed project description

2.1 History

2.1.1 The informal economy is globally ubiquitous

The belief that traditional forms of work and production would disappear (Arthur, 1954) as a result of economic progress has been proven to be unfounded since the 70's (Hart, 1973). Fast forward a few decades and we find that the informal economy is alive and well—expanding in developing countries (Medina, 1997) and thriving in developed nations (Cox and Watt, 2002). Today, the existence and expansion of the informal economy in Canada can be attributed in part to the process of globalization and the steady withdrawal of government funding for social housing and services (Hajnal, 1995; Smith, 2003).

The informal sector has not only survived, but expanded to include new industries which otherwise have always functioned within the regulated boundaries of the formal economy (Beall, 2000). The informal economy has been defined as “employment without labour or social protection—both inside and outside informal enterprises, including both self-employment in small unregistered enterprises and wage employment in unprotected jobs” (Chen, 2007, p. 2)². It comprises of economic activities that take place outside the framework of bureaucratic public and private sector establishments and do not comply with government regulations.

While the informal economy reduces unemployment and underemployment, in most cases the participants are provided low paying jobs with little security. In large cities, this type of economy often exists alongside extreme poverty and social exclusion. In the DTES, the flexible and autonomous character of the informal economy

² http://www.un.org/esa/desa/papers/2007/wp46_2007.pdf

predominantly comprising of survivalist activities, offers an opportunity for economic support and social inclusion to individuals living on the margins of society.

2.1.2 Recognising incompatibility with the formal economy

Most policy recommendations have been focussed on “formalisation of the informal economy” (William, 2005). The idea that all informal jobs can and should become formal low-barrier jobs is perhaps not the ideal approach to addressing the informal economy. Although there are obviously some candidates for this path, this approach fails to fully recognize the very diverse nature of the informal economy. Many survivalist endeavours will never be more than what they are. There are several individuals who prefer to work within the unregulated environment of the informal sector. These individuals should nevertheless be respected for the role that they play in reducing their own vulnerability to poverty. Policies that ignore or marginalize survivalist endeavours will never be successful in meeting the requirements of inclusive and integrated local economic development.

The informal economy contains a “continuum” (Andreas, 2015, p. 28)³ of economic activities, and the associated complexity requires that policymakers develop strategies that take account of multiple impacts. There’s a symbiotic nature to the relationship between the informal and formal economies. In addition, a substantial amount of the income earned by informal traders is spent on the consumption of goods and services procured from the formal economy.

³http://ledlab.ca/wp-content/uploads/2015/11/DTES-Information-Hub-Survey-Project-Full-Report_branded.compressed.pdf

2.1.3 Current policy and practise

Historically, local government has dealt with informal economy actors largely in the context of by-laws, often enforcing regulations on informal street vendors. This approach has been based on the deep-rooted restrictive view of the informal economy being a “problem” that needs to be eradicated by the City (Cox and Watt, 2002).

Derogatory perceptions of the informal economy—both with municipalities and some formal businesses—have contributed to the marginalization of this sector within official economic development policy in the past. The City of Vancouver’s Social Impact Assessment Report⁴ released in Spring of 2014 made sparse references to the informal economy. However, marginalization of the informal workforce has been recognised recently in the official DTES local Economic Development Plan⁵ which recommends the creation of “employment (especially low-barrier jobs) through inclusive social impact hiring and local employment opportunities”⁶. The Healthy City Strategy⁷ that has an ambitious projection of reducing “the city’s poverty rate by 75%” mentioned the DTES Street Market in its comprehensive approach section and recognized the lack of coordination in its current policy response to poverty IN THE DTES. Considering the particular vulnerabilities of the informal economy participants, this move towards creating comprehensive policies that recognize the informal workers contribution symbolizes a radical step in achieving the goal of social economy (Brown and Novkovic, 2012) development at a local level.

⁴ <http://vancouver.ca/files/cov/social-impact-assessment-2014-feb-26.pdf>, p. 21

⁵ <http://vancouver.ca/files/cov/downtown-eastside-plan.pdf>

⁶ Policy recommendation for “encourage Inclusive Local employment” under Section 10.4.1 of the DTES Local Economic Development Plan.
<http://vancouver.ca/files/cov/downtown-eastside-plan.pdf>

⁷ http://vancouver.ca/files/cov/Healthy_City_Strategy_Report_to_Council.pdf, P. 7

2.1.4 Welfare cuts and poverty linkages

As the number of individuals living below the poverty line has increased in recent years, social assistance expenditures have also been affected by severe federal cuts. A series of welfare cuts and structural changes were initiated under the BC Benefits Act of November 1995 (Hajnal 1995), in response to the rising numbers of welfare cases in BC. Under the 'welfare to work' program, the BC Benefits Act reduced welfare rates to prevent long term dependency. As the process has become harder for those already using the system over the last two decades, recipients eligible for benefits have been decreasing (Klein and Pulkingham, 2008).

In April 2002, the social assistance program saw further cuts in benefits, eligibility, and appeals (Fuller and Stephens, 2004). A two year limit was imposed for single persons who cannot prove they are facing serious medical challenges. Since then, the rigorous surveillance of workers and applicants has severely cut down the number of people receiving benefits. The dissolution of social policies and increased socio-economic polarity has exacerbated poverty (Smith and Ley, 1997) and social exclusion (Smith, 2003), increasing vulnerability of already marginalized groups (Raoulx, 1999; Gotham, 2003; Wacquant, 1999).

The Neo-liberal discourse adopted by the province of BC—favouring privatization over government intervention, and measuring success in terms of overall economic growth—has been devastating for the population dependant on social assistance. It has increased their exclusion from the formal economy and further deepened their reliance on alternative sources of income. The introduction of the two year welfare limit in 2002 lead to an increase in informal activities (Reitsma-Street & Wallace 2004; Klein & Long 2003) throughout Vancouver and the numbers have gone further up since then (Smith, 2003). The Income Assistance rates have stagnated since 2007. The story is the same for shelter allowances of \$375 (Figure 17) and monthly

earning limits which range between from \$200-\$800 (Figure 18). All these circumstances together have led to further engagement in informal income-generating opportunities in Vancouver.

2.2 Context: informal economy in the DTES

2.2.1 Understanding the informal economy

The informal economy in the DTES has always been perceived as comprising of predominantly survivalist activities. Various negative aspects have been used to describe the informal economy, including undeclared labour, tax evasion, and illegal/criminal activity (Romano and Chifos, 1996, p. 125). Some informal activities such as sex work and dealing of illicit drugs maybe considered harmful and problematic. However, the vast majority of informal economy activities involve transaction of goods and services within circumstances that are perfectly legal and innocuous. These activities are not necessarily performed with the intention of evading tax payments, legislations, or regulations. Therefore, the informal economy in the DTES should not be confused with the criminal economy and considered illegitimate. Some of the broad positive attributes of the informal economy in the DTES are as follows:

- Low barrier entry
- Independant participants
- Skills acquired outside the formal sector
- Small scale operations

There are many interconnections between the informal and the formal economies. In the DTES there are several levels of ongoing trade amongst participants from all walks of life—goods, tools, equipment, services, and acquisitions of skills sometimes crossing national boundaries. For example, goods purchased from a street vendor can be sold by a vintage store owner to the general public, who then sell it online for

a substantial price to overseas clients. It's a constant cycle of buying and selling and usually the informal worker receives the least amount of profit. The informal workforce also provides services to formal sectors on a subcontracting or part-time basis. Many local businesses informally hire residents from the community for cleaning services, paying them below minimum wage. Such services go unrecognized and unaccounted for by the formal sector.

2.2.2 Understanding the informal workforce

Individuals entrenched in poverty and possibly suffering from certain mental and or physical disabilities often do not have many options to choose from, if at all any, regarding the kinds of jobs available to them within the rigid and inflexible structures of the formal economy. In the absence of adequate economic and social supports, individuals struggling with innumerable difficulties—whether it be staving off starvation, dealing with trauma, coping with cultural displacement⁸, keeping a roof over their head, or seeking help for disabilities and or addictions—often find themselves in situations where they have to do what they can to survive. The jobs that become easily available to them are mostly informal and flexible, offering some relief from their helpless situation.

There's immense stigma surrounding the ethics of the work done by the informal workforce, primarily due to the lack of their contribution to the tax system. When the social assistance available to the community is not enough for basic sustenance, with just a \$200 monthly earning allowance for people on basic income assistance, community members have little choice than to hide their overall income—effectively criminalizing their effort to make ends meet. Given the complexity of navigating the

⁸ Cultural displacement, caused by the Residential School system and or lack of access to cultural practices and knowledge

welfare system, such income restrictions create unnecessary anxiety for the community at large, becoming endemic on welfare day⁹.

Pilarinos (2015)¹⁰ states several barriers to employment that the informal workforce in the DTES experiences on a daily basis—trauma, poverty, food insecurity, substance abuse, lack of affordable housing, disability, long term absence from the work force, stigma, rejection from jobs, and lack of relevant qualification being some of them—which can be difficult to navigate for the average formal employer without any assistance from the government.

There is no dearth of entrepreneurial potential amongst the informal economy workforce in the DTES. Many people within this community have a real knack for business, creativity, and innovation, often tapping into an impressive reservoir of skills. Such potential can flourish if certain institutional obstacles could be removed. The informal economy can serve as an incubator for business potential and an opportunity for on-the-job skills acquisition, as demonstrated by the case studies in this report. The informal sector can be a transitional base for accessibility and graduation to the formal economy if effective strategies and resources are put in place.

2.2.3 The significance of informal work

The informal economy should not be viewed as an outlier but as an essential base or foundation for all economic activities in the DTES. The formal and informal ends of the economic continuum are often dynamically linked. For instance, a binner essentially does the same job as a worker picking up recycling for the city. Binnars

⁹ B.C. issues welfare cheques on the last Wednesday of the month.

¹⁰http://ledlab.ca/wp-content/uploads/2015/11/DTES-Information-Hub-Survey-Project-Full-Report_branded.compressed.pdf

spend several hours a day collecting hundreds of refundable cans and bottles, cleaning up the city streets, and transporting collected recyclables to the nearest bottle depot. The same act that creates an income potential for a binner also creates a formal salaried position for a bottle depot worker. Hence, this very act of binning makes possible an entire recycling industry that is considered immensely profitable across Vancouver and the Lower Mainland.

Within the confines of the institutional policies and welfare system effective today, the informal economy is essential to those in need of flexible work opportunities. The City regulations often overlook categories of the informal economy. Trying to eliminate it or ignore it has a negative effect—high expenditure on regulatory practices for the City often used to harass or evict the informal workforce. In the absence of clear policies or set regulations towards the City of Vancouver has recently taken certain measures in addressing discrimination against street vendors by supporting projects such as the DTES Street Market. Having begun operations in July 2014, it is the only regulated space in Vancouver providing a safe environment for street vendors to legitimately sell their goods to the public.

2.2.4 Categories within the informal economy

The heterogeneous nature of the informal economy can be specifically categorised in several ways. However, based on my personal on-site observations while working with the LEDlab, I have only used certain categories¹¹ explained in detail in a fact finding study (Becker, 2004) conducted by SIDA¹² in 2004 to illustrate the multitude of perspectives from which the informal economy can be viewed within the context of the DTES.

¹¹ www.rrojasdatabank.info/sida.pdf, Section 3.2

¹² Swedish International Development Cooperation Agency

1) Categories based on type of employment:

Informal employment works by way of compensation for goods and services. The following categories primarily focus on work that is not recognised, regulated, or protected by existing regulatory frameworks. These categories also include work that sometimes only involves exchange of goods or services (non-remunerative) undertaken in income generating enterprise.

- a) Self-employed
- b) Wage workers consisting of employees of informal enterprises, casual workers, temporary and part-time workers, and unregistered workers.
- c) Employers, i.e. owners of informal enterprises.

2) Categories based on location of informal economy actors:

These categories are based on the characteristics of the locations within which the workforce operate.

- 1) Home based workers which:
 - Work from home and sell their products to the formal sector
 - Supply goods or services to a particular enterprise, whether formal or informal;
 - Are irregular with employing workers
- 2) Street vendors
- 3) Seasonal or temporary job workers on building sites or road works
- 4) Those in between the streets and home, e.g. waste collectors

3) Categories by income and employment enhancing potential

This segment categorises the informal economy from the perspective of its income and employment enhancing potential. This potential is critical for determining the

scope for upward mobility of various informal enterprises. For instance, the conditions of work, number of hours, and earning potential differ significantly among those who clear the streets of any refundable waste and those who sell goods on the street.

- 1) Enterprises that can contribute to the national economy—includes economic activities that have potential for generating growth or wealth.
- 2) Individuals who take up informal activities for survival purposes—activities are attractive due to the relative ease of entry, reliance on local resources and a minimum of capital investments. Marginalised and disadvantaged individuals usually maximise their only asset: Labour.
- 3) Individuals doing a part-time informal job while working elsewhere, often due to low and irregular salaries—they are involved in such jobs to secure their living.

Due to the complexity of these categories, the informal economy could be described through the specific occupations of its participants—i.e. street vendors, construction workers and waste pickers. This heterogeneity should not be seen as an obstacle but a possibility to identify relevant entry points and to select target groups for various interventions. It must be clear which groups or segments are referred to when the informal economy is discussed.

2.2.5 Precariousness of informal work

The nature of the informal economy is precarious by default, as there is no guaranteed income. Most of the informal workforce has no guarantee that they will have the same work opportunity the next day. Since most of the community is also dependent on social assistance there is high anxiety with regards to declaring their income, due to fear of losing social assistance or being criminalized for not truthfully declaring their meagre assets. A lot of factors are at play for the informal workforce to

continue working for below minimum wages or simply resort to providing services in-exchange of goods or vice-versa:

- Complexity of the welfare system and lack of information
- Lack of entrepreneurial resources and support for individuals facing barriers to the formal economy
- Unpredictable market conditions, i.e. lack of goods to sell or customers
- Disabilities
- Lack of part-time formal jobs for workers on income assistance
- Encountering stigma when trying to engage in the formal economy

2.2.6 Need for greater organization and cooperation

There are over 260 agencies crammed into the DTES with expenses running up to \$1 million per day providing low-cost housing, social services and other support to vulnerable residents¹³. Despite the services available to these residents it has been a challenge to pull most of the community out of poverty. Many individuals still work informally and find it increasingly difficult to be legally self-employed or employed in any capacity by the formal sector.

There is a great need for more organization amongst the informal workforce, and registered social enterprises are capable of making such organization and co-operation possible (Lettice and Parekh, 2010). Social enterprises can provide the space and resources to induce the collective upliftment of marginalised people involved in the informal economy (Cecilia, 2015). In the past decade or so there have been some social enterprises that have been very successful in bridging the gap between the informal and formal economy in the DTES and provided support to impoverished individuals despite the worsening of systemic barriers (Klein and

¹³<http://www.vancouversun.com/health/Downtown+Eastside+agencies+housing+sites+crowd+Downtown+Eastside+with+video/9983274/story.html>

Pulkingham, 2008). Potluck, the DTES Street Market, and more recently the Binnars' Project, are good examples of the supportive environment social enterprises can create. However, given the complexity of working in the DTES there had been a lack of collaboration between the various enterprises, limiting knowledge and resource sharing opportunities. Pilarinos (2015, p.17) recommends that community organizations need to bridge the gap by sharing resources, space, and knowledge. He goes on to say that "instead of expending limited energy on competing with one another, organizations should develop stronger relationships and work collectively".

Since 2015, the Local Economic Development Lab¹⁴ has been the bridge between these social enterprises, becoming a platform for building connections and finding solutions for various engaged stakeholders. LEDlab brings together diverse perspectives and professional capacities and is primarily focussed on inducing systemic change.

2.2.7 LEDlab supporting social enterprises



Figure 1: Hastings and Carrall, LEDlab's vicinity

¹⁴ www.ledlab.ca

LEDlab was developed by the joint effort of Ecotrust Canada and RADIUS SFU to innovate and build capacity amongst social enterprises based in the DTES. It's mission is to fuel social innovation and create collaborative environments to build a vibrant and inclusive local economy. The diagram below shows that LEDlab works at multiple scales: in the acceleration of community projects on the group, as well as enabling systems-level opportunities with a cohort of community partner organizations.

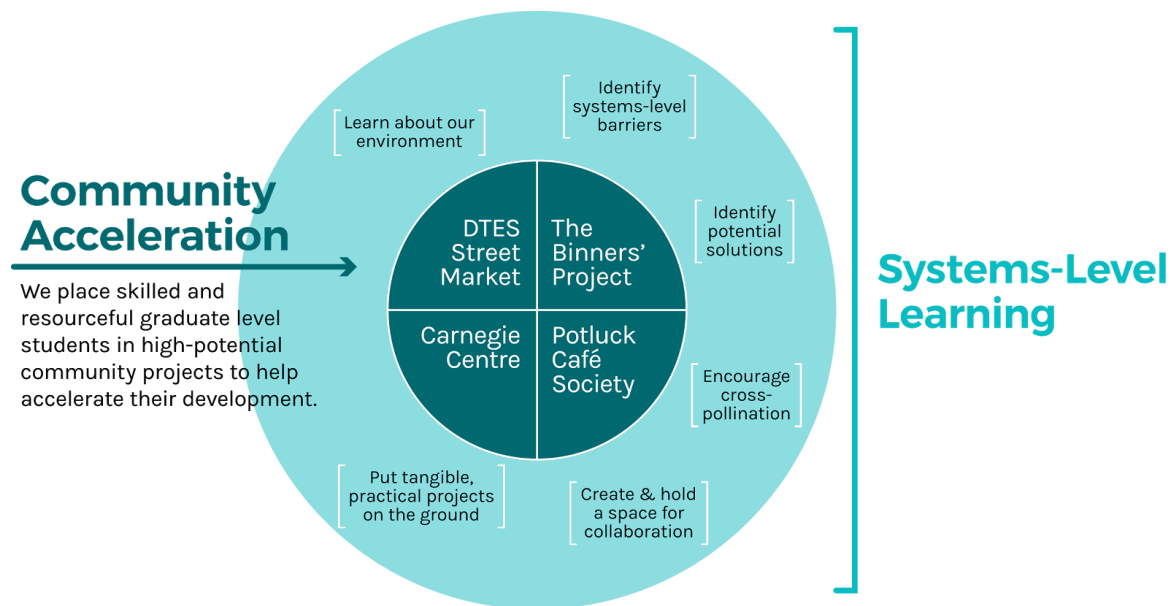


Figure 2: LEDlab's multi-level approach

Source: <http://ledlab.ca/about/>

By linking graduate students with community partners and providing supportive resources in the form of workshops and prototyping grants, LEDlab enhances the capacity of local residents, organizations and networks. LEDlab's role has been very influential in directing my policy recommendations, which gradually came to light as I worked with the community during my internship.

3 Theory of social innovation

Defined as 'catalytic innovation' where social change is the main objective (Christensen et al., 2006) social innovation "refers to new ideas that work" (Mulgan, 2007a) in meeting social goals. Social innovation is essential to develop solutions to critical problems and create social change (Michellini, 2012). Social innovation stimulates systemic transformations or change, often challenging the existing socio-economic systems and structures which no longer serve the 'community' (Gladwin et al., 1995; Noci and Verganti, 1999; Mulgan et al., 2007a).

Features of social innovation are (Michellini, 2012):

- Generating positive social impact
- Driven by both social and economic motivation
- Must be scalable
- Can take different forms and run by different actors

The impact created by social innovation is primarily focused on increasing the quality of life of the target community (Michellini, 2012). The product or service provided by the community is a vehicle for generating funds needed to continue creating social impact in a sustainable way. Most social enterprises also have to address the challenge of resource use efficiency to manage low cost structures. There is a lot of difference between social and business innovation. Social innovation is driven by new ideas generated to meet societal needs, whereas business innovation is usually directed by the exploitation of new markets and increasing of profit margins. The theory of social innovation is considered to be more challenging to define and practise than theories of business innovation (Hall and Vredenburg, 2003) because the practitioners of this theory often focus on social development rather than profit (Shaw and Carter 2007). Hall and Vredenburg (2003) also state that social enterprises deal with a lot of uncertainties and work with a wide range of

stakeholders. They believe that such enterprises have to consider public perceptions and reactions to their work while pushing for innovation.

Social enterprises often take a long time to establish their services in the for-profit market—dedicating a lot of time and resources to build a reputation, gain access to volunteers, and get professional assistance (Spear 2006). In the nonprofit sector there is a lot of competition for grants and funding (Austin et al., 2006) which can only be availed by social entrepreneurs once they have established a ‘community’ (Shaw and Carter, 2007). There is a need for nonprofit social enterprises to generate revenue for economic sustainability, which requires them to pursue business and social opportunities with ‘entrepreneurial leadership’ (Chell et al. 2005). Chell (2007) also explains that social entrepreneurs inherit the difficult task of creating social benefit in addition to financial profit and production.

The theory of social innovation is essential in guiding the policy recommendations of this paper. There are several emerging themes that are influenced by the theory of social innovation, and these themes have been discussed in detail in Section 6. Figure 3 is an infographic depicting the constant cycle of designing and testing that is essential to creating products or services that help social enterprises generate income and create positive impact.

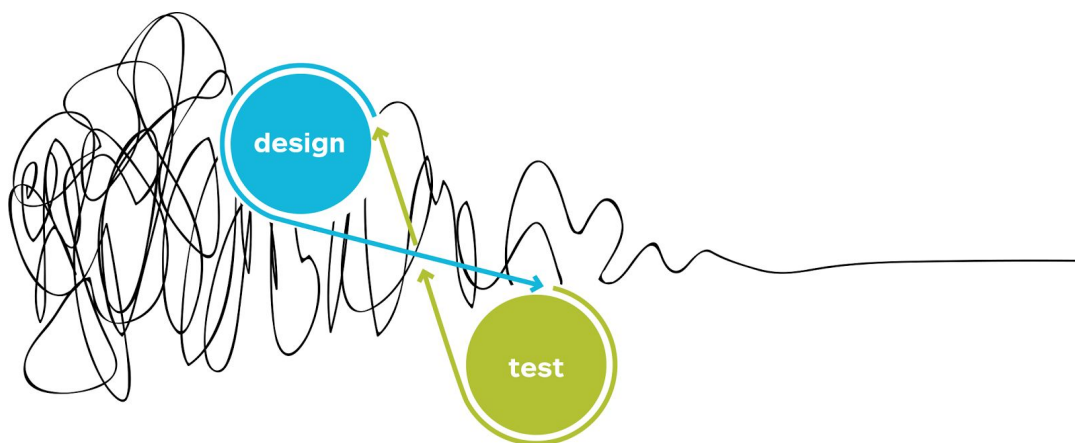


Figure 3: The design, test, repeat cycle

Source: Value Proposition Design (Osterwalder et. al., 2014, p. 38)

4 Methodology

Viewing the informal economy through the lens of social innovation I provide my recommendations based on the following methods:

1) Direct immersion in the community

Between September 2015 and April 2016, I served as an intern with the Binnars Project and the Local Economic Development Lab. The LEDlab, initiated and supported by Ecotrust Canada and RADIUS SFU, partners with community organizations to explore innovative ways to build a more vibrant and inclusive local economy in Vancouver's Downtown Eastside. I was able to work in various capacities with both the binning community as well as professionals striving to empower marginalised informal workers in the DTES. I participated and helped coordinate all Binnars Project pilot programs, focusing heavily on the events and pick-up service, details of which have been provided in section 8.1. Through deep immersion in this project I gained a lot of knowledge and first hand experience of the struggles and stigma binnars face on a daily basis, and how empowering it has been for them to be part of the Binnars' Project.

Through this internship I had the opportunity to shadow binnars, and engage in conversations with them about institutional barriers and poverty alleviation. The binnars shared their future ambitions and fears, and mentioned the Binnars Project being pivotal in helping them gain leadership skills, self-confidence, and better access to the economic opportunities.

I was also surrounded by various professionals and pioneers of social enterprises who have committed to uplifting the informal workforce in the DTES. Through discussions with them in workshops and meetings I refined my understanding of the

systematic issues that affect a population depending heavily on welfare and social assistance for survival. The recommendations in my report have been influenced by these direct interactions. My experience with LEDlab really helped me understand that social innovation helps enterprises take actions irrespective of the systems in place, in order to change the system gradually.

2) Workshop organised by LEDlab

On December 17th, 2015, a mid-term workshop was organised by LEDlab to bring together the core team of graduate student interns and DTES community partners—primarily consisting of project directors and coordinators from the Potluck Cafe Society, the Binnars' Project, DTES Street Market, and Carnegie Outreach—to reflect on the partnership program model its impact on the community. While addressing socio-economic barriers experienced by the informal workforce, the diverse perspectives in the workshop embodied the themes of social innovation emerging in the work they are doing. The attendees broke into small groups and discussed solutions to various problem statements. The policy recommendations in this report have been guided by statements recorded in response to one question in particular:

“What type of collaboration/intervention/work might address policy barriers (like earnings exemptions limits/clawback) that present common challenges for all organizations?”

This question was pivotal in the discussion and helped participants address many of the systemic policy barriers, providing ideas and solutions with great clarity. Their responses illuminated the fact that such clarity could only be obtained through many years of experience working directly with various communities in the DTES.

3) Case studies

I have used three social enterprises working in close partnership with LEDlab —The Binnery's Project, DTES Street Market, and Knack—as case studies for this report. During my time with the LEDlab I had the opportunity to work as an intern with The Binnery's Project. Given the collaborative environment at LEDlab I was able to interact closely with my colleagues working as Project Coordinators for the DTES Street Market and Knack. Through this synergetic work environment we discussed common challenges in our respective projects, and helped each other with our projects when needed. I witnessed the successes and struggles of all three social enterprises through my experience and it has been instrumental in guiding me with the key findings and policy recommendations made in this report.

4) Semi-structured interviews

I had the opportunity to get some key insights through in person interviews with my colleagues—the director and program manager for the Binnery's Project and Project Coordinators for both Knack and the DTES Street Market. I have also supplemented the key finding with insights from my own experience working with the Binnery's project. The purpose of these interviews was to recognize the emerging themes pertaining to the theory of social innovation that are reflected in the work of all three enterprises. I structured the interview in three tiers:

- Context—This section is intended for understanding the specific organizational context and their role in the community.
- Challenges—What went well and what didn't, and where along the process did challenges occur and how were they overcome?
- Solutions—What tools, supports and social innovations have helped them along the way?

See attachment (Section 10.1) for the complete list of interview questions developed and used for this purpose.

5 Case Studies

5.1 The Binnners' Project

My observations for this case study have been drawn from my experience doing an internship (September 2015-April 2016) for the Binnners' Project in partnership with the LEDlab. My efforts within the project during those 8 months were dedicated to refining, testing, and implementing the various pilot programs, and assisting with broader community engagement efforts.

Significance of the Binnners' Project

Binnners, also known as 'bottle collectors', are among the most marginalized groups in Vancouver's urban environment. They depend on refunds received from collecting bottles and cans for their livelihoods. The act of binning is usually invisible to the public eye, taking place in hidden back alleys of various neighbourhoods. Aside from the occasional dumpster diving binner seen by an unassuming passerby and the rattling of shopping carts pushed by binnners making their way to the nearest recycling depot, the informal recycling industry is largely ignored by the public. Binnners comprise of a diverse range of individuals, be it impoverished Chinese seniors or DTES residents. This population is entrenched in poverty, and suffering from housing insecurity and political invisibility.

The Binnners' Project¹⁵ was started in 2014 by Ken Lyotier, a binner himself, who founded the binner-run bottle depot, United We Can, in Vancouver. The project is a unique and an informal income generating initiative for binnners in the City of Vancouver, dedicated to improving their economic opportunities and reducing the stigma they face as informal recycling collectors. Comprising a core group of binnners who actively participate in all aspects of the project, this innovative social enterprise

¹⁵ www.binnnersproject.org

is striving to give binners (regionally and nationally) recognition for their meaningful contribution to society and fair compensation for their hard work. This binner-led project has identified a number of pilot programs such as the 'Binner Events', the 'Pick-up Service', and the 'Binnners Hook' to promote better access to recyclables for binners, while increasing awareness of the work binners do and building connectivity between binners locally and nationally to improve their quality-of-life.

Pilot programs

Binner Events: The Binner Events program was created to raise awareness about the valuable service that binners provide, increasing economic opportunities for them while enabling greater engagement with the public. Recycling is encouraged by the city and it will soon be mandatory for all public events to ensure recyclables are prevented from going to the landfill. Fulfilling recycling needs in accordance with the Greenest City 2020 Action Plan, the Binnners' Project has found a niche in the recycling market for events in the city of Vancouver. The binners provide a variety of services, such as manning the bins, educating the public about recycling by making sure they discard their recyclables properly, sorting recyclables, and picking up refundables from the site. Binnners get to keep the money after cashing in all the refundables at the local depot.



Figure 4: Binnners' Project at Khatsahlano street party

Credit: Robin Weidner



Figure 5: Binner educating the public about proper waste disposal

Credit: Robin Weidner



Figure 6: Bidders sorting recyclables at Viva Vancouver

Credit: Robin Weidner

Bidders Hook: Developed by bidders in collaboration with Basic Design, these hooks will encourage the public to show their support for bidders by safely leaving their recyclables. Through this program residents will be able to place their bidder hook—sold by the project for \$10—in their back alleys and leave recyclable products with a deposit value for a local bidder to pick up on their daily walk. Through the Bidders Hook pilot program, the project has now taken on the challenge of installing hooks in all neighborhoods across the city. The hook also support the City of Vancouver’s Greenest City 2020 objectives by encouraging residents to recycle and finding an alternative to the conventional recycling boxes that often become a target for pests. There are long-term feasibility plans in place for this program to be a success including the possibility of a manufacturing and installation partnership with the city that would allow greater scalability of this project for wider use.



Figure 7: Binnerr's Hook being demonstrated by a binner

Credit: Anna Godefroy

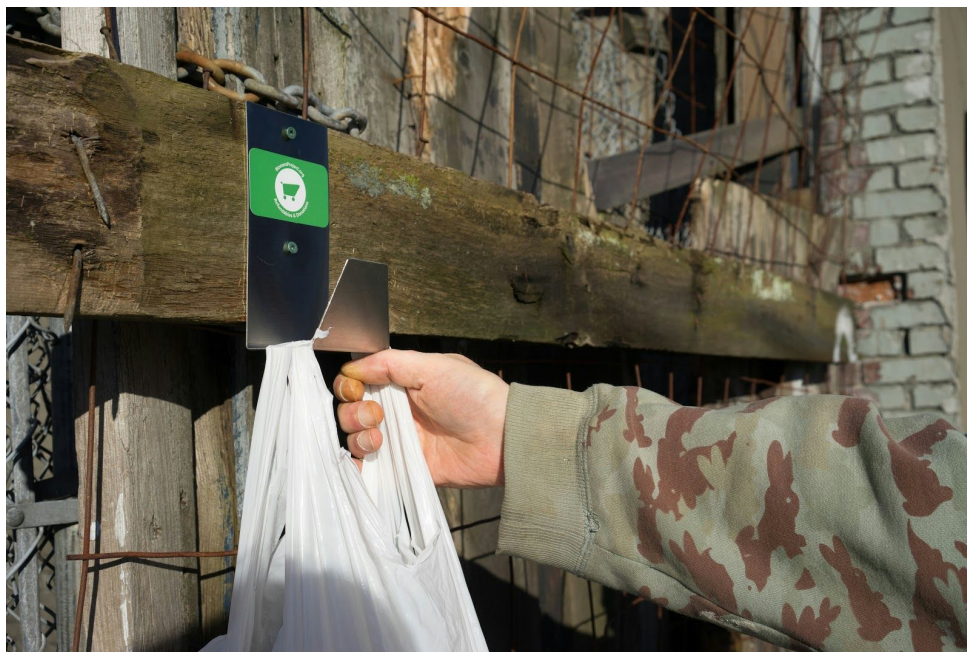


Figure 8: Close-up of the Binnerr's Hook

Credit: Anna Godefroy



Figure 9: Design workshop for the Binnners Hook

Credit: Will Selviz Photography

Pick-up Service: Binnners play a role in reducing the problem of overflowing bins. Removing refundable containers from the recycling or waste stream in partnership with businesses or offices is mutually beneficial. The Binnners' Project serves as a connector, supporting binnners at this initial stage. The binnners are provided with business cards, green t-shirts, and ID badges. The pick-up service, started in Fall 2015, is provided free of charge to all businesses and office spaces, and binnners get to keep the full refund from the containers they pick up. Since the inception of the program, the pick-up service has been helpful in breaking down barriers between binnners and the formal sector. The businesses have found a way to help the binnners in a more direct way—by letting binnners come in through the front door, interacting with them and increasing their visibility.

5.2 DTES Street Market

The DTES Street Market is a registered BC society. It was started in 2010 by the Downtown Neighborhood Council (DNC) and Vancouver Area Network of Drug Users (VANDU). What began as a “protest-and-occupy” movement in response to police harassment has now become a peer-run and peer-governed organization. The Street Market society today provides a safe and legal vending space for the DTES residents. The market’s key focus lie on building capacity to run operations smoothly and destigmatizing vending activities.

The City of Vancouver and Central City Foundation are two of the largest external funders of the market. The society works with the City of Vancouver, Vancouver Police Department, Portland Hotel Society, and various Business Improvement Associations in the DTES among others to ensure the success of its operations.

Revenue generation

With over 800 currently registered vendors¹⁶ operating in three locations—62 East Hastings (Monday-Friday), 501 Powell Street (Saturdays) and Pigeon Park (Sundays)—The Society’s revenue generation activities include renting tents and tables on market days, selling coffee, pop, freezes, and raffle tickets. The income they generate through vending activities is in addition to their social assistance funds.

¹⁶ Only DTES residents are allowed to be vendors at the DTES Street market.



Figure 10: DTES Street Market

More than a marketplace

The vendors and volunteers take a lot of pride in their work and consider the market a place of sanctuary in the DTES. Since the society is peer-run, it has encouraged members in this community to take on leadership roles in various capacities, including being board members of the society. It has instilled a sense of self-worth for its vendor members. There is on-going social interaction between DTES residents and outsiders with more than 41% of customers come from outside the DTES (Miller, 2014)¹⁷. This type of interaction has been instrumental in breaking down barriers and increasing legitimacy of street vendors. The market is changing the power structure of merchandise and service delivery in the city of Vancouver. As of June 2014, the market had raised over \$25,000 through its income generating activities, demonstrating the resiliency of the society.

¹⁷ <http://vancouver.ca/files/cov/dtes-street-market-research-paper-vendors-customers.pdf>



Figure 11: One of the many vendor tables at the Street Market

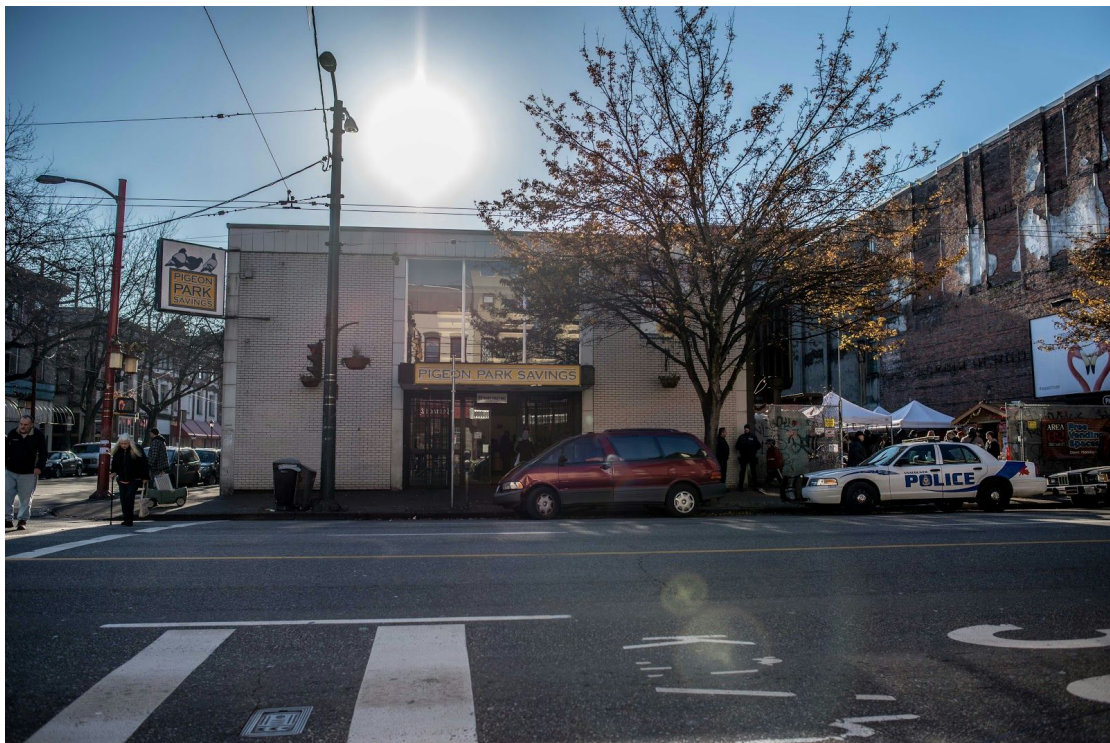


Figure 12: Street Market next to Pigeon Park Savings

Challenges with economic sustainability

All staff receive a below minimum wage volunteer stipend of about \$4 to \$8 per hour. Any profit made by the market goes back into capital costs. To make its revenue sources more sustainable and profitable, the market is always exploring opportunities to increase its earnings, including products that can be sold year-round in their merchandise to attract customers with more purchasing power¹⁸.

5.3 Knack (initiated and supported by Potluck Cafe Society)

The Potluck Café Society is a non-profit social enterprise and a registered charity. Funded through donations, grants, and profits generated by its for-profit catering company, Potluck is on a mission to create jobs and provide healthy food to the DTES residents. Since the catering company is a sustainable for-profit entity, the earnings from the catering company are transferred to the umbrella charity Potluck Cafe Society.

Impact hiring

Potluck's goal of 'impact hiring'—creating employment opportunities for individuals facing barriers to employment—was initiated through Recipes for Success Services¹⁹ (RSS). Potluck's catering organization also provides employment to individuals with barriers - and RSS was developed to help move their lessons learned in impact hiring out to other employers. The goal of RSS is to increase the number of employment opportunities in the DTES by encouraging and supporting businesses to participate in impact hiring.

¹⁸ This group of customers includes tourists and people from other parts of Vancouver.

¹⁹ <http://potluckcatering.org/recipes-for-success/>

More recently, the connection between Potluck and RSS led to the creation of a digital badging platform called Knack. The name Knack was chosen to refer to individuals who have a certain talent/skills—have a “knack” for something. Target employees for Knack are DTES residents who are on social assistance. These individuals often face systemic barriers to employment and are limited to working just a few hours a week. Income generating opportunities through Knack can offer these individuals more flexible part-time jobs that will allow them to supplement their social assistance funds, without violating any regulations of their welfare policies.

The process of digital badging

Knack badges are digital credentials representing workplace skills that are learned through workshops or while on the job through an employer registered with Knack. The process comprises of badge “earners” (trainees), badge “issuers” (Potluck) and badge “consumers” (employers). Badge earners (trainees) attend an initial Knack workshop to earn the eight fundamental soft-skill badges. The soft-skill badges are the minimum requirement to becoming an earner and then working for a badge consumer (employer). Potluck has created the workshops and examination to prove a certain skill. It’s possible for other relevant issuers to be employers who can vouch for skills gained by individuals through direct work experience. Potluck doesn’t charge the trainees for workshops or any fees for obtaining the badges.

Knack will be using the online badging platform called Credly, a website that offers a service platform free of charge that can verify, share, and manage digital badges. Since Credly is an open sourced website, Knack can create their own badges with personalized branding, without having to create the back-end software for facilitating different users. The trainees (earners) will be able to use the platform free of charge. As of now, employers are not being charged to use the Knack platform for job advertising. Knack can potentially verify if an employer has a safe, supportive

environment and this may create a fee for service opportunity to capture revenue. Some new employers who use Knack could become customers of RSS, which can then capture revenue and be reinvested in Knack.



Figure 13: Knack meeting



Figure 14: Knack workshop

Source: Anna Migicovsky

6 Key findings

In their study on social innovation, Lettice and Parekh (2010) described four emerging themes after analysing their interview data. I have drawn my findings from the same themes to tie together my observations and the key informants reflections, emphasizing the role of social innovation in guiding the social enterprises mentioned in section 5.

1) Changing the lens

The DTES community has for years been described as a complex and diverse population facing multiple problems and most social services available to this community are provided by outsiders. The focus for too long had been on solving the problem rather than discussing what the problem was in the first place. The social enterprises that were the focus of my case studies approached the DTES from a different angle, allowing their perspective to adapt as they learned more about the overarching issues facing the community. They saw strength in individuals considered to be weak, and found resources in places no one in the formal economy had previously explored. More importantly they were able to communicate their vision to their community partners and procured funding for their ideas .

The impact of social innovation on the community is twofold: they are shaped by the system, and in turn influence the system (Lettice and Parekh, 2010). Each enterprise had to deal with the colossal task of shifting the perspectives of both the community members they were trying to help, and the outsiders that needed to be convinced about the viability of their idea.

For the Binnners' Project the primary goal of all interventions was to make binnners visible, to help them take ownership of their rights and contribute to the development of their city, socially and economically.

"At its core, the Binnners' Project aims to foster face-to-face interactions between binnners, residents, and the community at large."

-Director, Binnners' Project

"Staff, students, volunteers, and binnners, all work closely on implementing pilot programs at local levels, while the overall mission of the project, to build a stronger social presence and voice for one of the most marginalized communities in Canada, is implemented at the national level."

-Program Manager, Binnners' Project

The Binnners' Project had to change the way the formal economy saw binnners, and also how the binnners thought about themselves. The pick-up service program challenged binnners to view themselves as service providers. The program made all participants aware of the positive environmental impact created by the act of binning. The binnners providing the service became more visible to the public by walking through the front doors of businesses and doing pick-ups, instead of rummaging through the dumpster in the back alley.

The Project Coordinator at the DTES Street Market described how they changed the lens:

"Vending laws in Vancouver were not allowing people to set up the market on the street. The only way they could create safe vending areas was by setting up a market on the street to protest against the laws, changing the institutional lens."

The Street Market is also challenging the public perception, by lowering the barriers to market entry. Street vending is legitimate in this space

and its very existence negates the perception that everything sold by street vendors is junk or stolen.”

- Project Coordinator, DTES Street Market

The DTES Street Market helped the vending community find a common voice and gave them the opportunity to interact with outsiders in a regulated space, breaking down stereotypes at all levels. The market helped the city see value in street vending and also helped vendors find validation and legitimacy in their work.

The Project Coordinator for Knack shared similar observations:

“Knack plays an important role in advocacy. Employers don’t know that individuals on welfare have an earning exemption. It’s also not actively known that these individuals are legally allowed to work and the extra \$200 income effectively doubles their spending power. “

- Project Coordinator, Knack

Knack is changing the lens with which employers view potential employees on social assistance. Knack badge earners always had employability potential, but it took a new perspective and innovation to make employers aware of that potential.

2) Bridging the gap

These social enterprises have managed to bridge the gap between the formal and informal economy, opening various communication and business channels between them. There is more general engagement between people from different walks of life at the market, which has led to the development of collective empathy. The Project Coordinator for the Street Market noticed new relationships between people at the market:

“In the past there was barely any interaction between city officials and low income people. The Street Market has opened up the communication channels, building links between two groups from different power backgrounds, and more importantly, illuminating the leadership possible from within the DTES Community.”

From the business perspective, The vendors have flexible pricing on the goods they sell, so the market addresses purchasing needs of locals and outsiders.

“The Street Market provides access to goods that wouldn’t be available at a comparable price elsewhere. The low income consumers really benefit from such a service. If someone needs to buy a shirt and they can’t go into a shop they can always go to the street market.

The Project Coordinator for Knack mentioned the important role Knack plays in lowering the language barrier knack earners²⁰ face in the job market:

“The badges provide a common language between employers and Knack earners and they describe competency based skills. This helps Knack earners market their skill set to the formal market. On the other side of the relationship the employers can describe the skills with badges required for a task. ”

It’s all about understanding where the opportunities are and how Knack plays a key role in simplifying the job application process for knack earners:

“Awarding badges to knack earners also contributes to a culture of recognition for the skills and expertise of this population. This allows

²⁰ People facing barriers to employment. They are currently enrolled in Knack and earning badges.

agencies to recognize and honour key contributing members of the community and help them build confidence. The badges are important for knack earners to navigate the employment continuum. Seeing paid opportunities listed on the Knack platform, provide them with the motivation and clear guidelines to apply and start working.”

Social innovation also provides enterprises with the ability to connect previously unconnected parts of the market, or find new spaces in between. The Binnners' Project found that there was a recycling gap at big public events. Once the binnners got formally involved in sorting and recycling at events, they collectively prevented more bottles and cans from going into the landfill. The project also recognised that there was a gap in public education about recycling, despite it being a priority for the city as per the Greenest City 2020 initiative. Hence, the binnners involved with the project began providing educational services while manning bins at events, and were compensated for doing so.

"These initiatives act as a bridge between binnners, businesses, and residents through which binnners gain access to items (including redeemables and goods that could be upcycled for reuse) that would otherwise end up in the waste stream. This contributes to the circular economy.”

-Director, Binnners' Project

3) Building a new customer base

The ongoing process of finding a new customer base has been essential for all three social enterprises, as it continues to generate new revenue streams for them. The customer can change depending on the strategy and direction taken by the enterprise. This process of finding a new customer base has been well-depicted in Figure 15.

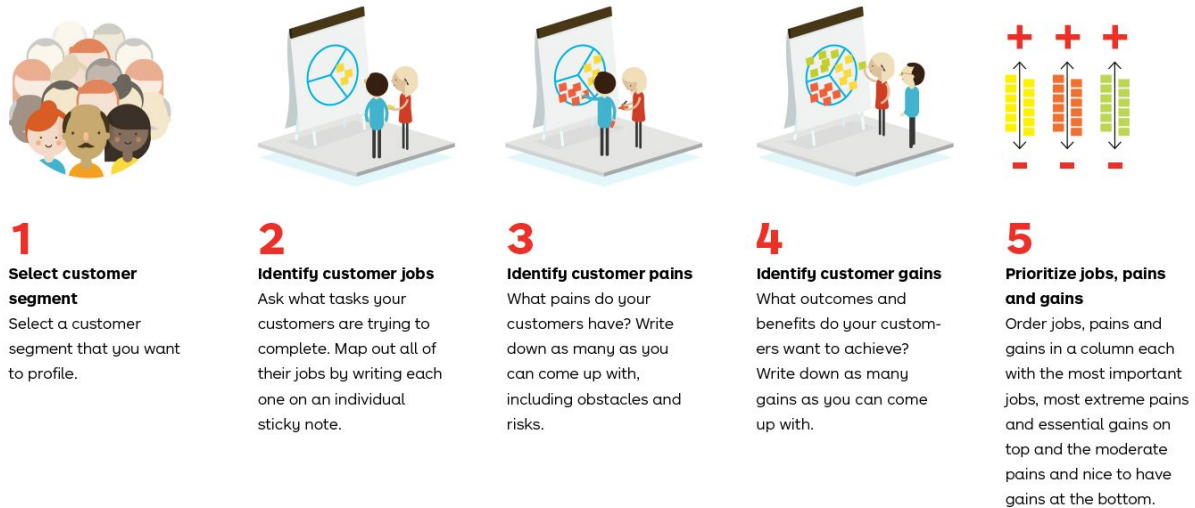


Figure 15: Customer profiling

Source: Value Proposition Design (Osterwalder et. al., 2014,p. 24)

Using a similar process of customer profiling, the Street Market helped the vending community find a different clientele with more spending power. Potential clients who previously felt uncomfortable participating in informal commerce within the unregulated gathering of street vendors can now enjoy the safe and enterprising environment of the market. The visual of organized vendors, clean kiosks, and the presence of uniformed volunteers all add an element of safety and stability to the market.

“The entry of new customers from outside the community has increased the earning potential of all vendors. Customers from other neighborhoods and tourists can now buy goods in an organized and sanctioned space.”

-Project Coordinator, DTES Street Market

Social innovation helps enterprises rethink and reshape market preferences and often challenges the status quo. For instance, Knack has created a platform for employers who now have access to an untapped labour market, which had always

existed, but was previously undervalued. Knack's regulated platform helps the knack earners list their skill-set by earning badges and making it visible to potential employers.

"Knack taps into an asset based approach by recognizing the diverse skillsets and lived experiences of the target employee. Most employers don't have access to resumes of such individuals and Knack helps them find the right candidates to fill the employee gap."

-Project Coordinator, Knack

Social innovation often results in the production of commodities or services that serve the need of a new or niche customer (Lettice and Parekh, 2010). This process, termed "disruptive innovation" in the business innovation literature (Christensen, 1997; Dosi, 1982; Schumpeter, 1975), is the path the Binnars' Project chose for the Binnars Hook. The hook is a low cost, easy to install, and pest-controlling alternative to a conventional recycling bin. Currently, the hook has been bought and installed by many people who belong to the 'niche customer' category—residents who care about binnars. The customers also have the option of asking for a binner to be paid to install the hooks for them. People who often leave bottles and cans by the door or bins for binnars clearly understand the benefits of the hook and the difference it can make to a binnars life. If implemented throughout the city, it would greatly reduce pest problems, dumpster diving, and injuries caused by broken glass. The program has been implemented with the hope that eventually the entire city will become a part of the movement, generating income for the binnars.

4) Leveraging peer-support

Since the beginning of my internship at LEDlab I observed how the social enterprises continually demonstrated their strong ability to build successful teams both within and

outside the communities with which they are operating. They are able to effectively communicate their vision with different individuals working in different capacities over and over again. This form of leadership has helped them build tight-knit supportive communities that have become the backbone of the enterprises. The Project Coordinator for the Street Market reflected on how the vending community added to the resiliency of the organization:

“The Street Market is an alternative place for people to hang out and socialize. the volunteers support each other a lot. If one is going through hard times the rest of the group supports them. They keep each other informed and look out for one another. It’s a very supportive network of people who keep this market running seven days a week.”

Knack’s Project Coordinator echoed similar observations, while clearly stating that the community development at Knack is still in its early stages:

“Knack is slowly tapping into existing peer groups involved in other volunteer-based workplaces. We have experienced that there is a higher chance for individuals to attend sessions and finish the workshop series if their peers join them in this endeavour.”

The Binnars’ Project, led by its core group of binnars, has been very successful in creating a community of binnars who support each other in many ways. They work together when doing pick-ups and events. The Binnars hook wouldn’t have materialized without their insights, efforts, and cooperation during the design phase. They have been able to successfully launch each pilot project and garnered a lot of support from the public.

"We believe that working more closely together is the first step toward broader recognition of waste-pickers roles in society, and consequently improved livelihoods for bidders in Canada."

-Director, Bidders' Project

The staff have had to work really hard in keeping up the morale of the group by providing consistent earning opportunities and mentorship to the bidders. Their contribution in terms of leadership, networking and guidance has been monumental in raising the profile of the bidders in the city. These reflections signify the importance of proper management of networks and ties as the social enterprises grow.

7 Policy recommendations

“Everyone needs some give”

“Current policy needs to address employment flexibility and bridge the gap in understanding flexible labor force”

“People are drawn to employers who offer socially conscious employment, where they provide education and training”

“We need to be able to create an environment of teamwork in the DTES”

- Quotes recorded during the LEDlab workshop held on December 17th, 2015

Social innovation alone cannot help the DTES informal workforce from becoming socio-economically stable. After analyzing the data collected from methods explained in section 4, I have provided the following policy recommendations that can help individual informal workers as well as the social enterprises supporting them. A glossary of terms pertaining to the Income Assistance system has been provided in section 10.2.

7.1 Supporting individual informal workers

1) Reforming the Income Assistance system

Also known as welfare and social assistance, “Income Assistance is provided by the provincial government as a last resort to people considered eligible under a set of strict rules. it is available only to individuals and families who have no employment, have used up their savings, and have exhausted all other options.” (Klein and Pulkingham, 2008, p. 8)

- **Income Assistance rates must be increased** and earning exemptions need to be revised to adjust for inflation and living standards in Vancouver for all income assistance recipients.
- **The narrative about “alleviation of poverty” needs to be re-introduced into the legislation.** It’s crucial to understand and re-define the real purpose of income assistance to prevent the system from becoming a punishment for the poor.
- **The welfare terms need to be annualized** for all income assistance recipients (not just those with PWD²¹ or PPMB²² status). Given the complexity of the system, it’s very difficult for individuals on welfare to apply for income assistance every six months. There is a lot of fear and anxiety amongst those on welfare regarding this matter.
- **Administrative practices that permit people being cut off must be revised.** Klein and Pulkingham (2008) stated that people with severe disabilities were considered very employable and placed in the expected to work category. These individuals found themselves cut off from welfare for failing to find employment. The situation hasn’t changed since then for people on welfare. They face several barriers to employment and without any additional supports can’t find work. Such policies prevent rehabilitation into society and often times lead to homelessness. Within the expected to work category, the income assistance program needs to be able to identify a group that is more employment ready and not dependent on immediate pay.

²¹ Person with a Disability (PWD), definition provided in section 10.2

²² Person with Persistent and Multiple Barriers to Employment (PPMB), definition provided in section 10.2

- **Simplifying the Income Assistance program and improving ease of access to information.** The language around welfare needs to be simplified with a reduction in the number of steps one needs to complete. People need to be able to navigate the program without any fear or confusion.
- **Make it easier to get on disability.** As described in section 2.1.4, a two year limit is imposed on people who are not able to prove that they are suffering from serious medical problems. Such regulations are applied inappropriately, causing unacceptable hardship and harm.

2) Institutional supports for employment

- **Gradual reduction in welfare when one's wages start exceeding 'allowable earnings'**²³. People should not be immediately cut off from receiving welfare after they've obtained a job. There is no guarantee that they will be able to sustain their job over a long period of time and they usually have no savings. There needs to be a gradual reduction in welfare funds as the individual become more independent. For example, welfare funds can be clawed back by 25% for every 6 months the individual manages to keep their job. Such policies can help ease the burden and provide support while they integrate into the formal economy.
- **Setting up an employment bank for individuals on welfare.** Most individuals don't have any disposable income when they finally get employed and stop receiving welfare funds. Many participants at the LEDlab workshop echoed the need for a 'nest egg' for people on welfare and the important role it can play in financially supporting them through their first few months of being off income assistance.

²³ As per the earning exemptions mentioned in Section 10.4

7.2 Supporting social enterprises in the DTES

- **Amnesty for evidence based social innovation.** Social enterprises should have sanctuary from regulations pertaining to informal income during the start-up stages. In the beginning they are usually working to define their services and getting community members involved. Hence, they need some time to find the legal methods of payment and income generation that works best for them. Whether that be through honorariums or exchange of services.
- **Relaxing bylaws on a case-by-case basis.** Certain regulations can be more of a hindrance and interfere in job creating opportunities. For instance, bidders are fined for using shopping carts, due to the lack of a better mode of transportation for their cans and bottles, even if the carts have been bought from stores. Such rules also have an impact on social enterprises directly working with similar groups and don't have the means to bypass them.

8 Conclusions

The informal economy will exist as long as there are barriers to entering the formal economy. Given its importance in providing basic livelihood to people who are otherwise dependent on the welfare system, it's crucial to change the perspective with which we look at the informal economy. Viewing the informal sector as a reaction or adaptation to the shortfalls of the welfare system highlights the need to address the underlying causes of poverty rather than penalizing those who must work within it to survive. The main challenge is to develop innovative and supportive policies that recognize the contributions of the informal economy and its workforce, without obstructing its potential for job creation and economic growth.

There are several excluded and marginalized individuals and groups in the DTES who have limited voices. The primary goal of all interventions aimed at the informal economy should be to make these invisible groups visible. This visibility of the informal workforce can ensure that opportunities for income generation and entrepreneurship are not diminished.

The informal economy's workforce is comprised of a highly diverse range of individuals, and society's acceptance and integration of this sector into the formal economy could contribute positively not just to the social economy movement but also to the sense of community and self-worth of residents in the DTES. This includes funding and supporting community-led social enterprises that have the potential to help specific marginalised groups in a very targeted way.

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10 Appendix

10.1 Interview Guide

Context

- What is the organizational context? How is it internally organized?
- How are decisions made? Who has to be consulted to make the decisions? Who drives change?
- How are you supported? Where does the funding come from? where do you see room for improvement in this support?
- How did you decide on the services? Who was instrumental in pursuing this vision? How did you respond to community needs?
- How are you maximizing the social impact this project is having?
- Were your expectations different from the impact that was actually produced?

Challenges

- What challenges did you face within the project, and what helped you?
- What challenges do you see ahead for your project?
- What has been really influential in this project?

Solutions

- What would be useful as a tool or resource that you don't have currently?
- What key pieces of advice would you provide to others that want to start a social enterprise?
- What would you have done differently?

10.2 Income Assistance Program Terminology

THE MINISTRY OF EMPLOYMENT AND INCOME ASSISTANCE (MEIA) is the BC government ministry that administers income assistance and disability benefits and programs under the Employment and Assistance for Persons with Disabilities Act (EAPWDA) and the Employment and Assistance Act (EAA).

An **EMPLOYMENT PLAN (EP)** is an “agreement” outlining the activities and expectations which BC income assistance applicants and recipients are required to follow in becoming employed or more employable, including the time frame. When required by the ministry, entering into and complying with an employment plan is a condition of eligibility for assistance.

EXPECTED TO WORK (ETW) is a designation given to a person receiving BC income assistance benefits who is expected to find and sustain employment.

EXPECTED TO WORK – MEDICAL CONDITION (ETW–MC) is a designation given to a person receiving BC income assistance benefits who has what the ministry considers a temporary medical, drug or alcohol, or mental health condition that interferes with their ability to gain employment.

PERSON WITH PERSISTENT AND MULTIPLE BARRIERS TO EMPLOYMENT (PPMB) status is defined in the Employment and Assistance Act (EAA). To qualify for PPMB an individual must have received regular income assistance for 12 of the 15 months before they apply and have a severe barrier or a medical condition that is likely to continue for two years and preclude or impede their ability to search for or accept continuing employment. The PPMB designation is not permanent and is reviewed every two years.

PERSON WITH A DISABILITY (PWD) status is defined in the Employment and Assistance for Persons with Disabilities Act (EAPWDA). To qualify for PWD an individual must have a severe mental or physical impairment that is likely to continue for at least two years and majorly restricts the person’s ability to perform daily living activities either continuously or periodically so that significant help or supervision is needed. The designation is not “permanent” so although people with PWD designation are not required to seek employment as a condition of receiving benefits, their status may be reviewed every five years.

Figure 16: Income Assistance program terminology

Source: Klein and Pulkingham (2008), *Living on welfare in BC*, p. 6

10.3 BC Employment and Assistance Rates Tables

BC Employment and Assistance Rate Tables

Income Assistance

(Effective June 1, 2007)

Unit Size	Support Rate								Shelter Maximum
	A	B	C	D	E	F	G	H	
1	\$235.00	\$282.92	N/A	\$531.42	N/A	N/A	N/A	N/A	\$375.00
2	\$307.22	\$452.06	\$375.58	\$700.56	\$949.06	\$672.08	\$423.58	\$396.22	\$570.00
3	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$660.00
4	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$700.00
5	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$750.00
6	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$785.00
7	\$401.06	\$546.06	\$375.58	\$794.56	\$1043.06	\$672.08	\$423.58	\$490.06	\$820.00

Notes:

- All rates are monthly.
- In addition to the support allowance, families receive a monthly payment for each child under 19 years of age. Families receive either:
 - a federally administered payment that is comprised of the British Columbia Basic Family Bonus and the National Child Benefit Supplement, which are collectively known as the Family Bonus under the BCEA legislation;
 - a top-up amount from the ministry if their Family Bonus payment is less than the Family Bonus top-up supplement rates in the General Supplements rate table or the child is ineligible for the federal payment.
- Families of two or more that include someone on Old Age Security (OAS) are entitled to a maximum shelter rate for the family size.
- Shelter increments continue to increase by an additional \$35 for each additional dependant after unit size 7.

Key	Effective April 1, 2007, rates for:
A	Employable singles, couples, and two-parent families where all adults are under 65 years of age.
B	Singles, couples, and two-parent families where all adults meet the Persons with Persistent Multiple Barriers (PPMB) criteria and all are under 65.
C	Employable one-parent families where the parent is under 65.
D	Singles, couples, and two-parent families where one adult is aged 65 years or older.
E	Couples and two-parent families where both adults are aged 65 years or older.
F	One-parent families where the parent is aged 65 or older.
G	One-parent families where the parent meets the Persons with Persistent Multiple Barriers (PPMB) criteria and is under 65.
H	Couples and two-parent families where one adult meets the PPMB criteria and all are under 65.

Figure 17: BC employment and assistance rates tables

Source: <http://www.sdsi.gov.bc.ca/mhr/ia.htm>

10.4 Earning Exemptions

Eligible Clients	Earnings Exemption Amount
Family units that include at least one adult who has the PWD designation	
A family unit with one adult recipient who has the PWD designation	\$9,600 per year
A family unit with two adult recipients where only one recipient has the PWD designation	\$12,000 per year
A family unit where both individuals have the PWD designation	\$19,200 per year
Family units that do <u>not</u> include an adult who has the PWD designation	
All family units, including individuals eligible for income assistance who are not listed below	\$200 per month
All family units with a dependent child or who are caring for a supported child	\$400 per month
A family unit where one individual is a PPMB (this includes single PPMB individuals)	\$500 per month
All family units who care for a dependent or supported child with a severe disability where the disability of the child precludes the parent from working outside the home for more than 30 hours per week.	\$500 per month

Figure 18: BC Earning Exemptions

Source: http://www.eia.gov.bc.ca/factsheets/2006/Earnings_Exemption.html