



HOUSE OF COMMONS  
CANADA

**FEDERAL POVERTY REDUCTION PLAN:  
WORKING IN PARTNERSHIP TOWARDS  
REDUCING POVERTY IN CANADA**

**Report of the Standing Committee on  
Human Resources, Skills and Social Development  
and the Status of Persons with Disabilities**

**Candice Hoepfner, MP  
Chair**

**NOVEMBER 2010**

**40th PARLIAMENT, 3rd SESSION**

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**THE STANDING COMMITTEE ON  
HUMAN RESOURCES, SKILLS AND SOCIAL  
DEVELOPMENT AND THE STATUS OF PERSONS  
WITH DISABILITIES**

has the honour to present its

**SEVENTH REPORT**

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the Federal Contribution to Reducing Poverty in Canada and has agreed to report the following:





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# INTRODUCTION

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In 1989, the House of Commons unanimously resolved to eliminate child poverty by the year 2000. However, no long-term action plan was developed to meet this goal and monitor progress. Despite some improvement, poverty remains a significant problem in Canada. In 2007, 9.2% of Canadians lived on low income; a proportion that was significantly less than in 1996 when 15.2% of the population was living on low income. In 2007, low income remained a significant challenge for 2.95 million Canadians. Statistical evidence shows that children, lone parents (particularly female lone parents), women, Aboriginal people, persons with disabilities, immigrants (particularly recent immigrants), and unattached individuals, for a variety of factors, are particularly at risk of living on low income.

The rates of family and child poverty are unacceptably high taking into account Canada's high quality of living standard. Interest groups defending the rights of people living in poverty have stressed the need for further action from all government levels. The National Council of Welfare (NCW) as well as other social policy advocates and anti-poverty organizations specifically asked the federal government to take a leadership role and establish a national poverty reduction strategy.

The Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities (hereafter the Committee) heard their call for action and, on February 14, 2008, decided to undertake a study on the role of the federal government in reducing poverty in Canada. During the 2<sup>nd</sup> session of the 39<sup>th</sup> Parliament, the Committee held seven meetings on the matter. During those initial meetings, Committee members learned that poverty reduction strategies being implemented in certain European countries and Canadian provinces were showing positive results and could effectively reduce some of the risk factors that contribute to poverty. The Committee also heard from department officials and social policy experts who provided members with an overview of poverty in Canada, its underlying causes and its socio-economic costs. Some witnesses also discussed issues related to measuring low income and poverty in Canada. The Committee was told that to prevent, reduce and alleviate poverty, a comprehensive, integrated and multi-faceted approach was needed and that the federal government had an important role to play in this regard.

Work on this study resumed in the 40<sup>th</sup> Parliament. The Committee held 47 meetings on this topic, including 11 meetings in the Maritime Provinces and in Québec in May 2009; 10 meetings in Toronto in June 2009; and 8 meetings in the Western provinces, the Northwest Territories and the Yukon in November and December 2009. Finally, the Committee held 9 meetings and visited two Aboriginal communities between March and June 2010.

In marked contrast to the economic growth observed at the beginning of the Committee's study, part of the study also took place during a period of economic recession. Given the importance of acting promptly to address poverty and to mark the

20<sup>th</sup> anniversary of the 1989 resolution to eliminate child poverty in Canada, the Committee adopted the following motion on November 17, 2009:

That, with November 24<sup>th</sup>, 2009 marking the 20<sup>th</sup> anniversary of the 1989 unanimous resolution of this House to eliminate poverty among Canadian children by the year 2000, and not having achieved that goal, be it resolved that the Government of Canada, taking into consideration the Committee's work in this regard, and respecting provincial and territorial jurisdiction, develop an immediate plan to eliminate poverty in Canada for all.

Throughout this study, Committee members listened to a large number of Canadians who shared their experience of living in poverty and to organizations and social policy experts who shared their knowledge about the living conditions of Canadians living in poverty or at-risk of poverty, and who suggested means of raising these groups out of poverty, whether through existing programs or by creating new initiatives. The Committee was told that we also need a shift in perspective if we are to significantly reduce poverty in Canada. Poverty reduction measures must not be seen only as charity work or only be guided by moral principles, but must be set within a human rights framework, specifically the recognition that governments have a duty to enforce socio-economic and civil rights. Adopting a human rights framework also limits the stigmatization of people living in poverty. The Committee fully endorses such a framework in this report.

In Chapter 1, we share some of what we learned about defining and measuring poverty in Canada; provide a statistical profile of poverty, an overview of poverty-related issues such as physical and mental health; food security and housing; and homelessness. We also provide a summary of what is currently known about the socio-economic costs of poverty.

Chapter 2 provides a brief overview of poverty reduction strategies in Canada, Ireland and the United Kingdom. The Committee carefully studied these strategies and the various poverty reduction measures that have already been implemented across Canada and around the world. Notwithstanding the progress that has been made, there is no doubt that the recent economic downturn has hindered poverty reduction efforts in Canada as well as in other countries. The Committee believes that the federal government can learn from these efforts as it moves ahead on this issue and that it should support and respect provincial and territorial poverty reductions strategies as well as community organizations delivering services to low-income Canadians.

Members of the Committee recognize that the federal government has an important role to play in reducing poverty in Canada. For example, the reduction in poverty among Canadian seniors is generally recognized as one of Canada's most notable achievements of the past 30 years. The reduction is attributed largely to the provision of a Guaranteed Income Supplement (GIS) to low-income seniors receiving Old Age Security (OAS) payments, an initiative that has been in place since 1967. The impact of the National Child Benefit Initiative, introduced in 1998, is another example of the role public policy can play in reducing poverty in Canada. Evidence suggests that the National Child Benefit

Supplement (NCBS) has played a key role in improving the economic well-being of some Canadian families with children and that it could play an even greater role.

The Committee believes that the federal government must develop an action plan to reduce poverty, and we make this the first recommendation of our report in Chapter 3 along with other recommendations outlining the key elements of this plan and its institutional framework. The Committee also recommends measures to support and recognize the work being done by community organizations that are dedicated to poverty reduction.

Chapter 4 discusses an array of federal measures currently in place that play a direct or indirect role in alleviating poverty in Canada among vulnerable populations in Canada. The Committee makes concrete recommendations to improve these measures and asked that the federal government implement some of these recommendations immediately. As the Canada Child Tax Benefit (CCTB) has clearly made an impact on poverty, the Committee recommends that the federal government incrementally increase the annual amount of the CCTB—including both the base benefit and the NCBS—to reach a minimum of \$5,000 per child within five years' time. To assist people with disabilities, we recommend that the federal government immediately amend the *Income Tax Act* to make the Disability Tax Credit (DTC) a refundable credit. As a first step to improving the living conditions of Aboriginal people, the Committee recommends that the Government of Canada endorse the United Nations Declaration on the Rights of Indigenous People. The Committee also recommends changes to the GIS as well as an increase to the goods and services tax (GST) credit, among other recommendations. The Committee believes that these measures will assist low-income Canadians in making ends meet and help reduce poverty in Canada.

Members of the Committee think that having a place to call home is a fundamental need and a basic human right. Unfortunately, many people living in poverty are unable to meet their housing needs. Chapter 5 is dedicated to housing and homelessness issues. The Committee was told that decent affordable housing is both an important foundation for healthy social and physical development, and a springboard to exit poverty and to take advantage of education and training opportunities that can open doors to better economic and personal well-being. Among other recommendations, we call on the federal government to preserve Canada's existing affordable housing stock and to ensure that the measures announced in Budget 2009 for the construction of social housing units for low-income seniors, people with disabilities, Aboriginal people, and areas of the North are promptly delivered.

Members of the Committee recognize the key role of education and human capital in helping people get access to and retain high-quality jobs, and in lifting and maintaining people out of poverty. The federal government plays a role in skills development through many of its programs. Chapter 6 describes these programs, as well as employment-related measures, and contains recommendations pertaining to financial literacy, the social economy and other aspects related to education and training. For example, we recommend additional financial support to the Mental Health Commission of Canada to

support projects related to training. These recommendations, we hope, will ensure all Canadians can contribute to society and be prevented from living in poverty.

It is the Committee's intent that the recommendations made in this report contribute to the development of an effective federal poverty reduction plan that will reduce poverty and increase labour force participation rates. Members of the Committee realize that the implementation of the federal action plan recommended in this report will require an ongoing commitment and greater cooperation between federal, provincial and territorial governments. The Committee agrees that the time has come to seriously address the risk factors associated with poverty, and that the federal government can work in cooperation with other levels of government, Aboriginal stakeholders and community organizations to ensure that all Canadians live in dignity and can fully and actively participate in Canada's social and economic life.

# **HIGHLIGHTS OF KEY RECOMMENDATIONS TO BE IMPLEMENTED IN THE SHORT-TERM**

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## **Recommendation 3.1.1**

**The Committee recommends that the federal government immediately commit to a federal action plan to reduce poverty in Canada that would see, during its first phase, the implementation of the recommendations in this report.**

**This action plan should incorporate a human rights framework and provide for consultations with the provincial and territorial governments, Aboriginal governments and organizations, the public and private sector, and people living in poverty, as needed, to ensure an improvement in the lives of impoverished people.**

**The action plan should be reviewed every five years and should follow a three-step process: consultation, revision, and reporting to Parliament.**

## **Recommendation 3.2.1**

**The Committee recommends that at their next meeting, First Ministers start negotiations regarding the creation of a new federal transfer (e.g., a federal poverty reduction fund) to support provincial and territorial poverty reduction initiatives.**

## **Recommendation 3.4.2**

**The Committee recommends that the federal government review the spending priorities under the Social Development Partnerships Program and expand the client groups served under this program. Spending under this program should be increased and targeted at innovative and effective programs delivered by non-profit organizations whose primary purpose is to strengthen the communities in which they operate and provide services and support to those who need it most. Furthermore, funding for these organizations should be made available on a multi-year basis.**

## **Recommendation 4.1.1**

**The Committee recommends that the federal government incrementally increase the annual amount of the Canada Child Tax**

**Benefit —including both the base benefit and the National Child Benefit Supplement —to reach a minimum of \$5,000 per child within five years' time.**

#### **Recommendation 4.2.6**

**As a first step in addressing the needs of the poorest of Canadians with severe disabilities, the Committee recommends that the federal government amend the *Income Tax Act* to make the Disability Tax Credit a refundable credit and ensure that new federal benefits for persons with disabilities are not clawed back from those receiving social assistance payments.**

#### **Recommendation 4.3.1**

**The Committee recommends that the federal government make changes to the Guaranteed Income Supplement (GIS), in particular by increasing benefits (especially those to persons living alone), increasing or indexing the basic exemption for employment income, and excluding Canada Pension Plan benefits from the income calculation for the GIS, and that the federal government systematically verify eligibility of pensioners to the GIS and allow an individual to apply for a pension and the GIS by adding a question to that effect in the tax return.**

#### **Recommendation 4.5.1**

**The Committee recommends that the federal government increase the goods and services tax credit by more than the scheduled increases tied to the Consumer Price Index.**

#### **Recommendation 5.2.1**

**The Committee recommends that the federal government commit to preserving Canada's existing affordable housing stock, which is at risk with the upcoming expiration of long-term social housing agreements. Current levels of spending on affordable housing must increase, with additional funding provided as needed.**

#### **Recommendation 5.2.3**

**The Committee recommends that the federal government ensure that the measures announced in Budget 2009 for the construction of social housing units for low-income seniors, people with disabilities, Aboriginal people, and areas of the North are promptly delivered.**

**The housing situation of these target groups should be monitored closely, and the need for more funding should be assessed regularly.**

#### **Recommendation 6.1.3**

**The Committee recommends that the federal government take steps to substantially increase adult literacy levels, in particular by increasing funding for the literacy and life skills program and by taking measures to encourage newcomers to learn English or French.**

#### **Recommendation 6.1.8**

**The Committee recommends that the federal government encourage training for persons with mental health problems in particular by providing additional financial support to the Mental Health Commission of Canada to support pilot projects or other research projects relating to training.**

#### **Recommendation 6.2.4**

**The Committee recommends that the federal government move quickly to modernize Part III of the *Canada Labour Code*. The proposed legislative reforms must provide the requisite balance between the needs of employers and employees as well as adequately capture the changes that have occurred in the Canadian workplace over the last several decades, particularly relating to changes in work time and work arrangements.**

#### **Recommendation 6.3.1**

**The Committee recommends that the federal government immediately adjust and index the income threshold used to determine eligibility for the Family Supplement benefit under the Employment Insurance program.**

#### **Recommendation 6.3.3**

**The Committee recommends that the federal government implement more income support and active labour market measures to assist displaced older workers, especially low-income workers between the ages of 60 and 64, who face the prospect of persistent unemployment.**





# CHAPTER 1: POVERTY IN CANADA

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I leave you with this message as you continue to consult across this country: hear the voices of those with a lived experience of poverty. You can't miss us. We're on every street corner in every small town, village, and city from north to south to east to west, from sea to sea. The number of Canadians living in poverty grows with each passing day. Will we have the courage to no longer allow this injustice to continue to rob our country of so many citizens who live and die in poverty? The cost of not fighting poverty in Canada is a cost that not one of us can afford. We are weaker as people and we are weaker as citizens and we are weaker as a nation when we leave so many behind.

Michael Creek, *Voices From the Street*  
June 2, 2009

Committee members have listened to hundreds of Canadians throughout this study and would like to share some of what was learnt about poverty in Canada. This chapter provides background information on defining and measuring poverty in Canada, a statistical profile of poverty in our country, an overview of poverty-related issues such as physical and mental health, food security and housing and homelessness, as well as a summary of what is known about the socio-economic costs of poverty.

## 1.1 Defining and Measuring Poverty in Canada

In order to report on poverty rates and trends in Canada, it is necessary to first discuss the challenges involved in defining and measuring poverty. The conceptualisation and measurement of poverty is complex and continues to be a source of debate among poverty reduction advocates, social policy analysts and policy-makers. In general, poverty is defined either in absolute terms—inability to obtain the basic necessities of life—or in relative terms—being at a relative disadvantage economically and socially in comparison to others living in the same community. Internationally, multiple measures of poverty have been developed on the basis of these definitions.

In the context of developed nations such as Canada, poverty is usually defined in relative terms. A definition of poverty in the modern welfare state written by the late Peter Townsend, a British sociologist, researcher and social activist, is commonly used as a basis to establish measures of poverty and inequality.

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged, or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities.<sup>1</sup>

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1 Peter Townsend, *Poverty in the United Kingdom: A Survey of Household Resources and Standards of Living*, University of California Press, Berkeley and Los Angeles, 1979, p. 31.

The implied poverty line or threshold in Townsend's definition is relative and draws attention to concepts of deprivation and social exclusion. To determine who is at a relative disadvantage compared to others, a minimum acceptable standard of living must first be established for a particular community. This standard can be established using a deprivation index—which can provide information on the quality of housing, clothing, nutrition, healthcare and social engagement, and/or measures of consumption expenditure—as the amount spent by a household on consumer goods and services. Today, social policy analysts tend to agree that in order to paint a complete picture of poverty, measures of low income must be supplemented with measures of deprivation.

The Government of Canada has yet to adopt an official definition or measure of poverty. In the absence of an official directive from the federal government, social policy analysts in Canada commonly use national statistics on low income as thresholds to measure the incidence of poverty, the depth of poverty (i.e., the gap between a household's or individual's income and the low income thresholds) and the persistence of poverty for households and individuals over time. These statistics are typically based on the Low Income Cut-offs (LICOs), released annually by Statistics Canada. The LICOs provide a relative measure of low income by calculating the income level at which households spend at least 20 percentage points more of their income than the average household on food, clothing and shelter. The number and proportion of households whose incomes fall below this threshold, and who are therefore considered to be living on low income, can then be determined. The LICOs vary according to family and community size and are calculated on a before- and after-tax basis (see Table 1.1).

**Table 1.1 Low Income Cut-offs (1992 base) After Tax, 2008**

Size of Family Unit	Community Size				
	Rural Areas	Urban Areas			
		Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and over
<b>1 person</b>	\$12,019	\$13,754	\$15,344	\$15,538	\$18,373
<b>2 persons</b>	\$14,628	\$16,741	\$18,676	\$18,911	\$22,361
<b>3 persons</b>	\$18,215	\$20,845	\$23,255	\$23,548	\$27,844
<b>4 persons</b>	\$22,724	\$26,007	\$29,013	\$29,378	\$34,738
<b>5 persons</b>	\$25,876	\$29,614	\$33,037	\$33,453	\$39,556
<b>6 persons</b>	\$28,698	\$32,843	\$36,640	\$37,100	\$43,869
<b>7 or more persons</b>	\$31,519	\$36,072	\$40,241	\$40,747	\$48,181

Source: Statistics Canada, *Low Income Lines, 2008-2009*, Income Research Paper Series, June 2010, Table 1, p. 19, <http://www.statcan.gc.ca/pub/75f0002m/75f0002m2010005-eng.pdf>. LICOs for 2008 are presented in this table to ensure consistency with the Low Income Measures (LIMs) presented in this report. Although LICOs for 2009 are available, LIMs for this year has not yet been released by Statistics Canada.

Another measure released by Statistics Canada, the Low Income Measure (LIM), is set at half the median family income (see Table 1.2). The LIM is adjusted for different household types and calculated on the basis of market income, before-tax income and after-tax income. It is most often used for international comparisons (many countries set their low-income measure at 50% or 60% of the median family income).

**Table 1.2 Low Income Measures After Tax, 2008**

Household size	Low Income Measure
<b>1 person</b>	18 582 \$
<b>2 persons</b>	26 279 \$
<b>3 persons</b>	32 185 \$
<b>4 persons</b>	37 164 \$
<b>5 persons</b>	41 551 \$
<b>6 persons</b>	45 516 \$
<b>7 persons</b>	49 163 \$

Source: Statistics Canada, *Low Income Lines, 2008-2009*, Income Research Paper Series, June 2010, Table 3, p. 26, <http://www.statcan.gc.ca/pub/75f0002m/75f0002m2010005-eng.pdf>. LIMs used to be calculated according to the number of adults and children in the economic family. Since 2010, they are calculated by number of individuals in the household. For more details, see Statistics Canada, p. 10.

The use of the low-income thresholds established by the LICOs and LIM as substitutes for measures of poverty has raised a number of concerns. Among these is the concern that low-income measures are not valid indicators of material or social deprivation. Studies have shown that household income, even when adjusted for household size and composition, is not an indicator of actual living standards. Low-income measures fail to take into account personal assets, fringe benefits, the value of free or subsidized services and other community supports that may improve the living standard of some people whose income is below the low-income thresholds. Unreported income can also undermine the reliability of these measures. Nonetheless, data on household income remains the best data currently available on the financial resources of individuals.

Poverty thresholds can also be established based on the cost of a specific basket of goods deemed essential to meet particular community standards of expenditure. To complement the two low-income measures compiled by Statistics Canada, in 1997, Human Resources and Skills Development Canada (HRSDC) (then Human Resources Development Canada) in collaboration with a Federal-Provincial-Territorial Working Group of Officials on Social Development Research and Information developed a measure known as the Market Basket Measure (MBM). The MBM is a measure of the disposable income (total income less income/payroll taxes, payroll deductions and child support/alimony payments) a household needs to purchase a specific basket of goods and services. The basket includes food, clothing and footwear, shelter, transportation, and

other goods and services (e.g., basic telephone service, school supplies, household needs, personal care products, etc.). The cost of this basket is calculated for 48 different regions across Canada. It should be noted that some provinces have adapted the MBM to meet their particular monitoring needs. The MBM thresholds are adjusted for family size and composition. MBM thresholds have been available since 2000 on the same base. That base was revised in 2008.<sup>2</sup> Table 1.3 presents a sample of MBM thresholds for selected Canadian cities in 2007 (2008 base).

**Table 1.3 Market Basket Measure Thresholds for Family of Two Adults and Two Children in Various Cities, 2007 (2008 base)**

City	MBM Threshold
St. John's, Newfoundland	\$28,245
Charlottetown, Prince Edward Island	\$30,301
Halifax, Nova Scotia	\$28,756
Saint John, New Brunswick	\$27,109
Montréal, Québec	\$26,537
Toronto, Ontario	\$29,509
Winnipeg, Manitoba	\$26,126
Saskatoon, Saskatchewan	\$26,750
Calgary, Alberta	\$29,281
Vancouver, British Columbia	\$28,418

Source: Human Resources and Skills Development Canada, *First Comprehensive Review of the Market Basket Measure of Low Income*, Report SP-953-06-10E, June 2010, p. 75, [http://www.canadiansocialresearch.net/mbm\\_2010.pdf](http://www.canadiansocialresearch.net/mbm_2010.pdf).

The Basic Needs Poverty Line (BNL) is another measure that establishes poverty lines based on a basket of goods and services. The BNL was developed by Chris Sarlo, an Associate Professor of Economics and Director of the School of Business and Economics at Nipissing University in North Bay, Ontario, and an adjunct scholar with the Fraser Institute, who for many years has been raising concerns over the use of the LICOs as thresholds to measure poverty in Canada. The BNL is considered to be a measure of “real deprivation” or a lack of basic necessities. It is based on a basket of goods and services needed to maintain the long-term physical well-being of an individual according to a minimum acceptable standard within the community in which that person resides. Although Sarlo argues that the BNL is a more realistic and credible measure of poverty than the LICOs, he advocated for the use of both relative and absolute measures of poverty in his testimony before the Committee.

I think we have to be careful. A poverty line is not a show of our compassion; it is simply a useful way to distinguish those people who are poor from those who are not. If we get

<sup>2</sup> Human Resources and Skills Development Canada, *First Comprehensive Review of the Market Basket Measure of Low Income*, Report, SP-953-06-10E, June 2010, [http://www.canadiansocialresearch.net/mbm\\_2010.pdf](http://www.canadiansocialresearch.net/mbm_2010.pdf).

that tangled up with emotion and passion, I think we're not going to serve public policy very well.

Those are fine expressions of what it means to be poor. I think we simply have to decompose those two types of measure and measure both absolute and relative.

[...]

The basic needs measure that I've developed should be helpful if you decide to measure the extent of real deprivation in Canada. This measure essentially takes the cost of a basket of basic needs in different parts of Canada for families of different sizes and sets up those costs as poverty lines.

As I mentioned just a moment ago, I really would urge you to resist the temptation to bulk up the poverty line by adding things like recreation items and vacations and so on. The critical issue here is not that the poor shouldn't have these things—of course they should—the question is whether people are impoverished for lack of them. I think there's great value in determining how many people just can't afford even the basic needs; to add more onto the poverty line would simply muddy the waters.<sup>3</sup>

Chris Sarlo, as an individual

Because the BNL is based on a fairly strict market basket of goods, it calculates significantly lower poverty thresholds, rates and trends than those calculated using the LICOs and the LIM. The BNL also calculates poverty lines that are lower than the thresholds set under the MBM as the goods and services included in the MBM's basket go beyond a subsistence standard. Table 1.4 presents the basic needs poverty lines for 2007.

**Table 1.4 Basic Needs Poverty Lines by Household Size, 2007**

Household Size	Basic Needs Poverty Line
1 person	\$10,520
2 persons	\$16,508
3 persons	\$20,064
4 persons	\$23,307
5 persons	\$26,323
6 persons	\$29,163

Source: Chris Sarlo, *What is Poverty? Providing Clarity for Canada*, Fraser Institute, May 2008, Table 1, p. 8, [http://www.fraserinstitute.org/commerce.web/product\\_files/What\\_is\\_Poverty.pdf](http://www.fraserinstitute.org/commerce.web/product_files/What_is_Poverty.pdf).

3 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 25, April 17, 2008 at 10:10 and 10:15.

Other agencies and social planning councils across Canada have also developed their own market basket measures.<sup>4</sup> For example, the Montreal Diet Dispensary (MDD), a non-profit agency serving the Montreal community, has been establishing basic budgets needed to maintain health since the middle of the twentieth century. A basic needs budget includes allowances for shelter, electricity, heating, water tax, food, clothing, personal and domestic care supplies, which vary according to the size, sex, age and activities of the members of a family. The MDD also devises a budget that meets a minimum adequate standard of living. This budget includes additional items that will allow a household to actively participate in the community (e.g., telephone, transportation, entertainment, leisure, religion, and school supplies). The MDD budgets are updated annually and are used for budget counselling, making comparisons with other low-income measures, and advocating for people living in poverty.<sup>5</sup>

If we want to know how Canadians are really doing, many social policy experts argue that we need additional indicators of well-being. We would be remiss not to mention an interesting project headed by the Honourable Roy J. Romanow, Chair of the Institute of Wellbeing Advisory Board, which has begun to shed more light on the quality of life of Canadians using a Canadian Index of Wellbeing (CIW). The CIW is being developed by a group of experts and is backed by rigorous Canadian and international peer review and public consultation.<sup>6</sup> It is a new tool to measure societal progress that will help policy-makers and social analysts assess whether social programs are making a difference and achieving the intended goal of improving the quality of life of Canadians. When fully implemented, the CIW will provide information on eight quality of life categories: arts, culture, and recreation; civic engagement; community vitality; education; environment; healthy population; living standards; and time use. Going forward, this innovative new tool will be of interest to the study of poverty in Canada. Among other applications, the CIW will provide data that could be used to develop a material and social deprivation index and improve our understanding of what it means to live in poverty and what is needed to promote social inclusion in Canada.

## 1.2 Recent Trends<sup>7</sup>

I want to talk to you about a problem that I think is real. I say “real” because many people try to downplay it or conceal it. Poverty isn't the subject; it's people.<sup>8</sup>

Pierre Métivier, United Way Québec and Chaudière-Appalaches

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4 For example, see the reports on an acceptable living level for people living in Manitoba prepared by the Winnipeg Harvest and the Social Planning Council of Winnipeg at <http://www.winnipegharvest.org/hunger/definingpoverty> and a comparison of living costs and income assistance rates in British Columbia by the Social Planning and Research Council (SPARC) in a report entitled *Still Left Behind* at <http://sparc.bc.ca/resources-and-publications/category/44/income-assistance>.

5 Montreal Diet Dispensary, *What is the minimum cost to maintain health?*, <http://www.ddm-mdd.org/en/cout/cout.html>.

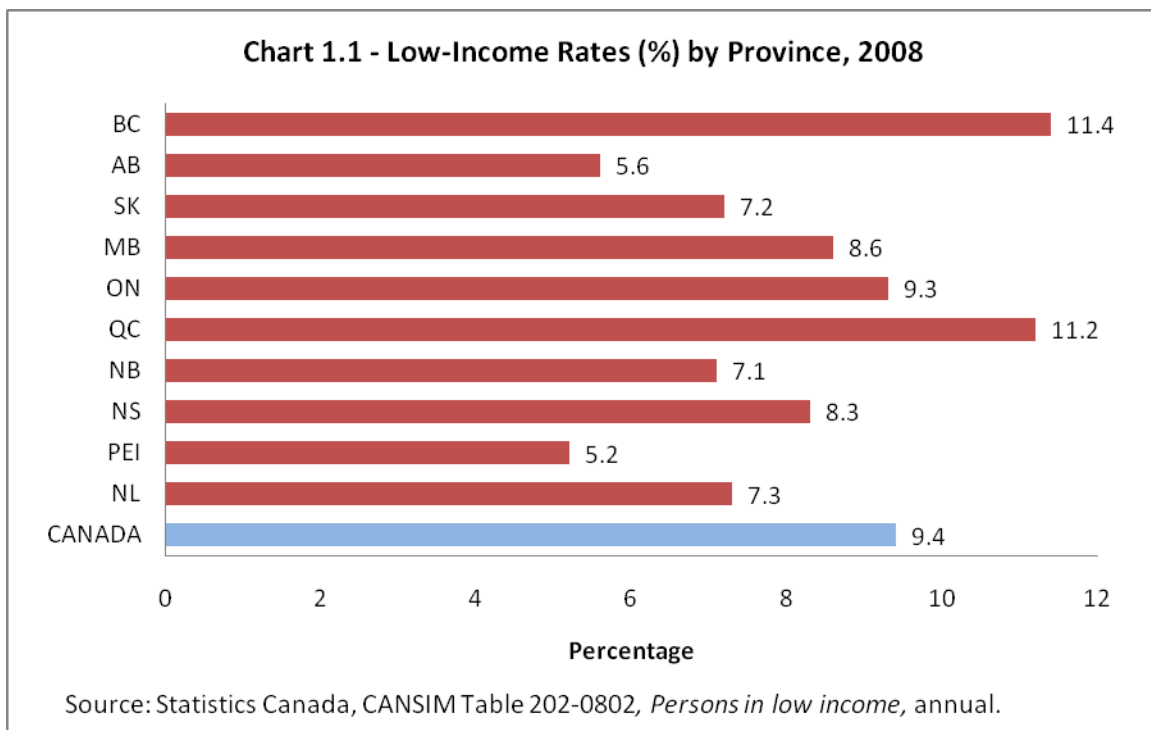
6 Institute of Wellbeing, *How are Canadians Really doing?*, The First Report of the Institute of Wellbeing, 10 June 2009, <http://www.ciw.ca/Libraries/Documents/FirstReportOfTheInstituteOfWellbeing.sflb.ashx>.

7 The after-tax LICO is used as a measure of low income in this section of the report, unless otherwise noted.

8 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 32, May 28, 2009 at 11:35.

In 2008, 9.4% of Canadians lived on a low income. This was slightly up from 2007 when Statistics Canada observed the lowest rate of low income since it began collecting this information in 1976 (9.2%) and was significantly lower than the high of 15.2% observed in 1996.<sup>9</sup> Despite this progress, low income remained a significant challenge for 3.1 million Canadians.<sup>10</sup> Witnesses told the Committee that a study of low income must focus on the individuals who face this reality each day.

The overall incidence of low income varies considerably across Canada's provinces. In 2008, low-income rates were highest in British Columbia (11.4%), followed by Québec (11.2%) and Ontario (9.3%). Prince Edward Island had the lowest low-income rate at 5.2% (See Chart 1.1). While the overall low-income rate increased between 2007 and 2008 in Canada, it decreased in some provinces, such as Manitoba (from 10.1% in 2007 to 8.6% in 2008) and New-Brunswick (from 8.4% to 7.1%). The general trend in recent years (before 2008) was downwards, particularly in certain provinces: the low-income rate in Newfoundland and Labrador decreased from 12.2% in 2003 to 7.3% in 2008, while Alberta's low-income rate dropped from 10.7% to 5.6% over the same period.<sup>11</sup>



9 The most recent data on low-income rates released by Statistics Canada is for the year 2008. The 2008-2009 recession started in late 2008, which may explain the small increase in the low-income rate between 2007 and 2008.

10 Statistics Canada, Table 202-0802 - *Persons in low income*, annual, CANSIM Database.

11 Statistics Canada, Table 202-0802 - *Persons in low income*, annual, CANSIM Database. Note that a decrease in the overall incidence of low income in each province does not preclude an increase in low-income rates among specific population groups.

The territories are also home to many Canadians living on a low income. In 2008, 3,530 people in Yukon, 6,630 people in the Northwest Territories, and 8,000 people in Nunavut lived on a low income according to Statistics Canada's after-tax LIM.<sup>12</sup> The problem of poverty in the territories is magnified by the high cost of living in northern Canada.

We see many of the same problems experienced in southern Canada, but here in the NWT the impact of poverty is magnified by transportation challenges, the boom and bust cycle of our economy, electricity costs that top \$2 per kilowatt hour in some communities. In Paulatuk, which is home to 300 people on the shore of the Beaufort Sea, a two-litre carton of milk costs almost \$9 and a loaf of bread will take a \$7.20 bite out of your family budget.<sup>13</sup>

Gordon Van Tighem, Northwest Territories Association of Communities

About 6.3% of persons living in economic families<sup>14</sup> (1.7 million persons) lived on low incomes in 2008, which represents a small increase from the 2007 rate (6.0%), the lowest observed by Statistics Canada in over 30 years.<sup>15</sup> Unattached individuals did not fare as well and had a significantly higher low-income rate of 27.2% (See Chart 1.2).<sup>16</sup>

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12 Statistics Canada, Table 111-0015 - *Family characteristics, Low Income Measures (LIM), by family type and family type composition*, annual, CANSIM Database.

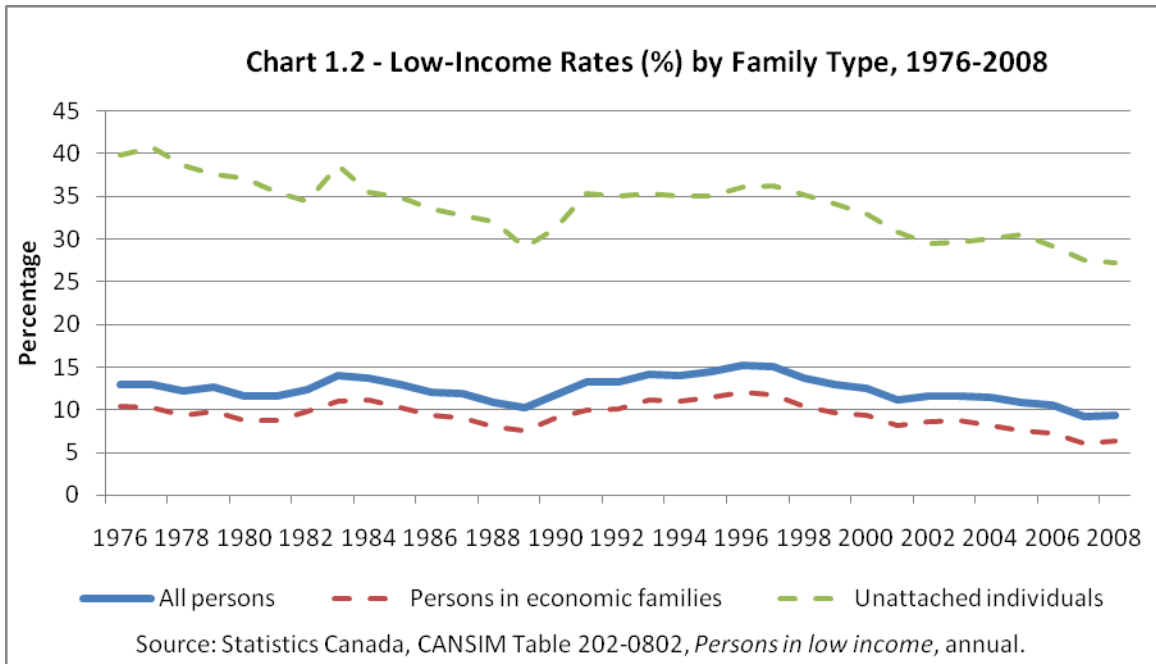
13 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 64, December 2, 2009 at 08:45.

14 An economic family is "a group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law or adoption." Same-sex couples and foster children are included. Statistics Canada, *Family structure of economic family*, July 28, 2008, <http://www.statcan.gc.ca/concepts/definitions/effamstr-strfamfe-eng.htm>.

15 Statistics Canada, Table 202-0804 - *Families in low income, by economic family type*, annual, CANSIM Database.

16 Statistics Canada, Table 202-0802 - *Persons in low income*, annual, CANSIM Database.





To better understand what it means to live below the low-income threshold, it is also important to look at the depth of poverty.<sup>17</sup> In 2007, low-income families needed an average of \$7,200 to bring their income above the LICO threshold, while unattached people faced a low-income gap of \$6,500.<sup>18</sup>

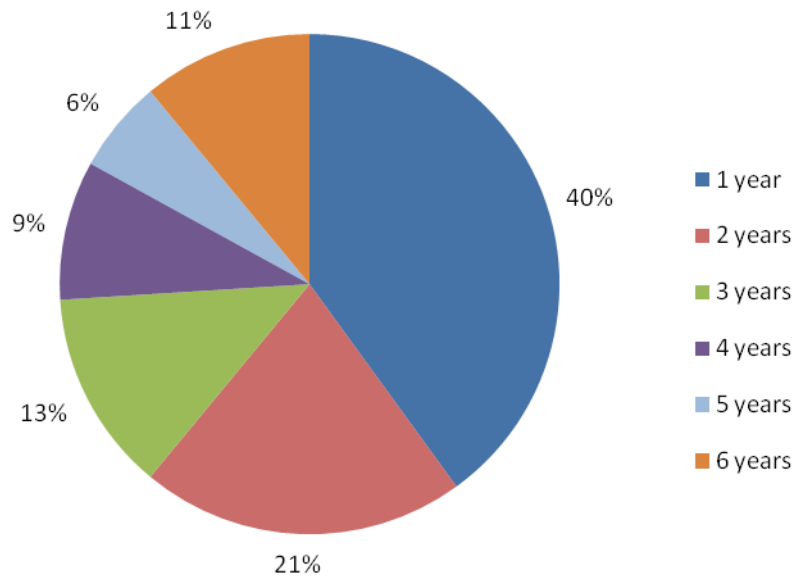
There is considerable turnover in the low-income population on a year-to-year basis. Of the one in five individuals who experienced low income in the six-year period between 2002 and 2007, most lived in this situation for one or two years (40% and 21% respectively), while 11% lived on low income for the entire six-year period.<sup>19</sup> (See Chart 1.3)

17 The low-income gap represents the extent to which an individual's or a family's income falls short of the relevant low-income threshold, known as the "depth" of low income. It can be reported as a dollar amount or percentage. For example, a family with an income of \$15,000 and a low-income threshold of \$20,000 would have a low-income gap of \$5,000 or 25% (\$5,000/\$20,000). The average low-income gap for a given population is the average of the values calculated for each unit.

18 Statistics Canada, Table 202-0805 - *Low income gap, by economic family type*, annual, CANSIM Database. These numbers are no longer available starting in 2008. They are now only presented as a percentage (see footnote 17). In 2008, this gap was 30% on average for families and 38% for unattached individuals.

19 Statistics Canada (2009), *Income in Canada 2007*, pp. 16-17. Note that years in low income are not necessarily consecutive.

**Chart 1.3 – Persons experiencing low income for at least one year over a six-year period, 2002-2007**



Source: Statistics Canada, *Income In Canada 2007*, June 2009, Chart 7, p. 17. Note that years in low income are not necessarily consecutive.

The Committee heard that a similar trend in the persistence of low income was observed in previous years.

Between 1999 and 2004, a six-year period, about 80% of Canadians did not experience any low income. Among the 20% who did, many of the spells of low income were quite short. About 40% lasted one year or less, so a lot of low income is quite short. About one-quarter of those spells lasted five years or more; that's more chronic.

What we see is that while 20% of the population experienced low income at some point during that six-year period, 4% or maybe 5% of the population were in what we might refer to as a chronic low-income condition.<sup>20</sup>

Garnet Picot, Statistics Canada

Despite an overall decline in Canada's low-income rate, inequalities within the population have grown over time. Growth in after-tax income was observed in all income quintiles<sup>21</sup> between 1989 and 2007, but income rose by 7.6% among the lowest quintile and 30% among the highest quintile. As a result of these different rates of growth, the average after-tax income of families in the highest income quintile was 5.4 times that of

<sup>20</sup> Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 6, February 26, 2009 at 11:30.

<sup>21</sup> Income quintiles are obtained by dividing the Canadian population into five equal-sized groups, from the lowest after-tax income to the highest after-tax income. Each quintile therefore represents 20% of the Canadian population. It is important to note that we cannot make a direct link between those living on low incomes (about 9.4% of Canadians) and those in the lowest income quintile.

families in the lowest income quintile in 2007.<sup>22</sup> In 2008, food, shelter and clothing accounted for 52% of total spending among households in the lowest income quintile, while spending on these necessities accounted for only 28% of total spending among households in the highest income quintile.<sup>23</sup> The Committee heard not only that income inequality in Canada has grown in recent years, but also that it has increased more significantly than in other countries.

Income inequality has continued to grow, so the gap between the rich and the poor, as measured, actually has grown. That's a trend that's evident in many advanced industrialized countries in Europe, and in the United States it's even more pronounced. You see income concentrating in the hands of upper-income Canadians.<sup>24</sup>

Katherine Scott, Canadian Council on Social Development

Witnesses who appeared before the Committee explained that the decline in low-income rates since the mid-1990's is related to economic growth. During this period of expansion, fewer people entered low income while more people exited this situation. Between 2006 and 2007, for example, 2.3% of Canadians fell into low income and 3.5% got out.<sup>25</sup> Some witnesses believed, however, that more could have been done during this time to eliminate low income in Canada.

From the mid-1990s, Canada, as you know, experienced a very long period of economic growth, a very long period of enormous budgetary surpluses, and in some years they were absolutely colossal. It was therefore a period that would have been conducive to a decrease in poverty, and even more than a decrease, it was a period that should have been conducive to the elimination of poverty in Canada. Unfortunately, this is not what happened.<sup>26</sup>

François Saillant, Front d'action populaire en réaménagement urbain

In marked contrast to the economic growth observed over the last decade, part of the Committee's study took place during a period of economic recession. Between 2007 and 2008, 2.6% of Canadians fell into low income and 3.0% got out, which represents a small deterioration of the situation compared with the preceding year. Because the recession only started at the end of 2008, it is possible that the impact of the recession might only be fully reached with the 2009 data. Witnesses told the Committee that they feared the worsening economic situation would propel many more Canadians into low income and aggravate various social problems.

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22 Statistics Canada, *Income in Canada 2007*, June 2009, p. 14, <http://www.statcan.gc.ca/pub/75-202-x/75-202-x2007000-eng.pdf>. This analysis is based on adult-equivalent-adjusted family income for unattached individuals and persons in families combined.

23 Statistics Canada, *Spending Patterns in Canada 2008*, December 2009, p. 9, <http://www.statcan.gc.ca/pub/62-202-x/62-202-x2007000-eng.pdf>.

24 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 24, April 15, 2008 at 10:00.

25 Statistics Canada, Table 202-0806 - *Transitions of persons into and out of low income before and after tax, by selected characteristics*, annual, CANSIM Database.

26 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 30, May 13, 2009 at 13:10.

I think we all know that as the global recession has taken hold, unemployment has gone up. As job opportunities disappear, many of the supports that still exist—and many have been eroded and are not there—are strained, and low-income people are often driven further into poverty. The person on social assistance who might have been ready to take a part-time job at the local retail outlet is often not finding that job. That's what we're hearing on the ground in this area.<sup>27</sup>

Laurel Rothman, Campaign 2000

Now that we are in a recession, the most vulnerable Canadians are at even greater risk. Already people working full time at minimum wage are living in poverty, as measured by the low-income cut-off. The poor are the first to lose their jobs and find it harder to get new work. Social assistance and employment insurance are inadequate to prevent people from living in poverty. As the Canadian economy continues to slump, it is clear that the difficulties faced by poor Canadians will increase, and more Canadians will slide into poverty.<sup>28</sup>

Karri Munn-Venn, Citizens for Public Justice

### 1.3 Vulnerable Populations<sup>29</sup>

The Committee in its hearings paid particular attention to population groups that are more at risk of living on low incomes.<sup>30</sup> These groups include children; lone-parent families (particularly female lone-parent families); women; unattached individuals; seniors; Aboriginal people; people with disabilities; recent immigrants and visible minorities; and low-wage workers.

#### a. Children

Of course child poverty is vitally important, because children who start out their lives in poverty may not be able to escape from that poverty trap, so it's a very serious issue. We should remember that children are poor because their parents are poor, and many of those parents are women who are raising children on their own.<sup>31</sup>

Monica Townson, as an individual

In 1989, members of the House of Commons unanimously resolved to seek to achieve the goal of eliminating poverty among Canadian children by the year 2000. At the time, 11.9% of Canadian children lived in low-income households. The most recent figures

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27 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 33, June 1, 2009 at 08:05.

28 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 43, June 9, 2009 at 11:35.

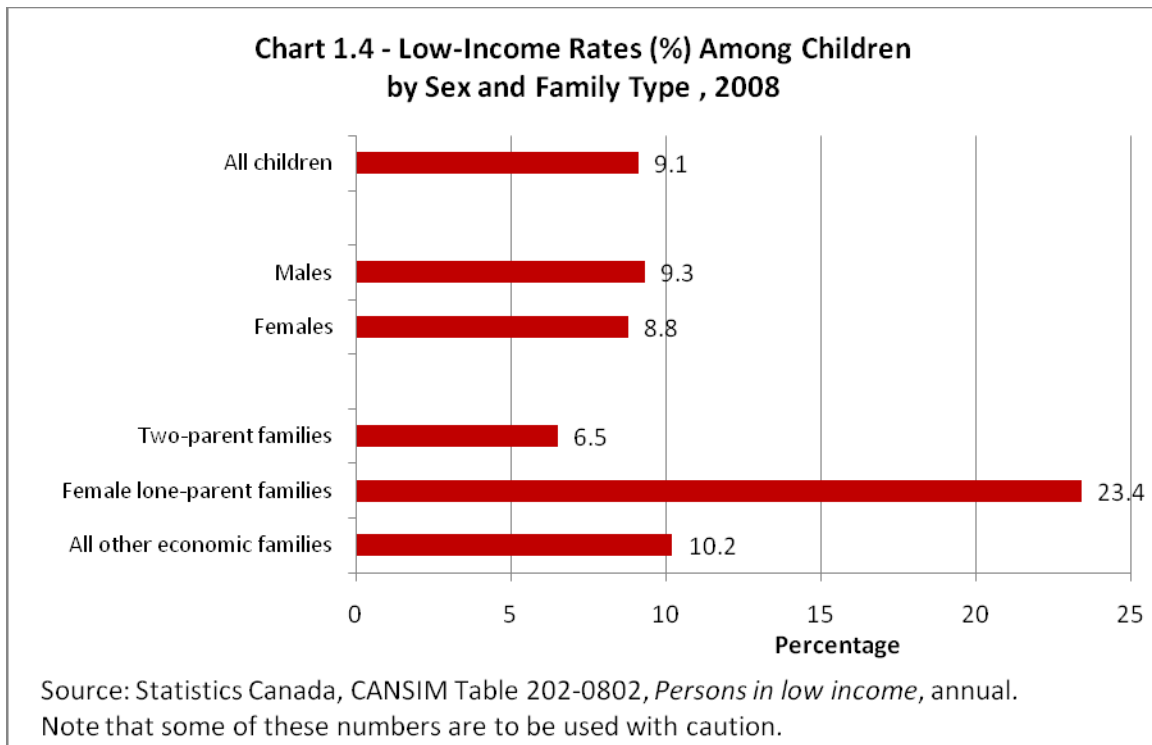
29 Although this section discusses some populations that are particularly vulnerable to or at risk of poverty, it must be understood that not all people within these vulnerable populations live in poverty, and that among these at-risk groups, many individuals or families move in and out of poverty. It should also be said that some people belong to more than one of the identified vulnerable populations and may be subject to multiple risk factors thus increasing their risk of falling into poverty.

30 The after-tax LICO is used as a measure of low income in this section of the report, unless otherwise noted.

31 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 25, April 17, 2008 at 09:30.

show that in 2008, nearly two decades later, approximately 610,000 children under the age of 18 continued to live in low-income households, or 9.1% of all children in Canada.<sup>32</sup>

Children's low-income rates vary significantly according to the type of family in which they live. In 2008, 6.5% of children in two-parent families experienced low income, while a little less than one in four children (23.4%) in female lone-parent families faced this reality (See Chart 1.4).<sup>33</sup> Children in certain population groups can also be more at risk of low income. Those in recent immigrant families, for example, had a low-income rate of 39.3% in 2005.<sup>34</sup>



A number of witnesses told the Committee about the detrimental consequences that living on a low income can have on numerous aspects of children's lives, including their future prospects.

32 Statistics Canada, CANSIM Table 202-0802 - *Persons in low income*, annual.

33 Ibid.

34 Statistics Canada, *Immigrant Status and Place of Birth (38), Immigrant Status and Period of Immigration (8A), Age Groups (8), Sex (3) and Selected Demographic, Cultural, Labour Force, Educational and Income Characteristics (277), for the Total Population of Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations, 2006 Census*, Catalogue no. 97-564-XCB2006008, December 17, 2008, <http://www12.statcan.ca/english/census06/data/profiles/sip/ListProducts.cfm?Temporal=2006&APATH=3&THEME=72&PTYPE=97154&GRP=0>. This information was collected as part of the 2006 Census and was the most recent data available at the time of writing. The figure represents the low-income rate for children under 15 years who belonged to economic families that immigrated to Canada in the preceding five years.

I would like to say that poverty—in particular, child poverty—is more than just a social justice issue or a political embarrassment. We would frame it also as a public health issue.<sup>35</sup>

Dr. Andrew Lynk, Canadian Paediatric Society

Research has continually shown that poverty has a tremendous impact on children's ability to learn. Teachers see the effects and consequences of poverty in their classrooms on a daily basis. They know how hard it is for children to learn when they are hungry or excluded because they cannot afford fees, materials or proper clothing. The wasted talents of children who cannot achieve their full potential represents a huge loss for Canadian society.<sup>36</sup>

Barbara Burkett, Elementary Teachers' Federation of Ontario

## **b. Lone-Parent Families**

What's interesting is that the female lone parent's poverty rate has fallen significantly [since the mid-1990's] from 53% down to 32%, so there's been a 20% fall in the female lone-parent poverty rate, which is very positive. That again reflects both the better economy—many of those single parents have jobs—and also the increased child benefits.<sup>37</sup>

Andrew Sharpe, Centre for the Study of Living Standards

In 2008, the rate of low income among lone-parent families was 18.4%, over three times higher than among two-parent families (6.0%). Female-headed lone-parent families were particularly at risk of low income and had a low-income rate of 20.9%, compared to 7.0% among male-headed lone-parent families (See Chart 1.5). The same year, 36% of all children living in low-income households, approximately 218,000 children, lived in female-headed lone-parent families.<sup>38</sup>

In recent years, there has been a considerable decrease in lone-parent families' low-income rates, which fell from 35.2% in 2002 to 18.4% in 2008. This improvement was driven by the decline in low-income rates among female-headed lone-parent families, who saw their low-income rates fall significantly, from 40.4% to 20.9%, over this period. Witnesses who appeared before the Committee attributed this improvement to both the positive economic climate and increases in child benefits.<sup>39</sup> Low-income rates among male headed lone parent families have fluctuated in recent years, which may be due to the

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35 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 11:30.

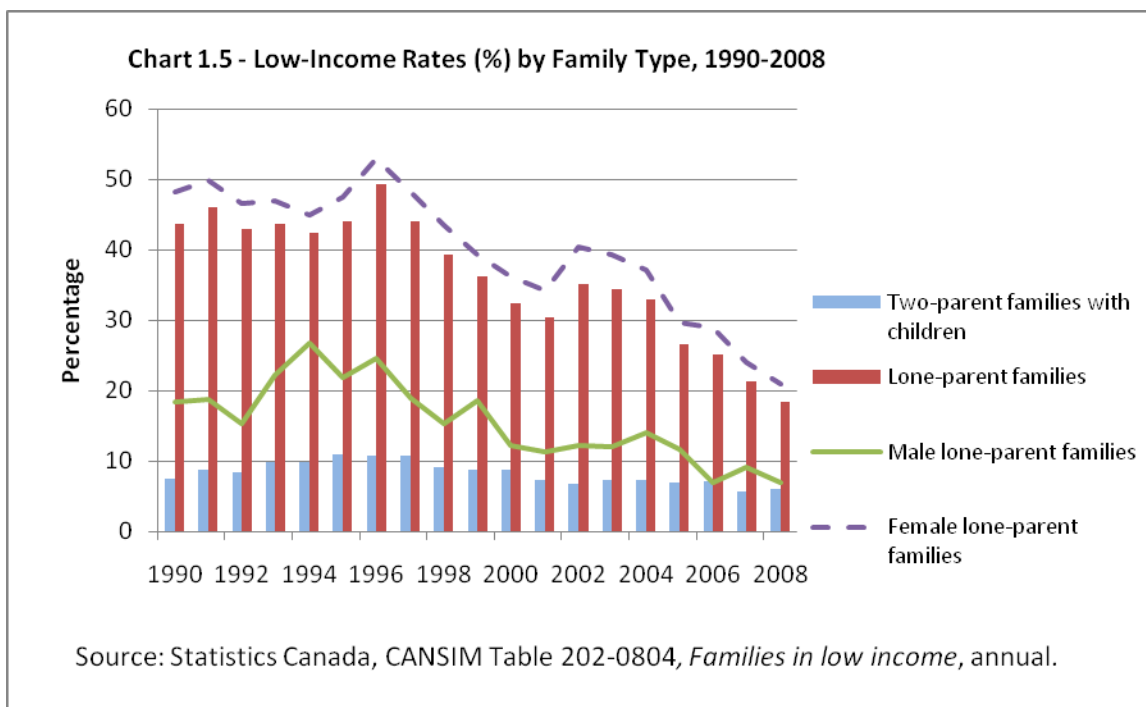
36 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 39, June 2, 2009 at 09:40.

37 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:30.

38 Statistics Canada, Table 202-0804 - *Families in low income, by economic family type*, annual, CANSIM Database.

39 Child benefits and related programs will be further discussed in Chapter 4 of this report.

poorer reliability of the data for this small group of individuals. Their rate rose recently from 6.9% in 2006 to 9.2% in 2007, then decreased to 7.0% in 2008 (See Chart 1.5).<sup>40</sup>



Lone parents may be particularly affected by inflexible work hours, long commutes and limited access to child care, factors that can reduce their employment prospects and increase their vulnerability to earnings instability.<sup>41</sup> The number of earners in lone-parent families is a significant determinant of their low-income status. In 2008, female-headed lone-parent families with no earners had a low-income rate of 76.5%, while those with one earner had a low-income rate of 14.2%.<sup>42</sup> The Committee heard that a similar disparity existed the previous year, although low-income rates were higher among both groups.

Also, the poverty rate is extremely sensitive to whether or not there's an earner in the family. For example, the poverty rate for single parent households, female, where there's no earner, is 80%. When there's one earner, it drops to 20%. That's, of course, the effect of jobs on poverty.<sup>43</sup>

Andrew Sharpe, Centre for the Study of Living Standards

40 Statistics Canada, Table 202-0804 - *Families in low income, by economic family type*, annual, CANSIM Database.

41 René Morissette and Yuri Ostrovsky, *Income Instability of Lone Parents, Singles and Two-Parent Families in Canada, 1984 to 2004*, Analytical Studies Branch Research Paper Series, Statistics Canada, March 2007, p. 7, <http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2007297.pdf>.

42 Statistics Canada, Table 202-0804 - *Families in low income, by economic family type*, annual, CANSIM Database.

43 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:25.

### c. Women

Now, a gender-based analysis of poverty would show that women are more likely to be poor. If they raise a family alone, their risk jumps. Other groups of women are disproportionately likely to experience poverty—unattached women under age 65, women with disabilities, and racialized and [A]boriginal women.<sup>44</sup>

Johanne Perron, New Brunswick Coalition for Pay Equity

In 2008, 9.9% of females in Canada, over 1.6 million women, lived on low incomes. This is down from 2000, when 13.6% of females, over 2 million women, faced this situation. While women generally have higher low-income rates than men, this disparity has lessened over time. A difference of 0.9 percentage points separated the male and female low-income rates in 2008 (9.0% and 9.9% respectively), compared to 2.2 points in 2000 and 2.8 points in 1990 (See Chart 1.6).<sup>45</sup> Witnesses who appeared before the Committee spoke of the recent progress in women's low-income rates.

We are seeing some fairly dramatic improvements for women overall. We are seeing a closing of the gap between men and women in terms of poverty measurement rates. So by and large, it's a fairly positive story.<sup>46</sup>

Sean Tupper, Department of Human Resources and Skills Development

Despite these advancements, however, women are still more likely than men to experience persistent poverty. Over a 6-year period (2002 to 2007), 5.6% of females experienced poverty for 4 to 6 years, compared to 4.6% of males.<sup>47</sup>

Some witnesses explained to the Committee that certain groups of women are more vulnerable to low income than others. In 2008, a 22 percentage point gap separated the low-income rates of unattached females (29.0%) and those in economic families (6.6%) (See Chart 1.6). The same year, females 18 to 64 years of age experienced a higher rate of low income (10.7%) than those under 18 years (8.8%) and 65 years and over (7.6%).<sup>48</sup>

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44 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 24, May 12, 2009 at 09:10.

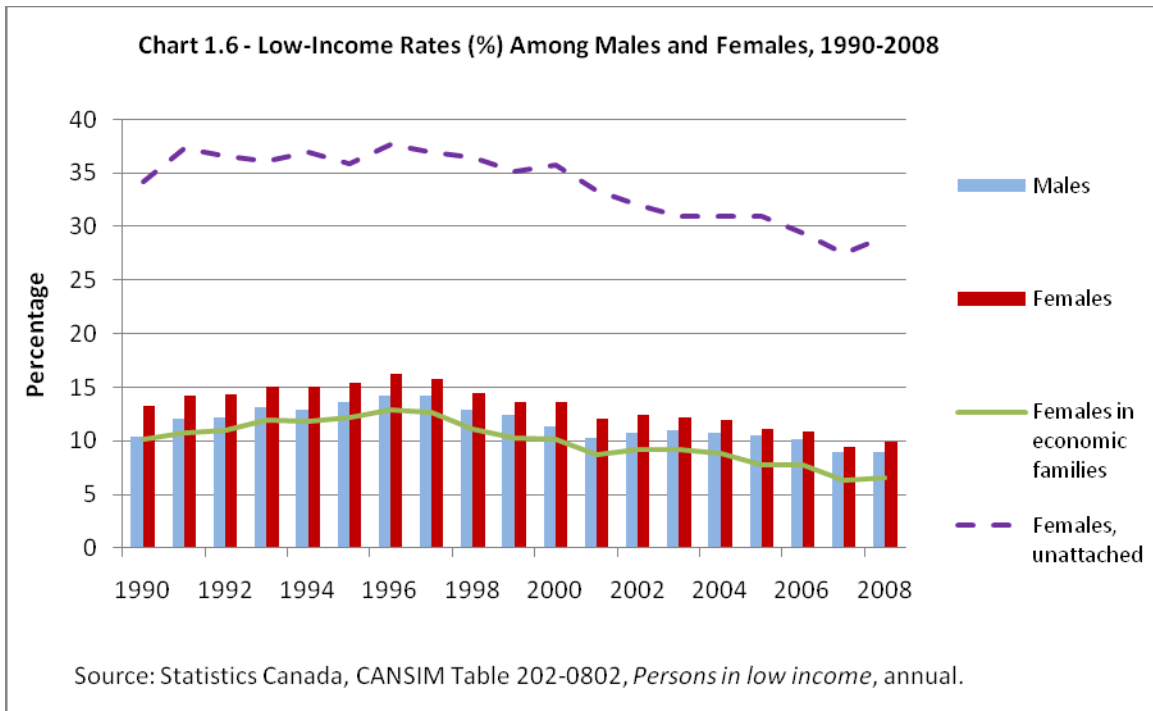
45 Statistics Canada, Table 202-0802 - *Persons in low income*, annual, CANSIM Database.

46 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 6, February 26, 2009 at 12:30.

47 Statistics Canada, Table 202-0807 - *Persistence of low income, by selected characteristics, every three years*, CANSIM Database. Note that years in low income are not necessarily consecutive. Percentages were calculated by the authors.

48 Statistics Canada, Table 202-0802 - *Persons in low income*, annual, CANSIM Database.





In 2007, the average earnings of women working full-time, full-year (\$44,700) were only 71.4% of those of their male counterparts (\$62,600).<sup>49</sup> Witnesses who appeared before the Committee identified women’s lower earnings as a key factor in their higher rate of low income.

Women in Canada continue to face a persistent wage gap, which has narrowed little since the 1980s. Today, full-time working women earn 71¢ for every dollar earned by men. Part-time and seasonal workers earn 54¢, women of colour earn 38¢, and [A]original women a mere 46% of what men are paid.

The trend is worse and the gap is wider for women with post-secondary education. In 1985, university-educated women earned 75% of what men earned, a figure that had dropped to 68% by 2005.<sup>50</sup>

Susan Russell, Canadian Federation of University Women

**d. Unattached Individuals**

Here in Canada the group with the highest risk of poverty is the single people of working age, with over 30% being in poverty.<sup>51</sup>

David Langille, Ontario Coalition for Social Justice

49 Statistics Canada, Table 202-0102 - *Average female and male earnings, and female-to-male earnings ratio, by work activity, 2007 constant dollars*, annual, CANSIM Database.

50 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:35.

51 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 38, June 2, 2009 at 08:10.

Unattached individuals are another group particularly at risk of low income. In 2008, the low-income rate among unattached individuals was 27.2%, over four times higher than among individuals in economic families (6.3%). This situation was even more prevalent among unattached individuals less than 65 years of age, 31.3.0% of whom lived on low income that year.<sup>52</sup> Low-income rates among unattached individuals vary, however, depending on the age group. The data by age is available for 2005 (See Table 1.5).

**Table 1.5 - Low-Income Rates Among Unattached Individuals by Age, 2005**

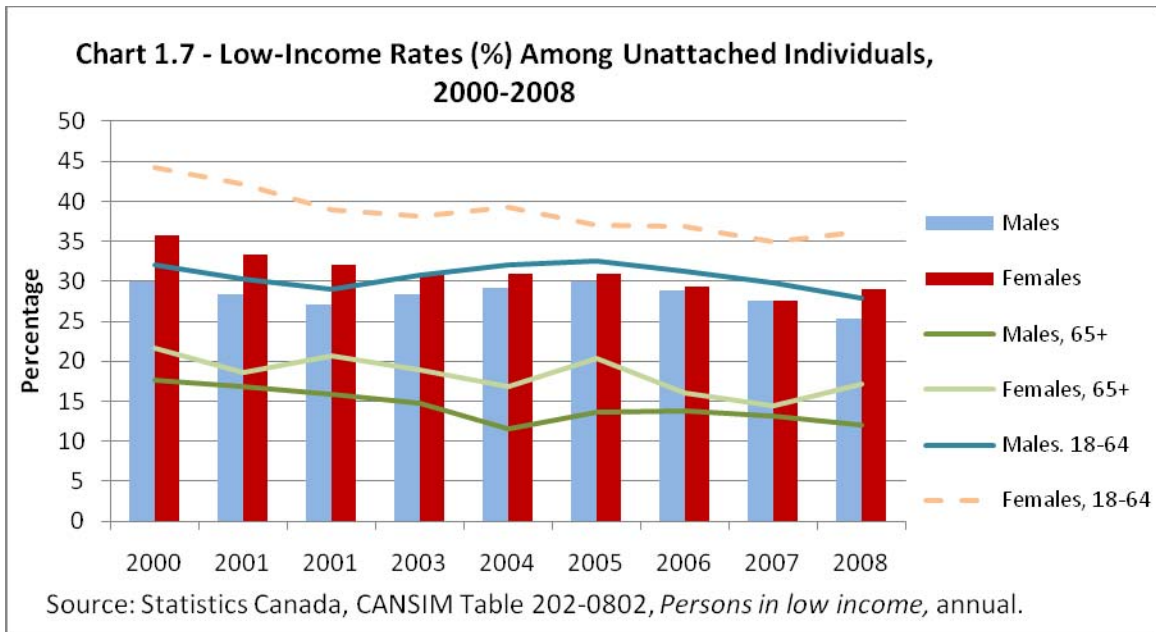
Age	Low-Income Rate
18 to 24	58.1 %
25 to 34	21.8 %
35 to 44	26.9 %
45 to 54	31.6 %
55 to 64	39.9 %

Source: Yan Feng, Sangita Dubey and Bradley Brooks, *Persistence of Low Income among Non-elderly Unattached Individuals*, Income Research Paper Series, Statistics Canada, June 2007. p. 12, <http://www.statcan.ca/english/research/75F0002MIE/75F0002MIE2007005.pdf>.

In the past, unattached women were much more likely than their male counterparts to experience low income, but in recent years their low-income rates have converged. In 2000, 30.0% of unattached men and 35.7% of unattached women lived on low incomes, a difference of more than 5 percentage points. By 2007, this gap had vanished. In 2008, the gap increased again, with 29.0% of unattached women and 25.4% of unattached men living on low incomes. The decrease in the gap over the recent years has been largely attributed to the narrowing of the gender gap in the low-income rates of unattached seniors. The difference persists among unattached men and women of working age (See Chart 1.7).<sup>53</sup>

52 Statistics Canada, Table 202-0802 - *Persons in low income*, annual, CANSIM Database.

53 Ibid.



### e. Seniors

The federal government, along with the provinces, has almost succeeded in eliminating poverty among seniors, over the last 20 to 30 years. In the 1960s and 1970s, Canada was one of the OECD countries with the highest percentage of poor among the elderly. Now, we are among those who have the fewest.<sup>54</sup>

Alain Noël, as an individual

Low-income rates among seniors (65 years and older) have dropped significantly over the past 30 years, from 30.4% in 1977 to a low of 4.9% in 2007, when 204,000 seniors lived on low incomes. However, it increased to 5.8% in 2008, which represents 250,000 seniors. Since 1990, seniors have enjoyed a lower rate of low income than other age groups. In 2008, seniors' low-income rate was lower than the low-income rates of children under 18 years (9.1%) and people 18 to 64 years of age (10.2%).<sup>55</sup> Seniors are also less likely to experience persistent poverty than other age groups.<sup>56</sup>

Improvements in low-income rates among the senior population have been attributed to the introduction and expansion of federal income security programs such as the Canada Pension Plan (CPP), Old Age Security (OAS), and Guaranteed Income Supplement (GIS) programs.<sup>57</sup> Witnesses who appeared before the Committee spoke of the considerable progress that has been made in reducing poverty among seniors, and

54 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 11, March 24, 2009 at 11:15.

55 Ibid.

56 Human Resources and Skills Development Canada, *Financial Security – Low Income Persistence*, Indicators of Well-being in Canada, July 7, 2009, <http://www4.hrsdc.gc.ca/3ndic.1t.4r@-eng.jsp?iid=83>.

57 These programs are discussed further in Chapter 3 of this report.

expressed the hope that other disadvantaged groups will enjoy similar reductions in their low-income rates in the future.

Before I begin my remarks, I just wanted to remind the committee members that Canada does have at least one great success story in the field of poverty reduction. When I began my career over 30 years ago, Canada had the highest rate of poverty of any western country among its seniors. Our poverty rate among seniors was higher than it was in the United States in the late 1970s. By 2000 our seniors had among the lowest poverty rates of any western country. In this particular instance we rival good old egalitarian Sweden. My reason for pointing that out is that we've demonstrated we can do it. The big question is whether we can duplicate this kind of success among other disadvantaged groups in Canada.<sup>58</sup>

John Myles, as an individual

Within the senior population, certain groups are more likely than others to experience low income. A gap of four percentage points separates the low-income rates of senior men (3.6%) and women (7.6%), a larger gap than exists in the population at large (0.9 point). The Committee heard that senior women are particularly at risk of low income.

We focus on single women 50 years of age and older because far too many in this age group are experiencing unemployment or low-waged work leading to poverty in their later working years and of course into their retirement years.... Women in this age category suffer as a result of a lifetime of inequality.<sup>59</sup>

Elsie Dean, Women Elders in Action

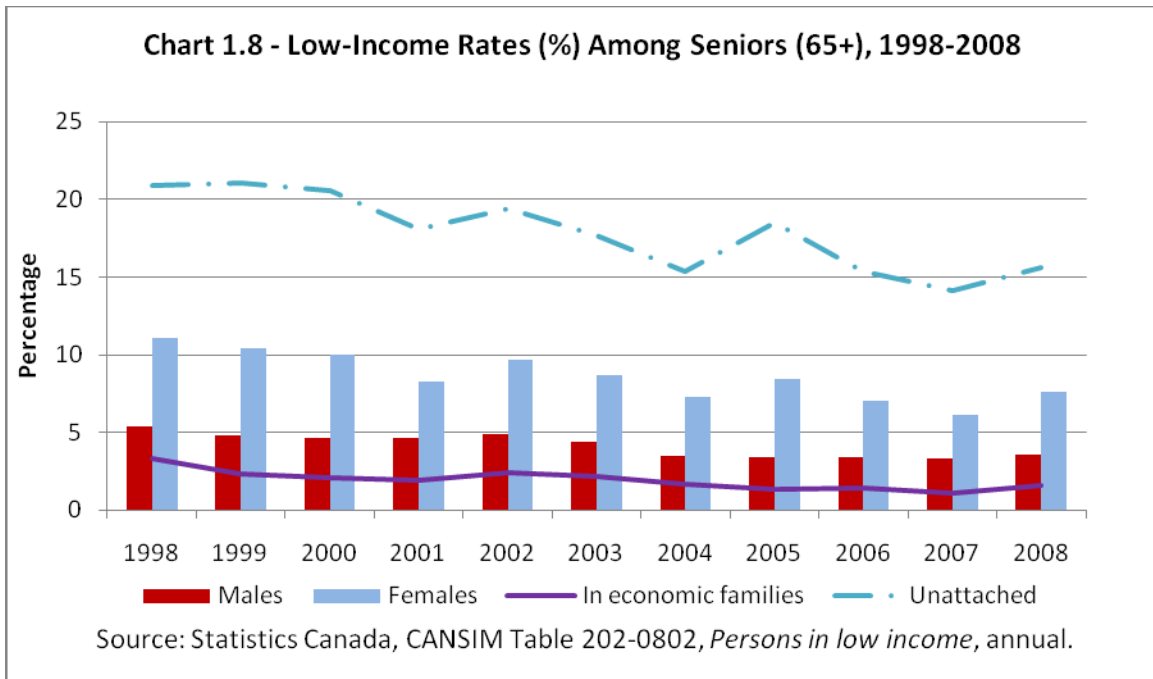
There is also a significant difference between the low-income rates of seniors who live in economic families and those who are unattached. In 2008, only 1.6% of seniors in economic families lived on low incomes, compared to 15.6% of unattached individuals in the same age group (See Chart 1.8). Unattached senior women were the most at risk of low income, with a rate of 17.1% compared to 12.1% among their male counterparts.<sup>60</sup>

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58 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 37, June 1, 2009 at 15:20.

59 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 30, 2009 at 09:25.

60 Statistics Canada, Table 202-0802 - *Persons in low income*, annual, CANSIM Database.



### f. Aboriginal People<sup>61</sup>

The socioeconomic and sociosanitary indicators that are currently available to us clearly show the difficulties faced by the First Nations communities of Québec and Canada: poverty, neglect, drug and alcohol addiction, diabetes, obesity, life expectancy, infantile mortality and suicide. These indicators reveal the significance of the social inequalities in health which face First Nations compared to the Canadian population. In Québec, Aboriginal people are among the five groups most at risk of experiencing a situation of poverty and social exclusion.<sup>62</sup>

Assembly of First Nations of Québec and Labrador

The incidence of low income among Aboriginal people is significantly greater than among the non-Aboriginal population. Of those with Aboriginal identity living in private households, 18.7% of individuals in economic families and 42.8% of unattached individuals experienced low income in 2005. Low-income rates were even higher among the Aboriginal population living in census metropolitan areas (CMAs),<sup>63</sup> where 25.1% of

61 Data with regard to the incidence of low income among Aboriginal people is not readily available, with the most recent information collected as part of the 2006 Census. During the Census, enumeration on some Indian settlements and reserves was either not permitted, incomplete or considered low quality. Furthermore, Statistics Canada does not survey people living on reserves for the Survey of Labour and Income Dynamics (SLID), nor does it establish a LICO for those living on reserves. As a result, it is not possible to present a complete portrait of low income among Aboriginal persons. For more information, see Statistics Canada, "Incompletely enumerated Indian reserves and Indian Settlements" in 2006 Census: Reference material at <http://www12.statcan.gc.ca/census-recensement/2006/ref/notes/aboriginal-autochtones-eng.cfm>.

62 Assembly of First Nations of Québec and Labrador, *Brief submitted to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities*, May 13, 2009, p. 3.

63 A census metropolitan area (CMA) is an "[a]rea consisting of one or more neighbouring municipalities situated around a major urban core." The total population of a CMA must be at least 100,000, with 50,000 or more living in the urban core. Statistics Canada, 2006 Census Dictionary, February 13, 2008, <http://www12.statcan.ca/english/census06/reference/dictionary/index.cfm>.

those in economic families and 48.5% of unattached individuals faced this situation. In comparison, the non-Aboriginal identity population had low-income rates of 8.4% for individuals in economic families and 28.0% for unattached individuals that same year.<sup>64</sup>

In 2005, the average and median incomes of the Aboriginal identity population (\$23,888 and \$16,752, respectively) were significantly lower than those of the non-Aboriginal identity population (\$35,872 and \$25,955).<sup>65</sup> This income gap is particularly evident in northern Canada, where poverty is also compounded for many Aboriginal families by the high cost of living. The cost of a basket of healthy food in many Inuit communities, for example, is at least two times higher than the cost of a comparable basket in southern Canada.<sup>66</sup> The Committee heard that low income interacts with other problems facing the Aboriginal population and leads to serious consequences.

One in four [F]irst [N]ations children live in poverty, and the unemployment rate in [F]irst [N]ations communities is four times the national average.

It doesn't have to be this way. Collectively we now have the resources, the technology, and the knowledge necessary to end poverty, both globally and here at home. We need a plan to make poverty history, both globally and in Canada—and for [A]boriginal peoples.<sup>67</sup>

Dennis Howlett, Make Poverty History

Our opening statement will focus on the situation of [A]boriginal people. The CSQ represents the people who work on the Cree and Kativik school boards. We represent more than 2,000 members in these communities.

[...]

Need I point out that there are still [A]boriginal communities that do not have access to running water or electricity? In most communities, families are packed into homes that become small because of the size of the families and the shortage of housing.

Need I point out that [A]boriginals have a functional illiteracy rate that is four times higher than the Québec rate, an infant mortality rate that is three and a half times higher, a suicide rate that is six times higher for young people under 20, and incomes that are 33% lower? The situation is unfortunately not much different today. In some communities, the suicide rate in adolescents and young adults is 20 times higher than the rate in the rest of Canada.

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64 Statistics Canada, *Aboriginal Identity (8), Age Groups (8), Area of Residence (6), Sex (3) and Selected Demographic, Cultural, Labour Force, Educational and Income Characteristics (233), for the Total Population of Canada, Provinces and Territories, 2006 Census*, Catalogue no. 97-564-X2006002, December 6, 2008, <http://www12.statcan.gc.ca/english/census06/data/topics/ListProducts.cfm?Temporal=2006&APATH=3&THEME=73&FREE=0&GRP=1>. This information was collected as part of the 2006 Census and was the most recent data available at the time of writing.

65 Ibid.

66 Indian and Northern Affairs Canada, *Revised Northern Food Basket - Highlights of Price Survey Results for 2006, 2007 and 2008*, January 13, 2009, <http://www.ainc-inac.gc.ca/nth/fon/fc/hpsr-eng.asp>.

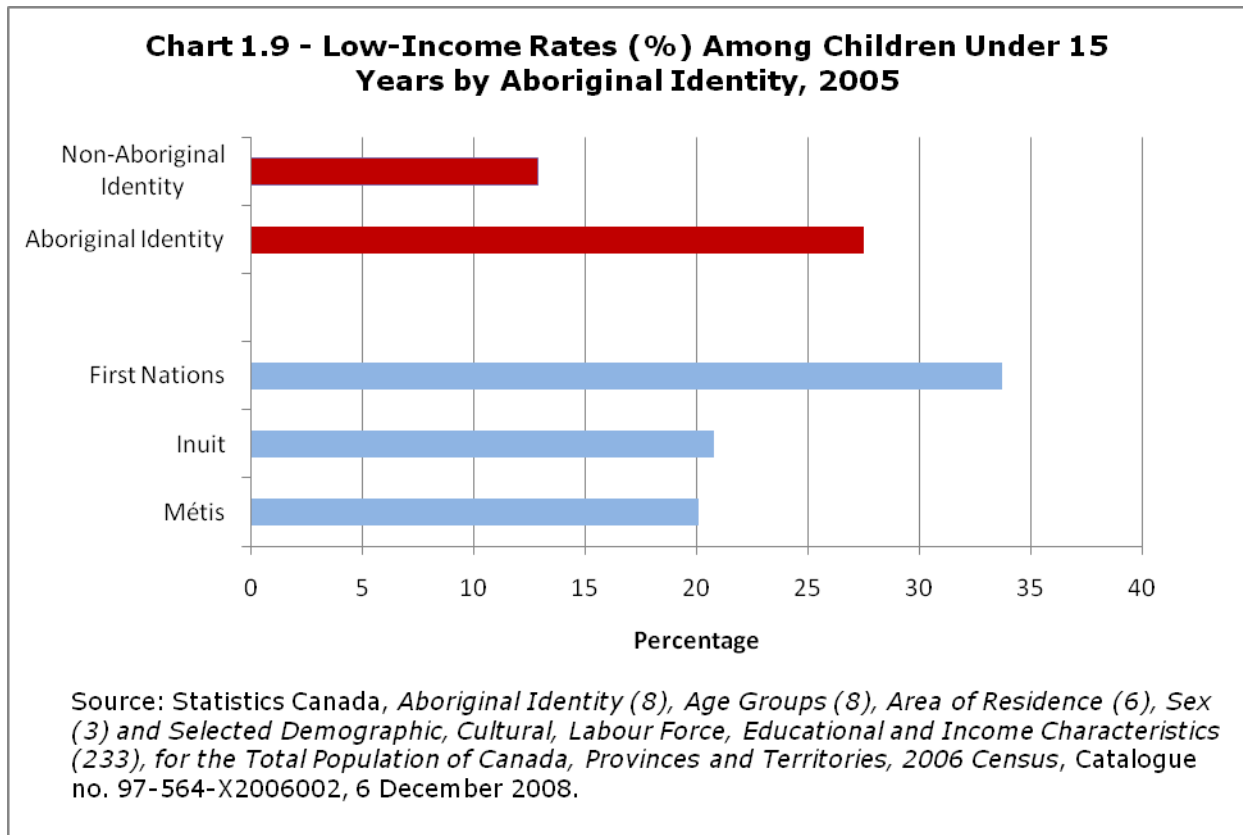
67 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 16, April 28, 2009 at 11:15.

Many studies, and often tragedies, have shown that young [A]boriginals are more often exposed to problems such as alcohol abuse and drug addiction. Combined with pervasive poverty, persistent racism, and a legacy of colonialism, [A]boriginal peoples have been caught in a cycle that has been perpetuated across generations. This was a quote from an excerpt of Roy Romanow's report.<sup>68</sup>

Daniel Lafrenière, Centrale des syndicats du Québec

## Aboriginal Children

In 2005, 27.5% of Aboriginal children under 15 years of age lived in low-income households in Canada: 33.7% of First Nations children, 20.8% of Inuit children, and 20.1% of Métis children faced this situation. Aboriginal children were particularly at risk of low income compared to non-Aboriginal children, who had a low-income rate of 12.9%.<sup>69</sup> (See Chart 1.9) They were also more likely to live with a lone parent of either sex, a grandparent, or another relative. In 2006, 29% of Aboriginal children under 15 years lived with a lone mother.<sup>70</sup>



68 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 28, May 13, 2009 at 09:25.

69 Statistics Canada, *Aboriginal Identity (8), Age Groups (8), Area of Residence (6), Sex (3) and Selected Demographic, Cultural, Labour Force, Educational and Income Characteristics (233)*, for the Total Population of Canada, Provinces and Territories, 2006 Census.

70 Statistics Canada, *Aboriginal Peoples in Canada in 2006: Inuit, Métis and First Nations, 2006 Census*, January 2008, p. 15, <http://www12.statcan.ca/census-recensement/2006/as-sa/97-558/pdf/97-558-XIE2006001.pdf>.

A 2006 study of Aboriginal children revealed that, according to the before-tax LICO measure, 49% of young First Nations children under six years of age living off-reserve and 32% of young Métis children that same age were members of low-income families, while non-Aboriginal children in the same age group had a low-income rate of 18%.<sup>71</sup> The incidence of low income among Aboriginal youth (16-24 years) was determined to be 63.0% among unattached youth and 19.2% among those in economic families in 2005. Non-Aboriginal youth had lower rates of low income: 59.1% among unattached individuals and 9.8% among those in economic families.<sup>72</sup>

### **g. People with Disabilities**

Canadians with disabilities are more than twice as likely to live in poverty as other Canadians. The incidence of poverty among [A]boriginal people with disabilities is even higher. People with disabilities face exclusion from quality education, employment, and from participation in their communities. Compared to men with disabilities, women with disabilities face additional economic disadvantage.<sup>73</sup>

Bev Matthiessen, Alberta Committee of Citizens with Disabilities

In 2006 4.4 million Canadians, or 14.3% of the population, lived with a disability, with women reporting higher disability rates than men.<sup>74</sup> Some people, however, move in and out of disability, and a sizeable proportion of this group may have a temporary limitation or may experience disability in phases or episodes.<sup>75</sup>

People with disabilities have a lower average income than those without a disability (\$28,503 compared to \$37,309 in 2006),<sup>76</sup> and studies have also found that this population is less likely to have high earnings and more likely to have low earnings than people without disabilities.<sup>77</sup> Women with disabilities have lower incomes and are less likely to be employed than their male counterparts.<sup>78</sup> Families of children with disabilities are more likely to live on low incomes, and financial problems were found to increase with the

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71 Statistics Canada, *Aboriginal Children's Survey, 2006: Family, Community and Child Care*, October 2008, p. 17 and p. 29, <http://www.statcan.gc.ca/pub/89-634-x/89-634-x2008001-eng.pdf>.

72 Statistics Canada, *Aboriginal Identity (8), Age Groups (8), Area of Residence (6), Sex (3) and Selected Demographic, Cultural, Labour Force, Educational and Income Characteristics (233), for the Total Population of Canada, Provinces and Territories, 2006 Census*.

73 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 65, December 3, 2009 at 09:20.

74 Statistics Canada, *Participation and Activity Limitation Survey 2006: Analytical Report*, December 2007, pp. 9-10, <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2007002-eng.pdf>.

75 Diane Galarneau and Marian Radulescu, "Employment Among the Disabled," *Perspectives on Labour and Income*, Statistics Canada, May 2009, p. 5, <http://www.statcan.gc.ca/pub/75-001-x/2009105/pdf/10865-eng.pdf>.

76 Statistics Canada, "Total income for adults 15 years of age or older, by disability status and sex, Canada, 2001 and 2006" in *Participation and Activity Limitation Survey 2006: Tables (part V)*, Table 1.2, <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2008011-eng.htm>.

77 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, 2006, p. 66, [http://www.hrsdc.gc.ca/eng/disability\\_issues/reports/fdr/2006/advancinginclusion.pdf](http://www.hrsdc.gc.ca/eng/disability_issues/reports/fdr/2006/advancinginclusion.pdf).

78 *Ibid.*, p. 56.



severity of a child's disability.<sup>79</sup> As a result of their lower incomes, people with disabilities are also more likely to rely on government income support programs.<sup>80</sup>

I would like to say that women with disabilities—and particularly lone-parent mothers with disabilities—are the poorest people in this country. There's no statistical argument that can be made that denies this fact. The lowest income level in this country belongs to women with disabilities. The poorest people in this country are women and children with disabilities.<sup>81</sup>

Bonnie Brayton, DisAbleD Women's Network of Canada

Just over 75% of adult Canadians with intellectual disabilities who do not live with their families are living in poverty. Children with disabilities are twice as likely as other children to live in households that rely on social assistance as a main source of income. Families of children with disabilities are more likely to live in poverty than other families.<sup>82</sup>

Anna Macquarrie, Canadian Association for Community Living

People with disabilities also have a weaker attachment to the labour force. In 2006, 43.9% of people with disabilities between 15 and 64 years of age were not in the labour force, compared to 19.8% of people without a disability (See Chart 1.10). Barriers to labour force participation include being prevented by the disability or limitation itself, the requirement of workplace accommodation, and discrimination in the workplace.<sup>83</sup> Witnesses who appeared before the Committee explained that this lack of access to the labour market is directly related to low-income levels among people with disabilities, and stressed that this situation is unacceptable.

We've been concerned for years about the fact that persons with disabilities in Canada face disproportionately higher rates of poverty than do other Canadians. One of the problems is that they can't get into the labour market and can't contribute to many of the social insurance benefits that we have, for example, the employment insurance sickness benefit or the Canada Pension Plan disability benefit, and, as a result, we have about 500,000 Canadians throughout the country who have to rely on welfare.<sup>84</sup>

Sherri Torjman, Caledon Institute of Social Policy

Employment statistics are staggering. Over 55% of working-age adults with disabilities are currently unemployed or out of the workforce. For people with intellectual disabilities

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79 Statistics Canada, *Participation and Activity Limitation Survey 2006: Families of Children with Disabilities in Canada*, 2008, pp. 11-12, <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2008009-eng.pdf>.

80 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, 2006, p. 66.

81 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:55.

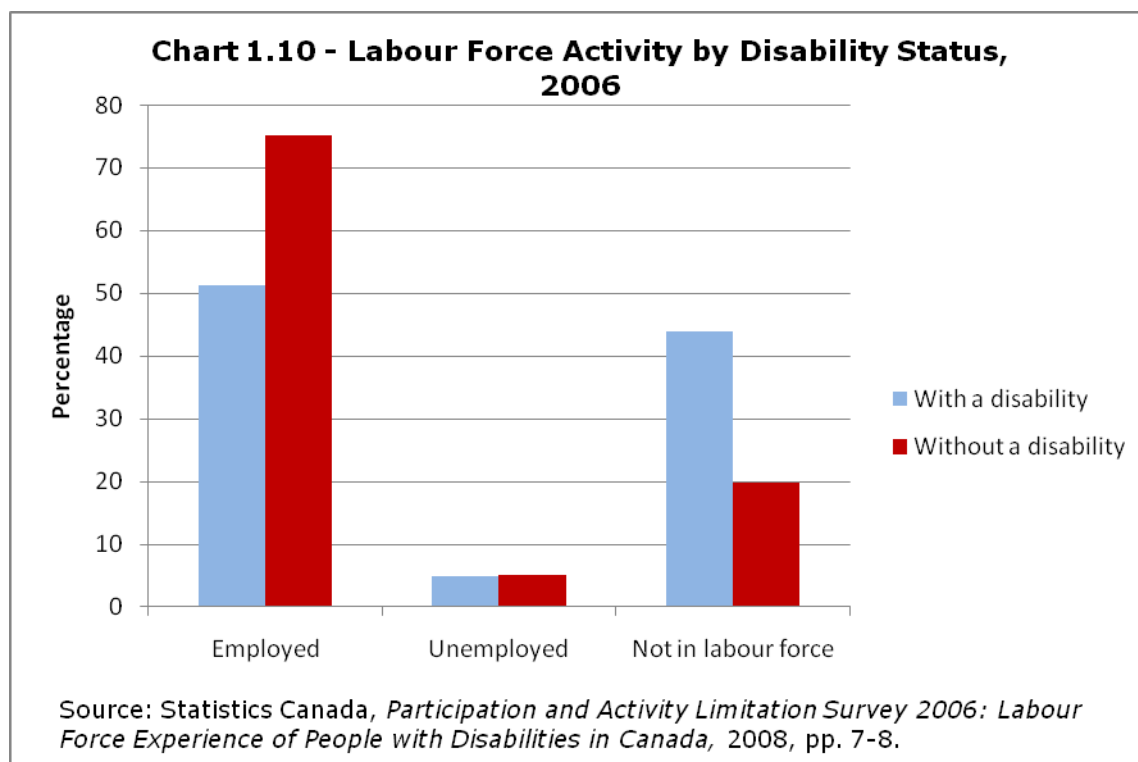
82 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:35.

83 Statistics Canada, *Participation and Activity Limitation Survey 2006: Labour Force Experience of People with Disabilities in Canada*, 2008, pp. 7-8 and p. 16, <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2008007-eng.pdf>.

84 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:20.

that number goes up to 70%. These numbers are pretty staggering in a country as prosperous as Canada; frankly, they are appalling.<sup>85</sup>

Anna Macquarrie, Canadian Association for Community Living



## h. Recent Immigrants and Visible Minorities

Poverty, as you hear over and over, doesn't affect everybody equally. I want to focus my comments on the fact that overwhelmingly one of the demographics that most experience poverty are immigrants, particularly more newly arrived immigrants and immigrants with refugee or refugee-like backgrounds.<sup>86</sup>

Jim Gurnett, Edmonton Mennonite Centre for Newcomers

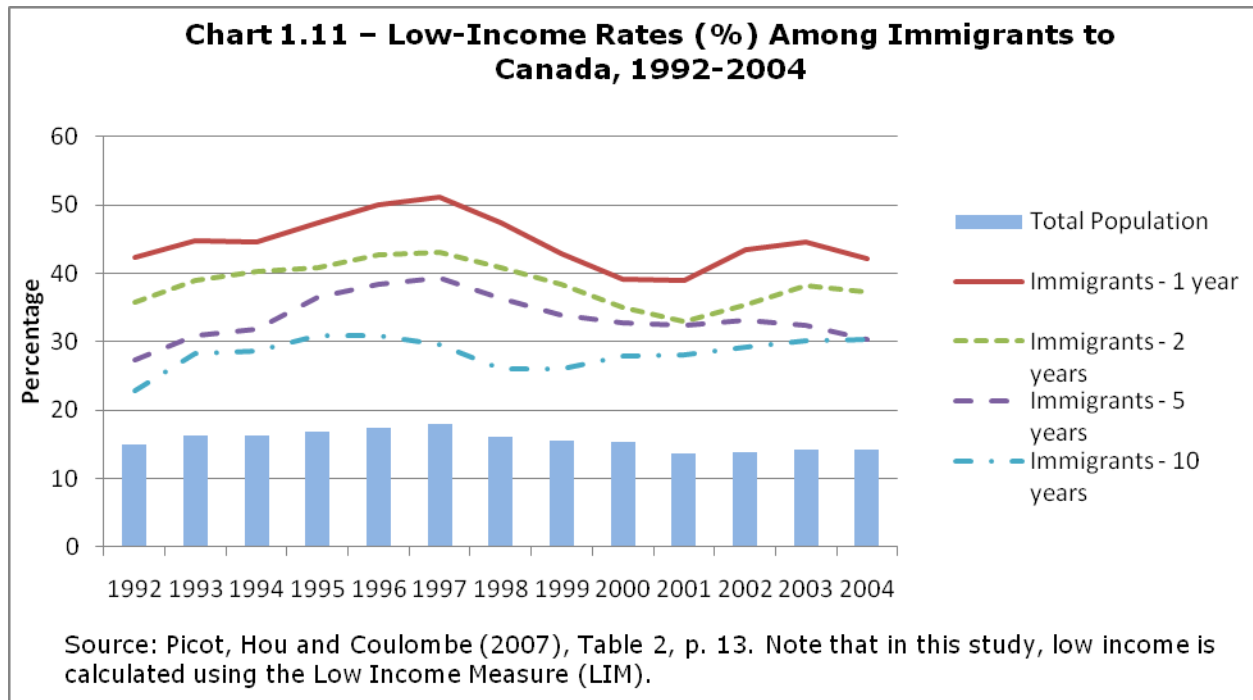
Recent immigrants are more vulnerable to low income than other Canadians. The most recent Census found that immigrants who had arrived in the previous five years and who were in economic families had a low-income rate of 32.6% in 2005, while those who were unattached had a low-income rate of 58.3%. This can be compared to rates of 6.9% and 26.3%, respectively, among their non-immigrant counterparts.<sup>87</sup>

85 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:35.

86 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 66, December 3, 2009 at 14:00.

87 Statistics Canada, *Immigrant Status and Place of Birth (38), Immigrant Status and Period of Immigration (8A), Age Groups (8), Sex (3) and Selected Demographic, Cultural, Labour Force, Educational and Income Characteristics (277), for the Total Population of Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations, 2006 Census*, 2008. Recent immigrants are those who immigrated to Canada in the five years preceding the 2006 Census (2001-2006).

Over time, rates of low income among immigrants tend to decrease. This is evident in Census data, as well as in a recent study that found that immigrants who had been in Canada for one year had a low-income rate of 42.2%, compared to 30.3% among immigrants in Canada for 10 years (See Chart 1.11). The difference in low-income rates between immigrants and non-immigrants also decreases over time. The low-income rate of the 1992 immigrant cohort, for example, fell from 3.0 times the rate of the Canadian-born population in the first year in Canada to 2.2 after ten years. Although this trend persists, the 2002 and 2004 immigrant cohorts displayed higher relative rates of low income upon entry to Canada than cohorts in the 1990's.<sup>88</sup>



Despite changes to Canada's immigrant selection criteria in 1993 that led to a dramatic rise in the educational attainment of new immigrants, these individuals still encounter significant obstacles in finding employment. In 2008, unemployment rates among immigrants and non-immigrants were 7.1% and 4.9% respectively, while immigrants in Canada for five years or less had an unemployment rate of 11.8%, more than double that of the Canadian-born population. Moreover, the recession seems to have affected immigrants more severely: from 2008 to 2009, the unemployment rate increased from 7.1 to 10.0% among immigrants, and from 5.9 to 7.8% among the Canadian-born population.<sup>89</sup> Immigrants who do find employment also face a growing earnings gap. In 1980, immigrants who had arrived in Canada in the previous five years earned 85 cents

88 Garnett Picot, Feng Hou and Simon Coulombe, *Chronic Low Income and Low-Income Dynamics Among Recent Immigrants*, Analytical Studies Branch Research Paper Series, Statistics Canada, January 2007, p. 13 and p. 16, <http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2007294.pdf>. Note that this study uses the LIM.

89 Statistics Canada, CANSIM Table 282-0108, *Labour Force Survey*.

for each dollar earned by their Canadian-born counterparts. By 2005, this earnings ratio had fallen to 63 cents for immigrant men and 56 cents for immigrant women.<sup>90</sup>

In 2004, the low-income rate for immigrants in Canada for one year was higher among skilled workers (42.4%) than among family-class immigrants (38.3%), while refugees had the highest low-income rate (54.7%). Of immigrants in the 2000 cohort who experienced chronic low income (in low income for four out of their first five years in Canada), 52% were skilled immigrants and 41% had a university degree.<sup>91</sup> The Committee heard that the reasons for this are multi-faceted.

Here's the challenge: in 1981, a principal applicant in the skilled worker class coming to Canada earned approximately \$7,000 more than the Canadian average just one year after arriving here; in the year 2000, he was earning \$4,000 less.

Meaningful economic engagement is the most significant challenge facing immigrants. Recent immigrants are doing worse economically than previous cohorts, despite higher education levels. Among recent immigrants—that is, those who have arrived in the five years between 2001 and 2006—64% have a post-secondary certificate, diploma, or degree, compared to 49% of Canadian-born adults, but 60% of these immigrants are not working in jobs for which they trained and were educated. The main common reasons for this underemployment or unemployment are lack of Canadian work experience, lack of recognition of foreign credentials, poor language skills, and other obstacles such as racism and discriminatory practices.

The impact of these obstacles to meaningful employment is that poverty rates for immigrants are the highest among all disadvantaged groups.<sup>92</sup>

Mario Calla, COSTI Immigrant Services

Research has found that individuals who belong to visible minority groups are also more likely to experience poverty.<sup>93</sup> One study revealed that visible minority immigrants were much more likely than other immigrants to live on low income, even after being in Canada for nearly two decades.<sup>94</sup> In 2004, 86% of recent immigrants living on low incomes were members of a visible minority.<sup>95</sup> Some witnesses who appeared before the

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90 Statistics Canada, *Earnings and Incomes of Canadians Over the Past Quarter-Century, 2006 Census*, May 2008, pp. 21-22, <http://www12.statcan.gc.ca/english/census06/analysis/income/pdf/97-563-XIE2006001.pdf>.

91 Picot, Hou and Coulombe, *Chronic Low Income and Low-Income Dynamics Among Recent Immigrants*, 2007, p. 37 and p. 9. Note that this study uses the Low Income Measure (LIM).

92 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 36, June 1, 2009 at 13:40.

93 For example, see Michael Ornstein, *Ethno-Racial Groups in Toronto, 1971-2001: A Demographic and Socio-Economic Profile*, Institute for Social Research, York University, January 2006, [http://www.isr.yorku.ca/download/Ornstein--Ethno-Racial\\_Groups\\_in\\_Toronto\\_1971-2001.pdf](http://www.isr.yorku.ca/download/Ornstein--Ethno-Racial_Groups_in_Toronto_1971-2001.pdf).

94 Boris Palameta, "Low Income Among Immigrants and Visible Minorities," *Perspectives on Labour and Income*, Statistics Canada, April 2004, p. 17, <http://www.statcan.gc.ca/pub/75-001-x/10404/6843-eng.pdf>.

95 Dominique Fleury, *A Study of Poverty and Working Poverty Among Recent Immigrants to Canada*, Human Resources and Social Development Canada, July 2007, p. 25, [http://www.hrsdc.gc.ca/eng/publications\\_resources/research/categories/inclusion/2007/sp\\_680\\_05\\_07\\_e/sp\\_680\\_05\\_07e.pdf](http://www.hrsdc.gc.ca/eng/publications_resources/research/categories/inclusion/2007/sp_680_05_07_e/sp_680_05_07e.pdf).

Committee highlighted the importance of the relationship between belonging to a visible minority group and major social and economic indicators, including low income.

It is essential and critical to understand that racialized groups are vulnerable to poverty partly because of their racialized status. And unless we understand that and establish that very clearly, whatever strategies we use are going to be limited in terms of their impact on the experience of poverty.<sup>96</sup>

Grace-Edward Galabuzi, Colour of Poverty Campaign

Poverty is not colour-blind. Race and poverty are absolutely linked in Canada. It is well documented that the gap between rich and poor in Ontario is widening. What is much less well understood is that the impact of this growing gulf is being much more profoundly felt by racialized group members: aboriginal or [F]irst [N]ations people, communities of colour.<sup>97</sup>

Debbie Douglas, Ontario Council of Agencies Serving Immigrants (OCASI)

### **i. Low-Wage Workers<sup>98</sup>**

You will know, of course, that children are poor because their families and mothers are poor, because they live in poor families. And work is not always the solution for such poor families. Close to half of low-income children have at least one parent who is in the labour force full time. When jobs are poorly paid and costs are high, then employment is often the cause of family poverty rather than its solution. Data show us that rates of working poor parents have been increasing over recent years rather than diminishing.<sup>99</sup>

Susan Prentice, University of Manitoba

In 2007, 31% of all low-income families were working poor.<sup>100</sup> The same year, 5.9% of working families lived on low incomes, down from 8.3% in 2000, and 5.6% of children in working families, about 334,700 children, lived on low incomes.<sup>101</sup> Most of the working poor have strong attachment to the labour market, with 76% reporting full-time, full-year work in 2001. These individuals earned, on average, \$12.00 per hour, which was 50% higher than the highest minimum wage in Canada at the time. The working poor are more likely than their counterparts who are not on low incomes to be young; to be single, separated, divorced or widowed; to have a work-limiting disability; and to hold less than a

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96 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 36, June 1, 2009 at 14:05.

97 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 38, June 2, 2009 at 08:35.

98 All low income statistics in this section are based on the Market Basket Measure (MBM).

99 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 67, December 4, 2009 at 08:30.

100 The studies cited in this section define the “working poor” as individuals aged 18 to 64 who are not full-time students and who, despite having worked for pay a minimum of 910 hours in the reference year, have a family income below a low income threshold. The standard of 910 annual hours of paid work or more is the equivalent of working for pay at least 35 hours a week for half the year. “Working poor families” are economic families on low incomes where at least one member meets the previous criteria.

101 Human Resources and Skills Development Canada, *Low Income in Canada: 2000-2007 Using the Market Basket Measure*, August 2009, pp. 18-20, [http://www.hrsdc.gc.ca/eng/publications\\_resources/research/categories/inclusion/2009/sp-909-07-09/sp\\_909\\_07\\_09e.pdf](http://www.hrsdc.gc.ca/eng/publications_resources/research/categories/inclusion/2009/sp-909-07-09/sp_909_07_09e.pdf).

high school diploma. Recent immigrants and Aboriginal people living off-reserve are also over-represented among the working poor population.<sup>102</sup> Witnesses told the Committee that it is increasingly hard for some working families to get by, due in part to the prevalence of low-paying jobs.

We estimate that there are just under 690,000 Canadians, approximately, who would be considered the working poor.... Forty-four percent of working-poor families have children. I don't have a breakdown in terms of single parent or dual parent. However, certainly we're seeing an increasing level of struggle even for dual-earner families.<sup>103</sup>

Sean Tupper, Department of Human Resources and Skills Development

Someone said earlier that workers are finding it increasingly difficult to keep poverty at bay. Some individuals who used to have decent jobs no longer are able to make ends meet. The problem is less evident in Québec than elsewhere in Canada, but even in Québec, we now see more and more working people who have to rely on food banks despite being employed.<sup>104</sup>

François Saillant, Front d'action populaire en réaménagement urbain

A study based on 2001 data found that work did not provide a significant advantage over benefit dependency for low-income Canadians.<sup>105</sup> Working poor families, however, are significantly more likely to escape low income in the long run. Over the period between 2002 and 2007, 1.1% of main income recipients in working poor families were living on low incomes all years, compared to 25.7% in non-working poor families.<sup>106</sup>

#### **1.4 Relationship Between Poverty and Physical and Mental Health**

Taking action on poverty is literally a matter of life and death. There is an overwhelming amount of evidence that those who live in poverty and are socially excluded experience a greater burden of disease and die earlier than those who have better access to economic, social, and political resources.<sup>107</sup>

Theresa Agnew, Registered Nurses' Association of Ontario

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102 Dominique Fleury and Myriam Fortin, *When Working is Not Enough to Escape Poverty: An Analysis of Canada's Working Poor*, Human Resources and Social Development Canada, August 2006, pp. 18-22, <http://www.hrsdc.gc.ca/eng/cs/sp/sdc/pkrf/publications/research/SP-630-06-06/SP-630-06-06E.pdf>.

103 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 6, February 26, 2009 at 12:30.

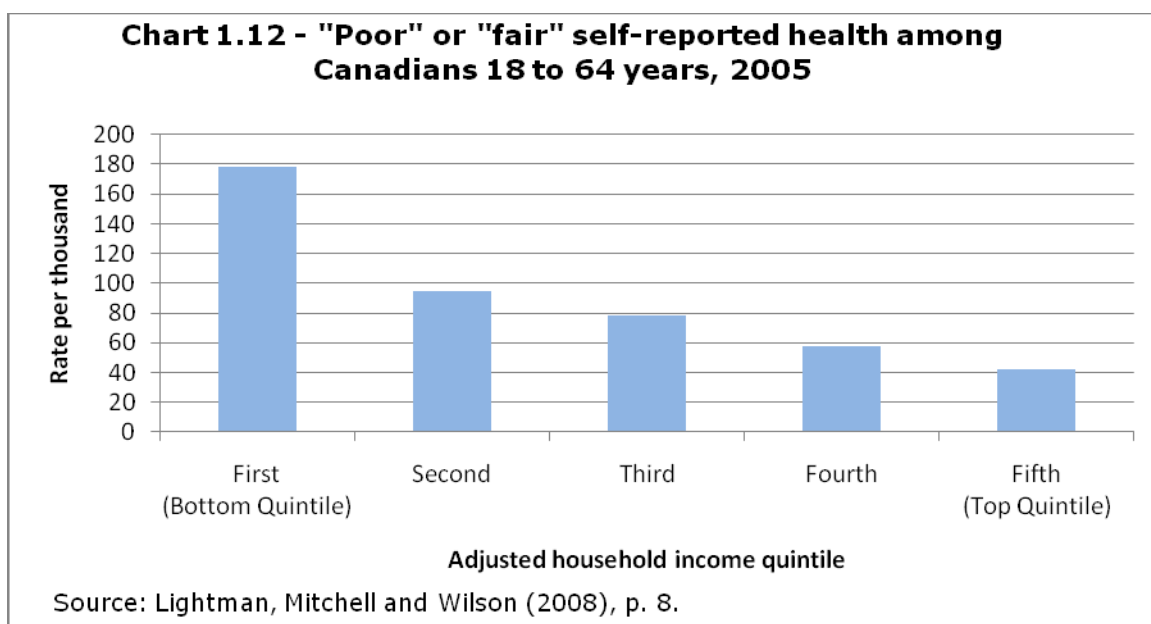
104 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 30, May 13, 2009 at 13:45.

105 Dominique Fleury and Myriam Fortin, *When Working is Not Enough to Escape Poverty: An Analysis of Canada's Working Poor*, 2006, p. 20.

106 Human Resources and Skills Development Canada, *Low Income in Canada*, 2009, p. 22.

107 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 42, June 2, 2009 at 15:15.

It is widely acknowledged that the circumstances in which people live significantly influence their physical and mental health outcomes. These social determinants of health<sup>108</sup> include such factors as work conditions, education, culture, and social connectedness. Income is also recognized as an important determinant of health and health inequities.<sup>109</sup> Research shows not only that the poorest Canadians have worse physical and mental health than higher-income groups, but also that overall health follows a clear income gradient: the lower a person's income, the worse his or her health (See Chart 1.12).<sup>110</sup>



However, because income interacts with other determinants of health, as well as various mediating factors, its direct impact is difficult to isolate. Despite this, studies have attempted to determine whether a causal relationship between poverty and ill health exists. Researchers have looked at whether societies with greater income inequality have worse population health outcomes than other societies with more income equality.<sup>111</sup> While such

108 "The social determinants of health are the circumstances in which people are born, grow up, live, work and age, and the systems put in place to deal with illness. These circumstances are in turn shaped by a wider set of forces: economics, social policies, and politics." World Health Organization, *Social Determinants of Health: Key concepts*, 2009, [http://www.who.int/social\\_determinants/thecommission/finalreport/key\\_concepts/en/index.html](http://www.who.int/social_determinants/thecommission/finalreport/key_concepts/en/index.html)

109 "Health inequities refer to inequalities in health that are a result of socially influenceable factors (e.g., poverty, barriers to education or health care). These types of inequalities are deemed to be unfair or unjust." Government of Canada, *The Chief Public Health Officer's Report on the State of Public Health in Canada 2008: Addressing Health Inequalities*, 2008, p. 5, <http://www.phac-aspc.gc.ca/publicat/2008/cphorsphc-respcacsp/pdf/CPHO-Report-e.pdf>.

110 Ernie Lightman, Andrew Mitchell and Beth Wilson, *Poverty is Making Us Sick: A Comprehensive Survey of Income and Health in Canada*, Wellesley Institute and Community Social Planning Council of Toronto, December 2008, <http://socialplanningtoronto.org/healthequitylightman2008.pdf>.

111 Shelley Phipps, *The Impact of Poverty on Health: A Scan of Research Literature*, Canadian Institute for Health Information, June 2003, p. iii and pp. 16-17, [http://secure.cihi.ca/cihiweb/products/CPHIImpactonPoverty\\_e.pdf](http://secure.cihi.ca/cihiweb/products/CPHIImpactonPoverty_e.pdf).

an association has been demonstrated, the relationship is less evident when focusing on the Canadian context and remains a subject of debate.<sup>112</sup>

At the level of the individual, however, the relationship between income and health is better understood. On the one hand, an individual's ill health can lead to low income by creating barriers that preclude him or her from accessing community services and supports, securing adequate education, and successfully participating in the labour market. These challenges can result in lower earnings and lead to situations of poverty.

On the other hand, studies that examine the relationship between an individual's income and well-being generally conclude that the main direction of influence is from poverty to poorer health.<sup>113</sup> One explanation for this is material deprivation: low income may deprive individuals of such things as a nutritious diet or adequate housing and thus create conditions that are adverse to good health. A second explanation recognizes that lower income generally results in less control and discretion over life circumstances and may lead to fewer opportunities for social participation and for leading a fulfilling life.<sup>114</sup> Ultimately, both accounts may be correct. Thorough analysis indicates that "[i]t is likely that both material or physical needs and capability, spiritual, or psychosocial needs are important to the gradient in health."<sup>115</sup>

The Committee heard from many witnesses about how the pathway into low income is experienced by people with mental illness. Poverty is also a significant risk factor for poor mental health and mental illness.<sup>116</sup> While mental illness can affect people at all income levels, people living on low income report worse mental health than those in higher income groups.<sup>117</sup> Research shows, more specifically, that the prevalence of depression among low-income individuals is 60% higher than the Canadian average,<sup>118</sup> and a study of social assistance recipients in Ontario found that suicide attempts were

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112 For a discussion of research on this topic, see Nancy A. Ross, *What Have We Learned Studying Income Inequality and Population Health?*, Canadian Institute for Health Information, December 2005, [http://secure.cihi.ca/cihiweb/products/IIPH\\_2004\\_e.pdf](http://secure.cihi.ca/cihiweb/products/IIPH_2004_e.pdf).

113 Shelley Phipps, *The Impact of Poverty on Health: A Scan of Research Literature*, 2003, p. 13.

114 Michael Marmot, "The Influence of Income On Health: Views Of An Epidemiologist" in *Health Affairs*, Vol. 21, No. 2, March/April 2002, p. 32.

115 Michael Marmot, "Social Determinants of Health Inequalities" in *The Lancet*, Vol. 365, 19 March 2005, p. 1102.

116 Mental health can be defined as "a state of wellbeing in which the individual realizes his or her own abilities, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to his or her community." World Health Organization, *Mental Health: Strengthening Mental Health Promotion*, Fact Sheet No. 220, November 2007, <http://www.who.int/mediacentre/factsheets/fs220/en/>. At the other extreme, mental illness is characterized by "alterations in thinking, mood or behaviour—or some combination thereof—associated with significant distress and impaired functioning." Government of Canada, *The Human Face of Mental Health and Mental Illness in Canada 2006*, 2006, p. 1, [http://www.phac-aspc.gc.ca/publicat/human-humain06/pdf/human\\_face\\_e.pdf](http://www.phac-aspc.gc.ca/publicat/human-humain06/pdf/human_face_e.pdf).

117 Lightman, Mitchell and Wilson, *Poverty is Making Us Sick*, 2008, pp. 8-9.

118 Katherine L. W. Smith et al., "Gender, income and immigration differences in depression in Canadian urban centers" , *Canadian Journal of Public Health*, Vol. 98, No. 2, March-April 2007, p. 151, <http://journal.cpha.ca/index.php/cjph/article/view/834/834>.



10 times higher among this group than among the non-poor.<sup>119</sup> These are very troubling statistics.

Persons with mental illness face several barriers that prevent opportunities for economic advancement. They often encounter difficulty securing adequate education and employment and face undue discrimination and stigma in these domains due to their mental health status as well as society's misconception of mental illness. Due to these factors, persons with mental illness often cannot earn adequate income in the labour market and must rely on income support programs.<sup>120</sup>

Ruth-Anne Graig, Canadian Mental Health Association

[T]he reality is there's lots of data that shows the lower your income, the greater the incidence of mental illness. There's a bit of a chicken-and-egg issue there: your income may be down because you had the mental illness, but the reality is that there is a very clear linkage between income and mental illness. The Canadian community health survey, the one done by StatsCan [Statistics Canada], shows very clearly that socio-economic status and mental illness have a very strong linkage.<sup>121</sup>

Hon. Michael Kirby, Mental Health Commission of Canada

People living with mental illness die as a result of suicide at a rate 40 times greater than people with HIV/AIDS. This does not include the deaths that result from other health problems associated with mental illness, such as heart disease, addiction, and diabetes, all of which have poor prognosis for people living with mental illness. This number does not address the effects of poverty and homelessness on the under-served mentally ill who are consigned to a life on the street.

Immediate and swift action must be taken in order to address the pandemic of mental illness in this country.<sup>122</sup>

Carmela Hutchison, National Network for Mental Health

Indicators such as life expectancy and mortality also reveal to what extent low-income Canadians have poorer health than other groups. A recent Statistics Canada study found that the poorest 10% of the population had significantly lower health-adjusted life expectancy<sup>123</sup> than the highest 10%, a difference of 11.4 years among men and 9.7 years among women. The same study compared this income effect to the burden of all cancers.<sup>124</sup> Other evidence suggests that if the rate of premature death of the entire

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119 Community Social Planning Council of Toronto, Social Assistance in the New Economy and Wellesley Institute, *Sick and Tired: The Compromised Health of Social Assistance Recipients and the Working Poor in Ontario*, February 2009, p. 3, <http://socialplanningtoronto.org/wp-content/uploads/2009/02/sick-and-tired-for-web.pdf>.

120 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 11:35.

121 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 17, April 30, 2009 at 11:20.

122 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 11:20.

123 "By weighting years of life according to their quality, health-adjusted life expectancy converts the conventional, purely mortality-driven life expectancy measure into expected equivalent years of full health." Cameron N. McIntosh et al., *Income Disparities in Health-Adjusted Life Expectancy for Canadian adults, 1991 to 2001*, Statistics Canada, November 2009, p. 2, <http://www.statcan.gc.ca/pub/82-003-x/2009004/article/11019-eng.pdf>.

124 Ibid., pp. 5-6.

population was the same as that of the most affluent quintile, there would be a 20% reduction in premature mortality among Canadians, an effect equivalent to eliminating all premature deaths from cardiovascular diseases.<sup>125</sup> These health inequities were also identified during Committee hearings.

There is another new Statistics Canada report that says poverty is twice as bad as cancer in terms of causing poor health and early death. This report says poverty—and we would say the government policies that cause poverty—is robbing poor people of about ten years of their lives.<sup>126</sup>

Jean Swanson, Carnegie Community Action Project

Poverty represents a significant threat to the health of our population and to the sustainability of our health care system. Study after study has identified the negative impact poverty has on our health.... Life expectancy alone varies by 15 years, depending on the area in which you live in our province.<sup>127</sup>

Daryl Quantz, BC Poverty Reduction Coalition

Canadians living on low incomes are more likely than higher-income groups to have multiple chronic health conditions and to suffer disproportionately from certain ailments.<sup>128</sup> Low income is highly correlated with diabetes, for example: people with the disease have a rate of low income nearly twice as high as that of the general population.<sup>129</sup> The prevalence of diabetes among Aboriginal people, one of the poorest population groups, is at least three times higher than among the general population.<sup>130</sup> Aboriginal people also suffer from tuberculosis at an alarming rate. Witnesses told the Committee about other conditions that are experienced at a greater rate by Canadians living on low incomes, including heart disease.

The Wellesley Institute has released its own research,<sup>131</sup> which looks at some of the issues around income and poverty.... Among other things, we looked at 39 health indicators by income, and we found that the poorest one-fifth of Canadians, when compared to the richest one-fifth, have more than double the rate of diabetes and heart disease, a 60% greater rate of two or more chronic health conditions, up to three times the rate of bronchitis, nearly double the rate of arthritis and rheumatism.<sup>132</sup>

Michael Shapcott, Wellesley Institute

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125 Government of Canada, *The Chief Public Health Officer's Report on the State of Public Health in Canada 2008: Addressing Health Inequalities*, 2008, p. 67.

126 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 30, 2009 at 10:05.

127 Ibid. at 11:05.

128 Lightman, Mitchell and Wilson, *Poverty is Making Us Sick*, 2008, p. 9.

129 Health Canada, *Diabetes in Canada*, 2<sup>nd</sup> ed., 2002, <http://www.phac-aspc.gc.ca/publicat/dic-dac2/english/22chap3-eng.php>.

130 Ibid.

131 Lightman, Mitchell and Wilson, *Poverty is Making Us Sick*, 2008.

132 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 40, June 2, 2009 at 11:05.

It is important to recognize that poverty can have health consequences across a person's lifespan. Irrespective of their social status in adulthood, children who grow up in low-income families are more likely to experience poorer health as adults, including conditions such as high blood pressure, circulatory diseases and weakened immunity.<sup>133</sup> Evidence also points to the cumulative effect of low income: chronic poverty has greater negative health consequences than occasional episodes.<sup>134</sup> The pathway model shows how early experiences such as economic insecurity set individuals on life trajectories that influence their future physical and mental health.<sup>135</sup> The Committee was also alerted to a study that explains how the physiological consequences of low income in the early years can damage health in the long term.

A study from Cornell University<sup>136</sup> described how low socio-economic status takes its toll on health. In the first longitudinal study on the physiological effects of poverty in young children, researchers reported that the longer 13-year-olds had spent living in poverty, the less efficient their bodies were in handling environmental demands...they were suffering from more stress-induced physiological strain on their organs and tissues than other young people.<sup>137</sup>

Canadian Nurses Association

Not only do low-income Canadians have poorer physical and mental health than higher-income groups, but inequities also exist in health care access and utilization. People in the lowest income quintile are more likely than the average person to report unmet health care needs, are less likely to have a regular family doctor or to consult medical specialists, and spend a greater number of nights hospitalized each year. In addition, Canadians living on low incomes have less access to health insurance for costs not covered by the public health care system, including prescription drugs, dental care, eyeglasses, and additional hospital charges.<sup>138</sup> Since social assistance recipients are eligible for certain health benefits, the working poor are at a particular disadvantage.<sup>139</sup> Over the course of its study, the Committee heard calls for a national pharmacare program that would remove this disincentive and provide much needed assistance to the working poor.<sup>140</sup>

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133 Government of Canada, *The Chief Public Health Officer's Report on the State of Public Health in Canada 2009: Growing Up Well—Priorities for a Healthy Future*, 2009, p. 9, <http://www.phac-aspc.gc.ca/publicat/2009/cphorsphc-respcacsp/pdf/cphorsphc-respcacsp-eng.pdf>.

134 Shelley Phipps, *The Impact of Poverty on Health: A Scan of Research Literature*, 2003, p. 14.

135 Government of Canada, *The Chief Public Health Officer's Report on the State of Public Health in Canada 2009*, 2009, p. 9.

136 Gary W. Evans and Pilyoung Kim, "Childhood Poverty and Health: Cumulative Risk Exposure and Stress Dysregulation" in *Psychological Science*, Vol. 18, No. 11, pp. 953-957.

137 Canadian Nurses Association, *Federal Contribution to Reducing Poverty in Canada*, Brief submitted to Committee, June 10, 2009, p. 3.

138 Lightman, Mitchell and Wilson, *Poverty is Making Us Sick*, 2008, pp. 17-20.

139 Community Social Planning Council of Toronto, Social Assistance in the New Economy and Wellesley Institute, *Sick and Tired: The Compromised Health of Social Assistance Recipients and the Working Poor in Ontario*, 2009, p. 15.

140 This is discussed further in Chapter 4 of this report.

It is evident that reducing poverty would go a long way towards improving Canadians' overall health and well-being, and witnesses urged the government to act on this important issue. Recent research also suggests that a federal poverty reduction plan could eliminate the negative health effects of poverty in Canada.<sup>141</sup> The Committee believes that every Canadian should have an equal opportunity to lead a healthy and fulfilling life, and that steps to reduce poverty must be taken if we want to eliminate health inequities.

While exercise, diet and smoking cessation are all helpful in promoting health, eliminating poverty would be the single biggest step forward Canada could make in ensuring the health of all citizens.<sup>142</sup>

Sid Frankel, Social Planning Council of Winnipeg

## 1.5 Food Security

Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.<sup>143</sup>

Food and Agriculture Organization of the United Nations, Rome Declaration on World Food Security and World Food Summit Plan of Action

At the World Food Summit of 1996, a summit convened by the United Nations' Food and Agriculture Organization, three pillars of food security were identified: availability, accessibility and usage. They were defined as follow:

- *food availability* signifies that sufficient quantities of food are available on a consistent basis;
- *food access* means having sufficient resources to obtain appropriate foods for a nutritious diet; and
- *food use* is the appropriate use of food, based on knowledge of basic nutrition and care, as well as adequate water and sanitation.<sup>144</sup>

Similar themes were raised during the Committee's hearings, where some witnesses spoke about the right to food security and a few referred to a broader notion of "food autonomy".

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141 Raymond Fang et al., "Disparities in Chronic Disease Among Canada's Low-Income Populations," *Preventing Chronic Disease*, Vol. 6, No. 4, October 2009, p. 4.

142 Sid Frankel, *Eliminating Poverty in Canada*, Social Planning Council of Winnipeg, Brief submitted to HUMA, December 4, 2009, p. 4.

143 Food and Agriculture Organization of the United Nations, *Rome Declaration on World Food Security and World Food Summit Plan of Action*, World Food Summit, 13–17 November 1996, Rome, <http://www.fao.org/docrep/003/w3613e/w3613e00.HTM>.

144 World Health Organization, *Food Security*, 2010, <http://www.who.int/trade/glossary/story028/en/>.

Several years ago, we developed a vision which is separate from what is known as food security, something many people often misunderstand. We refer to food security from the standpoint of food unfairness or the response to food insecurity. We believe that the right to food is far more than that, and thus we prefer to talk about food autonomy. That food autonomy is based on four major thrusts: providing access to healthy food at a reasonable cost; giving people purchasing power and the ability to choose their food; respecting the principles of sustainable development and the environment; and, responsible consumption, now and for future generations.

Food autonomy is not something that exists at an individual level; it is not just a matter of developing individual skills. It also refers to collective action, and communities need to develop the means to respond to the right to food.<sup>145</sup>

Germaine Chevrier, Regroupement des cuisines collectives du Québec

Food security is a multi-dimensional issue that can be analysed from different angles. Within the context of the Committee's study, witnesses focused on food insecurity as a consequence of poverty, a relationship that is well documented: "[w]hile the relationship between income and food security measures is not linear, data clearly indicate that household food insecurity is a product of poverty."<sup>146</sup> While Canada is a world leader in the production and supply of high quality food, and the vast majority of Canadians are food secure, the Committee heard that food insecurity is often a reality for low-income households.

Issues around poverty are interconnected, and together they effectively jeopardize the enjoyment of many other rights, such as access to jobs, housing, and food security.<sup>147</sup>

Heather Kere, African Canadian Legal Clinic

A Health Canada report based on the findings of the 2004 Canadian Community Health Survey on nutrition<sup>148</sup> confirms that low income is indeed a significant contributing factor to food insecurity. More than 1.1 million households (9.2%) in Canada were moderately or severely food insecure at some point in 2004. Food insecurity was found to be more prevalent among those in the lowest (48.3%) and lower-middle (29.1%) categories of household income adequacy.<sup>149</sup> Almost 60% of households relying on social assistance experienced food insecurity that year, as well as 29% of those relying on income security programs as their main source of income (e.g., worker's compensation and employment insurance).<sup>150</sup> In Ontario, research shows that most recipients of social

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145 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 29, May 13, 2009 at 11:00.

146 Dietitians of Canada, "Individual and Household Food Insecurity in Canada: Position of Dietitians of Canada," *Canadian Journal of Dietetic Practice and Research*, Vol. 66, No. 1, Spring 2005, p. 44.

147 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 34, June 1, 2009 at 10:10.

148 Health Canada, *Canadian Community Health Survey Cycle 2.2, Nutrition (2004)—Income-Related Household Food Security in Canada*, Office of Nutrition Policy and Promotion, Health Products and Food Branch, 2007, [http://www.hc-sc.gc.ca/fn-an/alt\\_formats/hpfb-dgpsa/pdf/surveill/income\\_food\\_sec-sec\\_alim-eng.pdf](http://www.hc-sc.gc.ca/fn-an/alt_formats/hpfb-dgpsa/pdf/surveill/income_food_sec-sec_alim-eng.pdf).

149 "Household income was classified in terms of a five-level categorical variable describing income adequacy; this variable, constructed by Statistics Canada, was based on information about gross total household income in the past 12 months and household size." *Ibid.*, p. 20 and p. 83.

150 Health Canada, *Canadian Community Health Survey*, 2007, p. x and p. 22.

assistance cannot afford to purchase the content of a nutritious food basket,<sup>151</sup> and a recent report on the cost of eating in British Columbia found that “a family of four on income assistance would need more than 100% of their income for shelter and food only.”<sup>152</sup>

Some groups are more at risk of experiencing food insecurity than others. In 2004, food insecurity was more prevalent among adults (9.0%) than children (5.2%). Female lone-parent households experienced food insecurity at a rate of 24.9% compared with households headed by a couple, which had a rate of 7.6%. Aboriginal households living off-reserve<sup>153</sup> were more likely to experience food insecurity (33.3%) than non-Aboriginal households (8.8%). Finally, people who did not own their dwelling were more likely to report having experienced food insecurity (20.5%) than those who owned their dwelling (3.9%).<sup>154</sup> It should also be noted that individuals within households may experience food insecurity differently. Research on the role of gender in addressing food security issues found that when access to food is very limited, mothers are more likely to feed their children first and often compromise their own health to protect that of their family.<sup>155</sup>

One of my clients, Ella, finds that her health, well-being, dignity, and rights are compromised by the constant stress of paying rent and finding enough left over from her minimum-wage job for food and other essentials. Ella feeds her kids first and often goes hungry herself. She used to worry that the food from the food bank wasn't nutritious, but now she's worried that there might not be enough food in the food bank each month when she goes.<sup>156</sup>

Theresa Agnew, Registered Nurses' Association of Ontario

Food insecurity is exacerbated by low wages and the high costs associated with shelter and utilities, which leave families with less money for food. A study in Nova Scotia assessed the affordability of a nutritious diet for households earning the minimum wage and found that these households were unable to meet their basic needs and were more likely to compromise their dietary intake in order to afford other essential expenses.<sup>157</sup>

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151 Health Canada has developed a National Nutritious Food Basket that includes approximately 60 different food items. This basket is used as a tool by dietitians working in public health who collect prices for the food items in their community in various grocery stores and then pool these prices to obtain an average cost for the basket. For more information, see Health Canada, *National Nutritious Food Basket*, Food and Nutrition Surveillance, 2 February 2009, <http://www.hc-sc.gc.ca/fn-an/surveill/basket-panier/index-eng.php>.

152 Dietitians of Canada, *Low-income families can't afford healthy food – The Cost of Eating in BC 2009*, Media Backgrounder, December 2009, <http://www.dietitians.ca/resources/resourcesearch.asp?fn=view&contentid=1944>.

153 The survey did not include those who lived in the territories and on First Nations reserves or Crown Lands thus excluding many Aboriginal peoples.

154 Health Canada, *Canadian Community Health Survey, 2007*, p. x.

155 Elaine M. Power, “Determinants of Healthy Eating Among Low-income Canadians,” *Canadian Journal of Public Health*, Vol. 96, Supplement 3, July-August 2005, p. S39. Also see Christine M. Olson, “Food Insecurity in Women: A Recipe for Unhealthy Trade-offs,” *Topics in Clinical Nutrition*, October-December 2005, Vol. 20, No. 4, pp. 321-328.

156 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 42, June 2, 2009 at 15:15.

157 Patricia L. Williams et al., “Can Households Earning Minimum Wage in Nova Scotia Afford a Nutritious Diet?” *Canadian Journal of Public Health*, Vol. 96, No. 6, November – December 2006, pp. 430-434.

This confirms what we already know: having a job does not necessarily mean that one does not have to worry about how to put food on the table and pay the bills.

Certainly there is a high percentage of people who rely on food banks, who are regular clients or regular customers. There is no question. However, increasingly we are seeing people who are using the food bank only periodically. And in many cases these are seniors. They're working poor, people who hold down a job or may hold down two jobs, but at minimum wage. You do the math, and you know you simply can't support your family and household on that income on an ongoing basis. So periodically they come to the food bank when they are unable to provide for their families, maybe due to an emergency that has come up, or it may be that the car has broken down, or there may be some other thing that impedes their ability to purchase food.<sup>158</sup>

Wayne Hellquist, Canadian Association of Food Banks

I have noticed that a lot of people cannot afford their food because of housing. Rent here is so expensive that most of the time the money goes straight to that. Especially when there is a rise in the rent, we see more people coming in. I also noticed that when school starts, it's hard to pay for all the clothing with winter coming, and school materials are needed as well.<sup>159</sup>

Julie Ménard, Food Bank Society of Whitehorse

The lack of food security in Nova Scotia is a huge problem, as evidenced by the proliferation and high usage of food banks here and the large number of women who seek help from our centres with meeting this need. As of 2004, the number of households experiencing moderate or severe food insecurity was estimated at 132,400, or 14.6 per cent of the population. Statistics Canada reports show that while the overall cost of living in Nova Scotia has not increased in the past year, the cost of food increased by 9.2 per cent and electricity by 17.7 per cent. Often women are forced to spend their grocery money on utilities, and seek other ways to secure food. These cost increases are felt painfully by women living in poverty.<sup>160</sup>

Nova Scotia Association of Women's Centres

Geography also plays a role in food security as people face different challenges accessing affordable and nutritious food depending on where they live in Canada. People living in disadvantaged neighbourhoods may not have access to grocery stores, which typically offer more affordable foods and a greater variety of food items including fresh produce. With the suburbanization of food retailers in North America, inner-city neighbourhoods, many with a higher concentration of low socio-economic status households may also have increasingly poor access to supermarkets.<sup>161</sup>

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158 Committee, *Evidence* 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 25, April 17, 2008 at 10:20.

159 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 62, December 1, 2009 at 08:40.

160 Katherine Reed, *Women's Centres Connect! Nova Scotia Association of Women's Centres*, Brief submitted to the Standing Committee on HUMA, May 12, 2009, p. 5.

161 Kristian Larsen and Jason Gilliland, "Mapping the evolution of 'food deserts' in a Canadian city: Supermarket accessibility in London, Ontario, 1961-2005," *International Journal of Health Geographics*, 2008, Vol. 7, No.16, <http://www.ij-healthgeographics.com/content/pdf/1476-072X-7-16.pdf>.

Low-income households in urban centres may nonetheless have easier access to supermarkets than those living in remote or isolated communities. In these areas, nutritious food is less available, and the cost of a food basket is often out of reach for those living on low incomes. This reality particularly affects people living in northern communities who do not have access to fresh food items at a reasonable cost or on a year-round basis. Aboriginal people also have less and less access to traditional foods that are culturally acceptable, healthy and safe. The Committee heard firsthand about these issues from Canadians living in the Northwest Territories when it held meetings in Yellowknife.

One factor that drives up the cost of living is our transportation system. Perishable food has to be flown into many communities on a regular basis. Basics are shipped in via barge or sealift in the summer or by ice roads during the coldest part of the year.

[...]

Half our communities still don't have year-round road access. While we don't expect roads to all of our communities, improving transportation links is essential.<sup>162</sup>

Gordon Van Tighem, Northwest Territories Association of Communities

The other thing you might be interested in is that this Thanksgiving we got a picture of a turkey in Arctic Bay. It cost \$200 to have a turkey for Thanksgiving. The milk cost \$13 for three litres. The price was dropped on the turkey when CBC phoned the store and said, "What's that all about?" All of a sudden the turkey cost \$90.

So there's a huge challenge around food in the north. There's more of a freight allowance or freight subsidy for junk food and for alcohol and lots of other things than for food. Issues around nutrition/malnutrition are really critical in the north.

There's also an assumption that traditional food or the hunting lifestyle is going to sustain families, but that's really changed over the years. Not only has it changed because families have changed, but the animal patterns have changed, the caribou patterns have changed. We're really concerned about the perception that people rely a lot on traditional food or wildlife to supplement their food.<sup>163</sup>

Arlene Hache, Yellowknife Women's Society

The federal government has taken some steps to address the issue of food security in Canada. At the 1996 World Food Summit, Canada joined 186 other nations in supporting the goal of reducing the number of undernourished people by half by 2015. Two years later, the federal government launched Canada's Action Plan for Food Security,<sup>164</sup> a plan to achieve food security domestically and internationally. Among the commitments identified in the document, and of particular interest to the work of our

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162 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 64, December 2, 2009 at 08:45.

163 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 64, December 2, 2009 at 10:55.

164 Government of Canada, *Canada's Action Plan for Food Security (1998)*, In Response to the World Food Summit Plan of Action, 1998, [http://www.agr.gc.ca/misb/fsec-seca/pdf/action\\_e.pdf](http://www.agr.gc.ca/misb/fsec-seca/pdf/action_e.pdf).



Committee, was the recognition that poverty reduction is essential to improving access to safe and nutritious foods.<sup>165</sup>

Municipal, provincial and territorial governments have also developed numerous programs and policies to address the issue of food security, including economic, social and environmental concerns surrounding food security.<sup>166</sup> The Government of Québec recognized food security as a key element of its poverty reduction strategy and invests an estimated \$3.2 million annually towards food security initiatives. Most of the money (75%) is spent on programs to foster individual self-sufficiency and the rest (25%) goes to food banks, community kitchens and other emergency food resources.<sup>167</sup> Another interesting provincial initiative, among others, is the Air Foodlift Subsidy Program<sup>168</sup> established in 1997 in the province of Newfoundland and Labrador. The program provides subsidies that reduce the cost to retailers of transporting nutritious foods to isolated Labrador communities and thus makes healthy foods more affordable in northern regions of the province.<sup>169</sup>

Action to address food insecurity in Canada largely takes place at the community level. More and more low-income Canadians are turning to their local food banks for help, and the situation has further deteriorated with the economic downturn that began in the fall of 2008. Research shows that more than 790,000 Canadians—293,000 of whom were children—approached a food bank looking for help in March 2009, an 18% increase over March 2008. Provinces that were hit hardest by the recession saw the biggest upsurge over this period, including a 61% increase in food bank clients in Alberta.<sup>170</sup> While most of the clients relied on income support programs (e.g., pensions, disability-related income assistance, and social assistance), nearly 20% reported income from current or recent employment yet were still unable to make ends meet. About 9% of people assisted by food banks in March 2009, more than 72,000 individuals, were turning to a food bank for the first time.<sup>171</sup> Many people who testified before our Committee talked about the distress experienced by first-time food bank users, as well as the strain experienced by organizations that are struggling to meet demand.

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165 Ibid., p. 6.

166 Stefan Epp, *Provincial Approaches to Food Security – A Scan of Food Security Related Policies in Canada*, Manitoba Food Charter, 2009, p. 5, [http://www.bitsandbytes.ca/resources/Provincial\\_approaches\\_to\\_FS\\_policy\\_scan.pdf](http://www.bitsandbytes.ca/resources/Provincial_approaches_to_FS_policy_scan.pdf).

167 Government of Québec, *Towards a Second Government Action Plan to Combat Poverty and Social Exclusion: Rendez-vous de la solidarité 2009*, Québec acting against poverty, Consultation Workbook, 2009, p. 25, [http://www.mess.gouv.qc.ca/publications/pdf/ADMIN\\_cahier\\_consultation\\_Rendez-vous\\_2009\\_en.pdf](http://www.mess.gouv.qc.ca/publications/pdf/ADMIN_cahier_consultation_Rendez-vous_2009_en.pdf).

168 For more information on this program, see Government of Newfoundland and Labrador, *Air Foodlift Subsidy*, Department of Labrador and Aboriginal Affairs, October 20, 2009, [http://www.laa.gov.nl.ca/laa/programs\\_we\\_offer/air\\_foodlift\\_subsidy.html](http://www.laa.gov.nl.ca/laa/programs_we_offer/air_foodlift_subsidy.html).

169 Stefan Epp, *Provincial Approaches to Food Security*, 2009, p. 49.

170 Food Banks Canada, *HungerCount 2009 - A comprehensive report on hunger and food bank use in Canada and recommendations for change*, 2009, p. 2, <http://foodbanksCanada.ca/documents/HungerCount2009NOV16.pdf>.

171 Ibid.

As people face financial ruin, they rely on the services of the not-for-profit sector to receive very basic services. Faced with either paying rent or feeding their children, more and more families are forced to use food banks and community kitchens. Across the country, food bank usage is rising. In Toronto, according to the latest figures I've received from Daily Bread Food Bank, usage is up 15% year over year and is growing.<sup>172</sup>

John Andras, Recession Relief Fund Coalition

Even though food banks have been around for more than 20 years and have become quite good at soliciting and sharing food with those who need it, it remains that there are real limitations in the ability of food banks to meet the need for emergency food assistance. This is the larger point I would like to make today.

One figure that I think highlights limitations in food banks' ability to meet the need is the difference between the number of people who report not having enough food to eat and the number who are actually assisted by food banks. We know from the Canadian Community Health Survey of 2004 that 1.1 million Canadian households containing 2.7 million individuals reported being moderately or severely food-insecure, meaning that they had compromised quality and/or quantity of food consumed or had a reduced food intake and disrupted eating patterns. These 2.7 million people are about 8.8% of the population. I compare that with the fact that food banks serve about 2.2% of the population. In other words, there are a significant number of hungry people who are not being assisted by food banks.<sup>173</sup>

Shawn Pegg, Canadian Association of Food Banks

The Committee also heard that some food banks are moving beyond providing emergency food to offer other services that address the root causes of food security issues. For example, the Regina and District Food Bank is now offering training and education programs in an effort to provide a longer term solution to food insecurity among their clients.

As was mentioned, hunger and poverty is a multidimensional issue, and I don't think the solutions are simple either. We've been focusing our work at the Regina food bank on moving beyond simply providing emergency food to providing training and education for the people who use the food banks. We believe that in the long term the best solution is to ensure that people have access to employment, access to life skills training, access to employment training.

We've just finished a research project looking at the possibility of food banks becoming a labour force intermediary. We believe as well that food banks can be a unique portal to other agencies and other services in our community, including access to employment training and access to employment. We certainly need to find those kinds of unique and innovative solutions, utilizing not just food banks but other community-based organizations that can, I think, be part of the framework of helping to resolve this long-standing issue of hunger and poverty in our communities.<sup>174</sup>

Wayne Hellquist, Canadian Association of Food Banks

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172 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 40, June 2, 2009 at 11:10.

173 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 25, April 17, 2008 at 09:15.

174 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 25, April 17, 2008 at 09:20.

In addition to food banks, there are other relief strategies to food insecurity including soup kitchens, food-buying coops, school meal programs, and community kitchens and gardens.

The community kitchens concept was developed in 1982. It is important to understand that it grew out of the desire of two people living in poverty to take control of their lives and do more than simply receive gifts of food. So, the basic principle is empowerment.

This group was created in 1990 and now includes some 1,400 groups across the province and more than 37,000 people. Community kitchens were developed by five or six people who got together and pooled their money, skills and energy to prepare meals that they would take back home. Skills development and improved purchasing power are the fundamental principles behind the community kitchens concept.

[...]

We know that community kitchens are a means of helping people to save and reducing the effects of poverty while improving their lifestyles, that they have a major impact on people's physical and psychological health, and that they strengthen self-esteem and develop skills, as well as creating mutual assistance networks. These are ways of fighting poverty.<sup>175</sup>

Germaine Chevrier, Regroupement des cuisines collectives du Québec

One of the examples I was going to use involves a retail store in Winnipeg, which is an [A]boriginal worker co-op. They operate a retail store in the inner city of Winnipeg. It's a neighbourhood with a large[A]boriginal population and high rates of poverty and homelessness. The workers provide a grocery store for people where there isn't a store—we know about what are called food deserts. They promote healthy living and foods that will help with the incidence of diabetes in the [A]boriginal population. People are members of that store, and they feel a great sense of connection, more of a connection than with another kind of store.<sup>176</sup>

Lynne Markell, Canadian Co-operative Association

The Committee recognizes that food is a basic need and human right. All members are very impressed with the work being done by organizations across Canada to alleviate some of the food insecurity experienced in our country, work that is often done on a volunteer basis. Members of the Committee also understand the challenges non-profit and charitable organizations face in delivering services and how much more difficult this has become due to growing demand and rising food prices. We believe that community organizations are key players in the fight against hunger in Canada and that their work needs to be better recognized, better supported and better integrated through partnerships with various levels of government.<sup>177</sup> Food security in Canada can only be achieved if all stakeholders, including governments, private sector, non-profit organizations and concerned individuals work together towards the same goal of reducing poverty and

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175 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 29, May 13, 2009 at 11:00.

176 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 12:05.

177 For more information on what our Committee is proposing to do to build better community partnerships, see Chapter 3 of this report.

hunger. A national coordinated approach to monitoring the cost of food and other basic living expenses against the income of Canadians is also needed if we are to devise successful policies to address income-related food insecurity over time.

## 1.6 Poverty, Housing and Homelessness

I think everybody would agree that housing, along with health and education, is a fundamental building block of civilized society in Canada and in all countries throughout the world. People who cannot afford the housing they need are obviously not going to escape the trap of poverty.<sup>178</sup>

Nicholas Gazzard, Co-operative Housing Federation of Canada

Members of the Committee believe that a place to call home is a fundamental need and a basic human right. Unfortunately, many people living in poverty are unable to meet their housing needs. Securing acceptable accommodation often requires that they spend a disproportionate amount of their household income on shelter, leaving little money for other necessities such as food and clothing. They may also be compelled to choose accommodation that is unsafe or unsuitable. Too many people who cannot afford decent housing also find themselves homeless.

In Canada poverty is largely a function of two things, income and shelter cost. Too many Canadians are forced to make unreasonable and unjust choices between shelter on the one hand, and such things as food, child care, and electricity on the other.<sup>179</sup>

Wayne de Jong, Habitat for Humanity Canada

Another cause of poverty is the lack of decent and affordable housing. People said that rents are so high there's not much left over to meet their other basic needs. Often, people said that families and individuals are sacrificing nutritious food in order to pay their shelter costs. We all know that safe, adequate, and affordable housing is a fundamental building block for societal well-being.<sup>180</sup>

Phyllis Mockler-Caissie, Poverty Reduction Initiative

While living on a low income can create housing challenges, a lack of adequate housing can equally prevent individuals from escaping poverty, keeping them trapped in situations of low income. Safe, reliable housing is often essential to securing employment, developing healthy relationships, caring for one's physical and mental health and succeeding in school and work. Witnesses agreed that acceptable housing is an important precondition to escaping low income.

If somebody doesn't have housing, doesn't have a place to live—and I'm not talking about a shelter—nothing else matters. They're trying to get by each day, to survive in the environment of a shelter, to survive to get something to eat. If they have some housing,

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178 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:15.

179 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 42, June 2, 2009 at 15:10.

180 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 26, May 12, 2009 at 13:10.

that basic little room, that apartment, then that starts to become the transition that takes place.<sup>181</sup>

Brian Duplessis, Fredericton Homeless Shelters

Decent and affordable housing provides an important foundation for healthy social, physical and mental development, and it has been argued that acceptable housing is a basic right that transcends economic or social status. Among other treaties and legal instruments recognizing the right to adequate housing, Canada is a signatory to the United Nations International Covenant on Economic, Social and Cultural Rights, which came into force in 1976. According to article 11 of the covenant, states that are a party to it “recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions”.<sup>182</sup> In 2007, the UN Commission on Human Rights’ Special Rapporteur on adequate housing, Mr. Miloon Kothari, visited Canada and noted concerns “about the rise in the number of the homeless and people in inadequate housing and living conditions, rising prices in the housing sector affecting an increasing number of people with various levels of income, and the decrease in public housing”.<sup>183</sup> Many witnesses who appeared before the Committee maintained that housing is best understood and addressed in a human rights context.

As you know, a critical aspect of international human rights is the commitment to the right to an adequate standard of living, which includes the right to adequate food and adequate housing. So it's useful in the context of what we're talking about today that the international human rights framework links an adequate standard of living to adequate housing. You can't address one without the other, and I think that's true within a policy framework in Canada.<sup>184</sup>

Bruce Porter, Centre for Equality Rights in Accommodation

I'm referring to the rights contained in article 11 of the International Covenant on Economic, Social and Cultural Rights which include among other things the right to adequate housing and sufficient food. These are rights that are not being respected right now if you consider the poverty that surrounds us and the gravity of the housing problem.<sup>185</sup>

François Saillant, Front d'action populaire en réaménagement urbain

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181 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 25, May 12, 2009 at 11:20.

182 Office of the High Commissioner of Human Rights, *International Covenant on Economic, Social and Cultural Rights*, [http://www.unhchr.ch/html/menu3/b/a\\_ceschr.htm](http://www.unhchr.ch/html/menu3/b/a_ceschr.htm).

183 United Nations General Assembly Human Rights Council, *Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context*, Miloon Kothari: Mission to Canada (October 9 to 22, 2007), A/HRC/10/7/Add.3, February 17, 2009, p. 2, <http://www2.ohchr.org/english/issues/housing/visits.htm>.

184 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:45.

185 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 30, May 13, 2009 at 13:55.

Unfortunately, many Canadians remain unable to afford decent housing. In 2006, 11.4% of Canadian households<sup>186</sup> lived in housing that cost more than 30% of their before-tax income, exceeding the Canada Mortgage and Housing Corporation (CMHC) affordability benchmark, and were unable to access accommodation that met this standard. The same year, 12.7% of Canadian households, nearly 1.5 million, lived in “core housing need,” a situation where a household occupies a dwelling that does not meet affordability, adequacy, and/or suitability standards, and cannot obtain acceptable alternative housing.<sup>187</sup> This can be compared to a rate of 13.7% five years earlier.<sup>188</sup> Housing affordability problems are compounded by low vacancy rates in many urban centres, as well as rising housing costs.<sup>189</sup> While the incidence of core housing need is highest in the territories,<sup>190</sup> witnesses who appeared before the Committee emphasized the fact that housing affordability is a challenge for Canadians across the country.

In Canada, the housing market, together with the existing affordable housing that we have, meets the housing needs of about 85% of the Canadian population. This is pretty good for them, but it means that about one in seven Canadians is left out. They cannot access housing at a price they can afford, and the market can't supply it at a price they can offer to pay for it. That's not a political opinion; it's just a question of economic fact.

It means that in Canada we see a disproportionate effect of housing costs on Canadian families. The average Canadian family spends 19% of gross income on housing, whereas the households in the lowest ten percentile of income groups in Canada pay fully 66%. You can well imagine that any household paying 66% to put a roof over their heads can barely afford the other necessities of life, let alone build a platform and a future they can rely on for self-determination in the future.<sup>191</sup>

Nicholas Gazzard, Co-operative Housing Federation of Canada

Quite simply, a lack of affordable housing is a major contributor to poverty, as many Canadians are paying more than 30% of their income on housing. In New Brunswick, there are 30,000 households that are paying more than 30% of their income on housing.<sup>192</sup>

Gary Glauser, New Brunswick Non-Profit Housing Association

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186 Households evaluated by the CMHC for affordability problems and core housing need include only private non-farm, non-band, non-reserve households with incomes greater than zero and shelter-cost-to-income ratios (STIRs) less than 100%.

187 Affordable dwellings cost less than 30% of before-tax household income; adequate dwellings do not require major repairs; and suitable dwellings have enough bedrooms for the number and make-up of residents. “A household is in core housing need if its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30% or more of its before-tax income to pay the median rent (including utility costs) of alternative local market housing that meets all three standards.” Canada Mortgage and Housing Corporation, *Canadian Housing Observer 2009*, 2009, p. 81, [http://www.cmhc-schl.gc.ca/en/corp/about/cahoob/cahoob\\_001.cfm](http://www.cmhc-schl.gc.ca/en/corp/about/cahoob/cahoob_001.cfm).

188 Ibid., pp. 82-83.

189 Canada Mortgage and Housing Corporation, *Rental Market Report: Canada Highlights*, Spring 2009, <https://www03.cmhc-schl.gc.ca/b2c/b2c/init.do>.

190 Canada Mortgage and Housing Corporation, *Canadian Housing Observer 2009*, 2009, p. 84.

191 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:15.

192 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 26, May 12, 2009 at 13:15.

In Ontario, one in five tenant households spends more than 50% of their income on rent. This means that there are over 260,000 households in Ontario that routinely choose to either pay the rent or feed the kids.<sup>193</sup>

Diana Summers, Ontario Non-Profit Housing Association

Certain population groups are more likely than others to face unsafe, inadequate and unaffordable housing conditions. The housing situations of many Aboriginal people in Canada are particularly worrisome. Over 20% of off-reserve Aboriginal households experienced core housing need in 2006,<sup>194</sup> and one in five Aboriginal dwellings across Canada required major repairs. The problem of overcrowding affects a significantly higher percentage of Aboriginal people than non-Aboriginal Canadians, and is particularly prevalent in Inuit communities and on-reserve, where the housing shortage is estimated to be between 20,000 and 87,000 units. A related concern is mould contamination, a serious health risk particularly in First Nations and Inuit housing.<sup>195</sup>

We have 320 members in our band and more than half of them live off the reserve because we don't have any housing. And it's inadequate housing as it is. We've got people all crammed and living together in a house. Some of the houses are extremely old. We have mould problems in our communities. We have leaky roofs in our community...<sup>196</sup>

Chief Fred Sampson, Nicola Tribal Association

Canadians with disabilities are another group that is particularly likely to face housing affordability challenges.<sup>197</sup> Over the course of its study, the Committee heard that much of Canada's affordable housing stock is unable to accommodate the needs of people with disabilities, who are forced to pay more for barrier-free accommodation or choose housing without the supports they require. People with a mental illness also have difficulty finding and maintaining housing.

We heard that there is a lack of subsidized housing, a lack of housing options, particularly for persons with mental health issues and those with physical disabilities.<sup>198</sup>

Phyllis Mockler-Caissie, Poverty Reduction Initiative

I identified priorities for us. The first and foremost one that has come up in every discussion we've had, whether it has been with the NGO sector or with individuals

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193 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 41, June 2, 2009 at 14:05.

194 Canada Mortgage and Housing Corporation, *Canadian Housing Observer 2009*, 2009, p. 92.

195 House of Commons, Standing Committee on Aboriginal Affairs and Northern Development, *Aboriginal Housing*, Seventh Report, 1<sup>st</sup> Session, 39<sup>th</sup> Parliament, March 29, 2007.

196 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 30, 2009 at 10:50.

197 Canada Mortgage and Housing Corporation, *The Dynamics of Housing Affordability*, Research Highlight, January 2008, p. 6, <https://www03.cmhc-schl.gc.ca/b2c/b2c/init.do>.

198 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 26, May 12, 2009 at 13:10.

themselves, is that there is a tremendous need in this country for adequate barrier-free safe and secure housing. It was unanimous.<sup>199</sup>

Rick Goodfellow, Independent Living Canada

The single most important thing for dealing with individuals with a mental illness, frankly, is more supportive housing. If you look at the Senate committee report, we recommended a very significant increase over a decade in supportive housing units. That would be number one.<sup>200</sup>

Hon. Michael Kirby, Mental Health Commission of Canada

Women also experience unique housing challenges as a result of economic, social and cultural barriers. Violence against women, a troubling problem in too many Canadian communities, is closely linked to women's ability to access safe, affordable housing.

Women do become homeless for a very different reason than men do. Usually, it has to do with domestic violence, and they can't afford a place to go once they try to leave their domestic violence situation.<sup>201</sup>

Wendy Myshak, Homeward Trust Edmonton

Women leaving violent situations are at great risk of homelessness ... Lack of adequate affordable housing increases the likelihood that women and their children will return to violent situations.<sup>202</sup>

Beverley Wybrow, Canadian Women's Foundation

When I asked them to imagine a better situation, they're just looking for the best of a bad situation, so they may be staying in a relationship that's bad because they can't afford housing on their own and because they know, on the street with their child or moving from place to place, they're even more vulnerable...<sup>203</sup>

Nyingje Norgang, Victoria Faulkner Women's Centre

In addition to the groups mentioned above, a CMHC study identified visible minorities and recent immigrants as groups being more likely to live in housing that exceeds the affordability benchmark.<sup>204</sup> There is also evidence of discrimination in the rental housing market on the basis of race and country of origin.<sup>205</sup>

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199 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:40.

200 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 17, April 30, 2009 at 12:15.

201 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 65, December 3, 2009 at 11:40.

202 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 35, June 1, 2009 at 11:20.

203 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 63, December 1, 2009 at 14:20.

204 Canada Mortgage and Housing Corporation, *The Dynamics of Housing Affordability*, 2008, p. 6.

205 Centre for Equality Rights in Accommodation, "Sorry It's Rented": *Measuring Discrimination in Toronto's Rental Housing Market*, July 2009, p. 13, <http://www.equalityrights.org/cera/docs/CERAFinalReport.pdf>.



When we look at housing, there are higher levels of under-housing and homelessness, with a re-emergence of what is being referred to as racialized residential enclaves, particularly within the city of Toronto but also in some of the other cities in Ontario.<sup>206</sup>

Grace-Edward Galabuzi, Colour of Poverty Campaign

The increasing racialization or colour-coding of all the major social and economic indicators can be gleaned not only from the statistics on income and wealth, but also from any one of a number of different measures, such as inequalities with respect to...under-housing and homelessness.<sup>207</sup>

Debbie Douglas, Ontario Council of Agencies Serving Immigrants

Furthermore, too many Canadians have no home at all. Unfortunately, there is insufficient information about the scale of homelessness in Canada.<sup>208</sup> On any given night, about 40,000 individuals stay in homeless shelters across the country, but estimates of the total size of the homeless population range from 150,000 to 300,000 people.<sup>209</sup> Many individuals experiencing homelessness are not visible on the street but reside in sub-standard accommodation or rotate between the homes of relatives and friends. The Committee heard that “hidden homelessness” is particularly prevalent in northern Canada.<sup>210</sup>

Homelessness is a pressing issue in Whitehorse, and the picture of homelessness in the north can be different from that in southern Canada. It can be hidden, with few visibly homeless people....In the north it is typically experienced as unsafe, inadequate, substandard, couch-surfing, chaotic, unaffordable, and overcrowded. This is what homelessness looks like in the north.<sup>211</sup>

Patricia Bacon, Outreach Van

The past twenty years have seen both an increase in the number of homeless people and a change in the demographics of the homeless population. While homelessness has long been associated with single men with mental health and addiction issues, Canada’s homeless population now includes growing numbers of women, youth, and families, as well as Aboriginal people and immigrants. The Committee also heard that many people are newly homeless as a result of the economic downturn.

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206 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 36, June 1, 2009 at 14:00.

207 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 38, June 2, 2009 at 08:35.

208 For more information on defining and gathering data on homelessness, see Havi Echenberg and Hilary Jensen, *Defining and Enumerating Homelessness in Canada*, Parliamentary Information and Research Service, Library of Parliament, PRB 08-30E, December 29, 2008, <http://www.parl.gc.ca/information/library/PRBpubs/prb0830-e.htm>.

209 Human Resources and Skills Development Canada, *The Homelessness Partnering Strategy*, July 6, 2009, <http://www.hrsdc.gc.ca/eng/homelessness/index.shtml>.

210 For more information about homelessness in the north, see YWCA Yellowknife, *You Just Blink and it Can Happen: A Study of Women’s Homelessness North of 60*, Pan-Territorial Report, November 2007, p. 25, [http://www.ywca.ca/Northern\\_Territories\\_Reports/PAN-TERRITORIAL\\_PDFS/PanTerritorial%20FinalReport.pdf](http://www.ywca.ca/Northern_Territories_Reports/PAN-TERRITORIAL_PDFS/PanTerritorial%20FinalReport.pdf).

211 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 62, December 1, 2009 at 09:35.

Front-line community agencies are seeing a new type of homeless people—those who, until very recently, were employed and who find themselves displaced and confused, angry and dismayed.<sup>212</sup>

John Andras, Recession Relief Fund Coalition

To put it in perspective, by the way, although nobody knows the exact number, somewhere around 50% of the people who are on the streets have a mental illness of some kind. A lot of them also have a substance abuse problem. The incidence of mental illness and homelessness is very high.

[...]

The incidence of mental illness among Canadians is going to increase significantly during the recession. It always does, because when people are suddenly out of work, they have a problem, there's a huge stress in families, and the impact on the family and children is very staggering.

Just to give you a couple of instances, in the first three months of this year, in Oshawa—and I'm saying Oshawa just because I happen to know the numbers—the number of people seeking help for mental health problems increased by 20% over last year. We know that in a place like Windsor, the numbers are substantially higher than that. We know it's also, unfortunately, having a very significant impact on children, because the impact of increased stress in the house as a result of layoffs—in some cases of both breadwinners—is such that it adds huge stress on the family and huge pressure on children.

So there is a clear linkage on the income side, and we have started to ask ourselves if there is anything that could be done to begin to look at trying to help reduce the impact of mental health problems on individuals during the recession.<sup>213</sup>

Hon. Michael Kirby, Mental Health Commission of Canada

Strategies for addressing Canada's housing affordability and homelessness challenges are elaborated in Chapter 5 of this report.

## 1.7 Socio-Economic Costs of Poverty

And the choice is clear: we can pay to address poverty now or we will continue to pay for it massively and for generations. We pay for it through lost productivity, lost opportunity, and increased family violence. We pay for it through the health care system, our criminal justice system, and through growing demands on an already frayed social support system. We pay for it through the lost opportunities of children and their reduced life chances, employment opportunities, and the earning capacity of themselves and their children.<sup>214</sup>

John Campey, Community Social Planning Council of Toronto

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212 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 40, June 2, 2009 at 11:10.

213 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 17, April 30, 2009 at 11:15 and 11:20.

214 Committee, *Evidence*, 2<sup>nd</sup> session, 40<sup>th</sup> Parliament, Meeting No. 36, June 1, 2009 at 13:50.

Most people feel that poverty should be reduced on moral grounds: it is unjust and unacceptable that, in a country as wealthy as Canada, a significant portion of the population lives in poverty. Some people also suggest that reducing poverty makes economic sense: the economic benefits of reducing or eliminating poverty would exceed the associated costs, such as education funding or increased social transfers. Certain witnesses supported this point of view.

There are very few Canadian studies on the socio-economic costs of poverty. The Ontario Association of Food Banks (OAFB) recently looked into the subject.<sup>215</sup> A representative of the OAFB shared the study's major findings with the Committee.

Poverty has a staggering price tag. As a function of increased remedial costs of health care and criminal justice, intergenerational costs, and lost productivity, the combined public and private cost of poverty in Canada ranges between \$72.5 billion and \$86.1 billion every year. The combined loss of provincial and federal tax revenues is \$25 billion. Accordingly, investments in poverty reduction measures generate a significant rate of return.<sup>216</sup>

Adam Spence, Ontario Association of Food Banks

The cost of poverty lies primarily in increased government health care spending. People with lower incomes are in poorer health. There are several reasons for this: they are more likely to suffer from malnutrition and obesity, they have less access to prescription drugs as well as eye and dental examinations, and they have higher stress levels. The result is higher costs for the public health system. A second area of increased cost is crime. There is some relationship between on the one hand, education, literacy levels or success at school, and on the other hand, the likelihood of becoming involved in crime. Intergenerational poverty represents a third area of increased cost: children who live in poverty have a greater chance of being poor when they are adults. Reducing child poverty would result in a higher income for these individuals once they reach adulthood and increased government revenues. Lastly, the fact that some people with low incomes have lower skill levels or less education means that they are less productive and have lower wages. Increased skill levels would mean increased revenues both nationally (higher GDP) and individually, as well as higher government revenues and lower expenditures in the form of transfer payments.

According to the OAFB study, the estimated total cost of poverty in Canada is \$72.5 billion to \$86.1 billion: private costs accounting for \$48.1 billion to \$55.6 billion and social costs accounting for \$24.4 billion to \$30.5 billion. The total cost for Ontario is \$32 billion to \$38 billion, or 5.5% to 6.6% of Ontario's GDP.

A less comprehensive study was conducted for the United Way of Calgary and Area. It concluded that the cost of poverty for Calgary ranged from \$8 million to \$57 million. These external costs consist solely of the costs incurred by people other than

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215 Nathan Laurie, *The Cost of Poverty: An Analysis of the Economic Cost of Poverty in Ontario*, Ontario Association of Food Banks, November 2008, <http://www.oafb.ca/assets/pdfs/CostofPoverty.pdf>.

216 Committee, *Evidence*, 2<sup>nd</sup> session, 40<sup>th</sup> Parliament, Meeting No. 38, June 2, 2009 at 08:25.

those living in poverty, and include increased costs for health care, education, justice, and social and income support.<sup>217</sup>

Other countries have studied these issues as well. For example, according to a recent U.S. study,<sup>218</sup> the economic cost of poverty related to lower output, increased crime and higher health costs is about \$500 billion per year, or about 4% of the GDP. The authors believe this cost is understated since it does not include the direct costs of transfers or the intergenerational costs of poverty. Finally, a British study<sup>219</sup> demonstrated that the cost of child poverty is at least £25 billion annually, or about 2% of the GDP.

The methodology used in these studies may spark debate, and the cost of reducing poverty to the levels cited in the studies deserves careful thought. A greater redistribution of income or higher taxation to fund the necessary initiatives could cause some economic loss, particularly by decreasing incentives to work. The costs and benefits also depend on the approach taken to reduce poverty. Investments in education and early childhood development could lead to significant benefits, but they may not be felt for several decades. It is also difficult to make a connection between investments in education and improved incomes for senior citizens or workers nearing retirement. In these cases, larger transfers are needed. Although the full extent of the net benefits is unknown and depends on the approach taken to fight poverty, the Committee is of the opinion that reducing poverty would have long-term net benefits.

As many Scandinavian countries have shown, it is possible to have an effective labour market, very high productivity, relatively high public spending and lower poverty rates. These statistics are given in Table 1.6, and the Scandinavian example was cited by several witnesses.

It's a real frustration that the countries that have taken that longer perspective—the Scandinavian countries, in particular, where those investments have been made over a number of years—are now seeing a payback in terms of being among the most productive economies in the world, with the lowest poverty rates, highest literacy levels, and among those with the highest standards of living on almost every indicator of quality of life. Countries that have taken that long-term perspective and invested in the security of children and families have seen enormous dividends in their quality of life.<sup>220</sup>

John Campey, Community Social Planning Council of Toronto

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217 Alan Shiell and Jenny Zhang, *The External Costs of Poverty: A Conservative Assessment*, a report to the United Way of Calgary, Centre for Health and Policy Studies, University of Calgary, June 2004, [http://tamarackcommunity.ca/downloads/vc/cal\\_costssofpoverty04.pdf](http://tamarackcommunity.ca/downloads/vc/cal_costssofpoverty04.pdf).

218 Harry Holzer, Diane Whitmore Schanzenbach and Greg Duncan, *The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor*, Center for American Progress, 2007, [http://www.americanprogress.org/issues/2007/01/pdf/poverty\\_report.pdf](http://www.americanprogress.org/issues/2007/01/pdf/poverty_report.pdf).

219 Donald Hirsch, *Estimating the Costs of Child Poverty*, Joseph Rowntree Foundation, October 2008, <http://www.jrf.org.uk/sites/files/jrf/2313.pdf>.

220 Committee, *Evidence*, 2<sup>nd</sup> session, 40<sup>th</sup> Parliament, Meeting No. 36, June 1, 2009 at 14:20.

**Table 1.6 - Low-income Rates and Other Indicators, Selected Countries**

	Canada	Norway	Denmark	U.S.
Population with income 50% below median income, 2000-2004 <sup>1</sup>	11.4%	6.4%	5.6%	17.0%
Government spending as a % of GDP, 2007 <sup>2</sup>	39.1%	41.0%	50.7%	37.4%
GDP per capita, 2008 (\$US) <sup>3</sup>	\$39,242	\$55,235	\$37,193	\$46,622
Productivity (GDP per hour worked), (\$US), 2008 <sup>3</sup>	\$43.08	\$68.96	\$44.05	\$54.89
Employment/population, 2008 <sup>3</sup>	51.7%	56.3%	53.4%	47.8%
Number of hours worked per employee, 2008 <sup>3</sup>	1,762	1,422	1,582	1,775
Unemployment rate, 2006 <sup>1</sup>	6.3%	3.5%	3.9%	4.6%
Prison population (per 100,000 inhabitants), 2007 <sup>1</sup>	107	66	77	738
Life expectancy at birth, 2005 <sup>1</sup>	80.3	79.8	77.9	77.9

Source: 1) United Nations Development Program, Human Development Reports, 2007–2008 Indicators, <http://hdrstats.undp.org/en/countries/>; 2) OECD, OECD Economic Outlook, No. 85, Table 25, <http://www.oecd.org/dataoecd/5/51/2483816.xls>; 3) The Conference Board, and Groningen Growth and Development Centre, Total Economy Database, June 2009, <http://www.conference-board.org/economics/downloads/ted09l.xls>



# CHAPTER 2: OVERVIEW OF POVERTY REDUCTION STRATEGIES IN CANADA AND OTHER COUNTRIES

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Over the course of our study on the federal government's contribution to poverty reduction, the Committee paid close attention to strategies that have already been developed to tackle this important challenge. Jurisdictions across Canada and around the world have undertaken a variety of anti-poverty initiatives, and the federal government can learn from these efforts as it moves ahead on this issue. This chapter will outline the poverty reduction strategies currently in place in Canada's provinces and territories as well as in the United Kingdom (UK) and Ireland.

## 2.1 Poverty Reduction Strategies in Canada's Provinces and Territories

To date, six Canadian provinces have introduced specific strategies to reduce poverty. Québec was the first to do so with the adoption of Bill 112, *An Act to combat poverty and social exclusion*, in December 2002<sup>221</sup> and the subsequent release of its action plan *Reconciling Freedom and Social Justice: A Challenge for the Future*.<sup>222</sup> In June 2006, Newfoundland and Labrador followed with its own strategy, *Reducing Poverty: An Action Plan for Newfoundland and Labrador*.<sup>223</sup> These earlier provincial initiatives informed Ontario's poverty reduction plan, *Breaking the Cycle*, which was released in December 2008.<sup>224</sup> In 2009, the governments of Nova Scotia,<sup>225</sup> Manitoba,<sup>226</sup> and New Brunswick<sup>227</sup> all announced their own strategies to combat poverty within their borders. At the provincial level, energy is clearly building in the fight against poverty.

As I said, the goal of poverty reduction is being taken up by provinces across the country, including Ontario. There are provincial poverty reduction strategies, there's poverty

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221 *An Act to combat poverty and social exclusion*, R.S.Q. c. L-7, updated to February 1, 2010, [http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=L\\_7/L7\\_A.html](http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=L_7/L7_A.html).

222 Government of Québec, *Reconciling Freedom and Social Justice: A Challenge for the Future—Government Action Plan to Combat Poverty and Social Exclusion*, Ministère de l'Emploi, de la Solidarité sociale et de la Famille, April 2004, [http://www.mess.gouv.qc.ca/telecharger.asp?fichier=/publications/pdf/ADMIN\\_plan-action-lutte-pauvrete\\_en.pdf](http://www.mess.gouv.qc.ca/telecharger.asp?fichier=/publications/pdf/ADMIN_plan-action-lutte-pauvrete_en.pdf).

223 Government of Newfoundland and Labrador, *Reducing Poverty: An Action Plan for Newfoundland and Labrador*, Department of Human Resources, Labour and Employment, June 2006, <http://www.hrle.gov.nl.ca/hrle/poverty/poverty-reduction-strategy.pdf>.

224 Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, December 2008, p. 6, [http://www.growingstronger.ca/english/pdf/Ontario's\\_Poverty\\_Report\\_EN.pdf](http://www.growingstronger.ca/english/pdf/Ontario's_Poverty_Report_EN.pdf). *The Poverty Reduction Act, 2009* was assented to on May 6, 2009, [http://www.e-laws.gov.on.ca/html/source/statutes/english/2009/elaws\\_src\\_s09010\\_e.htm](http://www.e-laws.gov.on.ca/html/source/statutes/english/2009/elaws_src_s09010_e.htm).

225 Government of Nova Scotia, *Preventing Poverty, Promoting Prosperity: Nova Scotia's Poverty Reduction Strategy*, April 2009, [http://www.gov.ns.ca/coms/specials/poverty/documents/poverty\\_report\\_2009.pdf](http://www.gov.ns.ca/coms/specials/poverty/documents/poverty_report_2009.pdf).

226 Government of Manitoba, *ALL Aboard: Manitoba's Poverty Reduction Strategy*, May 2009, [http://www.gov.mb.ca/fs/misc/pubs/all\\_ aboard\\_report.pdf](http://www.gov.mb.ca/fs/misc/pubs/all_ aboard_report.pdf).

227 Government of New Brunswick, *Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan*, November 2009, <http://www.gnb.ca/0017/Promos/0001/pdf/Plan-e.pdf>. *The Economic and Social Inclusion Act* was assented to on April 16, 2010, <http://www.gnb.ca/0062/acts/BBA-2010/Chap-E-1-105.pdf>.

reduction legislation, and now there is innovative programming. Provinces have come to realize that creating public policy to reduce poverty is not only the just and decent thing to do—which I would argue should certainly be reason enough to act—but it's also the smart thing to do if we want strong economies and healthy communities.<sup>228</sup>

Sarah Blackstock, Income Security Advocacy Centre

There is a momentum in Canada to deal with poverty. When we began to examine the need for a strategy back in 2005, there were only two provinces in this country, Québec and Newfoundland and Labrador, that had an anti-poverty strategy. Today Ontario, New Brunswick, and Nova Scotia have also developed anti-poverty plans, and Prince Edward Island is contemplating bringing one in. The five provinces that do have anti-poverty plans represent two-thirds of Canada's population.<sup>229</sup>

Lynne Markell, Canadian Co-operative Association

Other provinces and territories are also taking action on poverty-related issues. The Government of Alberta, for example, introduced a long-term strategy to combat homelessness entitled *A Plan for Alberta: Ending Homelessness in 10 Years* in March 2009.<sup>230</sup> The Government of Yukon has also recently announced the development of a new social inclusion strategy for the territory that will target issues such as poverty, housing, education, employment, and social participation.<sup>231</sup> Organizations that advocate for poverty reduction have applauded these advancements, but continue to push all provincial and territorial governments to develop comprehensive poverty reduction strategies.

It's not as though nothing is going on in this province to try to address issues of poverty. Most of the issues, however, are focused on poverty alleviation rather than any real vision of poverty prevention or poverty reduction; there is no provincial plan here. We are hoping that community organizations, business groups, and the municipalities will all come together to work with the provincial government, and ultimately the federal government as well, to put a plan in place.<sup>232</sup>

Bill Moore-Kilgannon, Public Interest Alberta

Today I am representing a group called the British Columbia Poverty Reduction Coalition. The coalition represents over 200 NGOs—health, community, faith, [F]irst [N]ations, [A]boriginal, and civil society groups—that have been advocating for the reduction of poverty in British Columbia. Our coalition believes that there is nothing inevitable about poverty. Our goal is to see the development and successful implementation of a provincial poverty reduction plan, with targets and timelines for eliminating poverty in our

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228 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 37, June 1, 2009 at 15:35.

229 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:35.

230 Alberta Secretariat for Action on Homelessness, *A Plan for Alberta: Ending Homelessness in 10 Years*, October 2008, [http://www.housing.alberta.ca/documents/PlanForAB\\_Secretariat\\_final.pdf](http://www.housing.alberta.ca/documents/PlanForAB_Secretariat_final.pdf).

231 Yukon Health and Social Services, *Social Inclusion Strategy to Address Poverty Issues*, News release, October 14, 2009, <http://www.hss.gov.yk.ca/news/09-242.php>.

232 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 65, December 3, 2009 at 10:00.



province, similar to what has been done in other jurisdictions across the country and internationally.<sup>233</sup>

Daryl Quantz, British Columbia Poverty Reduction Coalition

### a. Consultation Processes

Over the course of our study, the Committee heard repeatedly that public consultation is an important step in the development of a poverty reduction strategy. This was demonstrated at the provincial level, where many of the strategies currently in place were shaped through public input. The governments of Québec, Newfoundland and Labrador, and Ontario engaged in wide consultations before introducing their poverty reduction strategies. The Committee on Social Affairs (Commission permanente des affaires sociales) in Québec's National Assembly, for example, heard from close to 135 individuals, groups and organizations, and received 166 briefs prior to the adoption of Bill 112. As well, government officials met with over 1000 groups in the 17 regions of Québec regarding the orientation document entitled *Don't Leave Anyone Out*.<sup>234</sup> In Newfoundland and Labrador, dozens of workshop sessions and focus groups were held on the background document *Reducing Poverty in Newfoundland and Labrador: Working Towards a Solution*.<sup>235</sup> Individuals and organizations were invited to submit their ideas by telephone and in writing. The Government of Ontario set up a cabinet committee on poverty reduction that undertook consultations across the province to provide information regarding its poverty reduction strategy. Thousands of people gave their input in a variety of forums, including 14 roundtable sessions.<sup>236</sup>

I think the most important thing we did was to listen. And we did listen. We engaged MPPs [Members of Provincial Parliaments] from all sides of the House in poverty reduction consultations in their own communities. That in and of itself was very important. MPPs from across the province started to understand poverty, to understand the reality of poverty in their own communities. Even though we as elected people are as close to our communities as anyone, there are still stories that members needed to hear about how poverty impacts their communities.<sup>237</sup>

Hon. Deb Matthews, Government of Ontario

More recently, Nova Scotia and New Brunswick have conducted comprehensive public engagement exercises to inform their own strategies. The Government of Nova Scotia conducted a public survey and established the Poverty Reduction Strategy Working

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233 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 30, 2009 at 11:05.

234 Government of Québec, *Summary of Consultation Process*, 3 February 2009, [http://www.mess.gouv.qc.ca/grands-dossiers/lutte-contre-la-pauvrete/bilan-demarche-consultation\\_en.asp](http://www.mess.gouv.qc.ca/grands-dossiers/lutte-contre-la-pauvrete/bilan-demarche-consultation_en.asp). To access the orientation document, see Government of Québec, *Don't Leave Anyone Out: Strategies and Perspectives on the Elimination of Poverty*, 2001, [http://www.mess.gouv.qc.ca/telecharger.asp?fichier=/publications/pdf/GD\\_ne-laisser-personne-de-cote\\_en.pdf](http://www.mess.gouv.qc.ca/telecharger.asp?fichier=/publications/pdf/GD_ne-laisser-personne-de-cote_en.pdf).

235 Government of Newfoundland and Labrador, *Reducing Poverty in Newfoundland and Labrador: Working Towards a Solution*, Department of Human Resources, Labour and Employment, June 2005, <http://www.gov.nl.ca/publicat/povertydiscussion-final.pdf>.

236 Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, December 2008, p. 6.

237 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 11:20.

Group (PRWG) to provide recommendations on how to efficiently tackle poverty in the province. The PRWG included members from government, labour and business organizations, and community-based social justice and advocacy groups. Its recommendations were published in a June 2008 report, which served to guide the development of their provincial poverty reduction strategy.<sup>238</sup> New Brunswick developed its poverty reduction plan through a three-part public engagement process that it launched in fall 2008. New Brunswickers were invited to participate in public dialogue sessions held across the province. Their views and opinions were recorded in a report entitled *A Choir of Voices*.<sup>239</sup> A roundtable composed of representatives from the government, business, and non-profit sectors used this input to develop a series of options for poverty reduction in the province.<sup>240</sup> A final forum was held, and a poverty reduction plan for New Brunswick was released in fall 2009.

All six provinces intend to continue to seek public input as their poverty reduction plans move forward in order to ensure that their strategies are making a real difference in people's lives. For example, a representative of the Government of Newfoundland and Labrador underscored the province's commitment to ongoing public input during an appearance before the Committee.

That's been an important part of our process, the involvement of our community partners. We have regular consultations with our community partners. Every second year, we go out more broadly to speak to them and check in on how we're doing and what we might need to do differently. We're getting ready to start that process again now.<sup>241</sup>

Aisling Gogan, Government of Newfoundland and Labrador

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238 Poverty Reduction Working Group, *Report of the Poverty Reduction Working Group*, 30 June 2008, p. 6 and p. 15, [http://www.gov.ns.ca/coms/specials/poverty/documents/Poverty\\_Reduction\\_Working\\_Group\\_Report.pdf](http://www.gov.ns.ca/coms/specials/poverty/documents/Poverty_Reduction_Working_Group_Report.pdf).

239 Government of New Brunswick, *A Choir of Voices: The "What Was Said" Report*, June 2009, p. 5, <http://www.gnb.ca/0017/promos/0001/pdf/WhatWasSaid-e.pdf>.

240 Government of New Brunswick, *Summary Report Options Document*, October 2009, <http://www.gnb.ca/0017/promos/0001/pdf/Options-e.pdf>.

241 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 36, June 10, 2008 at 15:45.

## **b. Defining Poverty**

While not every strategy includes a definition of poverty, the provinces generally identify poverty as a broad concept that not only reflects a lack of adequate financial resources, but also encompasses social exclusion. The ALL Aboard strategy adopted in Manitoba indicates this explicitly:

Manitoba recognizes that poverty is not only about money; it is about social exclusion. Social exclusion occurs when individuals, families, or communities face poverty-related problems, such as unemployment, poor housing or family breakdown. These issues tend to keep them from the benefits, resources and opportunities they may find from participating more fully in their communities and reaching their full potential.<sup>242</sup>

The theme of social exclusion was also highlighted by Newfoundland and Labrador's Minister of Human Resources, Labour and Employment during his appearance before our Committee.

I do want to point out to your committee that we took a very broad definition of poverty. Our definition of what we mean by poverty encompasses social exclusion, so it's not just money that we're talking about here. In our definition of poverty we wanted to make sure that we consider things such as a person's ability to participate in their community, a person's education level, a person's access to adequate housing, a person's access to essential goods and services, and a person's access to health and their own personal health status.<sup>243</sup>

Hon. Shawn Skinner, Government of Newfoundland and Labrador

## **c. Poverty Reduction Targets**

Canada's provinces have adopted a range of targets and timelines to guide their poverty reduction efforts. (See Table 2.1.) Some poverty reduction strategies include specific and measurable goals, while others include targets that are less tangible.

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242 Government of Manitoba, *ALL Aboard: Manitoba's Poverty Reduction Strategy*, May 2009, p. 2.

243 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 36, June 10, 2008 at 15:40.

**Table 2.1 Provincial Poverty Reduction Targets**

<b>Québec</b>	“The national strategy is intended to progressively make Québec, by 2013, one of the industrialized nations having the least number of persons living in poverty, according to recognized methods for making international comparisons.” <sup>244</sup>
<b>Newfoundland and Labrador</b>	“In 2003 the Government of Newfoundland and Labrador committed to transform the province into the one with the lowest rate of poverty in Canada by 2014.” <sup>245</sup>
<b>Ontario</b>	“The strategy sets a target to reduce the number of kids living in poverty by 25 per cent over the next 5 years.” <sup>246</sup>
<b>Nova Scotia</b>	“Our vision for 2020 is to break the cycle of poverty by creating opportunities for all Nova Scotians to participate in the prosperity of the province and enjoy a better standard of living.” <sup>247</sup>
<b>Manitoba</b>	“Our goal is to continuously reduce poverty and increase social inclusion.” <sup>248</sup>
<b>New Brunswick</b>	“By 2015, New Brunswick will have reduced income poverty by 25% and deep income poverty by 50%, and will have made significant progress in achieving sustained economic and social inclusion.” <sup>249</sup>

#### **d. Main Areas of Intervention**

To meet their poverty reduction objectives, the provinces have adopted multifaceted approaches. (See Table 2.2.) An obvious component of each strategy is meeting the basic needs of people living on low incomes. Québec, for example, has started indexing its last-resort financial assistance benefits in 2009, resulting in a 2.36% increase of benefits for that year,<sup>250</sup> while Ontario has increased the Ontario Child Benefit, which provides additional financial support to help low-income families provide essentials like food and shelter for their children.<sup>251</sup> The province of New Brunswick will introduce a

244 *An Act to combat poverty and social exclusion*, R.S.Q. c. L-7, clause 2, section 4.

245 Government of Newfoundland and Labrador, *Empowering People – Engaging Community – Enabling Success: First Progress Report on the Government of Newfoundland and Labrador’s Poverty Reduction Strategy*, Department of Human Resources, Labour and Employment, December 2009, p. 1, <http://www.hrle.gov.nl.ca/hrle/publications/poverty/PRSPProgressReport.pdf>.

246 Government of Ontario, *Breaking the Cycle: Ontario’s Poverty Reduction Strategy*, December 2008, p. 4.

247 Government of Nova Scotia, *Preventing Poverty, Promoting Prosperity: Nova Scotia’s Poverty Reduction Strategy*, April 2009, p. 16.

248 Government of Manitoba, *ALL Aboard: Manitoba’s Poverty Reduction Strategy*, May 2009, p. 7.

249 Government of New Brunswick, *Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan*, November 2009, p. 2.

250 Ministère de l’Emploi et de la Solidarité sociale, *Government Action Plan to Combat Poverty: Fifth-Year Progress Report*, Government of Québec, February 2010, p. 7, [http://www.mess.gouv.qc.ca/grands-dossiers/lutte-contre-la-pauvrete/plan\\_en.asp](http://www.mess.gouv.qc.ca/grands-dossiers/lutte-contre-la-pauvrete/plan_en.asp).

251 Government of Ontario, *Breaking the Cycle: The First Year, Ontario’s Poverty Reduction Strategy 2009 Annual Report*, December 2009, p. 2, [http://www.children.gov.on.ca/htdocs/English/documents/growingstronger/2009AnnualReport\\_EN.pdf](http://www.children.gov.on.ca/htdocs/English/documents/growingstronger/2009AnnualReport_EN.pdf).

program that provides vision and dental care to low-income children,<sup>252</sup> and Newfoundland and Labrador is currently providing additional supports to those making the transition from income support to employment.

For people who are on income support or welfare, as you may refer to it, we have an overlap period now. If somebody leaves income support and goes to work, for the first month after they go to work they're still entitled to receive the regular benefits that they would receive. We allow a transition period. There is not what we call that welfare wall, where they drop off the cliff because they've gone to work. We have earning exemptions now so that people who are on income support and go to work can keep up to 25% of the money they earn; we won't claw it back. So if somebody goes out and earns money now, we want them to understand the value of working and what they get in return for being able to work.<sup>253</sup>

Hon. Shawn Skinner, Government of Newfoundland and Labrador

Many strategies also recognize the importance of strengthening the supports available to all people, including those who would not be considered as living in poverty. Nova Scotia has temporarily frozen university tuition for all students;<sup>254</sup> Ontario has enhanced its employment and training programs;<sup>255</sup> and Manitoba has identified the need for regular increases in the minimum wage.<sup>256</sup> The Committee also heard about the positive results of Québec's child care program, which provides support to families at all income levels.

Something else that emerges from what has been done in Québec over the past decade, is that the policies that have worked best are those that target all families, households and individuals. Social policy experts have a saying that is heard not only in Canada but throughout the western world. I think it comes from a Swedish sociologist, who once said that policies for the poor are poor policies.

Child care centres are an example of this...By creating child care centres that are affordable and accessible to all, these are not policies for the poor, they are policies for people who have children. What occurred as a result—and econometric studies are very clear on this—is that women of employable age were able to enter the labour market...young families have also started having more children. Having children is, in a sense, coming back into fashion in Québec. Good things come hand in hand.<sup>257</sup>

Alain Noël, as an individual

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252 Government of New Brunswick, *Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan*, November 2009, p. 3.

253 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 36, June 10, 2008 at 17:05.

254 Government of Nova Scotia, *Preventing Poverty, Promoting Prosperity: Nova Scotia's Poverty Reduction Strategy*, April 2009, p. 19.

255 Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, December 2008, p. 21.

256 Government of Manitoba, *ALL Aboard: Manitoba's Poverty Reduction Strategy*, May 2009, p. 5.

257 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 11, March 24, 2009 at 11:30.

The importance of efficient and effective government machinery is also identified in many provincial poverty reduction strategies. Provinces are striving to deliver accessible services to the public and to coordinate their actions within their own government, as well as with those of other levels of government and community organizations.

We have a section in our strategy called “Smarter Government”. We heard everywhere we went that there was a lot of money wasted in the delivery of service for people, that services were difficult to access, that we had a lot of work to do to get our act together to make sure we spent our money on initiatives that actually improved the well-being of people in the community. We know we have some difficult work ahead of us on that, but we are committed to doing it.<sup>258</sup>

Hon. Deb Matthews, Government of Ontario

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258 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 11:25.

**Table 2.2 Main Areas of Intervention in Provincial Poverty Reduction Strategies**

<b>Québec</b>	<p>Improve the lives of people living in poverty.          Prevent poverty and social exclusion.          Involve society as a whole.          Ensure consistent, coherent action.<sup>259</sup></p>
<b>Newfoundland and Labrador</b>	<p>Improve access and coordination of services for those living on low incomes.          Establish a stronger social safety net.          Improve earned incomes.          Increase emphasis on early childhood development.          Achieve a better-educated population.<sup>260</sup></p>
<b>Ontario</b>	<p>Stronger, healthier kids and families.          Stronger, healthier communities.          Opportunity for all.          Smarter government.<sup>261</sup></p>
<b>Nova Scotia</b>	<p>Enable and reward work.          Improve supports for those in need.          Focus on our children.          Collaborate and coordinate.<sup>262</sup></p>
<b>Manitoba</b>	<p>Safe, affordable housing in supportive communities.          Education, jobs and income support.          Strong, healthy families.          Accessible, coordinated services.<sup>263</sup></p>
<b>New Brunswick</b>	<p>Meeting basic needs.          Life-long learning and skills acquisition.          Community participation.<sup>264</sup></p>

The provincial strategies also recognize that some people are more vulnerable to poverty than others and include targeted supports for certain groups. Each province has identified children and families as an important focus of poverty reduction efforts.

In terms of the goals of the poverty reduction strategy, one of the five key goals was an increased emphasis on early childhood development and its importance foundationally in terms of success at learning, success in employment, and success from a health perspective. I think that's been woven each year into the direction our working group and

259 Government of Québec, *Reconciling Freedom and Social Justice: A Challenge for the Future—Government Action Plan to Combat Poverty and Social Exclusion*, April 2004, pp. 37-78.

260 Government of Newfoundland and Labrador, *Reducing Poverty: An Action Plan for Newfoundland and Labrador*, June 2006, p. 15.

261 Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, December 2008, p. 7, p. 19, p. 21 and p. 29.

262 Government of Nova Scotia, *Preventing Poverty, Promoting Prosperity: Nova Scotia's Poverty Reduction Strategy*, April 2009, p. 17.

263 Government of Manitoba, *ALL Aboard: Manitoba's Poverty Reduction Strategy*, May 2009, p. 2.

264 Government of New Brunswick, *Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan*, November 2009, pp. 3-4.

committees have taken as they bring forward initiatives for funding in each budget cycle. One of the initiatives funded this year, for example, was additional support to healthy baby clubs, which is a comprehensive, holistic approach to working with pregnant women and supporting them with food supplements, nutrition, and other aspects of issues related to lifestyle and support in pregnancy.<sup>265</sup>

Lynn Vivian-Book, Government of Newfoundland and Labrador

So we started with kids. We started with reducing poverty and increasing opportunity for kids. We did this for the very good reason that the evidence is abundant and very clear that you get the best return on investment when you make it as early in a child's life as possible, as early in a person's life as possible, even prenatally. The return on investment is much greater the earlier you start.

We wanted to start with kids, and that's what we did. Our strategy addresses all people living in poverty, but the initial focus is on reducing child poverty in this province.<sup>266</sup>

Hon. Deb Matthews, Government of Ontario

Other groups whose unique needs have been identified in provincial poverty reduction strategies include women, seniors, people with disabilities, Aboriginal people, single-parent families, unattached individuals, newcomers and visible minority groups. Some provinces have also recognized the important relationship between poverty and violence: “[v]iolence can trap women in poverty and poverty can trap women in abusive relationships”.<sup>267</sup> In many cases, provinces have committed to providing tailored solutions to help all these groups overcome the challenges they face. The Government of Québec, for example, has pledged to adapt its poverty reduction measures according to the needs of Aboriginal communities,<sup>268</sup> and Newfoundland and Labrador will use gender analysis as it develops poverty reduction measures and tracks its progress.<sup>269</sup>

## e. Strategy Implementation

Most provinces have adopted an integrated approach to poverty reduction that involves coordination across government departments under the leadership of a minister or ministerial committee. For example, in Ontario, a “results committee” is chaired by the Children and Youth Services Minister and includes other cabinet ministers, members of provincial parliaments (MPPs) and outside experts. The committee is responsible for overseeing the implementation of the poverty reduction strategy and tracking progress on key indicators.<sup>270</sup> In Newfoundland and Labrador, the Minister of Human Resources,

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265 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 36, June 10, 2008 at 15:55.

266 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 11:20.

267 Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, December 2008, p. 26.

268 Government of Québec, *Reconciling Freedom and Social Justice: A Challenge for the Future—Government Action Plan to Combat Poverty and Social Exclusion*, April 2004, p. 78.

269 Government of Newfoundland and Labrador, *Reducing Poverty: An Action Plan for Newfoundland and Labrador*, June 2006, p. 2.

270 Government of Ontario, *Improving Outcomes for Our Children: McGuinty Government Working To Break The Cycle Of Poverty And Violence*, News release, January 28, 2009, <http://www.children.gov.on.ca/htdocs/English/growingstronger/welcome/01282009.aspx>.



Labour and Employment, along with a committee of ministers from other portfolios, is responsible for the efforts to reduce poverty in the province. This work is supported by a Deputy Ministers' Committee and an Interdepartmental Working Group.<sup>271</sup>

Many provinces have also set up new organizations to ensure that the needs of people at risk of poverty or living in poverty are clearly identified and addressed as their strategies move forward. New Brunswick will introduce “community economic and social inclusion networks,” local organizations composed of representatives of people living in poverty as well as the non-profit, business and government sectors that will all play a role in the coordination of poverty reduction efforts.<sup>272</sup> The Government of Ontario will create an independent Social Policy Institute to evaluate social policy, identify best practices and develop innovative strategies for the province “in specific areas of competitive strength, social policy and economic importance”.<sup>273</sup> The Government of Québec has created various bodies to guide the implementation of its strategy. An advisory committee, the Comité consultatif de lutte contre la pauvreté et l'exclusion sociale advises the Minister of Employment and Social Solidarity on the planning, implementation and evaluation of the strategy;<sup>274</sup> a research centre on poverty and social exclusion, the Centre d'étude sur la pauvreté et l'exclusion sociale, provides reliable and rigorous information on poverty and social exclusion issues;<sup>275</sup> and a fund, the Fonds québécois d'initiatives sociales, supports initiatives aimed at combating poverty and social exclusion.<sup>276</sup>

#### **f. Monitoring and Accountability**

Public accountability is important. Provinces have thus introduced a variety of provisions to ensure regular reporting on the implementation of their action plans. The first provinces that released strategies are the most advanced in this regard. In Québec, the Minister of Employment and Social Solidarity must submit an annual report to the government on the activities undertaken as part of the Action Plan to Combat Poverty and Social Exclusion.<sup>277</sup> The province's fifth progress report was released in February 2010.<sup>278</sup> Newfoundland and Labrador has committed to releasing reports every two years outlining

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271 Government of Newfoundland and Labrador, *Reducing Poverty: An Action Plan for Newfoundland and Labrador*, June 2006, p. 10.

272 Government of New Brunswick, *Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan*, November 2009, p. 2.

273 Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, December 2008, p. 32.

274 For more information on the Comité consultatif de lutte contre la pauvreté et l'exclusion sociale, see <http://www.cclp.gouv.qc.ca/mission.asp>.

275 For more information on the Centre d'étude sur la pauvreté et l'exclusion sociale, see [http://www.cepe.gouv.qc.ca/index\\_en.asp](http://www.cepe.gouv.qc.ca/index_en.asp).

276 For more information on the Fonds québécois d'initiatives sociales, see [http://www.mess.gouv.qc.ca/grands-dossiers/fonds-quebecois-initiatives-sociales/index\\_en.asp](http://www.mess.gouv.qc.ca/grands-dossiers/fonds-quebecois-initiatives-sociales/index_en.asp).

277 *An Act to combat poverty and social exclusion*, R.S.Q. c. L-7, clause 3, section 21.

278 Government of Québec, *Government Action Plan to Combat Poverty: Fifth-Year Progress Report*, February 2010. Note that the French version of this report was released in December 2009.

progress on various indicators, as well as approaches for addressing shortcomings.<sup>279</sup> Its first report, *Empowering People—Engaging Community—Enabling Success* was released in December 2009.<sup>280</sup> The Government of Ontario pledged to report annually on its poverty reduction strategy<sup>281</sup> and released its first-year report also in December 2009.<sup>282</sup> Finally, Nova Scotia's first progress report is expected in 2010.<sup>283</sup>

### **g. Poverty Measures and Indicators**

To track their progress, the provinces have adopted various measures of low income. Manitoba's poverty reduction strategy points to the Market Basket Measure (MBM), the number of affordable housing units built, graduation rates, and the percentage of children with access to regulated child care as possible indicators to track their progress,<sup>284</sup> while Nova Scotia has identified the uptake of the Working Income Tax Benefit (WITB), the prevalence of children living in low-income households according to the LICO, and public awareness of poverty-related issues as preliminary measures.<sup>285</sup> Both provinces plan to develop and report on full suites of measures as their strategies move forward.

In Québec, the Centre d'étude sur la pauvreté et l'exclusion recently released a report entitled *Taking the Measure of Poverty* in which it proposes the adoption of the MBM as a "baseline indicator to monitor situations of poverty" and also recommends the use of "several other complementary measures to establish comparisons in time and space, or to identify other dimensions of poverty, inequality and social exclusion."<sup>286</sup> The province currently employs the MBM as its primary reference measure, while also relying on other indicators.

The provinces of Newfoundland and Labrador and Ontario have developed innovative new measures of low income that allow them to track the progress of their poverty reduction efforts in specific ways. One of the fifteen performance indicators to be tracked in the Atlantic province is the Newfoundland and Labrador Market Basket Measure

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279 Government of Newfoundland and Labrador, *Reducing Poverty: An Action Plan for Newfoundland and Labrador*, June 2006, p. 23.

280 Government of Newfoundland and Labrador, *Empowering People – Engaging Community – Enabling Success*, December 2009.

281 Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, December 2008, p. 39.

282 Government of Ontario, *Breaking the Cycle: The First Year*, December 2009.

283 Government of Nova Scotia, *Preventing Poverty, Promoting Prosperity: Nova Scotia's Poverty Reduction Strategy*, April 2009, p. 7.

284 Government of Manitoba, *ALL Aboard: Manitoba's Poverty Reduction Strategy*, May 2009, p. 7.

285 Government of Nova Scotia, *Preventing Poverty, Promoting Prosperity: Nova Scotia's Poverty Reduction Strategy*, April 2009, pp. 37-38.

286 Centre d'étude sur la pauvreté et l'exclusion, *Taking the Measure of Poverty: Proposed Indicators of Poverty, Inequality and Social Exclusion to Measure Progress in Québec*, 2009, p. 76, [http://www.cepe.gouv.qc.ca/publications/pdf/Avis\\_CEPE\\_en.pdf](http://www.cepe.gouv.qc.ca/publications/pdf/Avis_CEPE_en.pdf).

(NLMBM). Developed by the province's statistics agency, the NLMBM provides analysis of low income in small geographic regions and among different sub-populations.<sup>287</sup>

What the Newfoundland and Labrador Market Basket Measure does is allow us to track who's falling below those cut-offs at the community level. So we can look at almost 400 different communities in our province and we can look at who's falling below the particular cut-offs of the market basket measure. The basket itself has been costed for all these different communities, so it's a very regionally sensitive measure, unlike the HRSDC one. Also, as I mentioned, because we're using income tax data, we don't have issues of sampling error, so we can look at any geographic area of the province, and in that community overall we can look not only at who's falling below the cut-offs but at family composition—the age, and those sorts of things—so we can target our initiatives where they're needed.<sup>288</sup>

Aisling Gogan, Government of Newfoundland and Labrador

Among the indicators being tracked by the province of Ontario is a new deprivation index developed by the Daily Bread Food Bank and the Caledon Institute of Social Policy.<sup>289</sup> The Ontario Deprivation Index determines the number and percentage of families and children in the province with access to an acceptable standard of living. According to the measure, a family lives in poverty if it is unable to afford two or more items out of a list of ten, including such things as eating fresh fruit and vegetables every day, having a hobby or leisure activity, and having appropriate clothes for job interviews.<sup>290</sup>

#### **h. Calling for Federal Support**

The majority of provinces maintain in their poverty reduction strategies that in order to successfully improve the well-being of their populations, a willing federal partner is required.

Our government is committed to act in areas where we have the capacity and the jurisdiction to act relative to poverty reduction, but we believe that in order to be successful, many partners are necessary. The federal government is one of those partners we have to be committed to working with, and we believe we can work cooperatively with the federal government in terms of addressing poverty in our country.<sup>291</sup>

Hon. Shawn Skinner, Government of Newfoundland and Labrador

I think every one of the provinces, including Manitoba, that has put forward a poverty reduction strategy has pointed to the role of the federal government, perhaps most

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287 Government of Newfoundland and Labrador, *Empowering People – Engaging Community – Enabling Success: First Progress Report*, December 2009, p. 28 and p. 30.

288 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 36, June 10, 2008 at 16:20.

289 For more information on the development of the Ontario Deprivation Index, see Richard Matern, Michael Mendelson and Michael Oliphant, *Developing a Deprivation Index: The Research Process*, Daily Bread Food Bank and Caledon Institute of Social Policy, December 2, 2009, <http://www.caledoninst.org/Publications/PDF/836ENG.pdf>.

290 Government of Ontario, *Breaking the Cycle: The First Year*, December 2009, p. 15.

291 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 36, June 10, 2008 at 15:40.

explicitly in Ontario, where they really said they could not meet their targets in their child poverty reduction plan without the participation of the federal government.<sup>292</sup>

Sid Frankel, Social Planning Council of Winnipeg

Many provincial governments specifically request that the federal government contribute to their efforts to reduce poverty in Canada. The Government of Manitoba has asked its federal counterpart to improve access to education and training for low-skilled workers, increase child care funding, and increase investments in affordable housing, for example.<sup>293</sup> Ontario has also called on the federal government to undertake a variety of measures. The minister responsible for the province's poverty reduction efforts outlined some of these requests during her appearance before our Committee.

We are very explicit about our request to the federal government, and very pleased, as I said, with the increase in WITB [Working Income Tax Benefit]. On the target indicators, there are two things we're asking the federal government to do. One is to increase WITB to \$2,000 a year. It's now up to over \$1,600—thank you for that very much. We're also asking you to increase the NCBS [National Child Benefit Supplement] by \$1,200 a year. If you do those two things, and if we do what we're undertaking to do, and the economy.... We're very clear that we need a certain economic growth to make this happen, but they are reasonable assumptions in our model. If we all work together, we can achieve this; we can do it.<sup>294</sup>

Hon. Deb Matthews, Government of Ontario

## **i. Successes**

Many provincial poverty reduction strategies have been recently introduced; and as it takes time for poverty reduction measures to have a significant impact, their success cannot yet be determined.<sup>295</sup> However, it appears that the provinces of Quebec and Newfoundland and Labrador made some progress in the fight against poverty even if the availability of the information to substantiate this improvement is still limited.<sup>296</sup>

Perhaps more compelling than the call for federal engagement is the fact that existing provincial strategies are already making a difference. They are coordinating government

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292 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 67, December 4, 2009 at 08:50.

293 Government of Manitoba, *ALL Aboard: Manitoba's Poverty Reduction Strategy*, May 2009, p. 6.

294 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 11:30.

295 For general information on poverty trends in Canadian provinces and territories, see Chapter 1.

296 It should be noted that a decline in the number of people living in poverty cannot be attributed only to specific actions undertaken through the provinces' strategies to combat poverty and social exclusion. Other factors such as economics and demographics may play a role.

programs and eliminating counter-productive practices, publicly reporting on progress, and agreeing to be held accountable for their actions. What is more, by 2007, those living on social assistance in Québec and Newfoundland and Labrador had already seen some improvements.<sup>297</sup>

Citizens for Public Justice

Data reveal a decline in the number of people living in poverty in Québec between 2002, when the province adopted its anti-poverty legislation, and 2007. Based on the after-tax LICO, the overall proportion of people living on low incomes in that province went from 12.3% in 2002 to 10.7% in 2007, and the proportion of children living in low-income families decreased from 11.3% in 2002 to 9.5% in 2007.<sup>298</sup> According to Québec's most recent progress report, which employs the MBM as its primary measure, low-income rates dropped from 10.9% to 8.5% over the same period. In addition, the number of recipients of last-resort financial assistance decreased by 10.6% between March 2003 (544,229) and March 2009 (486,282). Among children alone, an 18.2% reduction was observed. The minister responsible for Québec's strategy to combat poverty and social exclusion recently concluded that the measures put forward in the first plan improved the quality of life of thousands of people living in poverty in that province.<sup>299</sup>

In Newfoundland and Labrador, 6.5% of the population, or 33,000 people, were living on low incomes in 2007 as measured by the after-tax LICO. This represents 5,000 fewer people than in 2006, when 7.6% of the population lived on low incomes and the province's poverty reduction strategy was introduced. Children saw a greater drop in their low-income rates, which went from 9.3% in 2006 to 6.5% in 2007.<sup>300</sup> The province's first progress report on its poverty reduction strategy also indicates that it is "well along the path to success."<sup>301</sup> About 4,000 people on income support started new jobs between 2006 and 2008, and basic individual and family benefits have increased by an average cumulative 11.6% from 2006 to 2009.<sup>302</sup>

Notwithstanding the progress that has been made, there is no doubt that the recent economic downturn will have hindered poverty reduction efforts in Canada's provinces. When Ontario introduced its strategy, it indicated that its ability to meet its poverty reduction target was contingent on a growing economy.<sup>303</sup> Since then, the recession has had a serious impact in Ontario, and the province's recent progress report indicates that

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297 Citizens for Public Justice, *Dignity and Human Rights: Action Towards Eliminating Poverty in Canada*, Brief submitted to HUMA, June 9, 2009, p. 5.

298 Statistics Canada, *Income in Canada 2007*, 2009, p. 97, <http://www.statcan.gc.ca/pub/75-202-x/75-202-x2007000-eng.pdf>. Note that one of these figures is to be used with caution.

299 Government of Québec, *Government Action Plan to Combat Poverty: Fifth-Year Progress Report*, February 2010, p. 1, p. 35 and p. 43.

300 Statistics Canada, *Income in Canada 2007*, 2009, pp. 89-90. Note that some of these figures are to be used with caution.

301 Government of Newfoundland and Labrador, *Empowering People – Engaging Community – Enabling Success*, December 2009, p. i.

302 *Ibid.*, p. viii.

303 Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, December 2008, p. 2.

“today’s economic weakness will affect incomes and possibly push more people into poverty in the short term.”<sup>304</sup> Québec has also seen the consequences of the global economic downturn: the unemployment rate increased from 7.2% in September 2008 to 9.1% in August 2009; it has since then decreased to reach 8.1% in February 2010. Studies indicate that Québec’s system of social security has lessened the effects of the economic recession in that province.<sup>305</sup>

## **j. Moving forward**

The provinces that first introduced poverty reduction strategies are now elaborating the next steps of their strategies against poverty. The Government of Québec will release its second action plan to combat poverty and social exclusion in 2010.<sup>306</sup> Newfoundland and Labrador will also introduce a new strategy this year to guide its poverty reduction efforts until 2014.<sup>307</sup> In May 2009, the Ontario Government passed Bill 152, *An Act respecting a long-term strategy to reduce poverty in Ontario*, which requires the province to maintain a poverty reduction strategy and set new targets every five years.<sup>308</sup> New Brunswick has also committed to renewing its strategy in five years’ time<sup>309</sup> and captured the main elements of its strategy in a legislation that was introduced in the legislative assembly on February 19, 2010.

Part of our strategy is legislative. We’ve introduced legislation—in second reading now—which will make this the first of a series of poverty reduction strategies. It will mandate that future governments renew a poverty reduction strategy every five years. It will commit those governments to transparency, that is, to measuring and reporting annually on their progress.<sup>310</sup>

Hon. Deb Matthews, Government of Ontario

All Committee members praise the actions taken to date by provincial and territorial governments to reduce poverty in Canada and improve the lives of their most vulnerable citizens. We are optimistic that the poverty reduction strategies introduced in these provinces can deliver positive results for many Canadians currently living on low incomes. The federal government can learn from these poverty reduction strategies as it moves forward with its own action plan to tackle poverty. Most Committee members believe that the federal government has an important role to play in supporting the efforts of provincial and territorial governments to reduce poverty and income inequality in Canada and that a

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304 Government of Ontario, *Breaking the Cycle: The First Year*, December 2009, p. 1.

305 Government of Québec, *Government Action Plan to Combat Poverty: Fifth-Year Progress Report*, February 2010, p. 38 and p. 44.

306 *Ibid.*, pp. 3.

307 Newfoundland and Labrador, *Empowering People – Engaging Community – Enabling Success: First Progress Report*, December 2009, p. 31.

308 *Poverty Reduction Act*, 2009, S.O. 2009, c. 10, section 3, [http://www.ontla.on.ca/bills/bills-files/39\\_Parliament/Session1/b152ra.pdf](http://www.ontla.on.ca/bills/bills-files/39_Parliament/Session1/b152ra.pdf).

309 Government of New Brunswick, *Overcoming Poverty Together: The New Brunswick Economic and Social Inclusion Plan*, November 2009, p. 1.

310 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 11:25.

comprehensive action plan to reduce poverty should be developed at the federal level. Chapter 3 of this report will focus on the important role of the federal government in reducing poverty in Canada.

## 2.2 Poverty Reduction Strategies in the United Kingdom (UK) and Ireland

The European Union has made a commitment to reduce poverty and designated 2010 as the European Year for Combating Poverty and Social Exclusion. Many European countries have adopted comprehensive poverty reduction strategies.<sup>311</sup> The UK and Ireland are often used as examples of countries that have had some success in reducing poverty and social exclusion.<sup>312</sup>

### a. The United Kingdom's Strategy to Reduce Poverty and Social Exclusion

In 1999, Tony Blair, then Prime Minister of the UK, made an historic pledge to end child poverty in a generation. The goal was to reduce child poverty by 25% by 2005, by 50% by 2010 and to eradicate it completely by 2020. In an effort to meet these targets and to reduce poverty and social exclusion more generally, the UK Government has elaborated a wide range of strategies and initiatives. Starting in 1999, these were outlined in annual reports entitled *Opportunity for All*.<sup>313</sup> More recently, the government has developed a series of National Action Plans on Social Inclusion that detail how the UK is working to eradicate poverty.<sup>314</sup> Many government departments at all levels, with the help of partners in the community sector, are working together to achieve success.<sup>315</sup>

The UK's first strategy for tackling poverty and social exclusion, released in 1999, adopted a lifecycle approach with initiatives targeting children, people of working age, and seniors, as well as communities. Policy priorities included, among others, ensuring that all children received a high-quality education, increasing financial support for families, tackling unemployment, making work pay, and ensuring adequate pensions.<sup>316</sup> The UK

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311 For more information about the European Year for Combating Poverty and Social Exclusion, see <http://www.2010againstpoverity.eu/about/?langid=en>. For details about the political commitments made by Member States for the year 2010, see <http://www.2010againstpoverity.eu/mycountry/?langid=en>.

312 It should be noted that the UK and Ireland are unitary states whose political systems differ from Canada's federal system. In a unitary state, the central government can delegate power to subnational administrations, but it retains the principal right to recall such delegated power. In Canada, the division of powers between the federal and provincial legislatures is outlined in the *Constitution Act*. The powers of the provinces cannot be changed unilaterally by the federal government. The sharing of constitutional powers in Canada's federal system makes it more difficult to develop and implement an integrated approach to reducing poverty and of social exclusion. For more information on the governments of the UK and Ireland, see <http://www.direct.gov.uk/en/Governmentcitizensandrights/UKgovernment/index.htm> and <http://www.irlgov.ie/default.asp>.

313 For background information on the *Opportunity for All* report series, see <http://www.dwp.gov.uk/publications/policy-publications/opportunity-for-all/background/>.

314 For an archive of National Action Plans and related documents, see <http://www.dwp.gov.uk/publications/policy-publications/uk-national-report/archive/>.

315 The central UK government, the administrations of England, Scotland, Wales and Northern Ireland, and the local authorities are all working together to reduce poverty.

316 Department of Social Security, *Opportunity for All: Tackling Poverty and Social Exclusion*, September 1999, pp. 5-11.

government recognized that there is more to poverty than low income, and that it is also intimately linked to social exclusion. Its first annual report on the strategy to tackle poverty and social exclusion defined these terms broadly:

Poverty affects different aspects of people's lives, existing when people are denied opportunities to work, to learn, to live healthy and fulfilling lives, and to live out their retirement years in security. Lack of income, access to good-quality health, education and housing, and the quality of the local environment all affect people's well-being. Our view of poverty covers all these aspects. ... social exclusion occurs where different factors combine to trap individuals and areas in a spiral of disadvantage.<sup>317</sup>

The UK's most recent action plan reaffirms the goal of "building an inclusive, cohesive and prosperous society with fairness and social justice at its core, in which child poverty has been eradicated, everyone who can work is expected to contribute to national prosperity and share in it, and those who can't work are supported."<sup>318</sup> While a main focus remains the elimination of child poverty, the government's efforts also target other groups identified as particularly disadvantaged or at risk. These include lone parents, people with disabilities, members of ethnic minorities, people with low skill-levels, and older workers.

The UK government has adopted a multi-pronged approach to address an array of factors contributing to poverty and social exclusion. Its most recent strategy, entitled *Working Together: UK National Action Plan on Social Inclusion*, outlines the country's current position and the actions that were to be undertaken from 2008 to 2010 to tackle poverty and social exclusion. Four main objectives are identified. First, the government will strive to improve labour market participation and "move people from being spectators on the margins—as recipients of passive benefits—to becoming participants, actively seeking and preparing for work."<sup>319</sup> The government's long-term goal is to attain an 80% employment rate. It is also taking steps to make work pay.<sup>320</sup>

During our hearings, the Committee heard that employment and labour market interventions have always been a major priority for the UK in its fight against poverty but that, to achieve its poverty reduction target, it must go beyond this focus to address the root causes of poverty and provide additional benefits to those who cannot work.

The main plank the U.K. government has pursued to [eradicate child poverty] has been a policy of full employment via active labour market interventions, by trying to get people into work they have not been in before. Attached to this is a policy of trying to make work pay through a whole tranche of mechanisms, such as a minimum wage, tax credits, a form of negative income tax, child care vouchers, and training and education of people who need it in order to be able to get paid work.

[...]

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317 Ibid., p. 23.

318 Department for Work and Pensions, *Working Together: UK National Action Plan on Social Inclusion*, September 2008, p. v, <http://www.dwp.gov.uk/docs/uknationalactionplan.pdf>.

319 Department for Work and Pensions, *Working Together: UK National Action Plan on Social Inclusion*, 2008, p. 18.

320 Ibid., p. 17 and p. 23. See also: Department of Work and Pensions, *Building Britain's Recovery: Achieving Full Employment*, December 2009, <http://www.dwp.gov.uk/docs/building-britains-recovery.pdf>.



In order for the government to make its target, it needs to do more than it is currently doing to increase the levels of incomes of families who for various reasons cannot work. The simulation models that have been done by some of my colleagues at the University of Cambridge and the London School of Economics and Political Science have shown that full employment and active labour market intervention policies alone would at best reduce child poverty by about half. To get the other half, you would need to do something about the welfare benefits.<sup>321</sup>

David Gordon, University of Bristol

The second objective outlined in the action plan is tackling child poverty.<sup>322</sup> The UK's renewed drive to tackle child poverty is also evidenced by the recent release of *Ending Child Poverty: Everybody's Business*, which reviewed the state of child poverty and outlined the government's aspirations for the future,<sup>323</sup> and *Ending Child Poverty: Making it Happen*, which sets forward the steps for achieving this vision.<sup>324</sup> The government has also introduced legislation that enshrines its commitment to eliminate child poverty by 2020. The *Child Poverty Bill* requires the UK government to develop a specific child poverty strategy and revise it every three years, establish a child poverty commission to provide advice on strategy development, and publish annual progress reports. It also places duties on Scotland, Northern Ireland and local authorities to work towards this goal.<sup>325</sup>

The third objective in the UK's National Action Plan on Social Inclusion is to provide access to quality services. Examples of planned reforms include giving people with disabilities more control over the types of supports they receive, targeting homeless people and those living in temporary accommodation with additional investments, and working to eradicate fuel poverty<sup>326</sup> by 2016.<sup>327</sup> Finally, the fourth objective the UK adopted is to tackle inequality, with a focus on gender, disability, and race.<sup>328</sup>

While the UK's poverty reduction strategy has led to important successes over the past decade, a 2009 report finds that earlier progress on some indicators of poverty and

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321 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 38, June 17, 2008 at 09:10.

322 Department for Work and Pensions, *Working Together: UK National Action Plan on Social Inclusion*, 2008, p. 24.

323 Department for Work and Pensions, *Ending Child Poverty: Everybody's Business*, March 2008, [http://www.hm-treasury.gov.uk/d/bud08\\_childpoverty\\_1310.pdf](http://www.hm-treasury.gov.uk/d/bud08_childpoverty_1310.pdf).

324 Child Poverty Unit, *Ending Child Poverty: Making it Happen*, 2009 <http://www.dcsf.gov.uk/consultations/downloadableDocs/8061-CPU-Ending%20Child%20Poverty.pdf>.

325 *Child Poverty Bill*, 2009, <http://www.publications.parliament.uk/pa/ld200910/ldbills/021/10021.1-7.html>.

326 Fuel poverty occurs when a household needs to spend more than 10% of its income on fuel to maintain an adequate standard of warmth. For more information about fuel poverty in the UK, see Jenny Bird, Ron Campbell and Kayte Lawton, *The Long Cold Winter: Beating fuel poverty*, Institute for Public Policy Research, February 2010.

327 Department for Work and Pensions, *Working Together: UK National Action Plan on Social Inclusion*, 2008, pp. 29-35.

328 *Ibid.*, pp. 39-42.

social exclusion has stalled, and in some instances even reversed in recent years.<sup>329</sup> Data reveal that the number of people living in low-income households<sup>330</sup> reached a low point in 2004-2005 at 12.1 million, but has increased since then to reach 13.4 million people, or 22.5% of the population, in 2007-2008. This rise has eliminated about half of the progress made since the peak of 14.5 million in 1996-1997. The proportion of pensioners living on low incomes fell from 28% in the mid-1990s to about 18% in 2004-2005, and has been more or less static since then. Working-age adults have seen their low-income rates virtually unchanged since the mid-1990s, when around one fifth lived on low incomes.<sup>331</sup> The plight of working-age adults and the working poor was raised during the Committee's hearings.

The proportion of working-age adults in poverty overall hasn't actually fallen, though the level of worklessness in general in the economy has. So you can see this group has absolutely stood still while everybody else has moved forward. This means the poverty rate among working households has actually increased in the U.K. Now more than one in seven working households in the U.K. are what you'd describe as in poverty, below 60% of the median income.<sup>332</sup>

Right Hon. Iain Duncan Smith, as an individual

The UK's specific focus on eradicating child poverty has also had mixed results. The period from 1998-1999 to 2004-2005 saw significant improvement, with child poverty rates falling from 34% to 28%. Despite 700,000 children being lifted out of low income over that period, the government came short of its target of a 25% reduction in child poverty by 2005.<sup>333</sup> By 2007-2008, child poverty rates had increased to 31%, with only 300,000 fewer children living in low-income households than in 1998-1999. The number of children in working poor families also rose sharply to reach a high record that year.<sup>334</sup> In order for the UK to meet the government's new target for 2020, the child poverty rate must fall at an average of about 1% per year until then.<sup>335</sup>

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329 Tom MacInnes, Peter Kenway and Anushree Parekh, *Monitoring Poverty and Social Exclusion 2009*, Joseph Rowntree Foundation and New Policy Institute, 2009, <http://www.poverty.org.uk/reports/mpse%202009.pdf>.

330 The most commonly used measure of low income in the UK is a threshold set at 60% of the median household income. The threshold amounts can be calculated after housing costs have been deducted (AHC) or before the deduction of such costs (BHC). Unless otherwise indicated, the low income data reported here is AHC. The most recent data available is for the year 2007/08. For more information, see The Poverty Site, "Key Points," *United Kingdom – Numbers in low income*, <http://www.poverty.org.uk/01/index.shtml>. It should be noted that low income is only one indicator used to measure poverty in the UK. For a list of other indicators, see The Poverty Site, *United Kingdom Indicators*, <http://www.poverty.org.uk/summary/uk.htm>.

331 MacInnes, Kenway and Parekh, *Monitoring Poverty and Social Exclusion 2009*, 2009, pp. 17-18 and p. 21.

332 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 10:25.

333 MacInnes, Kenway and Parekh, *Monitoring Poverty and Social Exclusion 2009*, 2009, p. 8 and p. 25. Note that the official target was calculated on a BHC basis. According to this measure, child poverty rates fell from 26% to 21% between 1998-1999 and 2004-2005.

334 *Ibid.*, p. 8 and p. 9.

335 According to the *Child Poverty Bill*, relative income poverty will be "eradicated" when less than 10% of children face this situation, calculated on a BHC basis. According to this measure, the 2007-2008 child poverty rate was 23%. *Ibid.*, p. 25.

In the 1980s and early 1990s, child poverty as measured by low income increased threefold. Since about 2000, it has gone back by about a quarter. However, recently, in the past year, those policies have stalled. In fact, by some measures child poverty has been increasing for the past year, and maybe in the previous year as well.<sup>336</sup>

David Gordon, University of Bristol

In the best year, which was 2004-2005, I think something like 800,000 children had been removed from poverty, moved above that income poverty line. That was short of the target but was nevertheless a substantial achievement. We now have two more years' worth of data, and I think they show a very different story. It's not always clear that these things are statistically significant, but the headline figure is that since then, child poverty has slipped back up again by about 300,000. That means, compared with the objective two years ago of reducing child poverty by a million, we have actually now reduced it by only 500,000. We are only halfway to a target of two or three years ago.<sup>337</sup>

Peter Kenway, New Policy Institute

The economic climate nonetheless poses a serious challenge to the UK's efforts to combat poverty and social exclusion. Since the start of the global recession in 2008, the number of unemployed people has risen by 847,000 to reach 2.46 million people, and the unemployment rate has risen from 5.2% to 7.8%. The number of people receiving Jobseeker's Allowance<sup>338</sup> has increased by 852,000 since February 2008 and sat at 1.64 million in October 2009.<sup>339</sup> Young people, particularly those with low skill levels, have been disproportionately affected by the economic downturn.<sup>340</sup> Despite signs of a return to positive growth,<sup>341</sup> unemployment is expected to continue to rise into 2010.<sup>342</sup>

Despite the recent rise in low-income and unemployment rates in the UK, other indicators point to the progress of some government efforts to combat social exclusion. For example, research shows that around one million children in working families are lifted out of low income by the tax credits they receive each year. As well, after reaching a peak in 2003-2004, the number of households living in temporary accommodation and homelessness has declined.<sup>343</sup> Witnesses also pointed to the success of specific government measures:

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336 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 38, June 17, 2008 at 09:10.

337 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 38, June 17, 2008 at 09:15.

338 "Jobseeker's Allowance is the main benefit for people of working age who are out of work or work less than 16 hours a week on average." Directgov, *Jobseeker's Allowance*, [http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/Employedorlookingforwork/DG\\_10018757](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/BenefitsTaxCreditsAndOtherSupport/Employedorlookingforwork/DG_10018757).

339 Department for Work and Pensions, *Building Britain's Recovery: Achieving Full Employment*, 2009, p. 23.

340 Social Exclusion Task Force, *Learning from the Past: Working together to tackle the social consequences of the recession*, Evidence pack, December 2009, p. 28 <http://www.cabinetoffice.gov.uk/media/319296/ftp-evidence-pack.pdf>.

341 Office for National Statistics, *GDP Growth*, January 26, 2010, <http://www.statistics.gov.uk/ci/nugget.asp?id=192>.

342 Department for Work and Pensions, *Building Britain's Recovery: Achieving Full Employment*, 2009, p. 6.

343 MacInnes, Kenway and Parekh, *Monitoring Poverty and Social Exclusion 2009*, 2009, p. 27 and p. 95.

I think the government here has been very successful in raising the lone-parent employment rate, and its tax credit system, which is designed to deliver a significant increase in income to a lone parent if they are working 16 hours a week, is definitely a part of that, a scenario where the incentives that they've designed seem to have worked.<sup>344</sup>

Peter Kenway, New Policy Institute

## **b. Ireland's Strategy to Reduce Poverty and Social Exclusion**

Following-up on commitments made at the United Nations World Summit for Social Development held in Copenhagen in 1995,<sup>345</sup> Ireland launched its national anti-poverty strategy in 1997. Devised on the basis of widespread consultations, including input from people living in poverty, the strategy aimed to address all aspects of poverty and social exclusion. The initial target set in 1997 was to reduce considerably the number of people who were found to be "consistently poor"<sup>346</sup> from 9 to 15% to less than 5 to 10% by 2007, depending on the measure used (e.g., 50% or 60% of median income lines).<sup>347</sup> In 2002, taking into account Ireland's substantial economic progress, this target was revised to be more ambitious. The new goal was to achieve less than 2% consistent poverty by 2007.<sup>348</sup>

When it first launched its national strategy in 1997, the Government of Ireland recognized that "addressing poverty needs to be based on an understanding of the multidimensional nature of poverty."<sup>349</sup> The following definition, which underscores the link between poverty and social exclusion, was adopted at the outset of Ireland's poverty reduction efforts and continues to be applicable at the time of writing this report:

People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources

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344 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 38, June 17, 2008 at 10:05.

345 For more information on the commitments made in the *Copenhagen Declaration on Social Development*, see the website of the World Summit for Social Development at <http://www.visionoffice.com/socdev/wssd.htm>.

346 "The official Ggovernment approved poverty measure used in Ireland is consistent poverty, developed independently by the Economic and Social Research Institute (ESRI). This measure identifies the proportion of people, from those with an income below a certain threshold (less than 60% of median income), who are deprived of two or more goods or services considered essential for a basic standard of living." These include such things as owning two pairs of strong shoes, the ability to buy new instead of second-hand clothes, and eating meals with meat or a vegetarian equivalent every second day. Office for Social Inclusion, *What is Poverty?*, <http://www.socialinclusion.ie/poverty.html>.

347 Government of Ireland, *Sharing in Progress: National Anti-Poverty Strategy*, 1997, p. 13 and pp. 33-34, <http://www.socialinclusion.ie/NationalAnti-PovertyStrategy-SharinginProgress1997.pdf.pdf>. The initial targets were based on relative income poverty lines derived from 1994 data that reflected the percentage of persons below the 50% and 60% of median income lines and experiencing basic deprivation.

348 Government of Ireland, *Building an Inclusive Society*, February 2002, p. 9, [http://www.socialinclusion.ie/publications/building\\_an\\_inclusive\\_society.pdf](http://www.socialinclusion.ie/publications/building_an_inclusive_society.pdf).

349 Government of Ireland, *Sharing in Progress: National Anti-Poverty Strategy*, 1997, p. 8.

people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.<sup>350</sup>

Ireland has developed a comprehensive approach to combating poverty and social exclusion. Its various initiatives target elements, such as skills and education, employment, income supports, health, housing, transportation, and financial inclusion. As in the UK, Ireland's strategy also addresses fuel poverty. Those population groups found to be consistently poor or at greatest risk of poverty, including people who are unemployed, women, children, lone parents, seniors, newcomers, and people with disabilities, are also focal points of their national anti-poverty and social inclusion strategy.<sup>351</sup>

A number of institutional structures have been created to ensure that all departments involved in relevant policy areas work together to meet the objective of significantly reducing poverty and social exclusion in Ireland. The overall responsibility for coordinating the government's social inclusion agenda lies with the Office for Social Inclusion, based in the Department of Social and Family Affairs and overseen by the minister for that portfolio.<sup>352</sup> The office prepares an Annual Social Inclusion Report that provides a detailed progress review of the national inclusion strategy.<sup>353</sup> During our hearings, the Committee also heard about additional organizations working to advance Ireland's strategy, including the Combat Poverty Agency.

When it comes down to the administrative structures...we build them up from the bottom. We have social inclusion units in each government department and local authority. We then have the Office for Social Inclusion—the office I'm director of—which is, again, there to coordinate the whole process at each level. We have a social partnership review group, where employers, trade unions, farmers, and the community and voluntary sector are involved in reviewing and monitoring progress. We have a forum for consultation—a social inclusion forum—which enables us to meet with people experiencing poverty. Then we have a senior officials group, people at the high level in government departments—I'm a member of it—which provides a whole-of-government form of coordination, and they report to a cabinet committee chaired by the Prime Minister.<sup>354</sup>

Gerry Mangan, Government of Ireland

To start, the Combat Poverty Agency is a state agency. It was set up by statute in 1986, so we're over 20 years old. Within the European Union it's a fairly unique organization; there isn't an organization in any of the other member states that would have a similar role set up by statute.

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350 Government of Ireland, *National Action Plan for Social Inclusion 2007-2016*, February 2007, p. 20, <http://www.socialinclusion.ie/documents/NAPinclusionReportPDF.pdf>.

351 For examples of specific initiatives targeting some of these groups, see Department of Justice, Equality and Law Reform, *National Women's Strategy 2007-2013*, April 2007, <http://www.inis.gov.ie/en/JELR/NWS2007-2016en.pdf/Files/NWS2007-2016en.pdf> and Office of the Minister for Integration, *Migration Nation: Statement on Integration Strategy and Diversity Management*, May 2008, [http://www.integration.ie/website/omi/omiwebv6.nsf/page/AXBN-7SQDF91044205-en/\\$File/Migration%20Nation.pdf](http://www.integration.ie/website/omi/omiwebv6.nsf/page/AXBN-7SQDF91044205-en/$File/Migration%20Nation.pdf).

352 For more information on the Office for Social Inclusion, see its website at <http://www.socialinclusion.ie/>.

353 For the most recent report, see Social Inclusion Division, *National Action Plan for Social Inclusion 2007-2016 Annual Report 2008*, 2009, [http://www.socialinclusion.ie/documents/AnnualSocialInclusionReportFinal\\_pub.pdf](http://www.socialinclusion.ie/documents/AnnualSocialInclusionReportFinal_pub.pdf).

354 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 37, June 12, 2008 at 08:15.

Under the act setting us up, we have four key functions: the first is to give policy advice to the minister and to the government on social and economic planning in relation to poverty; the second is to undertake and evaluate programs and actions aimed at overcoming poverty; the third is to promote, commission, and undertake research into the nature, causes, and extent of poverty; and the fourth is to promote a greater understanding of poverty through communications and public education.

These functions would include working with the NGOs and the community and voluntary sector in Ireland and also promoting the use of community development as a way of overcoming poverty.<sup>355</sup>

Kevin O'Kelly, Government of Ireland

When it was first introduced, Ireland's National Anti-Poverty Strategy addressed five major themes: educational disadvantage, unemployment, income inadequacy, disadvantaged urban areas, and rural poverty.<sup>356</sup> In 2006, Ireland introduced *Towards 2016*,<sup>357</sup> a social partnership agreement that provided a foundation for addressing key social challenges, followed by a National Development Plan in 2007,<sup>358</sup> which outlined the resources and investments that would be used to achieve these aims and improve quality of life in Ireland. Together with these framework documents, Ireland's *National Action Plan for Social Inclusion 2007-2016* outlined Ireland's commitment to addressing poverty and social exclusion, and the actions that would be taken in this area. The National Action Plan includes the target of reducing consistent poverty to between 2 and 4% by 2012 and eliminating it entirely by 2016.<sup>359</sup> With earlier income support targets having been achieved, the new plan places greater emphasis on the role of services and employment in achieving these objectives.<sup>360</sup> Witnesses explained this new approach.

We adopted a life cycle approach to try to promote greater integration. Our life cycles are children, people of working age, older people, and other categories such as people with disabilities, and communities. We then set goals for each life cycle. For example, in relation to children, we have goals for education and income support. In relation to people of the working-age category, we have employment participation, income support. For communities it was deemed to achieve greater policy coordination and integration.<sup>361</sup>

Gerry Mangan, Government of Ireland

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355 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 37, June 12, 2008 at 08:30.

356 Government of Ireland, *Sharing in Progress: National Anti-Poverty Strategy*, 1997, p. 9.

357 Government of Ireland, *Towards 2016 : Ten-Year Framework Social Partnership Agreement 2006-2015*, 2006, [http://www.taoiseach.gov.ie/attached\\_files/Pdf%20files/Towards2016PartnershipAgreement.pdf](http://www.taoiseach.gov.ie/attached_files/Pdf%20files/Towards2016PartnershipAgreement.pdf).

358 Government of Ireland, *Transforming Ireland, A Better Quality of Life for All*, National Development Plan 2007-2013, January 2007, <http://www.ndp.ie/documents/ndp2007-2013/NDP-2007-2013-English.pdf>.

359 Government of Ireland, *National Action Plan for Social Inclusion*, 2007, p. 13. Note that the most recent targets are based on different indicators than those set in 1997. Consequently, they are not directly comparable. The Living in Ireland Survey (LIIS), on which the first targets were based, has been replaced by the EU Survey on Income and Living Conditions (EU-SILC).

360 Government of Ireland, *National Action Plan for Social Inclusion*, 2007, p. 13.

361 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 37, June 12, 2008 at 8:15.

The National Action Plan aims to ensure that children realise their potential. The key goals targeting children are based on education and adequate income support. The government's action plan also includes provisions for people of working age, with a focus on employment and income support.<sup>362</sup> Other key areas of action include literacy, health, and restorative justice.<sup>363</sup> Another aim of the plan is to increase employment among people with disabilities who are able to work. Government actions are focused on income support; access to buildings, infrastructure and transportation; and housing and accommodation for this population group.<sup>364</sup> The final lifecycle group targeted in Ireland's most recent social inclusion plan is seniors. To enable older people to maintain their health and well-being and live active and full lives, the government stated it would increase investment in community care services and maintain a minimum level of income support through the pension system.<sup>365</sup>

The measures specific to the groups outlined above are supplemented by more general programs that support disadvantaged communities. The main goals that have been identified in this area focus on health, housing, and the integration of newcomers. Also in this category are initiatives to tackle issues such as homelessness, fuel poverty, access to technology, financial inclusion, and illicit drugs.<sup>366</sup>

Ireland's anti-poverty strategy was highly successful for the first ten years. The key to this success was the growth of the Irish economy, which allowed the country to make substantial investments in its social protection system. Between 1997 and 2007, the basic rate of social welfare support increased by 123.7% and spending on social protection went from €5.7 billion to €15.3 billion.<sup>367</sup>

In the Irish context, for reasons I won't go into because they're quite complicated, it's not a single-factor explanation for what happened in terms of what's often called the Celtic Tiger, but the unemployment problem was tackled and solved, with the rate falling from 15% to 5%. That's the first part of the action, but in the second part of it, there are substantial increases in welfare payments, in the first place, for those of pension age, and at a later stage, for other rates of welfare payment. With that combination of scenarios, there have been significant reductions in poverty on the usual measures in Ireland.<sup>368</sup>

Tim Callan, Economic and Social Research Institute

These resources helped to lift a significant number of people out of consistent poverty over the decade. Trends indicate that the poverty reduction target for 2007 would

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362 Government of Ireland, *National Action Plan for Social Inclusion*, 2007, pp. 13-14.

363 *Ibid.*, pp. 44-46.

364 *Ibid.*, pp. 57-58.

365 *Ibid.*, p. 14.

366 *Ibid.*, p. 61 and pp. 63-74.

367 *Ibid.*, p. 22.

368 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 37, June 12, 2008 at 08:25.

have been reached, with less than 2% of the population in consistent poverty that year.<sup>369</sup> Witnesses, however, explained that the reductions in poverty observed over this period were felt differently across population groups.

On that basis [of consistent poverty], the latest figures that we have for 2006 show an increase in child poverty and poverty among lone parents. These are obviously related. But we've also seen a decrease, for example, in poverty among older people, as I mentioned earlier, and also among immigrants, who may have come here after the accession of central and eastern European countries to the European Union in 2004. They seemed to be living in poverty in 2005, but in fact that level dropped quite substantially in 2006. So it's a mixed picture; we're seeing progress in some areas and difficulties in other areas.<sup>370</sup>

Kevin O'Kelly, Government of Ireland

Until 2008, Ireland continued to make progress towards its new goal of reducing the rate of consistent poverty to between 2% and 4% by 2012 and eliminating it entirely by 2016. According to the Survey on Income and Living Conditions (SILC), in 2008, 4.2% of people lived in consistent poverty in Ireland, down from 5.1% the year before and 6.5% in 2006.<sup>371</sup> People who were unemployed saw their risk of consistent poverty fall dramatically from 17.5% to 9.7% between 2007 and 2008, a decrease of almost half. Those who were working or retired enjoyed a much lower risk of consistent poverty at 1.1%. Children continued to have the highest rate of consistent poverty of all age groups, at 6.3%. Other groups with relatively high rates of consistent poverty included those who did not work due to an illness or a disability (13.2%), people in lone-parent households (17.8%) and people in non-working households (13.2%). In all of these cases, however, the consistent poverty rate had fallen since 2007.<sup>372</sup> Ireland also continued to see rapid employment growth until early 2008, with 70,000 new jobs created in 2007 alone.<sup>373</sup>

While the progress outlined above is encouraging, the global economic and financial crisis has disrupted Ireland's poverty reduction and social inclusion efforts. Ireland was one of the first countries in Europe to enter recession in 2008 and has been particularly impacted by the downturn.<sup>374</sup> Data reveal that Ireland's unemployment rate has risen consistently since early 2008 when it sat at 4.8% to reach 12.6% in

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369 Government of Ireland, *National Action Plan for Social Inclusion*, 2007, p. 25. The adoption of a new survey to monitor poverty rates, the EU Survey on Income and Living Conditions (EU-SILC), makes it impossible to measure progress against this target, which was set in 2002 and based on the Living in Ireland Survey (LIIS).

370 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 37, June 12, 2008 at 09:00.

371 Central Statistics Office, *Survey on Income and Living Conditions (SILC) in Ireland 2008*, November 2009, Table A, p. 5, <http://www.cso.ie/releasespublications/documents/silc/Current/silc.pdf>.

372 *Ibid.*, Table 4.1, p. 78.

373 Office for Social Inclusion, *National Report for Ireland on Strategies for Social Protection And Social Inclusion 2008-2010*, September 2008, p. 4, [http://www.socialinclusion.ie/pub\\_nsspi.html](http://www.socialinclusion.ie/pub_nsspi.html).

374 European Commission, *Employment in Europe 2009*, Directorate-General for Employment, Social Affairs and Equal Opportunities, 2009, p. 25, <http://ec.europa.eu/social/main.jsp?langId=en&catId=113&newsId=642&furtherNews=yes>.



February 2010.<sup>375</sup> The unemployment rate is expected to peak at almost 14% this year.<sup>376</sup> In addition, Ireland's public debt is mounting and could reach 78% of GDP by 2010. This limits Ireland's ability to counter the economic downturn with stimulatory fiscal policies.<sup>377</sup>

In the most recent review of the National Action Plan for Social Inclusion, the minister responsible for the plan indicates that "[t]he economic and employment assumptions on which the National Action Plan was originally based are...to a significant degree no longer valid".<sup>378</sup> Ireland's most recent budget, released in December 2009, announced a 4.1% reduction in social welfare rates, as well as cuts to the Child Benefit, Job-seekers Allowance and Supplementary Welfare Allowance.<sup>379</sup> Ireland has announced, however, a framework plan to address current economic challenges and reorganise the economy over the next five years.<sup>380</sup> Restoring economic growth has been identified as the most important step moving forward.<sup>381</sup>

Representatives who appeared before the Committee acknowledged the challenges the country is facing.

We're under no illusions; meeting these targets will be extremely difficult. We have two particular challenges. The first is the downturn of the global economy and the impact it will have on the Irish economy, which is a very open economy in international terms. We won't have the resources we've had over the last 10 years to direct towards tackling poverty.

The second point is that we're trying to reach these targets in an expanding population. Our statistics office estimates that in the next eight to 10 years, the population will increase by about 20% to well over 5.2 million, and to reduce poverty in an expanding population will in fact be a major challenge for us. We're not under any illusions about that.<sup>382</sup>

Kevin O'Kelly, Government of Ireland

### c. Summary

The UK and Ireland both developed poverty reduction strategies in the late 1990s. They adopted multi-pronged approaches to tackle poverty and social exclusion with clearly defined goals, specific indicators, and precise timelines, and they supplemented their

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375 Central Statistics Office Ireland, *Seasonally Adjusted Standardised Unemployment Rates (SUR)*, <http://www.cso.ie/statistics/sasunemprates.htm>.

376 Alan Barrett et al., *Quarterly Economic Commentary*, Economic and Social Research Institute, Winter 2009, p. 12, <http://www.esri.ie/UserFiles/publications/20100111102700/QEC2009Win.pdf>.

377 Ibid., p. 1 and p. 6.

378 Social Inclusion Division, *National Action Plan for Social Inclusion*, 2009, p. 6.

379 Department of Finance, *Financial Statement of the Minister for Finance Mr. Brian Lenihan, T.D.*, Budget 2010, December 9, 2009, pp. A13-A14, <http://www.budget.gov.ie/Budgets/2010/Documents/FINAL%20Speech.pdf>.

380 Government of Ireland, *Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal*, 2008, [http://www.taoiseach.gov.ie/attached\\_files/BuildingIrelandsSmartEconomy.pdf](http://www.taoiseach.gov.ie/attached_files/BuildingIrelandsSmartEconomy.pdf).

381 Social Inclusion Division, *National Action Plan for Social Inclusion*, 2009, p. 6.

382 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 37, June 12, 2008 at 09:45.

strategies with multi-year action plans and dedicated resources. Since making the commitment to reduce poverty, these countries have seen progress on a variety of indicators. This can be attributed in part to strong economic and employment growth, improved tax benefits and income support, and an array of programs and policies to facilitate labour market participation. In recent years, however, some of this progress has stalled or reversed, and the consequences of the global economic recession of 2008-2009 will hinder their poverty reduction strategies going forward. Both the UK and Ireland have identified economic recovery as an immediate priority while continuing to focus on tackling deep-seated social exclusion and breaking the cycle of poverty. Witnesses from both countries identified the need to learn from past efforts at poverty reduction and adopt a broad understanding of poverty and social exclusion to address the root causes of these problems.

## CHAPTER 3: THE FEDERAL CONTRIBUTION TO REDUCING POVERTY IN CANADA

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Poverty is a complex, diverse and tough issue that requires a range of interventions by a number of actors—all three orders of government, employers, unions, educational and health institutions, NGOs and communities. Close cooperation between the federal and provincial/territorial governments is particularly important.

We believe that the federal government has the dominant role to play in tackling reduction. It can reduce poverty, it does reduce poverty and it should reduce poverty a lot more.<sup>383</sup>

Caledon Institute of Social Policy

In this chapter, we present testimony about the federal role in reducing poverty; suggest means to better support poverty reduction efforts across the country, including provincial and territorial poverty reduction initiatives, and promote coordination among all those involved in putting forth these efforts; and we outline potential avenues to develop a framework for a federal action plan to reduce poverty in Canada.

### 3.1 What Should the Federal Government's Role be in Reducing Poverty in Canada? Canadians Answer the Question

Working in a cooperative and transparent fashion, the federal government and provinces should establish a national poverty reduction strategy that complements and reinforces provincial and territorial efforts and that's guided by a vision of a poverty-free country in which charter and human rights are fully realized. It should be a strategy that has targets and timelines. I suggest it must also be a strategy that's transparent, one that's transparent in its decision-making, its deliberations, its monitoring, and its evaluation.<sup>384</sup>

Sarah Blackstock, Income Security Advocacy Centre

Over the course of its study, the Committee heard from hundreds of Canadians on the role they thought the federal government should play in supporting poverty reduction efforts across Canada. The vast majority expressed clearly that there is a role for the federal government in reducing poverty in our country, while respecting provincial and territorial jurisdictions who predominantly have responsibility over social issues such as poverty. The Committee was also told that in order to devise and implement successful poverty reduction measures, the federal government must clearly exert its role in consultation with community organizations, people living in poverty and their advocates.

So solving poverty, as people have mentioned, is a national issue. The federal government has to be involved if it's going to work.

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383 Caledon Institute of Social Policy, *Speaking notes on the federal role in poverty reduction—presentation to Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities*, March 10, 2009, p. 3.

384 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 37, June 1, 2009 at 15:35.

It's also really important, I think, especially for the federal government, to recognize that people who are already marginalized have to be involved and that poverty has to be seen, as most European countries see it, in the context of larger social and economic objectives, not something on its own.<sup>385</sup>

Sheila Regehr, National Council of Welfare

Canadians and our governments have shown a remarkable capacity throughout our history to rise to the occasion and to meet the challenges of nation-building. The challenge of eliminating poverty in Canada is no greater than others we have surmounted in the past. Strong leadership from the federal government can and will make all the difference.<sup>386</sup>

John Campey, Community Social Planning Council of Toronto

Most witnesses recognized that the federal government is already playing an important role in reducing poverty in Canada, but also stated that further action is needed to lift Canadians out of poverty. The Committee was told that lessons can be learned from federal measures that have been particularly successful at reducing poverty. For example, the low-income rate among Canada's senior population has been declining over the past three decades. This decline has been attributed to the maturation of the Canada Pension Plan (CPP), the enhancement of the Old Age Security (OAS) program and the Guaranteed Income Supplement (GIS), as well as to an increase in private savings. The Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS) are another example of successful measures that contributed to a decline in child poverty.

Witnesses are asking the federal government to strengthen Employment Insurance (EI), to invest more on federal work tax credits, to increase the CCTB and the NCBS, to review the adequacy of OAS and GIS payments for seniors, and to substantially increase its investments in early learning and child care, affordable housing, disability-related income support programs, and Aboriginal programming. The Committee was told that all these measures provide a solid foundation on which the federal government can build an action plan to reduce poverty in Canada.

### **a. Canadians Call for the Recognition of Economic, Social and Cultural Rights**

The recognition that the way poor people are forced to live often violates their human rights—or that promoting human rights could alleviate poverty—was a long time in coming. Now a human rights approach to poverty reduction is increasingly being recognized internationally and is gradually being implemented.<sup>387</sup>

Some witnesses told the Committee that the Government of Canada has international obligations with regard to poverty reduction making it imperative for the

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385 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 23, April 10, 2008 at 09:50.

386 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 36, June 1, 2009 at 13:55.

387 Office of the United Nations High Commissioner for Human Rights, *Human Rights and Poverty Reduction: A Conceptual Framework*, United Nations, 2004, p. iii, <http://www.ohchr.org/Documents/Publications/PovertyReductionen.pdf>.

federal government to play a significant role in this regard. Canada is a signatory to the United Nations International Covenant on Economic, Social and Cultural Rights, which came into force in 1976. States that are a party to this covenant, according to article 11, “recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.”<sup>388</sup>

Human rights are founded on the basis of dignity. Poverty is a condition that violates these rights as laid out in the Universal Declaration of Human Rights in the international human rights conventions. Poverty impedes people's access to the basic resources necessary for well-being, including adequate and sufficient food and clothing as well as safe and appropriate housing. Poverty is also an important social determinant of health.<sup>389</sup>

Karri Munn-Venn, Citizens for Public Justice

Concerns about poverty in Canada have been raised during the 2009 UN Human Rights Council's Universal Periodic Review of Canada's human rights obligations under the covenant.<sup>390</sup> These concerns echo the concerns and recommendations of many witnesses that appeared before our Committee asking the federal, provincial and territorial governments to join forces and adopt a clear agenda to considerably reduce poverty in Canada.

It is not without reason that Canada, on several occasions, has been criticized by UN authorities, particularly the Committee on Economic, Social and Cultural Rights in 2006 and by the United Nations Special Rapporteur on the right to adequate housing in 2007. The United Nations Human Rights Council, again quite recently, during its universal periodic review last March, criticized Canada for its weak performance in upholding the right to a standard of adequate living and also the right to housing.

We were in a sustained period of economic growth and budgetary surpluses. Now, circumstances have changed; there is an economic crisis and we are once again facing a deficit. We must not use these two reasons, the crisis and the deficits, to fail to act to relieve poverty. I feel that these responsibilities not only still exist, they're even greater in such times.

FRAPRU's [Front d'action populaire en réaménagement urbain] first recommendation is to respect the international commitments that Canada has made in terms of human rights, and particularly social rights, rights which the government and society have agreed to uphold. It seems to me to be the very least we could do to take the various UN committees' recommendations into account.<sup>391</sup>

François Saillant, Front d'action populaire en réaménagement urbain

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388 Office of the High Commissioner of Human Rights, *International Covenant on Economic, Social and Cultural Rights*, <http://www2.ohchr.org/english/law/cescr.htm>.

389 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 43, June 9, 2009 at 11:35.

390 United Nations General Assembly, *Report of the Working Group on the Universal Periodic Review—Canada*, Human Rights Council, Eleventh Session, Agenda Item 6, Universal Periodic Review, A/HRC/11/17, October 5, 2009, <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/G09/152/99/PDF/G0915299.pdf?OpenElement>.

391 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 30, May 13, 2009 at 13:10.

The Covenant on Economic, Social and Cultural Rights guarantees everyone the right to an adequate standard of living, including adequate food and housing. In that regard, in 2006 the committee at the UN responsible for monitoring Canada's compliance with that covenant expressed concern with the numbers of people living in poverty in Canada, and that poverty rates remain very high, particularly for low-income women and single mothers.

In 2008 when CEDAW [Canadian Feminist Alliance for International Action] reviewed Canada, they expressed similar concerns; in particular, that poverty is widespread among particular groups of women, including [A]boriginal women, minority women, and single mothers. The committee then linked women's poverty to four particular issues: one, a lack of affordable quality child care spaces; two, the absence of a national housing strategy and adequate housing; three, the cuts to and inadequacy of social assistance rates in relation to the actual cost of living; and finally, four, violence against women.

Most recently, the UN Human Rights Council, under the Universal Periodic Review where states are reviewing states, expressed concern regarding the high rates of poverty and homelessness in an affluent country like Canada. In turn, several very concrete recommendations as to how the Government of Canada might address poverty amid such affluence have emerged from the United Nations human rights system. For example, the Government of Canada has repeatedly been called on to develop a national strategy to eliminate poverty; establish a national poverty line; integrate economic and social rights into poverty reduction strategies; establish minimum standards for the provision of funding to social assistance programs applicable at the federal, provincial, and territorial levels; and establish a monitoring mechanism to ensure the accountability of these mechanisms so these mechanisms work for women.<sup>392</sup>

Leilani Farha, Canadian Feminist Alliance for International Action

The Committee was told that Government of Canada must respect its legal obligation to combat poverty and put measures in place to ensure that every person in Canada lives in dignity and free of poverty. For example, "Canada Without Poverty" maintains that the "security of the person" under the *Canadian Charter of Rights and Freedoms* should be interpreted to include social security.<sup>393</sup> Some witnesses asked that human rights legislation in all Canadian jurisdictions be amended to fully include economic, social and cultural rights. Others argued that "under international human rights law and Canada's treaty obligations, ultimately the federal government has the primary responsibility for combating poverty, notwithstanding the federalist structure of Canada."<sup>394</sup>

The Canadian government has repeatedly been asked to act. Most recently the Canadian Human Rights Act review panel travelled across the country looking at what needs to change in the Canadian Human Rights Act. They reported that they heard more about poverty and homelessness than about any other human rights issue. One of their strongest recommendations was to include the right to freedom from discrimination

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392 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 11:20.

393 Canada without Poverty, *Mission, Vision and Values*, September 19, 2009, [http://www.cwp-csp.ca/Blog/?page\\_id=13](http://www.cwp-csp.ca/Blog/?page_id=13).

394 Leilani Farha, Canadian Feminist Alliance for International Action, Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 11:20.

because of social condition, defined, as it is in the Québec legislation, as encompassing homelessness and poverty. Unfortunately nothing has been done about that.<sup>395</sup>

Bruce Porter, Centre for Equality Rights in Accommodation

## **b. Canadians Call for a Federal Action Plan to Reduce Poverty in Canada**

Witnesses also told the Committee that the federal government should show leadership in the fight against poverty in Canada specifically by creating a federal action plan with specific goals and timetables to reduce poverty, and accountability mechanisms to monitor progress. Many advocates for people living in poverty, including Campaign 2000, Citizens for Public Justice and Canada Without Poverty, have been calling for a federal poverty reduction plan that would incorporate a human rights framework. Finally, it was clear throughout our hearings that a federal action plan to reduce poverty should be developed in collaboration with the provincial and territorial governments, Aboriginal governments and organizations, the public and private sector, and people living in poverty.

Let me say first that Canada's poverty reduction strategy needs to be integrally linked to the international human rights commitments that Canada has made. These international human rights commitments, particularly with respect to economic, social, and cultural rights, should provide the framework for developing and implementing a pan-Canadian poverty reduction strategy.<sup>396</sup>

Greg deGroot-Maggetti, Mennonite Central Committee Canada

Unlike some jurisdictions, both provincial and abroad, the federal government does not have a formal poverty reduction strategy replete with analysis evaluation, reform initiatives, and targets. However, the federal government does have at its disposal some potentially powerful instruments to help reduce poverty, which can service key elements of the full-blown poverty reduction strategy.<sup>397</sup>

Ken Battle, Caledon Institute of Social Policy

What's exciting to those of us who do the work here in Ontario is that people across this province, and at the local levels, are getting involved in the work of poverty reduction. But it seems to me that Canada is not simply the sum of its parts; we are a nation. Certainly we are a nation with tremendous difference and diversity, but we're also a nation with shared values and aspirations, and Ontario is not alone in calling for the federal government to take its rightful and necessary place in our shared work to reduce poverty.<sup>398</sup>

Sarah Blackstock, Income Security Advocacy Centre

What can be done right now in the short term? We believe having the federal government developing a strategy and setting targets, goals, and timetables will help focus this issue. We also believe that better coordination between the federal governments and the agencies that are working on different aspects of anti-poverty activities and the

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395 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:45.

396 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 32, May 28, 2009 at 11:25.

397 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:10.

398 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 37, June 1, 2009 at 15:35.

coordination of these federal initiatives with provincial governments will result in major gains. The federal activities that are going on involve social transfers, unemployment insurance, funding for social housing, skills training, and economic development plans. There's a lot of activity actually going on that is currently being funded by the federal government. The problem is that it isn't all being coordinated with people coming together, talking to each other, and developing a plan. So in many ways, it's not more money but better planning, as some of my colleagues have talked about.<sup>399</sup>

Lynne Markell, Canadian Co-operative Association

### **Recommendation 3.1.1**

**The Committee recommends that the federal government immediately commit to a federal action plan to reduce poverty in Canada that would see, during its first phase, the implementation of the recommendations in this report.**

**This action plan should incorporate a human rights framework and provide for consultations with the provincial and territorial governments, Aboriginal governments and organizations, the public and private sector, and people living in poverty, as needed, to ensure an improvement in lives of impoverished people.**

**The action plan should be reviewed every five years and should follow a three-step process: consultation, revision, and reporting to Parliament.**

## **3.2 Improving Coordination and Integration of Poverty Reduction Efforts Across Canada—a Federal Action Plan to Reduce Poverty in Canada**

### **a. Supporting Provincial and Territorial Poverty Reduction Initiatives**

Of course I think there should be a national strategy. We weren't prepared to wait for a national strategy, but we believe we have to do this together. Canada is a different country in that we have strong provincial governments. That doesn't mean the federal government can abdicate its responsibility when it comes to issues like this. We are looking for engaging partners at every level of government.<sup>400</sup>

Hon. Deb Matthews, Government of Ontario

As indicated in Chapter 2 of this report, several provinces have adopted formal strategies and other measures to reduce poverty. Many witnesses, including representatives of provincial governments that have adopted poverty reduction strategies, told the Committee that a coordinated and integrated approach is necessary to successfully deal with the issue of poverty.

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399 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:35.

400 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 12:25.



Our government is committed to act in areas where we have the capacity and the jurisdiction to act relative to poverty reduction, but we believe that in order to be successful, many partners are necessary. The federal government is one of those partners we have to be committed to working with, and we believe we can work cooperatively with the federal government in terms of addressing poverty in our country. In the action plan I referenced earlier, we highlighted the need to work with the federal government, amongst many other partners, to ensure that the change that needs to happen will in fact happen.

I'd like to take a minute to highlight some areas where we need to work cooperatively, where we believe the province and the federal government can work together. Our experience, like that of other jurisdictions that have managed to significantly reduce poverty, shows that a coordinated and integrated approach is necessary. We need to work together on this.

If you are serious about tackling poverty in Canada, the federal government needs to join the provinces. They need to develop a comprehensive strategy in conjunction with the provinces and the territories to combat the problem of poverty.<sup>401</sup>

Hon. Shawn Skinner, Government of Newfoundland and Labrador

Although the Government of Canada has not adopted a poverty reduction strategy itself, the majority of provinces have now adopted such strategies, including Newfoundland and Labrador, New Brunswick, Nova Scotia, Québec, Ontario, and, most recently, a couple of weeks ago, Manitoba. It's no accident that Canada's two largest provinces have been the first to pass poverty reduction legislation. As provinces grow in fiscal size compared to the federal government, the two largest provinces have the greatest fiscal capacity to address that poverty, at least in part, on their own.

Smaller provinces with lower fiscal capacity and western provinces more influenced by commodity price cycles have yet to adopt such strategies. If this situation persists, it may be the case that poverty reduction will look very different in some Canadian jurisdictions than others. The federal government should not allow this to happen. The federal government should exert its leadership role and set a national poverty reduction strategy at the earliest possible opportunity.<sup>402</sup>

John Stapleton, Atkinson Charitable Foundation

The federal government spends a considerable amount of money on a variety of programs and transfers to assist low-income individuals across the country. The Committee was reminded that in some instances we do not know whether this money has been spent as intended or what the impact of this spending has been. One example of this lack of accountability pertains to the Canada Social Transfer (CST), a sizeable block fund transfer to the provinces and territories intended to support social assistance and social services, post-secondary education, early childhood development, and early learning and child care.

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401 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 36, June 10, 2008 at 15:40 and 15:45.

402 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 34, June 1, 2009 at 10:05.

## b. Canada Social Transfer

With respect to the Canada Social Transfer, we believe it is important to continue to enhance it. The many cuts made to provincial transfers since the 1990s have negatively affected the funding of many social programs in the provinces and resulted in chronic underfunding, something which has greatly affected service quality.<sup>403</sup>

Élisabeth Gibeau, Union des consommateurs

In 1996-1997, the federal government replaced the Established Program Financing and the Canada Assistance Plan—federal cost-shared programs for health, post-secondary education and social assistance and services—with a new block-funded transfer called the Canada Health and Social Transfer (CHST). Associated with this new federal-provincial/territorial transfer was a 30% (roughly \$6 billion) reduction in cash transfers to the provinces and territories by the second year of the CHST.<sup>404</sup> Effective 1 April 2004, the CHST was divided into two transfers—the Canada Health Transfer and the Canada Social Transfer (CST)—with the latter equal to some 38% of the CHST (based on provincial and territorial spending patterns on CHST-supported activities).

The CST is the primary federal transfer program that provides support to provinces and territories for post-secondary education, social assistance and social services, early childhood development and early learning and child care. Due to a lack of accountability associated with the CST, Budget 2007 announced that the federal government would identify amounts within the CST for each priority area. This notional allocation was based on provincial and territorial spending patterns for post-secondary education and social programs, including support for children, at the time. The former was set at 25% and the latter at 75%.<sup>405</sup>

According to Budget 2009, the government intends to keep its commitment to long-term and growing transfer support to the provinces and territories. In regard to the CST, this transfer is expected to reach \$10.9 billion in 2009-2010 and continue to grow at 3% per year until 2013-2014.

Despite the lack of accountability, several witnesses identified the CST as the preferred funding vehicle for helping provincial and territorial governments deliver poverty reduction initiatives.

The CST needs to be increased. We need to have transfers from the federal government that will provide immediate relief....I don't have an exact number, but I do know that the

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403 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 29, May 13, 2009 at 10:50.

404 Department of Finance, *Restoring Fiscal Balance in Canada: Focusing on Priorities*, Budget 2006, May 2, 2006, p. 134, <http://www.fin.gc.ca/budget06/pdf/fp2006e.pdf>. Although some witnesses called for the restoration of these funds, it should be noted that the government began to reinvest in CHST entitlements in 1996 and beyond. By 2002-2003, overall cash levels had been fully restored to the previous high (1994-1995) for transfers under Established Program Financing and the Canada Assistance Plan.

405 Department of Finance, *The Budget Plan 2007- Aspire to a Stronger, Safer, Better Canada*, March 19, 2007, pp. 120-121, <http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>.

CST needs serious and significant adjustment. It's one little sliver of the income we need to make changes for people living in poverty.<sup>406</sup>

Rene Ross, Stepping Stone Association and Community Coalition to End Poverty in Nova Scotia

[W]e must increase the Canada social transfer to give the provinces and territories the means to increase social assistance benefits across Canada and make it possible to return to the levels we had at the time of the elimination of the Canada Assistance Plan.<sup>407</sup>

François Saillant, Front d'action populaire en réaménagement urbain

The federal government has reduced its transfers for public services to the provinces, be it in health, education or social services. Its withdrawal from the Canada Assistance Plan has allowed the federal government to cut its transfers in half. It is clear that those who are most affected by this are those living in poverty. We know what the consequences of poverty are on health, education and so on. The federal government has a responsibility in this regard. We ask the federal government to fully reinstate this 50% in order to pay the real costs of public services.<sup>408</sup>

Nicole Jetté, Front commun des personnes assistées sociales du Québec

In addition to public support for an increase in the CST, several witnesses expressed the view that more accountability needs to be attached to federal transfers to the provinces and territories. Although provincial poverty reduction initiatives typically involve some sort of accountability framework, some witnesses maintained that provincial and territorial governments need to be more transparent and should be able to demonstrate that federal funds have been spent as intended.

It's a concern [lack of accountability] we've had for years, since the Canada Assistance Plan was changed. Originally, it was transformed into the Canada health and social transfer. We wrote a paper, back in the mid-nineties, called "The Dangers of Block Funding", which identified precisely the kinds of issues you're raising.

We saw some positive developments in the country around, for example, the [N]ational [C]hild [B]enefit. What is of interest, and what I think is helpful in this regard, as a model, is that it's a negotiated federal-provincial-territorial agreement. So the federal investment comes with an associated set of criteria or principles that have to be addressed with respect to receipt of the money. So it sets up, in a sense, an accountability mechanism.

I know there are opting-out provisions, and these always have been addressed. But when you do have these kinds of principles in place, everybody looks to those principles and those barometers as a means of measuring performance. I think it is one of the ways we can respond to this open funding. We tie it in more to a negotiated agreement.

Similarly, with respect to the child care agreements and the early childhood development framework we had in the year 2000 and then in 2003, we had an associated set of

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406 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 20, May 11, 2009 at 09:55.

407 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 30, May 13, 2009 at 13:10.

408 *Ibid.*, at 13:15.

principles for that investment. It's, again, at least one way of looking at tying the money, to the extent we can, in a federation.<sup>409</sup>

Sherri Torjman, Caledon Institute of Social Policy

I personally believe there should be some level of responsibility associated with the transfers. If they are meant to do something, there should be conditions to make sure that those things are happening. If there's money transferred for child care, for instance, I would like to see conditions, to make sure that we have the same level of standards across the country.<sup>410</sup>

Johanne Perron, New Brunswick Coalition for Pay Equity

As I said in my report, if you were giving money to the provinces for things like housing and other poverty reduction strategies, you have to ask the provinces to be accountable for that money and to have targets and timelines. I really think that's one thing the federal government should do and can do.<sup>411</sup>

Dr. Andrew Lynk, Canadian Paediatric Society

Members of the Committee also note that some witnesses recognized that poverty reduction is primarily within the domain of the provinces and territories and that the federal government must respect this reality. We fully agree with this and maintain that the federal government must not proceed with any measure that directly supports provincial and territorial poverty reduction initiatives in the absence of a bilateral agreement with the provinces and territories.

[W]e believe that the problem of poverty and eradicating poverty is so large, and it has such a significant impact on national prosperity, that it is going to require the participation of all three orders of government. Having said that, we are always very careful and always very clear in saying that federal support for, in this case, poverty reduction in cities and communities must always respect provincial jurisdiction over cities and communities.

...The message I would leave is that we do believe these kinds of problems are large enough, and the impacts are national in scope, that each order of government has a very important part to play. How those parts are played out—transfers versus federal—provincial programs—we'll leave that up to federal and provincial governments.<sup>412</sup>

Michael Buda, Federation of Canadian Municipalities

While some members of the Committee believe that accountable direct federal support for provincial/territorial poverty reduction initiatives is hypothetically achievable within a reformed CST, it is highly unlikely given the limited success the federal government had following Budget 2006 regarding discussions with the provinces and territories on the “overall objectives for post-secondary education and training, appropriate

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409 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:55.

410 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 24, May 12, 2009 at 09:55.

411 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 11:50.

412 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 25, April 17, 2008 at 10:35.

roles, and on developing a framework for ensuring measurable results and accountability in respect of funding.”<sup>413</sup> In this context, an alternative approach—such as a negotiated federal-provincial-territorial transfer dedicated to supporting provincial/territorial poverty reduction initiatives—probably presents a more realistic alternative to a reformed CST.

### **c. Beyond the Canada Social Transfer—A Federal Poverty Reduction Fund**

Some of the things the federal government can do include...creating a poverty reduction fund to support provincial initiatives.<sup>414</sup>

Dennis Howlett, *Make Poverty History*

At the moment, there is no consolidation of federal spending on programs and transfers (including the tax system) to help low-income individuals across the country. Members of the Committee believe that it is necessary to provide taxpayers with a full accounting of federal spending measures to alleviate poverty among Canadians. A poverty reduction fund could serve this purpose and could be part of a federal action plan to reduce poverty.

In terms of directly contributing to provincial and territorial poverty reduction initiatives, some members of the Committee believe that the federal government should establish a new federal-provincial-territorial transfer dedicated to helping provinces and territories reduce poverty. This transfer would be in addition to the CST and would require provinces and territories to share information with the federal government on how funds delivered through this new transfer are used and what results have been achieved. Provinces and territories would be responsible for evaluating the effectiveness of this spending.

Members of the Committee do not think that the proposed transfer should entail specific directives or targets from the federal government to the provinces or territories; however, the federal government could contemplate the possibility of augmenting this transfer in cases where provincial and territorial governments are willing to cost-share in areas of mutual agreement, such as bolstering support for community non-profit organizations that serve and support those living in poverty. The Committee believes that this approach would provide a minimum level of accountability that Canadians expect, but more importantly provide provinces and territories with sufficient flexibility to achieve their poverty reduction objectives.

The value of this new transfer would, of course, depend on the fiscal position of the federal government and the objectives and targets associated with a federal poverty reduction action plan.

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413 Department of Finance, *Restoring Fiscal Balance in Canada*, May 2006, p. 80.

414 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 16, April 28, 2009 at 11:20.

### **Recommendation 3.2.1**

**The Committee recommends that at their next meeting, First Ministers start negotiations regarding the creation of a new federal transfer (e.g., a federal poverty reduction fund) to support provincial and territorial poverty reduction initiatives.**

## **3.3 Developing a Framework for a Federal Action Plan to Reduce Poverty and Measuring Results**

### **a. Legislative Framework**

Adopt and implement a federal act to eliminate poverty, promote social inclusion and strengthen social security: This act will ensure an ongoing federal role and responsibility for social development, while demonstrating a lasting federal commitment for action and for accountability to citizens for results.<sup>415</sup>

Citizens for Public Justice

Many witnesses suggested that the Government of Canada should establish a federal action plan to combat poverty and social exclusion that would include clear poverty reduction targets and timelines, accountability mechanisms, as well as an institutional framework and a funding mechanism; and some organizations recommended that this action plan should be incorporated in legislation. The Committee was told that enshrining the parameters of a federal poverty reduction plan in legislation would ensure that all who will serve in future parliaments will be focused on this issue and take the necessary steps to meet the poverty reduction goals and timelines established by the said law. Poverty reduction legislation is not without precedent in Canada: the provinces of Québec, Ontario and New Brunswick have passed legislation to this effect.

Among other components, a federal legislation to reduce poverty in Canada would likely include a preamble that would define poverty, outline the Government of Canada's values and principles with regard to the right to dignity and a life free of poverty for all Canadians, and situate the legislation within a broader human rights framework. Witnesses recommended that a federal poverty reduction act should include a clause requiring that the Government of Canada develop and regularly update a federal action plan to reduce poverty (e.g., every five years) and that this plan should include specific goals and timelines to reduce poverty in Canada (e.g., reduce poverty by half by 2020). The legislation could also require Statistics Canada, in collaboration with the lead department(s) and other stakeholders, to conduct research on poverty measures and advise the federal government as to which measures and indicators of poverty should be used to monitor the progress of a federal poverty reduction plan. To further promote accountability and transparency, the legislation proposed by witnesses would require the federal government to provide annual progress reports on the implementation of the action

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415 Citizens for Public Justice, *Dignity and Human Rights: Action Towards Eliminating Poverty in Canada*, Presentation to the HUMA Committee Study on the federal government's role in reducing poverty, June 9, 2009, p. 9.

plan, its challenges and successes as well as any improvements to be implemented in the forthcoming year. Finally, some witnesses suggested that it would be important to include a requirement that existing and new federal government policies be examined for their impact on poverty.

However, no consensus emerged on the need for legislation among witnesses and among members of the Committee. Some witnesses suggested that there are alternatives outside a legislative framework to ensure the successful implementation of a federal action plan to reduce poverty in Canada, such as bilateral agreements with provincial and territorial governments that would include approved upon definition, goals and measures of poverty reduction.

Thirdly, we need to think about alternatives to legislation. I would argue that in fact just coming together and agreeing upon standard definitions and goals and then measuring and delivering on those goals would be fundamental to the success of poverty reduction in Canada. I know there has been some interest in renewing the discussion around the SUFA agreement [Social Union Framework Agreement], although I struggle with that because I'm not convinced that it was that successful as a piece of legislation.<sup>416</sup>

Glen Roberts, Canadian Policy Research Networks

## **b. Institutional Framework**

Many witnesses indicated that the federal government would need to establish an institutional framework to ensure the success of a federal poverty reduction action plan. As a first step, a lead department or departments, including a specific poverty reduction office or secretariat, could be established to oversee the creation and implementation of the proposed federal action plan to reduce poverty in Canada. Given that Human Resources and Skills Development Canada's (HRSDC) mission is to "build a stronger and more competitive Canada, to support Canadians in making choices that help them live productive and rewarding lives, and to improve Canadians' quality of life",<sup>417</sup> HRSDC should be given the responsibility to implement, monitor and report on the federal action plan to reduce poverty in Canada. The responsibility of heading the federal action plan could also be shared with Health Canada as poverty is an important social determinant of health.

Secondly, to promote consultation and collaboration among the different federal departments and agencies, an interdepartmental working group or cabinet committee for poverty reduction could be set up headed by the minister(s) in charge of the lead department(s). The working group or cabinet committee could be given the responsibility to review all current and proposed federal legislation, programs and policies to ensure that they do not hinder the measures taken under the action plan to reduce poverty in Canada, and make recommendations to solve any potential negative interaction between the two. The interdepartmental working group or cabinet committee could also undertake to

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416 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:45.

417 Human Resources and Skills Development Canada, *About Human Resources and Skills Development Canada*, [http://www.hrsdc.gc.ca/eng/corporate/about\\_us/index.shtml](http://www.hrsdc.gc.ca/eng/corporate/about_us/index.shtml).

evaluate the costs and benefits of federal programs and measures aimed at reducing poverty to make sure that taxpayers' dollars are well spent. Finally, it could be given the responsibility to coordinate all communications and collaborations with other levels of government and agencies involved in implementing the federal action plan to reduce poverty in Canada.

### **Recommendation 3.3.1**

**The Committee recommends that the federal government establish a lead department (e.g., Human Resources and Skills Development Canada) or departments, including a specific poverty reduction office or secretariat, to oversee the creation and implementation of a federal action plan to reduce poverty in Canada.**

**Furthermore, to promote consultation and collaboration among the different federal departments and agencies, the Committee recommends the creation of an interdepartmental working group or cabinet committee for poverty reduction to be headed by the minister in charge of the lead department.**

Members of the Committee were also told about the institutional framework in Canadian jurisdictions and other countries that have action plans to combat poverty. For example, some have established agencies that operate at arm's length from the government to give policy advice on social and economic matters related to poverty, undertake research into the factors aggravating poverty and the extent of poverty, and to promote a greater understanding of poverty through public education. Most members of the Committee believe that to enhance accountability and answerability, it is appropriate to assign certain research, advisory and monitoring powers to an agency that would operate at arm's length from the government of the day.

In Canada, a similar approach could see the mandate of the National Council of Welfare expanded to:

- monitor the progress of the proposed federal action plan to reduce poverty;
- oversee the development of indicators and measures in consultation with the federal interdepartmental working group or cabinet committee for poverty reduction, and Statistics Canada;
- advise and report back to the lead department(s), office or secretariat, on the implementation of the federal action plan to reduce poverty in Canada, its progress and make recommendations to promote its success; and
- work with the non-profit and voluntary sector to build community partnerships and promote community economic development, social innovation and other means of tackling poverty at the community level.



As an alternative, or in addition to an expanded role being played by the National Council of Welfare, a poverty commissioner could be appointed by the Governor in Council with the approval of the House of Commons and the Senate. The commissioner could be subject to the same terms and conditions, and exercise similar powers and duties given to the Auditor General of Canada in the *Auditor General Act*, in addition to the powers that could be given to his/her office by legislation to oversee the development, implementation and progress of a federal action plan to reduce poverty in Canada. Obviously, the creation of a whole new entity such as a commissioner would be much more complex, would require more time and would likely cost more than simply expanding the mandate of the National Council of Welfare. The Council is already an arm's length advisory body to the Minister of Human Resources and Skills Development on matters of concern to low-income Canadians and on programs and policies which affect their welfare. It already undertakes research on issues related to poverty, its contributing factors and potential solutions, and publishes reports on a regular basis that raise awareness about poverty and other social issues. It is well positioned to monitor progress under the federal action plan to reduce poverty in Canada.

### **Recommendation 3.3.2**

**The Committee recommends that the Minister of Human Resources and Skills Development Canada should see that the mandate and capacity of the National Council of Welfare be expanded to allow it to:**

- **create an advisory committee on poverty reduction comprised of people living in poverty and other relevant experts to work closely with the Council to oversee the progress of the federal action plan to reduce poverty in Canada and to advise the lead minister(s) accordingly;**
- **assist in the development of measures and indicators and undertake research with respect to the implementation of the federal action plan to reduce poverty and other issues related to poverty;**
- **submit a written report to the lead minister(s) annually on its findings with regard to the progress made toward the goals established under the federal action plan to reduce poverty in Canada, that shall then be tabled before both Houses of Parliament by the minister(s);**
- **work with the various levels of government and the non-profit and voluntary sectors to build partnerships and raise knowledge of local, provincial-territorial and federal initiatives contributing to the reduction of poverty in Canada; and**
- **promote a greater understanding of poverty through public awareness campaigns.**

### c. Poverty Measures

As indicated in Chapter 1, defining poverty, poverty lines, poverty levels, sufficient incomes or minimum standards of living is a matter of ongoing global debate among policy-makers inside and outside governments. In general, poverty is defined either in absolute terms—inability to obtain the necessities of life—or in relative terms—“being worse off than average.” By and large, poverty indicators in Canada fall somewhere along the continuum of these two definitions of poverty. The Government of Canada has not endorsed an official poverty measure. Measures used to determine the incidence of poverty in Canada include Statistics Canada’s Low Income Cut-offs (LICOs) and to a lesser extent the Low Income Measure (LIM), the Market Basket Measure (MBM), which is approved by a number of provinces, and the Basic Needs Poverty Line (BNL).

A majority of witnesses told the Committee that in order to better understand poverty in Canada and to tackle this phenomenon effectively and efficiently, the federal government needs to adopt a set of valid and reliable measures. These measures should capture the multi-dimensional nature of poverty, and allow the government to assess the effectiveness of federal programs and initiatives aimed at reducing poverty and promoting social inclusion. The Canadian Association of Social Workers also told members of the Committee that, in devising poverty measures, the realities of women’s lives must be considered and suggested that a composite index based on gender-sensitive indicators of well-being would produce a better picture of what it really means to be a woman living in poverty.<sup>418</sup> Other witnesses suggested that measures of social exclusion should also be developed to shed light on the daily life struggles of people living in poverty in Canada. However, witnesses also agreed that the pursuit of such measures and indicators should not prevent the federal government from taking immediate action to reduce poverty in Canada.

The Committee was told that the LICOs and LIMs are useful measures of low income that should continue to be calculated and released by Statistics Canada on an annual basis. These measures have an advantage over more recent market basket methodology as the survey data on incomes have been available for a longer period and can provide policy-makers with an important historical perspective on long-term low-income trends in Canada. Some witnesses also talked about the importance of using a market basket methodology (e.g., BNL and MBM) as it provides data that allow for regional, provincial and sub-provincial comparisons and sheds a different light on the living standards of Canadians.

Each of the measures has its limitation. For me, the biggest drawback to the LICO, which we've used since the 1960s, is the fact that it lumps the large cities together, because of the survey it used to calculate its threshold. It doesn't have a sample size to be able to provide us more geographical breakdown. But we know shelter costs are quite different between Montreal, Toronto, and Vancouver. For me, that's the biggest drawback. However, it has a history since 1976, so at least you can monitor trends and see how they evolved. So the MBM, in that context, provides us more geographical breakdown, which I think is a better thing.

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418 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 24, April 15, 2008 at 09:35.

One of the drawbacks for the MBM is the fact that it goes back only to the year 2000. So it's a limitation if you're looking at previous time cycles. You can go back to the year 2000 only, which is why we produced the two measures, so it gives you an idea of where they're giving the same message and where they're different.

[...]

The LIM, with the international standards, doesn't move as much with the economic cycle, so some people have a problem with that. When you have higher unemployment, a measure linked to inflation will reflect some of these economic hardships. The LIM, because it's based on the median, doesn't tend to move as much.

What we see more and more in a number of countries is that they actually look at a suite of measures....I think you eventually want to look at maybe not just one but a few measures, to understand the strengths of each of them and how they complement each other.<sup>419</sup>

Sylvie Michaud, Statistics Canada

I think we do need relative income measures like the LICO, and we can debate the pros and cons of the particular methodology, but that's important. It tracks low income and income inequality. But I would argue that we need to continue to develop a series of deprivation measures, whether it's the MBM or a list of.... For instance, New Zealand has developed a very interesting living standard index over the last decade as part of their social report, which would be very interesting. It would provide more of a direct assessment of people's access to basic goods and services, in some ways similar to some of the measures we have around housing.

[...]

I would recommend a suite of measures. Canada needs to look at creating a deprivation or a living standard index, which I think would be tremendously useful to do.<sup>420</sup>

Katherine Scott, Canadian Council on Social Development

The members of the Committee agree that the LICOs and LIMs should continue to be part of Canada's suite of low-income measures and think that the MBM is an important supplemental measure that should also be included in a Canadian toolkit to measure poverty and social exclusion. However, members of the Committee also believe that a new federal action plan to reduce poverty in Canada should include a study of current low-income measures and issues related to data quality, and an assessment of the need for other indicators of material and social deprivation (e.g., Canadian Index of Wellbeing (CIW) and others). Indicators should also be reassessed on a regular basis to ensure that they are providing needed data to effectively inform policy.

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419 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting 6, February 26, 2009 at 12:05.

420 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 24, April 15, 2008 at 10:20.

### **Recommendation 3.3.3**

**The Committee recommends that the lead department(s) (e.g., Human Resources and Skills Development Canada), and/or the office or secretariat responsible for the implementation of the proposed federal action plan to reduce poverty in Canada, in consultation with the National Council of Welfare and Statistics Canada:**

- **examine the advantages and disadvantages of existing measures of low income;**
- **assess the need for other indicators of material and social deprivation;**
- **decide on a suite of measures and indicators that would provide effective information to monitor progress on the implementation of the proposed federal action plan to reduce poverty in Canada; and**
- **advise the Government of Canada to adopt this suite of poverty measures in a regulatory or otherwise flexible format which may evolve to accommodate changing best-practices in the measurement of poverty in Canada.**

### **Recommendation 3.3.4**

**The Committee recommends that the federal government adequately fund the collection of data based on the suite of measures of poverty that it will have adopted to ensure that data are available as needed to inform the monitoring and reporting processes as set in the proposed federal action plan to reduce poverty in Canada.**

## **3.4 Building Community Partnerships**

We strongly believe that only by investing in programs like Pathways to Education, programs that are community-based and that recognize the community risk factors associated with poverty, will we truly see a kind of reversal in fortunes and create a healthier, safer, and more prosperous nation.<sup>421</sup>

David Hughes, Pathways to Education Canada

Building partnerships with the non-profit and voluntary sector will be key to reducing poverty in Canada. It is estimated that Canada's voluntary sector consists of some 180,000 non-profit organizations, of which almost 45% are registered charities. This sector employs roughly 1.3 million individuals across the country and is aided by some 6.5 million

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421 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 38, June 2, 2009 at 08:20.

volunteers.<sup>422</sup> In 2005, the latest year for which data was available at the time of writing this report, Canada's non-profit sector accounted for some 6.8% of gross domestic product (i.e., GDP totalling more than \$86.9 billion).<sup>423</sup> When hospitals, universities and colleges are excluded, Canada's "core" non-profit sector accounted for 2.4% of GDP (\$31 billion), roughly one-third of the total non-profit sector GDP. Chart 3.4.1 provides a breakdown of the distribution of the core non-profit sector's GDP by area of activity. It is interesting to note that the value of this sector's output exceeds that of several industries including motor vehicle manufacturing, agriculture, and accommodation and food services.<sup>424</sup>

The activities of non-profit organizations that the Committee is primarily focussed on are social services (e.g., services to children and youth, family services, services for persons with disabilities, services for seniors, refugee assistance, temporary shelters, material assistance and income support), development and housing (e.g., entrepreneurial assistance, social development, housing associations, housing assistance, job training, and vocational rehabilitation and sheltered workshops) and other health services (e.g., mental health treatment, crisis intervention and public health and wellness education).

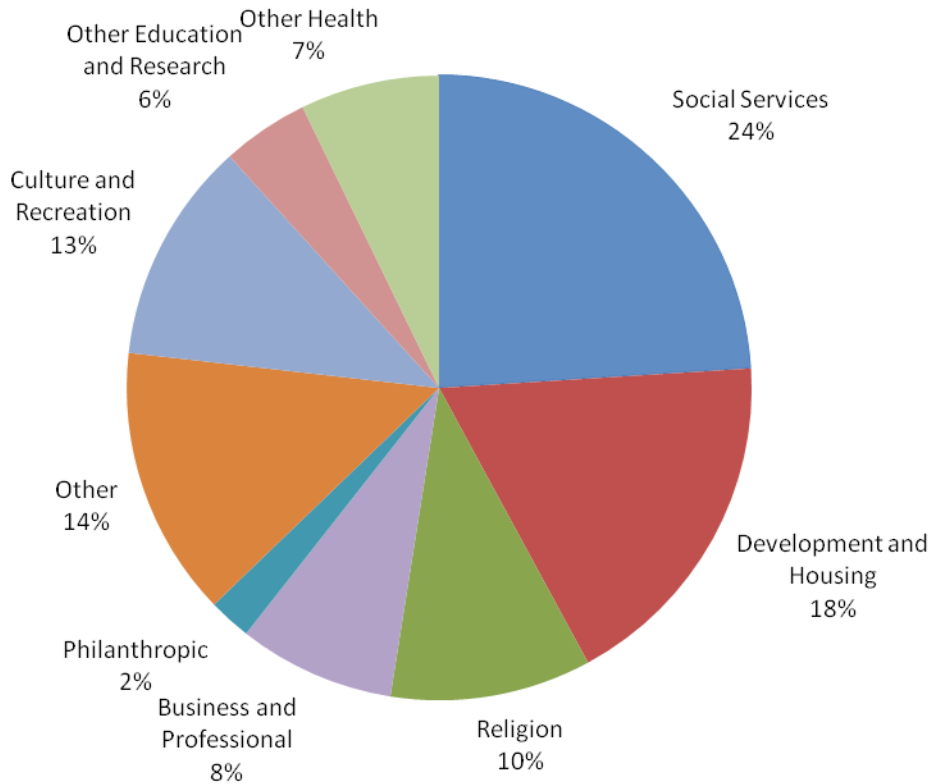
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422 The Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs, *From Red Tape To Clear Results*, December 2006, p. 10, [http://www.brpgde.ca/pdf/Report\\_on\\_Grant\\_and\\_Contribution\\_Programs.pdf](http://www.brpgde.ca/pdf/Report_on_Grant_and_Contribution_Programs.pdf).

423 Statistics Canada, *Satellite Account of Non-Profit Institutions and Volunteering 1997 to 2005*, 2008, p. 9, <http://www.statcan.gc.ca/pub/13-015-x/13-015-x2008000-eng.pdf>.

424 *Ibid.*, p. 11.

**Chart 3.4.1 - Distribution of Core Non-profit Sector GDP, By Activity, 2005**



Source: Statistics Canada, *Satellite Account of Non-profit Institutions and Volunteering 1997 to 2005*, December 2008, p. 13.

Without question, Canada's non-profit organizations impart a significant positive impact on the social and economic well-being of many individuals and their communities. Witnesses informed members of the Committee about the critical role that this sector plays in assisting low-income individuals across the country. And, on a few occasions, we had an opportunity to observe directly the positive impact that these organizations have on the people and communities in which they operate.

During our study, members of the Committee visited several non-profit organizations that are involved in providing community-based assistance to help low-income people cope with their everyday struggles and improve the quality of their lives. For example, in Halifax, Nova Scotia, the Committee visited the Metro Turning Point Centre, a facility of Saint Leonard's Society that provides a range of support services to homeless men. The Committee also visited the Vestiaire St. Joseph Food Bank in Shediac, New Brunswick, the largest food bank and clothing depot in the area (serving

more than 4,300 families in 2008). In Montreal, we toured Moisson Montréal, Canada's largest food bank, where some 212,000 kilograms of food pass through this immense warehouse each week. The Committee also visited the Regent Park Community Health Centre which is located in one of Toronto's most diverse communities and the location of Canada's largest social housing project. During this visit, we gained a greater appreciation of the impressive work conducted by an organization called Pathways to Education; this organization has been instrumental in decreasing secondary school dropout rates in Regent Park from a pre-Pathways' rate of 56% to less than 10% today. Moreover, 80% of Pathways' graduates continue on to post-secondary education, a rate that is four times higher than the pre-Pathways' rate of 20%. Finally, during our trip to northern Canada, the Committee visited the SideDoor Youth Center in Yellowknife, Northwest Territories. This organization serves more than 15,000 youth each year through a wide range of programs and recreational activities and operates Yellowknife's only emergency shelter for homeless youth.

All members of the Committee agree that the important role played by the non-profit sector to help meet the needs of low-income Canadians cannot be overstated. Community-based organizations that support individuals living in poverty need to be recognized more fully for their vital contributions to improving the welfare of Canadians across the country. The federal government, along with provincial and municipal governments, have come to rely heavily on these organizations and their volunteers. Given the unmet needs of this sector and the essential contribution it makes, the Committee believes that the federal government must strengthen and enhance its support for the myriad of community-oriented, non-profit organizations operating across the country whose *raison d'être* is to improve the social and economic welfare of those who need it most.

Three years ago, I co-wrote the report for the New Brunswick task force on the non-profit sector, which was a provincial undertaking in which we examined the state of the non-profit sector. What we discovered, among other things, was that the non-profit sector, properly supported and strengthened, could be the best vehicle for dealing with poverty and addressing issues of poverty in the community. That's a critical thing. Let's have no more direct service delivery from the top, from the middle. Let's put it on the ground.<sup>425</sup>

Sue Rickards, as an individual

We need community-based program delivery. As you recall from the presentation by the Right Honourable Iain Duncan Smith, the U.K. experience has been that the local community, faith, and NGO organizations are best able to deliver services that are tailored specifically to the needs of poverty-stricken individuals and families within their community. I believe this is the key to further improvements for low-income Canadians. Further efforts should take place around this issue.<sup>426</sup>

Dave Quist, Institute of Marriage and Family Canada

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425 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 27, May 12, 2009 at 14:55.

426 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 32, May 28, 2009 at 11:20.

In June 2000, the federal government launched the Voluntary Sector Initiative (VSI). This five-year initiative was intended to strengthen the relationship between the non-profit sector and the federal government and to enhance the former's capacity. In addition to establishing an Accord, the VSI entailed the creation of two Codes of "good practice"—the Code of Good Practice on Policy Dialogue and the Code of Good Practice on Funding. Combined, these documents contained commitments from the federal government to work toward sustainable multi-year funding, streamlined application processes and improved consultation. The extent to which this has been realized is limited at best.

This accord, signed by the Government of Canada and this sector in good faith, perhaps has failed both of us. There has absolutely been no follow-up on it, no commitments to what was stated in the accord, no application of the two codes. We believe there was a chance to collaborate and build a relationship of trust between government and the sector, and perhaps that is not necessarily true, and that is something we have to focus on.<sup>427</sup>

Martin Itzkow, Manitoba Federation of Non-Profit Organizations

According to *From Red Tape to Clear Results*, a report prepared by the Independent Blue Ribbon Panel on Grants and Contributions, "[o]ver the past ten years, the sector [community non-profit sector] has participated in a number of studies and consultative initiatives with the federal government and has received many assurances of change, to little avail. For all the consultations and promises, the sector today suffers from more uncertainty and instability than ever before. A simplified application, reporting and auditing process, predictable funding, and speedy decisions would address many of the sector's concerns".<sup>428</sup> Similar suggestions were made during our hearings.

#### **a. Administrative Burden**

The Committee was told that community non-profit organizations spend far too much time applying for funding, writing proposals and reporting results. Witnesses felt that the resources devoted to these activities would be better spent providing support to clients. The application process is burdensome, both in terms of the frequency with which applications must be made and the quantity of information that must be supplied to support proposals. Moreover, we were told that organizations are competing with one another for limited funding, which in our opinion is an inefficient use of limited resources in organizations which are already overburdened.

You have to provide detailed descriptions, identify all the people who will be involved, and so on. This makes for a lot of extra work for us during the year, because we have to fill out forms, etc. It takes a great deal of time. In terms of administration, in our organization, it is the same people performing multiple tasks.<sup>429</sup>

Janine L'Archevêque, Jardin de la Famille de Fabreville

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427 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 67, December 4, 2009 at 10:00.

428 The Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs, December 2006, p. 7.

429 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting 29, May 13, 2009 at 11:25.



I haven't stopped writing grants long enough to think about that....As I said, these are very small pots of money that we're after, and we are completely and totally accountable for everything, because we spend just as much time writing grants and proposals as we do on the interim report and the final report and the meeting and everything like that.

[...]

Again, I'm just seeing more and more over the past couple of years that people are spending a lot more time looking for those pots of money because there have been so many decreases from our core funding.<sup>430</sup>

Rene Ross, Stepping Stone Association and Community Coalition to End Poverty in Nova Scotia

All Committee members believe that accountability to taxpayers is an important and necessary feature of administering federal grant and contribution programs. However, it is our view that this important requirement can be achieved without overburdening the organizations that deliver essential programs and services to those in need. In this respect, federal departments need to become more flexible in their administration of grant and contribution programs, especially in terms of their application to community non-profit organizations, many of which are small, under-resourced and well known in the communities they serve. Furthermore, members of the Committee think that these organizations should be encouraged to and rewarded for developing initiatives that pool resources across organizations. This approach would reduce the administrative burden associated with the necessary application, reporting and auditing processes. Moreover, we think that partnering would encourage the development of more comprehensive initiatives.

#### **Recommendation 3.4.1**

**The Committee recommends that the federal government examine the Treasury Board's policy on grant and contribution programs with a view to encouraging program administrators to simplify the application process and adopt a more risk-based approach to auditing agreements. Moreover, applications made by community non-profit organizations that have demonstrated an ability to provide effective, high-quality programming and/or that involve partnering by pooling of resources to provide more comprehensive programming should be assessed and administered favourably, while still ensuring a fair review process of all applications.**

#### **b. Inadequate Funding**

Non-profit organizations find it difficult to raise sufficient revenues in the best of times, let alone during an economic recession. According to the most recent data available, total revenues in the core non-profit sector were \$68.8 billion in 2005. Federal transfers to the core non-profit sector in that year totalled \$3.8 billion, or roughly 5.5% of

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430 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting 20, May 11, 2009 at 10:15 and 10:20.

total core non-profit sector revenues that year.<sup>431</sup> Despite the cost-effectiveness of and the major contribution made by this sector, especially the community non-profit sector which relies heavily on public funding, the federal government's support for this sector is relatively small.

The Committee was told that many community non-profit organizations do not have sufficient revenues to achieve their goals and, in some cases, face a great deal of uncertainty regarding the continuation of programs and services. We were told that the federal government should increase its spending on non-profit organizations whose focus is to alleviate and address poverty in rural and urban communities across the country. In this context, many witnesses called for a shift away from project-based funding agreements that require yearly applications. Some called for a return to "core" funding<sup>432</sup> or at least a multi-year funding commitment.

We would like there to be more stable funding. As regards project funding, when the year is up, the project is over, and that has an impact on the organization because things are constantly changing. It is exhausting for us. We hire people and then have to let them go because, when the year is up, we no longer have the necessary funds to continue the project. Very often, it would be worthwhile to continue those projects, but it just is simply not possible. We are aware that needs are great in this area. Unfortunately, as needs continue to grow, we do not have the necessary resources to respond.<sup>433</sup>

Janine L'Archevêque, Jardin de la Famille de Fabreville

Finally, we recommend that the federal strategy include a program that commits funds to strengthen effective community-led poverty reduction initiatives. As I mentioned earlier, Canadians across the country have long been taking action that enables others in their community to overcome barriers and develop capacity and opportunities to participate fully in community life. Many of these initiatives lack the required resources to work with the active leaders in their communities to tackle the complex issue of poverty...<sup>434</sup>

Brendan Reimer, Manitoba Community Economic Development Network

In terms of specific federal programs, more emphasis should be afforded to funding innovative and effective programs that achieve concrete results. One avenue that the federal government uses to improve the social and economic conditions of low-income individuals is the Social Development Partnerships Program (SDPP), an initiative delivered through Human Resources and Skills Development Canada's (HRSDC) Community Development and Partnerships Directorate. The SDPP is delivered in partnership with social non-profit organizations to improve the lives of people with disabilities, children and families and other vulnerable populations. In our view, the client groups served under this program could be broadened and program spending could shift away from support for

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431 Statistics Canada, *Satellite Account of Non-Profit Institutions and Volunteering 1997 to 2005*, 2008, pp. 19-20.

432 At one time, the federal government provided grants to help organizations pay for their overhead costs. These funds were also called core funding and were primarily intended to help organizations that had limited revenues and faced difficulty covering basic organizational and administrative costs.

433 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 29, May 13, 2009 at 11:10.

434 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 67, December 4, 2009 at 08:15.

conferences and analysis to initiatives that directly assist low-income people.<sup>435</sup> In 2010-2011, HRSDC plans to spend \$20.6 million on the SDPP, down \$500,000 from the previous fiscal year but \$5 million less than in 2008-2009.<sup>436</sup>

I find it interesting and a touch sad that recently, on May 8, a call for proposal was put out by HRSDC for the [S]ocial [D]evelopment and [P]artnership [P]rogram, and one of the priority areas was strengthening the voluntary sector. Again, this was project funding for non-profit to get funding on how we can strengthen the sector. What I need to strengthen my sector is funding, so that I can deliver the service. It is not project funding that will end in three years when women who are homeless and hungry are knocking on my door; they need critical service now.<sup>437</sup>

Tanis Crosby, YWCA Halifax

### Recommendation 3.4.2

**The Committee recommends that the federal government review the spending priorities under the Social Development Partnerships Program and expand the client groups served under this program. Spending under this program should be increased and targeted at innovative and effective programs delivered by non-profit organizations whose primary purpose is to strengthen the communities in which they operate and provide services and support to those who need it most. Furthermore, funding for these organizations should be made available on a multi-year basis.**

In addition to increased program spending, some witnesses suggested that the federal government should examine ways to enhance the revenue-raising capacity of non-profit organizations. One suggestion was to raise the charitable tax credit. According to the results of the most recent Canada Survey of Giving, Volunteering and Participating (2007), 54% of donors said that they would give more in return for a better tax credit.<sup>438</sup>

[T]he final thing I would say to challenge our policy-makers is that we are in an economic downturn and requiring stimulus. I think the economic downturn has produced a bit of a revolution in understanding that life is not about defining “more” and how to get it; instead, people are starting to be challenged to define “enough” and how to give more

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435 Human Resources and Skills Development Canada, *Projects Funded by the Social Development Partnerships Program*, [http://www.hrsdc.gc.ca/eng/hip/sd/0501\\_sdpp\\_projects.shtml](http://www.hrsdc.gc.ca/eng/hip/sd/0501_sdpp_projects.shtml).

436 Human Resources and Skills Development Canada, *2009-2010 Report on Plans and Priorities*, Supplementary Information, Details of Transfer Payment Programs, Table 25, <http://www.tbs-sct.gc.ca/rpp/2009-2010/inst/csd/st-tspr-eng.asp?format=print>; and Human Resources and Skills Development Canada, *2010-2011 Report on Plans and Priorities*, Supplementary Information, Details of Transfer Payment Programs, Table 29, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/csd/st-ts01-eng.asp>.

437 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 23, May 11, 2009 at 15:20.

438 M. Hall, D. Lasby, S. Ayer, and W. D. Gibbons, *Caring Canadians, Involved Canadians: Highlights from the 2007 Canada Survey of Giving, Volunteering and Participating*, June 2009, pp. 31-32, <http://www.statcan.gc.ca/pub/71-542-x/71-542-x2009001-eng.pdf>.

away. I would urge our policy-makers to support that philanthropic revolution and to up the tax credit for donors who are donating to our organizations.<sup>439</sup>

Michael Poworoznyk, Saint Leonard's Society of Nova Scotia

Federal tax policies should be modified to encourage local businesses and individuals to contribute to local solutions, thus empowering the community.<sup>440</sup>

Susan Crouse, Salvus Clinic

### Recommendation 3.4.3

**The Committee recommends that the federal government provide a more generous charitable tax credit targeted at community non-profit organizations that are dedicated to poverty reduction, and consider other tax policies that would serve the same purpose.**

Finally, we were reminded that the activities, especially revenue-raising activities, of core non-profit sector organizations have changed over the years, but that the regulatory framework governing these activities has not. According to recent research, federal legislation and regulations governing non-profit organizations is very dated: “[w]hile the third sector has boldly moved into the 21<sup>st</sup> century, it is being governed by 19<sup>th</sup> and 20<sup>th</sup> century structures.”<sup>441</sup>

Unlike the past, today many core non-profit organizations rely on multiple sources of revenue. In 2005, it is estimated that 50.4% of core non-profit organization revenues came from earned income (including investment income), 20.3% from government transfers, 15.4% from membership fees and 13.8% from donations by private individuals and businesses.<sup>442</sup> However, it is important to note that the distribution of revenue sources varies significantly by area of activity. For example, it is thought that sports and recreation organizations receive more than half of their revenues from fees and memberships, while social services receives more than two-thirds of its revenue from government and more than one-fifth from earned income.<sup>443</sup>

According to the results of a recent survey of legislative and regulatory challenges facing the non-profit sector, respondents ranked the following issues as being the most important to address: lack of access to capital (75% of respondents); lack of access to foundations for funding (66%); all of charity’s activities must be charitable (63%); earned income must be a secondary activity for charities (prohibits social enterprise) (60%); charities are prohibited from owning more than 10% of a business (54%); and the Canada

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439 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 21, May 11, 2009 at 10:40 and 10:45.

440 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 27, May 12, 2009 at 14:35.

441 L. Eakin and H. Graham, *Canada's non-profit maze: A scan of legislation and regulation impacting revenue generation in the non-profit sector*, Wellesley Institute, May 2009, p. 7, <http://wellesleyinstitute.com/files/Canada's%20Non-Profit%20Maze%20report.pdf>.

442 Statistics Canada, *Satellite Account of Non-Profit Institutions and Volunteering, 1997 to 2005*, 2008, p. 19.

443 L. Eakin and H. Graham, *Canada's non-profit maze*, May, 2009, pp. 10-11.

Revenue Agency's requirement that 80% of charitable revenue received be disbursed within the subsequent year on charitable activities (54%).<sup>444</sup> It seems clear from the results of this survey that rules pertaining to earned income represent significant revenue-raising challenges for non-profit organizations, especially those with charitable status. A 2009 report recommended extending capital gains exemptions to donations of real estate and private company shares, in order to extend the base for charitable donations.<sup>445</sup>

The non-profit sector currently has very limited access to the financial tools available to the private sector. Many non-profits do not seek alternative forms of capital because they lack business expertise, they are wary of associated risks of borrowing, or they do not have a business model to support debt financing. Regulatory barriers also prevent charities and non-profits from structuring and financing social enterprises....Lack of tax incentives or other government-sponsored approaches to mitigating risk also discourage institutional investors from participating in this market.<sup>446</sup>

Don Palmer, Causeway Work Centre

#### **Recommendation 3.4.4**

**The Committee recommends that the federal government review and implement quickly the required legislative and regulatory reforms to allow core non-profit organizations, especially those that rely on charitable donations and earned income, to better meet their growing revenue needs.**

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444 Ibid., pp. 13-18.

445 Malcolm Burrows, *Unlocking More Wealth: How to Improve Federal Tax Policy for Canadian Charities*, C.D. Howe Institute e-brief, September 15, 2009, [http://www.cdhowe.org/pdf/ebrief\\_86.pdf](http://www.cdhowe.org/pdf/ebrief_86.pdf).

446 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 11:50.



## CHAPTER 4: ASSISTING CHILDREN, FAMILIES AND VULNERABLE POPULATIONS

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### 4.1. Benefits and Programs for Children and Families

Again, as I mentioned in my presentation, the key strategy for a policy to reduce or eliminate child poverty, first, is a strong economy....Second, it's the targeting of benefits towards children. We've done that very successfully through the national child benefit strategy, where both the federal and provincial governments have developed particular support systems and income support for children.

We have to do more in that regard.<sup>447</sup>

Andrew Sharpe, Centre for the Study of Living Standards

Despite significant declines in children's low-income rates since the mid-1990's, as well as previous commitments by members of the House of Commons to work towards eliminating child poverty, children and their families remain particularly vulnerable to low income and continue to face this situation in large numbers. In 2007, 637,000 children in Canada (9.5%) lived in low-income households.<sup>448</sup> As outlined in Chapter 1 of this report, certain groups of children, including children with Aboriginal identity, children with disabilities, recent immigrant children and children in female-headed lone-parent families, are particularly vulnerable to living on low incomes. While the Committee is pleased that children's low-income rates continue to fall, we believe that no child in Canada should live in poverty and that more must be done to increase the living standard of young Canadians and their families.

Living on low income can have detrimental consequences in a variety of aspects of children's lives. Witnesses told the Committee that poverty hinders children's development, decreases their health and educational outcomes, and limits their ability to fully participate in society. Children living in low-income families are also more likely to live on a low income as adults, thus perpetuating a cycle of poverty.

We also know that the effects of poverty go beyond mere money and income. Among other sources, Statistics Canada reports that the effects of poverty on children have many detrimental outcomes, including on health—both physical and mental—education, development, and behavioural disorders. There is also a higher probability that as adults, those children will grow up living in poverty as well. Addressing these needs lowers other life barriers as well.<sup>449</sup>

Dave Quist, Institute of Marriage and Family Canada

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447 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 12:10.

448 Statistics Canada, Table 202-0802 - *Persons in low income*, annual, CANSIM Database. Low income is calculated according to the after-tax LICO measure.

449 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 32, May 28, 2009 at 11:15.

There are many external factors and conditions that affect a child's ability to learn and a teacher's ability to support that learning, but none as critical or complex as child poverty.

Children who come to school hungry, dressed poorly or ill cannot concentrate in class. This is the beginning of a vicious cycle, where children are not successful in school, become disengaged, and often years later leave school without graduating. Poverty and income inequality affect all members of society, but have much longer lasting effects on children.<sup>450</sup>

Reno Melatti, Ontario Teachers' Federation

We see increased rates of injury and death from injury, teen pregnancies, delinquent behaviours, visual and hearing problems and decreased academic outcomes, school readiness, post-secondary training and education and participation in cultural and recreational opportunities. In other words, child poverty poisons the developing brain and the spirit.<sup>451</sup>

Dr. Andrew Lynk, Canadian Paediatric Society

The Committee heard that poverty reduction interventions at an early age are particularly important. Not only do they have the greatest impact at this formative time in a person's development, but they also lead to greater returns over the long run.

If we can make investments that will change the opportunities for children, we are all better off for it. It's not just about the kids who benefit. We are all better off in a very tangible way. We will pay less down the road if we get there early.<sup>452</sup>

Hon. Deb Matthews, Government of Ontario

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450 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 39, June 2, 2009 at 09:50.

451 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 11:30.

452 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 12:10.



The Committee also heard extensively about the importance of child care, also known as early childhood education and care (ECEC)<sup>453</sup> as a means of reducing poverty. Not only do high-quality early education and child care programs contribute to children's future well-being by fostering healthy development, but they also give parents and family members the freedom to pursue educational and work opportunities, as well as to engage in other aspects of civic life. Conversely, a lack of access to affordable child care can be a significant obstacle to acquiring training, entering the labour market and escaping low income. Child care services are particularly important for groups at risk of poverty such as women and new immigrants, who face a variety of challenges in entering the labour market and are more likely to live on low incomes.

Child care is significant because of its social policy value and its economic policy value. In terms of social policy, we know from a burgeoning literature, a very vast literature, about the value of investing in early childhood development, from the perspective of readiness to learn and support for good mental health and development over the years. But we also know that high-quality, affordable child care is essential to economic policy because it enables families to pursue education and to participate in the labour market.

[...]

By the way, the other aspect of investing in child care is that it does create a lot of jobs for women too. We were talking before about the infrastructure money not being particularly valuable for women with respect to employment. Well, women are disproportionately involved in terms of the caregivers in early childhood centres, and investing in child care creates employment for women as well. There are both support and employment opportunities for women through that kind of investment.<sup>454</sup>

Sherri Torjman, Caledon Institute of Social Policy

High-quality, accessible child care is another important key to getting out of poverty, essential to support employment and learning, a strategy that is critical to women's equality, an important element of reconciliation with our aboriginal peoples, and a key to social inclusion for newcomers in Canada.<sup>455</sup>

Susan Russell, Canadian Federation of University Women

Improving child care services will reduce poverty by increasing family incomes in three important ways. By improving child care availability, we support parents in maintaining and increasing their labour force attachment. Labour force attachment itself is essential to poverty reduction, although, as others will have described, it's in no way a guarantee. By improving child care affordability, we reduce parent fees, lowering the cost associated with increased labour force attachment. By improving child care quality, we support

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453 The term early childhood education and care (ECEC), sometimes called early learning and child care (ELCC), encompasses the multiple functions served by child care, including readying children for school and enhancing their overall wellbeing, as well as allowing parents to participate in the workforce. The term is most often used in reference to programs for children from birth to the age of school entry, (age 4, 5 or 6 depending on the province/territory).

454 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:20 and 12:05.

455 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:35.

children's healthy development. In the long term, this leads to improved educational outcomes and earnings.<sup>456</sup>

Jody Dallaire, Child Care Advocacy Association of Canada

In 2004-2005, 55% of children ages one to five were in some form of non-parental child care. While the majority of these children received care in another private home, an increasingly large proportion attended daycare centres.<sup>457</sup> Unfortunately, recent data indicates that Canada's ECEC system is unable to meet the needs of many families. In 2008, 20.3% of pre-school age children had access, on a full- or part-time basis, to regulated centre-based spaces,<sup>458</sup> while 18.6% of children up to age 12 had access to a regulated child care space. That year, Canada had 867,194 regulated child care spaces for children ages zero to 12 years, an increase of 29,271 spaces since 2007. The majority of these regulated child care spaces (75%) were not-for-profit.<sup>459</sup> Witnesses who appeared before the Committee were alarmed by the insufficient number of child care spaces and also expressed concerns about the cost and quality of child care in Canada. They explained that, as a result of these and other challenges, Canada performs poorly compared to other developed countries in regards to ECEC services.<sup>460</sup>

I have some evidence about the state of ECEC policy and programs. First of all, the programs themselves are in very short supply. You can just look at waiting lists across the country and desperate parents' newspaper stories. A second thing is that the quality of child care in Canada is rarely high enough to be developmental. It's underfunded. It's not good enough.

In addition, regulated child care is usually too expensive, even for ordinary families, let alone for low-income families; and most families, if they can afford to, use unregulated private arrangements, which are often unsatisfactory from both a reliability and a quality perspective.

Finally, although no families have good access to child care, some groups have especially poor access, and here I would note aboriginal Canadians, immigrants and refugees, and parents working at non-standard hours and non-standard jobs. All of these are most likely to be low-income families.<sup>461</sup>

Martha Friendly, Childcare Resource and Research Unit

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456 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 11:10.

457 Government of Canada, *The Well-Being of Canada's Young Children*, 2008, p. 38, [http://www.socialunion.gc.ca/well\\_being/2008/en/pdf/well-being-2008-en.pdf](http://www.socialunion.gc.ca/well_being/2008/en/pdf/well-being-2008-en.pdf).

458 These child care spaces are regulated by provincial or territorial licensing or monitoring standards.

459 Jane Beach et al., *Early Childhood Education and Care in Canada 2008*, Childcare Resource and Research Unit, June 2009, p. xii, p. 183 (Table 9) and p. 200 (Table 22), <http://www.childcarecanada.org/ECEC2008/>.

460 For examples, see UNICEF Innocenti Research Centre, *The Child Care Transition: A League Table of Early Childhood Education and Care in Economically Advanced Countries*, Report Card 8, 2008, [http://www.unicef.ca/portal/Secure/Community/502/WCM/HELP/take\\_action/Advocacy/rc8.pdf](http://www.unicef.ca/portal/Secure/Community/502/WCM/HELP/take_action/Advocacy/rc8.pdf) and OECD Directorate for Education, *Early Childhood Education and Care Policy: Canada Country Note*, October 2004, <http://www.oecd.org/dataoecd/42/34/33850725.pdf>.

461 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 40, June 2, 2009 at 11:15.

The crisis in child care in Canada outside of Québec has been confirmed by a series of international studies. In 2006 the OECD reported that Canada has the lowest early learning and child care access rate in 20 developed countries and invests the least public funds of the 14 reporting countries.<sup>462</sup>

Jody Dallaire, Child Care Advocacy Association of Canada

The federal government offers a variety of financial supports to Canadians to enhance the well-being of children and families. It operates the Canada Child Tax Benefit (CCTB) and the Child Tax Credit (CTC), as well as programs related to child care, including the Child Care Expense Deduction (CCED), the Universal Child Care Benefit (UCCB), and maternity and parental benefits. In addition, the federal government cooperates with other jurisdictions by providing dedicated transfers to provinces and territories through the Canada Social Transfer (CST). These transfers enhance the benefits and services provided to Canadian children and families by other levels of government.

#### **a. The Canada Child Tax Benefit and National Child Benefit Supplement**

The CCTB is the largest federal child benefit and a cornerstone of Canada's income support system for children and families. Every year the CCTB delivers \$9.4 billion in benefits<sup>463</sup> to around 3.9 million families with 6.8 million children.<sup>464</sup> Eligible families with children under 18 years of age receive the benefit through monthly, non-taxable payments. The CCTB payment is made up of the CCTB base benefit, which is available to a large majority of families including the non-poor and is intended to help parents with the cost of childrearing, and the National Child Benefit Supplement (NCBS), which provides additional support to low- and modest-income families. The NCBS represents the federal contribution to the National Child Benefit (NCB), a joint initiative of the Federal-Provincial-Territorial governments, as well as First Nations. The base benefit of the CCTB in 2009-2010 is \$1,340 per year and the NCBS has a maximum annual value of \$2,076. These amounts vary, however, according to family size, net income and province of residence.<sup>465</sup> Families caring for children with mental or physical impairments may also qualify for the additional amount of the Child Disability Benefit (CDB), currently up to \$2,455 per year for each eligible child.<sup>466</sup>

The CCTB is an important and successful component of the federal government's child benefit system. Research shows that the current system of federal child benefits

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462 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 11:10.

463 Canada Revenue Agency, *Canada Revenue Agency Annual Report to Parliament 2007-2008*, p. 153, <http://www.cra-arc.gc.ca/gncy/nnnl/2007-2008/prfrmnc-e/rc4425-08eng.pdf>.

464 Ken Battle, *Beneath the Budget of 2009: Taxes and Benefits*, Caledon Institute of Social Policy, February 2009, p. 15, <http://www.caledoninst.org/Publications/PDF/751ENG.pdf>.

465 An additional supplement is added to the CCTB base benefit for families with three or more children, and the base benefit is reduced for families with net incomes over \$38,832. In Alberta, the amount of the base benefit varies according to children's ages. The NCBS is reduced for families with more than one child and net incomes over \$21,816. For more information, see [http://www.cra-arc.gc.ca/bnfts/cctb/fq\\_pymnts-eng.html#q9](http://www.cra-arc.gc.ca/bnfts/cctb/fq_pymnts-eng.html#q9).

466 The Child Disability Benefit (CDB) is also discussed in section 4.2 of this report.

reduces the poverty rate of families with children by 38%.<sup>467</sup> The NCBS portion of the CCTB, along with provincial and territorial investments in the NCB program, prevented between 67,500 and 78,800 families with between 144,500 and 171,100 children from living on low incomes in 2005.<sup>468</sup> Witnesses who appeared before the Committee commended federal investments in the CCTB and spoke of its value for poverty reduction.

Child benefits take a hefty whack out of the poverty statistics. If there were no federal child benefits, the low-income rate for families with children would be 15%. Under the current system of federal child benefits, the low-income rate for families with kids is 9.3%...<sup>469</sup>

Ken Battle, Caledon Institute of Social Policy

During its hearings, the Committee was also alerted to some shortcomings of the CCTB program. Some provinces and territories are reducing the amount of social assistance they provide to children and families by the amount of the NCBS, effectively “clawing back” this federal benefit. This “clawback” was a key feature of how the NCB was designed, allowing provinces to reinvest social assistance savings in additional benefits and services for low-income families. Over time, however, most provinces have ceased to “claw back” the amount low-income families receive from the NCBS. Witnesses told the Committee that these clawbacks have resulted in a complex system of benefits across the country that fails to provide the support that low-income children and families need and deserve. Numerous witnesses proposed increasing the total amount of the CCTB, including both the base benefit and NCBS components, as well as taking steps to end the clawback of the NCBS at the provincial/territorial level.

Personally, I think it's important to give some families who need it money. I think the [N]ational [C]hild [B]enefit is a good program. I'm a part of Campaign 2000 as a national partner. I think that putting a lot of that money into the [N]ational [C]hild [B]enefit, and not making it a universal program but skewing it down to the people who need the money the most, would be a really good use of public money.<sup>470</sup>

Martha Friendly, Childcare Resource and Research Unit

We at the Children's Aid totally support the Campaign 2000 policy solutions. These include a full child benefit of \$5,200 a year. In fact, child benefits have been a pretty big success story in Canada over the years in terms of reducing poverty. We feel that they have a little more to go, but they can really have quite an impact on poverty.<sup>471</sup>

Colin Hughes, Children's Aid Society of Toronto

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467 Ken Battle, *A \$5,000 Canada Child Tax Benefit: Questions and Answers*, Caledon Institute of Social Policy, January 2008, p. 5, <http://www.caledoninst.org/Publications/PDF/669ENG.pdf>.

468 The estimated number of families and children varies according to the measure of poverty used. National Child Benefit, *The National Child Benefit Progress Report 2007*, May 2010, p. 39, [http://www.nationalchildbenefit.ca/eng/pdf/ncb\\_progress\\_report\\_2007.pdf](http://www.nationalchildbenefit.ca/eng/pdf/ncb_progress_report_2007.pdf).

469 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:10.

470 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 40, June 2, 2009 at 11:45.

471 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 41, June 2, 2009 at 13:45.

... under Caledon's proposal for a \$5,000 maximum CCTB we would reduce [the low-income rate for families with children] further, to 8.3%. We'd see similar reductions in the numbers of low-income families and the depth of poverty.

The answer to further progress against child poverty in terms of child benefits is a simple one: the Canada child tax benefit is there. All we need to do is make further incremental improvements and we can reach the \$5,000 target.<sup>472</sup>

Ken Battle, Caledon Institute of Social Policy

The ESPC [Edmonton Social Planning Council] proposes that the child tax benefits be increased by \$400 per child in next benefit year starting July 1, 2010. There should be further real increases of \$200 per year in the following four benefit years. To help pay for this proposal, the non-refundable child tax credit should be eliminated....The \$1.5 Billion in savings should instead be invested in the refundable benefit allowing it to be increased by about \$200 annually at no extra cost to government....By July 2014, the maximum benefit would increase to \$6,496 for children under age 6, and \$5,138 for children between 6 to 17 years.<sup>473</sup>

John Kolkman, Edmonton Social Planning Council

The Committee believes that financial support for children and families on low incomes is a fundamental component of a federal commitment to poverty reduction and that, in order to successfully reduce poverty in Canada, children must be the target of bold new investments. It is our view that these investments would best be made as part of the CCTB, a benefit that significantly enhances the well-being of millions of Canadian children and their families and makes a particular difference in the lives of those most in need. The Committee urges the federal government to incrementally increase the CCTB to reach a maximum annual amount of \$5,000 in five years' time. The Committee also suggests that the federal government have open discussions with its provincial and territorial counterparts about ending the clawback of the NCBS to ensure that the full amount of federal benefits reaches deserving individuals.

#### **Recommendation 4.1.1**

**The Committee recommends that the federal government incrementally increase the annual amount of the Canada Child Tax Benefit—including both the base benefit and the National Child Benefit Supplement—to reach a minimum of \$5,000 per child within five years' time.**

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472 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:10-11:15.

473 John Kolkman, *Child Tax Benefits: An Effective Poverty Reduction Measure*, Edmonton Social Planning Council, Brief submitted to HUMA, December 3, 2009, pp. 2-3.

## **b. The Child Tax Credit**

The federal government introduced the CTC in the 2007 Budget. This new child benefit program provides families with a maximum annual tax savings of \$310 for each child under 18 years. In 2008-2009 the program was estimated to provide a total of \$1.5 billion in tax relief to about 3 million families.<sup>474</sup> Since the CTC is non-refundable, however, those who do not pay taxes, by and large the poorest Canadians, cannot receive the benefit. This was identified by witnesses who appeared before the Committee as a serious deficiency, one that limits the program's ability to effectively combat poverty among Canadian families.

Tax measures need to be designed very carefully if they are to contribute to poverty reduction goals. A good case in point is the difference between the child tax benefit and the child tax credit. The child tax credit, announced in the 2007 budget, while providing a modest benefit to families with children who had taxable income, did absolutely nothing for the poorest children whose families have no taxable income at all.<sup>475</sup>

Dennis Howlett, Make Poverty History

## **c. The Child Care Expense Deduction and the Universal Child Care Benefit**

The federal government also provides financial support to families for child care costs. The CCED allows families to deduct expenses incurred for a variety of types of child care from taxable income. Up to \$7,000 for children under seven years and up to \$4,000 for children seven to 16 years can be claimed. Businesses that create child care spaces in the workplace can also receive an investment tax credit of 25%, up to a maximum of \$10,000 per space created. The introduction of the UCCB in 2006 broadened the range of income supports available to families. The UCCB is a taxable payment of \$100 per month (\$1,200 per year) for each child under age six. It is provided to every family in Canada regardless of income and delivers more than \$2.4 billion each year to approximately 1.5 million families with over 2 million children.<sup>476</sup> The UCCB can be spent as recipients see fit and is intended to give families the flexibility to choose the best child care options for their needs.<sup>477</sup>

Many witnesses who appeared before the Committee argued that the UCCB does little to enhance Canada's child care system. They claimed that the UCCB provides insufficient financial support compared to the cost of child care, particularly after taxes; is not targeted to assist low-income Canadians and has no redistributive effect; and does not necessarily support child care or the creation of child care spaces because there are no restrictions on how it is spent.

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474 Government of Canada, *The Budget Plan 2007: Aspire to a Safer, Stronger, Better Canada*, March 19, 2007, p. 227, <http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>.

475 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 16, April 28, 2009 at 11:20.

476 Human Resources and Skills Development Canada, *Just the Facts: Children and Families*, 5 December 2008, [http://www.rhdcc-hrsdc.gc.ca/eng/corporate/facts/children\\_families.shtml](http://www.rhdcc-hrsdc.gc.ca/eng/corporate/facts/children_families.shtml).

477 Government of Canada, *The Universal Child Care Plan Provides Choice, Support and Spaces*, January 20, 2009, [http://www.universalchildcare.ca/eng/why\\_ucc/index.shtml](http://www.universalchildcare.ca/eng/why_ucc/index.shtml).

With regard to direct funding to families, I can speak more specifically about the program for families: \$100 a month per child under the age of six. Families have told us that they do appreciate the program. There might be enough left over after taxes to pay for the gas to take their children to child care but it does not in any way help them find a space when none are available. Even when they find a space, the cost of child care is about \$12,000 a year. There is a large gap between these amounts.<sup>478</sup>

Jody Dallaire, Child Care Advocacy Association of Canada

Not only is the universal child care benefit a taxable benefit – and therefore what you see is not what you get – but what you get depends on what province you live in, because it's also taxed through provincial and territorial income tax. If we gave examples, in some places high-income families would end up with more money than low-income families in another province. It made for a very irrational system.<sup>479</sup>

Ken Battle, Caledon Institute of Social Policy

The Committee understands the importance of government support for child care, but some members of the Committee share the concerns of many witnesses about the value of the UCCB program. In order to effectively combat poverty in Canada, the Committee believes that federal funding should target low-income children and families, and that the creation of accessible and affordable child care spaces should be a priority. However, some witnesses also indicated that the UCCB should be retained. In light of contradicting testimony on the value of the UCCB, some members of the Committee believe that the federal government should appoint an expert panel to thoroughly evaluate the effectiveness of the UCCB as a tool for supporting child care. The impact of the UCCB on reducing the incidence of low income among families should also be evaluated. The findings of the panel should be reported publicly and the government should follow up on their recommendations.

The universal child care benefit should be retained, in our view, for all Canadian families with children, as it provides extra support to younger families with preschool-aged children. While it is not a child care program as such, it does help younger families pay a portion of their child care costs. ... However, the UCCB should be non-taxable, indexed, and better integrated with the overall child tax benefit system.<sup>480</sup>

John Kolkman, Edmonton Social Planning Council

Let's be specific. The UCCB is ineffective. It is \$100 a month. Of course, people appreciate money in their pockets. But if one looks at its goals, one sees that it's not really delivering child care services. In most situations, there are not services to buy, and it's not enough to assist in buying services.

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478 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 12:15.

479 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 12:50.

480 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 65, December 3, 2009 at 9:10.

Let's look at it as an income transfer, which is what it is. I would suggest that it needs to be "reconciled" with the child benefit, which is progressive.<sup>481</sup>

Laurel Rothman, Campaign 2000

## Recommendation 4.1.2

**The Committee recommends that the federal government appoint an expert panel to thoroughly evaluate the effectiveness of the Universal Child Care Benefit (UCCB) as a tool for supporting early learning and child care. The impact of the UCCB on reducing poverty in Canada should also be examined. The findings of the panel should be made public, and the government should follow up on their recommendations.**

### d. Transfers to Provinces and Territories

Early Childhood education and care (ECEC) are primarily the responsibilities of the provinces and territories.<sup>482</sup> Each of these jurisdictions has a regulated child care program, and together they provide almost all funding for regulated child care in Canada. In 2007-2008, provincial and territorial allocations for this purpose totalled more than \$3 billion, with Québec alone spending \$1.7 billion.<sup>483</sup> The federal government supports provincial and territorial government investments in ECEC through dedicated transfers. Since the 2007 Child Care Spaces initiative, the federal government transfers \$250 million annually to provinces and territories for early education and child care. About \$350 million annually is also delivered in accordance with the 2003 Multilateral Framework Agreement on Early Learning and Child Care, which requires provinces to report publicly on their progress in this area.<sup>484</sup> Research has shown, however, that many provinces have not met reporting requirements<sup>485</sup> and that the creation of new child care spaces has slowed compared to the early 2000s.<sup>486</sup> This matter was of concern to witnesses who appeared before the Committee.

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481 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 33, June 1, 2009 at 9:20.

482 The federal government has a greater direct responsibility for certain groups, including on-reserve First Nations, some Aboriginal peoples, military personnel and their families, people incarcerated in federal penal institutions, and refugees and immigrants to Canada. It provides early learning interventions to each of these groups. For example, the Public Health Agency of Canada funds Aboriginal Head Start, an early childhood development program for First Nations, Inuit and Métis children and their families.

483 Beach et al., *Early Childhood Education and Care in Canada 2008*, 2009, Table 12, p. 186.

484 For information regarding reporting requirements, see Human Resources and Skills Development Canada, "Multilateral Framework Agreement on Early Learning and Child Care," *Early Learning and Child Care*, January 21, 2009, [http://www.ecd-elcc.ca/eng/elcc/elcc\\_multiframe.shtml](http://www.ecd-elcc.ca/eng/elcc/elcc_multiframe.shtml).

485 Lynell Anderson and Tammy Findlay, *Making the Connections: Using Public Reporting to Track the Progress on Child Care Services in Canada*, Child Care Advocacy Association of Canada, October 2007, p. 4, [http://www.ccaac.ca/mtc/en/pdf/mtc\\_finalreport\\_en.pdf](http://www.ccaac.ca/mtc/en/pdf/mtc_finalreport_en.pdf).

486 Beach et al., *Early Childhood Education and Care in Canada 2008*, 2009, p. xvii.



In a province that is screaming for more quality child care and education and that has long waiting lists, the fact that there is apparently no accountability in terms of the federal dollars that have been transferred to create child care spaces in this province is a shame and needs to be looked at.<sup>487</sup>

Bill Moore-Kilgannon, Public Interest Alberta

All members of the Committee agree that ECEC plays an important role in efforts to reduce the incidence of poverty in Canada. Witnesses told the Committee that more should be done by the federal government to help low-income families and children access child care and early intervention programs. Many recommended that the federal government develop a national strategy on ECEC that ensures high quality, inclusive and accessible child care.

Lack of quality child care is a significant barrier to women's engagement in the economy. An effective poverty reduction strategy must address child care in a way that's flexible or in line with local labour market conditions and women's child care responsibilities. A national child care strategy is essential.<sup>488</sup>

Beverley Wybrow, Canadian Women's Foundation

The federal government must address this fundamental building block of poverty reduction through creating a national not-for-profit child care system. This process could begin with the restoration of multi-year federal funding to the provinces through dedicated capital transfers. This money should go to community-based child care services, so that the provinces and territories can begin to build this critical child care assistance.<sup>489</sup>

Susan Russell, Canadian Federation of University Women

We also believe there should be the creation of a national child care plan. We saw this looming before the election in 2003. We would very much like that back. We don't think that either the [N]ational [C]hild [B]enefit [S]upplement or the universal child care benefit is making up the difference for, as we say, a national, accessible child care plan for everyone at any income level. This is good for children for all kinds of reasons, which Laurel Rothman has already set out. Furthermore, it provides parents with the ability to get out and work as they need.<sup>490</sup>

Patricia Smiley, South Etobicoke Social Reform Committee

...Canada should immediately commit to spending 1% of its GDP on early learning and care services. These funds should be directed to supply side development, aiming to build a high-quality, developmentally appropriate, and inclusive national early learning and care program, knowing that this will bring benefits for all children, and especially for children living in poverty.<sup>491</sup>

Susan Prentice, University of Manitoba

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487 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 65, December 3, 2009 at 09:20.

488 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 35, June 1, 2009 at 11:20.

489 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:35.

490 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 33, June 1, 2009 at 08:20.

491 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 67, December 4, 2009 at 08:35.

The Committee recognizes that the social and economic benefits of child care and early education programs are far-reaching and has advocated on behalf of strengthening Canada's ECEC system in the past.<sup>492</sup> A national strategy on ECEC would have to be elaborated in collaboration with provinces and territories and, to be successful, would have to include dedicated multi-year federal transfers. It was also suggested that it should include benchmarks and timelines for the creation of additional regulated child care spaces and require provinces and territories to report publicly on their success. A national strategy on ECEC would have to be grounded in the principles of accessibility, quality and accountability, and some witnesses thought that it should be enshrined in legislation. The Committee was told that moving forward on this issue would not only demonstrate the federal government's commitment to children and families, but also greatly contribute to poverty reduction efforts.

### **Recommendation 4.1.3**

**The Committee recommends that the federal government work with provincial and territorial governments and stakeholders to develop and implement a national strategy on early childhood education and care, including the creation of a national public child care system, while respecting that Québec already has its own public network of child care centres since 1997 and recognizing its right to opt out with full compensation.**

#### **e. Maternity and Parental Benefits**

In Canada, the terms and conditions of maternity and parental leave are determined at the provincial level, while benefits for eligible parents are provided by the federal government through the Employment Insurance (EI) program.<sup>493</sup> Maternity and parental benefits are available for a maximum of 15 and 35 weeks, respectively. During this time, recipients receive a basic benefit of 55% of their average insured earnings, up to a yearly maximum insurable amount of \$42,300. The maximum weekly benefit is therefore \$447. Low-income families who already receive the CCTB may also qualify for the additional amount of the EI Family Supplement. Witnesses who appeared as part of the Committee's study were concerned that maternity and parental benefits provide insufficient financial support, are too short in duration, and are inaccessible to those who do not qualify for EI. Data show that in 2006, about 60% of new mothers took paid maternity leave.<sup>494</sup> The Committee believes that maternity and parental benefits are

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492 House of Commons, Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, *Employability in Canada: Preparing for the Future*, 3<sup>rd</sup> Report, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, April 2008, Recommendation 3.30, p. 124, <http://www2.parl.gc.ca/content/hoc/Committee/392/HUMA/Reports/RP3369345/humarp03/humarp03-e.pdf>.

493 Residents of Québec receive maternity and parental benefits under the Government of Québec's Parental Insurance Plan. Contribution to the provincial plan is mandatory for employed and self-employed persons. In exchange, EI premium rates are reduced by \$0.37 per \$100 in earnings in 2010.

494 Martha Friendly and Susan Prentice, *About Canada: Childcare*, Fernwood Publishing, Halifax and Winnipeg, 2009, pp. 44-45.

essential supports for new families and should be widely available. The points raised by witnesses may be indicative of areas for future improvements to Canada's maternity and parental benefits system.

There are other offshoots that could also provide support, such as extended parental leave, mother's leave beyond the year. Look at the European programs that deem or give value to mothering and parenting beyond that time. Thank heavens, we have the year now, but a lot of our parents on low income cannot afford to stay off a year; it is not viable for them to stay off a year.<sup>495</sup>

Sharon Lawlor, North End Community Health Centre

## 4.2 Benefits for Persons with Disabilities

Today, persons with disabilities are among the poorest of the poor in Canada, among the most unemployed in Canada, among the most chronically marginalized in this country. We submit that ongoing situation, that ongoing plight, is a national disgrace. It's nothing short of a national disgrace in a country like this.<sup>496</sup>

John Rae, Alliance for Equality of Blind Canadians

According to the latest Statistics Canada Participation and Activity Limitation Survey (PALS), conducted in 2006, 14.3% of Canada's population (4.4 million Canadians) has some form of activity limitation. This is an increase from the 2001 disability rate of 12.4% or 3.6 million Canadians.<sup>497</sup> According to a 2007 report, it was estimated that some 30% of Aboriginal people have a disability.<sup>498</sup> The incidence of disability also increases with age. Canadians aged 65 and over had a disability rate of 43.4% in 2006.<sup>499</sup> As Canada's population of seniors will be growing considerably in the next decade, we can expect the disability rate to continue to rise.

People with disabilities are a diverse group with a wide range of activity limitations that impact to various extents on their ability to participate fully in Canadian society. Compared to other working-age Canadians, working-age people with disabilities are less likely to have completed higher levels of education, to be gainfully employed, and to have an acceptable standard of living. They often have difficulty securing employment and many are not in the labour force. Those who do work are more likely to earn low wages. In addition, people with a mental illness and those with episodic disabilities are more likely to have a sporadic attachment to the labour market with negative impacts on their earnings.

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495 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 22, May 11, 2009 at 13:40.

496 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 34, June 1, 2009 at 09:45.

497 Statistics Canada, *Participation and Activity Limitation Survey 2006: Analytical Report 2006*, Catalogue no. 89-628-XIE, 2007, p. 9, <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2007002-eng.pdf>.

498 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, 2007 Federal Disability Report, 2007, p. 85, [http://www.hrsdc.gc.ca/eng/disability\\_issues/reports/fdr/2007/FDR\\_2007.pdf](http://www.hrsdc.gc.ca/eng/disability_issues/reports/fdr/2007/FDR_2007.pdf).

499 Statistics Canada, *Participation and Activity Limitation Survey 2006*, 2007, p. 9.

Persons with mental illness face several barriers that prevent opportunities for economic advancement. They often encounter difficulty securing adequate education and employment and face undue discrimination and stigma in these domains due to their mental health status as well as society's misconception of mental illness. Due to these factors, persons with mental illness often cannot earn adequate income in the labour market and must rely on income support programs.<sup>500</sup>

Ruth-Anne Graig, Canadian Mental Health Association

While an important gap remains between people with disabilities and those without disabilities, the employment situation of people with disabilities has improved over the last decade with the growth of the Canadian economy. In 2001, 13.2% of people with disabilities were unemployed compared with 10.4% in 2006.<sup>501</sup> However, it is likely that the 2008-2009 economic downturn will have a negative impact on the employment rate of people with disabilities and we may find in the years ahead that they will have lost some of the ground gained in the 2001-2006 period.

Persons with disabilities are at greater risk of living on low incomes than those without disabilities. In 2006, the incidence of low income for all working-age economic families was 17.2% using the Market Basket Measure (MBM). However, in families where the main income recipient had a work-limiting disability, the incidence of low income was much higher at 32.8%. Data collected over the 2002 to 2006 period show that this population group is also more likely to live in persistent low income (26.3%).<sup>502</sup> Aboriginal people with disabilities living off-reserve were also more likely to be living in households with an income below the pre-tax LICO (42%) than were Aboriginal people without disabilities (32%).<sup>503</sup>

The Committee was told that the current disability income security system does not adequately protect people with disabilities from falling into poverty. The system is increasingly complex, an intricate web of policies, programs and eligibility requirements that vary depending on the definition of disability, the type of disability and the place of residence in Canada. Many individuals with a disability have no other option but to survive on meagre social assistance benefits. According to the National Council of Welfare, in 2008, the welfare income for a single person with a disability ranged, depending on the province of residence, from a low of \$8,496 in New Brunswick to a high of \$13,337 in Alberta.<sup>504</sup> Knowing the cost of living today, members of the Committee recognize how

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500 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 11:35.

501 Statistics Canada, *Participation and Activity Limitation Survey 2006: Labour Force Experience of People with Disabilities in Canada*, Social and Aboriginal Statistics Division, Catalogue no. 899-6228X - no. 7, 2008, p. 11, <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2008007-eng.pdf>.

502 Human Resources and Skills Development Canada, *Low Income in Canada: 2000-2006 Using the Market Basket Measure*, Final Report, October 2008, pp. 23-25, [http://www.hrsdc.gc.ca/eng/publications\\_resources/research/categories/inclusion/2008/sp-864-10-2008/sp\\_864\\_10\\_08e.pdf](http://www.hrsdc.gc.ca/eng/publications_resources/research/categories/inclusion/2008/sp-864-10-2008/sp_864_10_08e.pdf).

503 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, 2007, pp. 87-88.

504 National Council of Welfare, "Single Person with a Disability," *Welfare Incomes 2008*, Bulletin No. 2, 2009, p. 1, [http://www.ncwcnbes.net/documents/researchpublications/ResearchProjects/WelfareIncomes/2008Report\\_Spring2010/HRSDC\\_Bulletin\\_2\\_v4.pdf](http://www.ncwcnbes.net/documents/researchpublications/ResearchProjects/WelfareIncomes/2008Report_Spring2010/HRSDC_Bulletin_2_v4.pdf). It should be noted that welfare incomes in the territories are much higher to reflect the cost of living in these regions.

difficult it must be to survive on such a low income, even more so for a person who has additional disability-related costs. Not surprisingly, research shows that people with disabilities use food banks for a longer period of time than other food bank users and are more likely to experience food deprivation and persistent poverty.<sup>505</sup> Some witnesses referred to the realities faced by too many persons with disabilities who live in poverty in a prosperous nation such as Canada as a national disgrace, and we agree. Many asked for investments in reducing low income among persons with disabilities.

The time is now for a comprehensive investment by the Government of Canada for the alleviation of poverty experienced by Canadians living with a disability. While it is easy to see that reduction in poverty within this community will be directly linked to a reduction in government social support related expenditures, this is not just a disability community issue. If poverty is reduced in this sector all Canadians benefit.<sup>506</sup>

Canadian Paraplegic Association

For an Inclusive and Accessible Canada to be a reality, the Government of Canada must show leadership and commit to addressing poverty and reforming Canada's income support programs for persons with disabilities.<sup>507</sup>

Council of Canadians with Disabilities

The Government of Canada offers numerous programs and initiatives related to employment, education, accessibility, and income support that aim to provide an opportunity for social and economic security and a better living standard for Canadians with disabilities. This section of the report will highlight some of the steps taken by the federal government to promote the human rights of persons with disabilities and will discuss key federal initiatives that contribute to reducing poverty among persons with disabilities and their families.

### **a. Human Rights**

The Committee was told that freedom from poverty for all Canadians including people with disabilities is a human right. Canada has a strong reputation internationally for being a leader on disability rights issues and assisted in the development of the Convention on the Rights of Persons with Disabilities (CRPD) that was adopted by the United Nations General Assembly in December 2006.<sup>508</sup> Canada was one of the first countries to sign the CRPD in 2007, a symbolic gesture of support for the rights of people with disabilities. However, the CRPD must also be ratified for its terms to be binding.

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505 Daily Bread Food Bank, *Who's Hungry: 2008 Profile of Hunger in the GTA*, Toronto, 2008, p. 10, [http://www.dailybread.ca/PDFS/03\\_LearningCentre\\_/03\\_PDF8\\_2008%20DBFB%20WH%20Report.pdf](http://www.dailybread.ca/PDFS/03_LearningCentre_/03_PDF8_2008%20DBFB%20WH%20Report.pdf).

506 Canadian Paraplegic Association, *Position Paper on SCI and Poverty*, Presentation to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, May 7, 2009, p. 4.

507 Marie White, *Persons with Disabilities—The Forgotten Poor*, Remarks to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA), Council of Canadians with Disabilities, May 7, 2009, p. 3.

508 For more information on the convention, including its full text, see <http://www.un.org/disabilities/>.

After consultations with provincial/territorial governments and Aboriginal organizations, and with the support of the disability community, the Government of Canada tabled the CRPD in the House of Commons on December 3, 2009, the International Day for Persons with Disabilities. On March 11, 2010, the Government of Canada took the final step and ratified the CRPD at the United Nations.

All members of the Committee applaud the federal government for joining numerous other countries in ratifying the CRPD and showing leadership on disability rights.

The Committee believes that the *Canadian Charter of Rights and Freedoms*, the *Canadian Human Rights Act*, and provincial human rights acts, along with the CRPD, will provide a solid rights-based framework to prohibit discrimination against people with disabilities and build an inclusive Canadian society.

I think Canada's ratification of the convention is important for a number of reasons, one being that we were very actively involved in its development. Canada was a leader on really critical issues in the convention, in particular the issue of legal capacity. This convention introduces something known as supported decision-making, which is recognized internationally as a "made in Canada" concept. I think Canada's contributions to the international community in this regard and in a number of regards on the convention could be incredibly beneficial, both for Canada and for other countries.

[...]

I think that provides us a really useful tool and can provide a great framework to move forward on legislation here in Canada.<sup>509</sup>

Anna Macquarrie, Canadian Association for Community Living

## **b. Income Security for People with Disabilities**

Human Resources and Skills Development Canada offers a number of income support programs and other measures to assist persons with disabilities in maintaining a decent living standard and prevent them from falling in poverty. The Office for Disability Issues (ODI), established in the 1980's, "is a focal point within the Government of Canada for key partners working to promote the full inclusion and participation of Canadians with disabilities in all aspects of society and community life."<sup>510</sup> The ODI publishes a report annually on disability issues entitled *Advancing the Inclusion of People with Disabilities*. According to its latest report, the federal government is making progress on these issues and has recently introduced new measures in support of its disability agenda.<sup>511</sup>

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509 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 12:25.

510 Human Resources and Skills Development Canada, *Mandate and Organization of our Office*, Office for Disability Issues, [http://www.hrsdc.gc.ca/eng/disability\\_issues/mandate/index.shtml](http://www.hrsdc.gc.ca/eng/disability_issues/mandate/index.shtml).

511 Human Resources and Skills Development Canada, *Advancing the Inclusion of People with Disabilities*|09, 2009 Federal Disability Report, 2009, [http://www.hrsdc.gc.ca/eng/disability\\_issues/reports/fdr/2009/fdr\\_2009.pdf](http://www.hrsdc.gc.ca/eng/disability_issues/reports/fdr/2009/fdr_2009.pdf).

## Canada Pension Plan Disability Program

The most important federal income support measure for people who have been in the labour force but have had to stop working because of a disability is the Canada Pension Plan Disability (CPPD) program. It provides workers who contribute to the Canada Pension Plan (CPP) with access to benefits should they have a severe and prolonged disability that prevents them from working on a regular basis. The CPPD benefit is a complement to other forms of financial support that individuals with disabilities may already have such as private insurance, personal savings and employment benefits programs. In 2008-2009, about 311,000 individuals with severe and prolonged disabilities received CPPD benefits totalling \$3.3 billion. The average payment as of July 2009 was \$803.33 per month and the maximum benefit for 2010 was set at \$1,126.76 per month. Children of a CPPD beneficiary may be eligible for children's benefits up to the age of 25. In 2008-2009 they received an average \$213 monthly benefit.<sup>512</sup> Individuals must go through a three- to four-month waiting period to be deemed eligible to receive a first CPPD payment.

There have been long standing issues with regard to the eligibility criteria set for CPPD. Many people with episodic illnesses have been refused benefits because their illness or condition may not be considered a severe and prolonged disability under the terms of the program or they have not worked and contributed a set amount to CPP in four of the last six years. The Committee heard about the particular problems faces by people with a mental illness.

CPP disability benefits are another thing. While technically, legally, they apply to mental illness, all of the tests you have to pass in order to get CPP disability benefits are clearly geared toward a physical ailment. You will be incapacitated for some period of time, but the incapacitation is a physical limitation, not a mental one.

In general, if you look at the programs, it would make a lot more sense to me to say, let's not keep trying to twist and tinker with a program that is designed for a physical illness; let's take mental illness out of those programs and design a single program to deal with the unique characteristics that mental illness has, which is, typically, longer to get better, sometimes episodic, and the nature of treatment is also different.

So I think the answer to your question is that I would actually favour looking at a new way, in some sense, a set of programs designed for people with a mental illness.

Now that CPP is allowed to run pilot projects, which they weren't until the last couple of years, I think you have a vehicle that would make experimentation possible.<sup>513</sup>

Hon. Michael Kirby, Mental Health Commission of Canada

Members of the Committee agree that pilot projects could be particularly effective in determining what reforms would work to help people with a mental illness that may be in and out of work because of the episodic nature of their condition, and encourage the federal government to consider this suggestion as it moves forward with reforms of CPPD.

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512 Service Canada, *Canada Pension Plan (CPP) – Payment Rates*, January-December 2010, <http://www.servicecanada.gc.ca/eng/isp/pub/factsheets/rates.shtml>.

513 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 17, April 30, 2009 at 11:30.

In addition to providing income support to CPP contributors with disabilities, the CPPD program also offers vocational rehabilitation for those who may be able to return to work. However, participation in the program is voluntary and the uptake is low because, in many cases, the combined loss of CPPD benefits and disability supports outweighs the potential earnings from work. The Working Income Tax Benefit (WITB) Disability Supplement<sup>514</sup>, introduced in Budget 2007 and enhanced in Budget 2009, is intended to offset these work disincentives, but this measure is only available to low-income workers with disabilities who qualify for the Disability Tax Credit (DTC) and many CPPD beneficiaries do not receive the DTC. Some witnesses raised the issue of the lack of coherence between different federal programs for people with disabilities and recommended that those who qualify for CPPD benefits should automatically qualify for the DTC.

#### **Recommendation 4.2.1**

**Given the lack of consistency in the definitions of disability and eligibility criteria across federal disability programs, the Committee recommends that the federal government ensure that those who qualify for the Canada Pension Plan Disability automatically qualify for the Disability Tax Credit. The Committee further recommends that the federal government initiate discussions with the provincial and territorial governments to bring some consistency and coherence to the definitions of disability used by programs in all jurisdictions.**

The government dedicates relatively few resources to the CPPD Vocational Rehabilitation Program. In 2008-2009, only \$1.7 million was spent on this program, down from \$4.6 million in 2002-2003. In previous reports, this Committee called attention to this fact and asked that more resources be allocated to the Vocational Rehabilitation Program.<sup>515</sup> Considering the socio-economic benefits that can accrue to individuals who participate in such a program and the cost savings to the CPP account for every person who returns to work and ceases receipt of CPPD benefits, we reiterate the call made by

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514 The Working Income Tax Benefit (WITB) is discussed in Chapter 6, section 6.2.

515 Further information can be found in the following reports: Standing Committee on Human Resources Development and the Status of Persons with Disabilities, *Listening to Canadians: A First View of the Future of the Canada Pension Plan Disability Program*, June 2003, <http://www.parl.gc.ca/infocomdoc/37/2/SPER/Studies/Reports/humarp05/humarp05-e.pdf>, and Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, *Employability in Canada: Preparing for the Future*, April 2008, <http://cmte.parl.gc.ca/Content/HOC/committee/392/huma/reports/rp3369345/humarp03/humarp03-e.pdf>.



this Committee for further investments in the Vocational Rehabilitation Program<sup>516</sup> and for more effort to be put into removing barriers to participation in this program.

### **Recommendation 4.2.2**

**The Committee recommends that the federal government double the budget for the Vocational Rehabilitation Program and begin to measure the long-term impact of this program on the success of clients' return to work and the total economic benefits associated with these outcomes.**

Other incentives currently in place to encourage CPPD beneficiaries to return to work to the extent that they are able to do so include opportunities to volunteer and attend school, as well as the right to earn up to \$4,600 (2009) before taxes per year without having to report these earnings. Some witnesses thought that CPPD beneficiaries should be entitled to earn more per year to encourage them to work to their fullest ability.

Greater attention should be paid to supports for CPPD recipients to return to work either on a full time or part time basis. A system of decreasing CPPD benefits should be explored as individuals gain greater attachment to the labour force. All income support programs should have a presumption of employability and remove disincentives to employment from income support programs.<sup>517</sup>

Council of Canadians with Disabilities

It is our understanding that at present adults with disabilities accessing the Canada Pension Plan are not allowed to earn more than \$4800 yearly without losing benefits. This is again an example of support systems keeping clients dependent through fear of not being able to support themselves. If CPP was used in some cases as a supplemental income for those who wanted to work as much time as was allowable for their health conditions, the system could be more effective and the wellbeing of those workers could increase.<sup>518</sup>

Yukon Council on disABILITY

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516 In *Listening to Canadians*, the Committee recommended that the budget for the Vocational Rehabilitation Program be doubled (the program's budget in 2002-2003 was \$4.6 million). In its response to this recommendation the government agreed that more clients could benefit from this program, but stated that it was not possible to double the program's budget. Instead, the government committed to increasing program resources within existing Canada Pension Plan resource levels. See Standing Committee on Human Resources Development and the Status of Persons with Disabilities, 2003, p. 106, and Government of Canada, *Government of Canada Response to "Listening to Canadians: A First View of the Future of the Canada Pension Plan Disability Program," The Fifth Report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities*, November 2003, pp. 20-21, <http://www.hrsdc.gc.ca/eng/isp/pub/cpp/disability/5threport/5threport.pdf>.

517 Marie White, *Persons with Disabilities—The Forgotten Poor*, 2009, p. 4.

518 Yukon Council on disABILITY, *Issues Regarding Persons with Disabilities and Poverty*, Amy Martey presenting on behalf of Yukon Council on disABILITY, Submission to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, December 1, 2009, p. 3.

## Employment Insurance Special Benefits<sup>519</sup>

### i. EI Sickness Benefits

Some witnesses told the Committee that they would like to see an extension of EI sickness benefits to bridge the gap between the end of employment and the beginning of receipt of CPPD benefits for those who qualify. Others mentioned that for some people with episodic disabilities (e.g., multiple sclerosis, mental illness, arthritis and others) who may not need to access CPPD but may need a longer time to recover and return to work, the current 15 weeks of income replacement for people who are unable to work due to short-term illness, injury or quarantine provided under EI sickness benefits is often not enough. The income replacement rate is 55% of average insured earnings up to a maximum of \$457 per week (2010) and the income is taxable. Those with a low income may also be entitled to the Family Supplement.<sup>520</sup> In 2007-2008, there were 319,120 claims for EI sickness benefits, representing 7.7% of all EI claims, at a cost of \$954.9 million. While the average duration of benefits was 9.5 weeks, 31.5% of claimants exhausted their benefits.<sup>521</sup>

Frankly, they don't work very well for mental illness. Let me just give you an illustration, and you will know this better than I do. I think it's 15 weeks. When you get to the end of 15 weeks, you lose the EI sickness benefits. Fifty per cent of the people who are still sick at the end of that fifteenth week are sick with a mental illness. In other words, half of the people who get to the end and still need help but don't have help because they have run out of sickness benefits are there with a mental illness.<sup>522</sup>

Hon. Michael Kirby, Mental Health Commission of Canada

Some witnesses asked that the duration of EI sickness benefits be gradually increased up to 50 weeks. The Committee also made a similar recommendation in its 2006 report on employment insurance, calling on the government to “study the possibility of extending sickness benefits by 35 weeks for those who suffer from a prolonged and serious illness”.<sup>523</sup> Given that almost one-third of claimants exhaust their benefits and may still need financial support to fully recover before they can return to work, most members of the Committee agree that it is now time to extend the duration of EI sickness benefits up to 50 weeks.

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519 While EI special benefits such as sickness benefits and compassionate care benefits are not targeted specifically to people with disabilities and their caregivers, the Committee was told that these benefits could be improved to provide better income security for these groups and a discussion of these proposals is thus included in this section. A broader discussion of EI is included in Chapter 6, section 6.3 of this report.

520 The Family Supplement, provides additional EI benefits to low-income (i.e., family income below \$25,921) claimants with children and may increase EI's wage replacement rate from 55% of average weekly insurable earnings to a maximum of 80% (up to the maximum weekly benefits).

521 Canada Employment Insurance Commission, *Employment Insurance Monitoring and Assessment Report 2008*, March 31, 2009, Chapter 2, [http://www.rhdcc-hrsdc.gc.ca/eng/employment/ei/reports/eimar\\_2008/index.shtml](http://www.rhdcc-hrsdc.gc.ca/eng/employment/ei/reports/eimar_2008/index.shtml).

522 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 17, April 30, 2009 at 11:20.

523 Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities, *Restoring Financial Governance and Accessibility in the Employment Insurance Program*, Recommendation 27, Subcommittee on Employment Insurance Funds, February 2006, p. 43, <http://www2.parl.gc.ca/content/hoc/Committee/381/HUMA/Reports/RP1624652/humarp03/humarp03-e.pdf>.

### **Recommendation 4.2.3**

**The Committee recommends that the federal government extend EI sickness benefits up to 50 weeks for those who suffer from a prolonged and serious illness.**

Other witnesses told the Committee that there should be more flexibility within the EI regulations to allow people who have episodic disabilities to work part-time and receive partial benefits.

Allowing people who have an unpredictable and episodic disease – diseases such as MS, lupus, some forms of mental illness, cancer, arthritis and Hepatitis C and HIV – to have the option of working part time while receiving partial Employment Insurance sickness benefits, encourages them to stay in the work force. It also encourages employers to think of them as valuable employees, not as people who are ill and unreliable. Canada faces labour shortages in many parts of the country; it makes good economic sense to keep experienced workers as long as possible.<sup>524</sup>

Multiple Sclerosis Society of Canada

#### **ii. EI compassionate care benefits**

Another factor too often overlooked is the financial burden endured by families, friends and others who care for people who are sick or those who have episodic disabilities. Currently, Canadians, mostly women, who temporarily cannot work because they need to provide care or support to a family member who is gravely ill and at risk of dying can claim up to six weeks of EI compassionate care benefits after a two-week waiting period. Witnesses have suggested that the eligibility criteria to qualify for compassionate care benefits should be reviewed and the program improved to extend benefits to people who occasionally have to care for people with episodic illnesses or other serious illnesses but who are not in need of end-of-life care.

Introduced in 2004, the existing program provided \$9.5 million in benefits in 2007-2008. The uptake was lower than expected as the government had planned to spend \$12 million that year. Almost 60% of those who received compassionate care benefits in 2007-2008 exhausted their six weeks of entitlement and a third went on to claim another type of benefit such as EI regular or sickness benefits.<sup>525</sup> Given those facts, the Committee believes that the duration of compassionate care benefits must be extended and that the eligibility criteria must be broadened.

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524 Multiple Sclerosis Society of Canada, *Three Immediate Steps to Reduce Poverty in Canada*, Presented to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, June 1, 2009, p. 4.

525 Canada Employment Insurance Commission, *Employment Insurance Monitoring and Assessment Report 2008*, 2009.

#### Recommendation 4.2.4

**The Committee recommends that the federal government increase the duration of the EI compassionate care benefit from six to 12 weeks and provide access in cases of serious illnesses other than palliative care cases such as episodic disabilities.**

#### Registered Disability Savings Plan

Another new and very well-received program in the disability community is the Registered Disability Savings Plan (RDSP), which helps parents of children with disabilities and adults with severe disabilities save today to offset the costs of disability later in life. All Canadian residents under age 60 who are eligible to receive the DTC can benefit from this plan. Under the RDSP, the federal government provides a matching Canada Disability Savings Grant (CDSG) of up to \$3,500 per year based on eligible contributions made to an RDSP and a beneficiary's family income, with a lifetime limit of \$70,000. The government also assists low- and modest-income families and individuals to save in an RDSP by offering them a Canada Disability Savings Bond (CDSB) of up to \$1,000 each year (\$20,000 lifetime limit), even if no personal contribution is made. Earnings can accumulate tax-free in an RDSP until money is withdrawn from the account.<sup>526</sup>

In 2008-2009, Canadians applied for or opened more than 12,500 RDSPs.<sup>527</sup> The program was allocated \$115 million under planned spending for 2008-2009. This amount was set to increase to \$165 million in 2009-2010 and to \$210 million in 2010-2011. However, in 2009-2010, only \$3.3 million is expected to be spent on CDSG payments and only \$1.9 million is expected to be spent on CDSB payments.<sup>528</sup> It is clear that the uptake of this plan has been much lower than anticipated. The Committee knows that a national public outreach program to raise awareness about the RDSP was undertaken by HRSDC and we applaud the efforts made to date. We also want to underscore the need to continue to raise awareness as this plan can offer important benefits to low-income people with disabilities who are in need of financial assistance. Some witnesses expressed concerns that RDSP assets would not be fully exempted for the purposes of determining eligibility for provincial financial assistance programs and that income from RDSPs would be clawed back from financial assistance payments. However, we have learned that all provinces have already announced a partial or full exemption of

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526 Human Resources and Skills Development Canada, *Helping People with Disabilities Save for the Future – RDSP grant and bond*, 2009, [http://www.hrsdc.gc.ca/eng/disability\\_issues/disability\\_savings/publications/brochure.pdf](http://www.hrsdc.gc.ca/eng/disability_issues/disability_savings/publications/brochure.pdf).

527 Human Resources and Skills Development Canada, *2008-2009 Estimates Departmental Performance Report*, 2009, p. 29, <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/inst/csd/csd-eng.pdf>.

528 Human Resources and Skills Development Canada, *2009-2010 Estimates Report on Plans and Priorities*, 2009, p. 25, <http://www.tbs-sct.gc.ca/rpp/2009-2010/inst/csd/csd-eng.pdf>.

RDSP assets and income.<sup>529</sup> Other witnesses also suggested that the RDSP contribution limit and the age limit for participation in the program be increased.

Yes, a couple of things that we recommended in our brief were that there be a consideration of the overall lifetime limit that is currently placed on the RDSP, which is \$200,000. If you look at a person who gets a spinal cord injury at an early age, it would probably take a minimum of \$2 million over a lifetime in incremental expenditures to support that person with their well-being. So the \$200,000 is really a pittance when it comes to that consideration. As well, the age limit is currently 49. We know through our statistics that there is an increasing incidence of spinal cord injury among people who are in the ageing population, so the age limit is a real problem that way.<sup>530</sup>

Bruce Drewett, Canadian Paraplegic Association

### **Basic Income Program**<sup>531</sup>

The Committee was reminded that provincial/territorial social assistance programs are often not suited to the diverse needs of those living with disabilities. People who cannot be expected to earn an income from employment frequently receive insufficient support, while those who could earn an income may be discouraged from doing so by the potential loss of benefits offered through social assistance programs, such as coverage of medical and disability-related costs.<sup>532</sup> What Canadians with disabilities need are more effective income security programs and an independent disability support system in Canada.

Too often we see that Canadians with disabilities are exiled to inadequate, stigmatizing, and ineffective systems of income support. Social assistance programs were not designed to provide the long term flexible supports needed by people with disabilities. They were built as a system of last resort, yet they have become a system of first resort for Canadians with intellectual disabilities.

Our existing systems also have built-in disincentives, where we unfortunately find that people are financially better off on welfare than getting off welfare. There are significant challenges. Eligibility for needed disability supports goes down as your income goes up, so people have to choose between being able to earn an income and having the supports they need to be able to gain that income and keep that job.

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529 Human Resources and Skills Development Canada, *RDSP and Provincial and Territorial Benefits*, accessed February 8, 2010, [http://www.hrsdc.gc.ca/eng/disability\\_issues/disability\\_savings/rdsp\\_ptb.shtml](http://www.hrsdc.gc.ca/eng/disability_issues/disability_savings/rdsp_ptb.shtml).

530 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 12:50.

531 In addition to a basic income program for persons with disabilities, a universal basic income program was also suggested. This option is discussed further in this chapter in the section on other programs.

532 It should be noted that financial assistance to cover the cost of aids and support devices for people with disabilities is not available in all provinces and territories and assistance is often linked to criteria such as residency, income, enrolment in public institutions, and receipt of other benefits.

Further, we know that income derived from employment is often clawed back in many jurisdictions, again forcing people to rely on income security programs to gain access to those disability supports. We need broad system reform to address these disincentives and build a more appropriate support system of income and disability supports.<sup>533</sup>

Anna Macquarrie, Canadian Association for Community Living

Some witnesses recommended the creation of a federal basic income program that would initially apply only to persons with severe and prolonged disabilities, including those with a mental illness, who cannot reasonably be expected to earn adequate income from employment. Under a federal basic income program, these individuals would no longer be clients of provincial and territorial social assistance programs, eliminating the stigma associated with the receipt of assistance under those programs and creating savings that would be reinvested in a better system of disability supports. It has been suggested that a federal basic income program for people with disabilities should be delivered through the tax system and provide an income equivalent in adequacy to that provided to low-income seniors through OAS and GIS programs. A federal basic income program would have to be created in cooperation with provincial and territorial governments and include Federal-Provincial-Territorial negotiated agreements to ensure that resulting social assistance savings would be reinvested in the creation of an income-tested disability supports program. The latter program would be delivered by the provinces and territories, and would provide disability supports and services to all those in need, whether they are recipients of social assistance or basic income programs or living independently of these programs.

Welfare is a program of last resort. It never was intended to provide a guaranteed income for so many Canadians. One of our proposals has to do with the possibility of taking people who have a disability off welfare to create a new basic income program that would be supported by the federal government. It would be similar to the kinds of configurations that we have for seniors, particularly the guaranteed income supplement, which is an income-tested program. The combined Old Age Security and Guaranteed Income Supplement provide about \$13,700 a year, so we're looking at that configuration as a model for how we might reform income security.

Now, if we did that, if in fact we removed people from welfare and had a new income security program, there would be considerable savings to the provinces and territories. One of our proposals is that under a negotiated agreement with the federal government there would be a reinvestment in disability supports. These include technical aids and equipment and personal supports like home care and homemakers' services. This is really a significant area that we've overlooked, not just for the 16% of Canadians considered to be disabled from a formal definition perspective, but also from the viewpoint that we have an aging population in Canada, and we have to pay attention to that issue.<sup>534</sup>

Sherri Torjman, Caledon Institute of Social Policy

In the medium and longer term, CMHA [Canadian Mental Health Association] agrees with the Caledon Institute of Social Policy that the federal government should initiate and

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533 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:35.

534 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:20.

operate a basic income program for persons with disabilities, including persons diagnosed with mental illness. This initiative would remove persons with disabilities from provincial social assistance programs. It would provide a fairer, more uniform basic income, similar to the OAS benefit and the guaranteed income supplement for seniors, with benefits sufficient to decrease the prevalence and depth of poverty for persons with disabilities.<sup>535</sup>

Ruth-Anne Graig, Canadian Mental Health Association

The Committee recognizes that the creation of a basic income program would be challenging not only because it would require the establishment of a governance and accountability framework that is acceptable to provincial and territorial governments, but also because it would entail a delicate balancing act between providing long-term income security to persons with disabilities and ensuring that incentives to work are not weakened by targeting those with severe limitation to work. It is clear that in order to provide a decent basic income to working-age people disabilities, the program would have to be income-tested, and the eligibility would have to be limited to those with severe and prolonged disabilities who cannot be anticipated to earn a living through employment. Many members of the Committee also recognize that similar challenges have been overcome in the past and that while it may take a long time to negotiate Federal-Provincial-Territorial agreements given the complexity of the matter, the creation of a basic income program for persons with severe disabilities holds the promise of removing the stigma attached to social assistance recipients, reducing poverty, increasing access to disability-related supports and promoting social justice, respect and dignity for all Canadians.

#### **Recommendation 4.2.5**

**The Committee recommends that the federal government create a federal basic income program for persons with disabilities and support a disability-related supports program to be delivered by the provinces and territories.**

#### **c. Other Transfers and Tax measures**

In addition to benefits offered through the CPP and EI programs, the federal government offers other federal tax and transfer benefits that offset some of the costs related to a disability. In this section, we will share what we have learned with regard to selected federal tax measures available to persons with severe disabilities and their families. Disability pensions for veterans and disability awards and allowances offered to veterans under the New Veterans Charter,<sup>536</sup> as well as disability supports for First Nation and Inuit peoples and members of the Armed Forces have not been part of our study.

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535 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 11:35.

536 For more information see Veterans Affairs Canada, *Disability Pensions*, <http://www.vac-acc.gc.ca/clients/sub.cfm?source=dispen> and *Disability Award Program*, <http://www.vac-acc.gc.ca/clients/sub.cfm?source=forces/nvc/programs/da>.

## Disability Tax Credit

The disability-related federal tax measure that received the most attention over the course of our study is the DTC, also known as the “disability amount.” The DTC aims to promote fairness among those who pay income tax and reduce the extra costs incurred by people with disabilities as a result of their illness or condition. Persons with severe and prolonged impairment of physical or mental functions, 18 years of age and older, can claim \$7,196 on their 2009 income tax return, which is equivalent to federal tax savings of \$1079. A claimant must submit a form detailing the nature of the disability or impairment, certified by a qualified practitioner, to receive this tax credit. If an individual does not have sufficient taxable income, the DTC can be transferred to supporting family members (e.g., spouse, common-law partner or another supporting person) to reduce their taxes. Individuals under age 18 at the end of the year may also claim a supplement, an additional amount of up to \$4,198 in 2009.<sup>537</sup> It is projected that \$395 million in tax relief will be provided under the DTC in 2008-2009.<sup>538</sup>

Because the DTC is a non-refundable tax credit, it benefits only individuals and family members with taxable income. Over the course of our hearings, witnesses told the Committee that many people with disabilities experience significantly higher levels of low income than average Canadians and do not have a taxable income. These vulnerable individuals still have additional expenditures related to their disability. For many years, the disability community has asked that the DTC be made a refundable tax credit, and witnesses reiterated this call in their testimony on poverty reduction measures for people with disabilities.

Tax appears to have become the mechanism for addressing social policy in this country. It is a blunt tool but as a first step to addressing poverty CCD [Council of Canadians with Disabilities] recommends that the Disability Tax Credit (DTC) be made refundable for low income Canadians with disabilities and retained as a credit for those with higher incomes.<sup>539</sup>

Council of Canadians with Disabilities

Our third recommendation really has to do significantly with those people with MS for whom the disease has been most disabling, and who cannot work. It really is a simple one: make the disability tax credit a refundable benefit.

Having a disability automatically means that you have expenses that an able-bodied person avoids. These expenses are very significant. For many people with MS [multiple sclerosis], fatigue will be an invisible characteristic of the early course of the disease. That alone can make walking even short distances impossible. Riding a bus or using public transit is made difficult. A car becomes a necessity. For people who use a wheelchair, an adapted van is a necessity.

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537 For more information on the DTC and other tax measures for people with disabilities, see *Medical and Disability-Related Information*, 2009, <http://www.cra-arc.gc.ca/E/pub/tg/rc4064/rc4064-09e.pdf>.

538 Human Resources and Skills Development Canada, *Advancing the Inclusion of People with Disabilities*, 2009, p. 54.

539 Marie White, *Persons with Disabilities—The Forgotten Poor*, 2009, p. 3.



We believe that making the disability tax credit a refundable benefit would bring money into the hands of people with a disability who do not have enough income against which to apply the credit.<sup>540</sup>

Yves Savoie, Multiple Sclerosis Society of Canada

The first and immediate step that the federal government could take in moving toward this type of comprehensive reform would be to make refundable the current disability tax credit that helps offset the additional (sometimes referred to as 'hidden') costs of disability. Currently (2008 tax year) the disability tax credit provides federal tax savings of a maximum \$1,053. This shift would provide assistance to the thousands of persons with disabilities with incomes too low to benefit from the current income tax provision.<sup>541</sup>

Caledon Institute of Social Policy

Most members of the Committee believe that a refundable DTC would be a step in the right direction toward alleviating poverty among people with disabilities. A number of concerns would have to be addressed, including ensuring that the amount of the refundable tax credit not be clawed back from other social assistance payments. The Committee believes that this can be done, as we have recently seen the provinces and territories partially or fully exempt the income and assets of RDSPs when determining social assistance eligibility and payment amounts.

#### **Recommendation 4.2.6**

**As a first step in addressing the needs of the poorest of Canadians with severe disabilities, the Committee recommends that the federal government amend the *Income Tax Act* to make the Disability Tax Credit a refundable credit and ensure that new federal benefits for persons with disabilities are not clawed back from those receiving social assistance payments.**

#### **Child Disability Benefit**

Research has shown that many families of children with severe disabilities struggle financially and that their financial woes are likely linked to the extra costs associated with a child's disability. In 2005, "[a]pproximately 30.3% of families of children with a severe to very severe disability reported financial difficulties; a rate more than three times higher than families of children with mild to moderate disabilities at 8.6%."<sup>542</sup> The CDB, a supplement to the CCTB,<sup>543</sup> is a tax-free benefit that is meant to offset disability-related costs by providing parents of children with severe disabilities up to \$2,455 annually

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540 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 37, June 1, 2009 at 15:15 and 15:20.

541 Caledon Institute of Social Policy, *Speaking notes on the federal role in poverty reduction*, presentation to Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, March 10, 2009, p. 10.

542 Statistics Canada, *Participation and Activity Limitation Survey 2006: Families of Children with Disabilities in Canada*, 2008, p. 12, <http://www.statcan.gc.ca/pub/89-628-x/89-628-x2008009-eng.pdf>.

543 The CCTB and other child benefits are discussed in section 4.1

(\$204.58 monthly) per child depending on their adjusted family net income. Parents who apply for the CDB must obtain proof that their child is eligible for the DTC in order to qualify. In 2007-2008, benefits totalled \$143.5 million and it is estimated that the federal government will spend approximately \$170 million on the CDB in 2008-2009.<sup>544</sup>

The Committee believes in the importance of supporting families of children with severe and prolonged disabilities. Given that all families who receive the CDB also receive the CCTB, it is our hope that an increase in the latter, one of the main recommendations of this report, will reduce some of the financial strain they experience.

### **Other Tax Measures**

Other important tax measures for people with disabilities are the Medical Expense Tax Credit (METC) and Refundable Medical Expense Supplement, the Disability Supports Deduction, the Caregiver Credit and the Infirm Dependant Credit which together recognize various disability-related expenses. The METC is universally available to all Canadian taxpayers and not targeted specifically to people with disabilities. It provides tax relief to make up for some of the costs of above-average medical expenses including some disability-related expenses. For taxpayers to claim the METC, they must have medical expenses in excess of the lesser of \$2,011 (2009) or 3% of their net income. Medical expenses can include those of a spouse or common-law partner, a child under the age of 18 and, under certain conditions, also those of eligible dependants. The Refundable Medical Expense Supplement can provide up to \$1,067 (2009) to low-income working Canadians with high medical expenses. The Disability Supports Deduction also allows working people with disabilities to deduct some of the extra costs incurred in order to work, study or conduct research for which they received a grant. Taxpayers can also claim a caregiver amount up to \$4,198 (2009) for the care of a dependant over the age of 18 living with them who is dependent due to a mental or physical impairment and/or can claim the same amount for infirm dependants age 18 or older that they support.

While the tax system has its limitations in providing financial assistance to low-income people with disabilities, it remains an important and effective instrument for several reasons. It does not require the establishment of a new program to rapidly increase benefits; it can be a Federal-Provincial-Territorial mechanism (e.g., NCB); and it is less intrusive and stigmatising than other income security programs (e.g., social assistance). In addition, the tax system can be a flexible and targeted instrument as need be.

#### **d. Skills Development and Employment Measures**

The Committee is well aware of the importance of employment-oriented social policies and their impact on lowering poverty rates among working-age Canadians. We also understand that not every working-age person with a disability can be employed or earn enough to sustain themselves. However, we do believe that every person with a

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544 Human Resources and Skills Development Canada, *Advancing the Inclusion of People with Disabilities/09*, 2009 Federal Disability Report, 2009, p. 52, [http://www.hrsdc.gc.ca/eng/disability\\_issues/reports/fdr/2009/fdr\\_2009.pdf](http://www.hrsdc.gc.ca/eng/disability_issues/reports/fdr/2009/fdr_2009.pdf).

disability should have the opportunity to use their skills to their fullest capacity and should be able to access the assistance they need to prepare for, obtain and maintain employment. The Committee looked at the role of the federal government with respect to increasing employability among persons with disabilities and made a number of recommendations to promote an inclusive labour market in our 2008 report entitled *Employability in Canada: Preparing for the Future*.<sup>545</sup> Some of these recommendations have yet to be implemented and we reiterate their importance.

## Opportunities Fund

HRSDC is responsible for the Opportunities Fund (OF), a contribution program launched in 1997 with an annual budget of \$30 million per year to help people with disabilities prepare for and obtain employment or self-employment, thereby increasing their financial independence. It has assisted over 45,000 people with disabilities since its inception. The Committee recommended in its 2008 report an increase in funding to this program, as well as an expansion of its terms and conditions, to support effective long-term interventions and skills development opportunities. Based on witnesses' testimony, as well as a recent evaluation of the OF that found the program to be effective for participants and employers,<sup>546</sup> an increase in funding is still justifiable today.

Through the Opportunities Fund, National Network for Mental Health has developed supported entrepreneurship programs, three of which still exist today in Calgary, St. Catharines, and Nova Scotia. People in this program are assisted in developing small businesses that range from supplementing income support programs to achieving full-fledged financial independence.

The newest program, BUILT Network, is a supported employment program that was started by Dave Gallson and National Network for Mental Health. Its objective is to provide customer service skills and computer skills to enable persons in the community to gain employment in customer service, administration, order desks, or call centres. The primary mandate is to empower the mental health consumer through skill development and employment. This entails identifying and removing perceived and real barriers to the workplace. This is achieved by bringing in local employers and having them participate through guest presentations in the classroom, submissions in course content, and the hiring of graduates of the program.

National Network for Mental Health is proud to announce that the BUILT Network project has been recognized nationally for excellence in learning by the Canadian Council of Learning, June 12, 2007. To date, BUILT has served about a thousand people. Of these, 750 have returned to work, and a further hundred have gone back to school.<sup>547</sup>

Carmela Hutchison, National Network for Mental Health

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545 Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, *Employability in Canada: Preparing for the Future*, 2008.

546 Human Resources and Skills Development Canada, *Summative Evaluation of the Opportunities Fund for Persons with Disabilities*, Final Report, May 2008, [http://www.hrsdc.gc.ca/eng/publications\\_resources/evaluation/2008/ofpd/sp\\_ah\\_923\\_11\\_09eng.pdf](http://www.hrsdc.gc.ca/eng/publications_resources/evaluation/2008/ofpd/sp_ah_923_11_09eng.pdf).

547 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 11:25.

Given Canada's difficult economic situation, this is not the time to abandon people with disabilities who need assistance to integrate into the labour market. There will likely be strong competition for jobs as Canada's economy recovers and people with disabilities who want to work will need to have the labour market skills to compete with their counterparts for those jobs. The OF program has made a difference in the lives of its participants and the government should continue to improve the program and increase funding as necessary to ensure that people who reach out for help get the assistance they deserve.

#### **Recommendation 4.2.7**

**The Committee recommends that the federal government increase funding for the Opportunities Fund; expand the terms and conditions of this program to support effective long-term interventions and skills development opportunities, especially with respect to essential skills training; and take concrete steps to raise awareness and promote the program to potential clients, employers and service providers.**

#### **Multilateral Framework for Labour Market Agreements for Persons with Disabilities**

Under the Multilateral Framework for Labour Market Agreements for Persons with Disabilities implemented in 2004, the federal government aims to improve the employment situation of persons with disabilities by contributing 50%, or up to the amount identified in each bilateral labour market agreement, to the costs of provincially designed and delivered programs that address their employability needs. Labour market agreements under this framework have been signed between the Government of Canada and nine provincial governments.<sup>548</sup> Extensions to Labour Market Agreements for Persons with Disabilities were obtained in 2007-2008 and the program is ongoing. In 2008-2009, it was estimated that the federal contribution to participating provinces under these agreements would be \$222 million.<sup>549</sup>

Witnesses told the Committee that there should be specific allocations and targets for persons with disabilities in all Labour Market Agreements and Labour Market Development Agreements<sup>550</sup> negotiated with the provinces and territories. The federal government has made an additional investment of \$500 million in a Strategic Training and Transition Fund for fiscal years 2009-2010 and 2010-2011, but no dollars were specifically

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548 The government of Québec decided not to participate in the Framework, but it has signed a bilateral labour market agreement for persons with disabilities that respects similar principles as those outlined in the Multilateral Framework.

549 Human Resources and Skills Development Canada, *Advancing the Inclusion of People with Disabilities*09, 2009 Federal Disability Report, 2009, p. 53, [http://www.hrsdc.gc.ca/eng/disability\\_issues/reports/fdr/2009/fdr\\_2009.pdf](http://www.hrsdc.gc.ca/eng/disability_issues/reports/fdr/2009/fdr_2009.pdf).

550 For more information on Labour Market Agreements and Labour Market Development Agreements, see Human Resources and Skills Development Canada, *Federal-Provincial-Territorial Partnerships*, <http://www.hrsdc.gc.ca/eng/employment/partnerships/index.shtml>.

earmarked for persons with disabilities. As well, some witnesses suggested that the Multilateral Framework for Labour Market Agreements for Persons with Disabilities should be extended and its funding increased.

Labour market agreements must include a target for persons with disabilities. However, until we have an appropriate and inclusive way of offering true training and real opportunities for employment, then we suggest that there should be more funding put into the opportunities fund and the multilateral framework agreements.<sup>551</sup>

Marie White, Council of Canadians with Disabilities

### **Recommendation 4.2.8**

**The Committee recommends that the federal government include specific allocations and targets for persons with disabilities in Labour Market Agreements and Labour Market Development Agreements.**

Other HRSDC programs assist people with disabilities find and maintain employment. For example, the Office of Literacy and Essential Skills funds literacy organizations across Canada which in turn enhance employment opportunities of Canadians who take part in these programs. Access to post-secondary education can also prevent and reduce poverty among persons with disabilities. Financial assistance is offered to students with disabilities through the Canada Student Loans Program, the Canada Study Grants for Persons with Permanent Disabilities and the Canada Study Grant for Services and Equipment for Persons with Permanent Disabilities.<sup>552</sup>

There are also a number of employment-related legislative measures, policies, programs, and practices designed to achieve employment equity for persons with disabilities. The Canadian Human Rights Act (sections 2 and 15) requires the federal government and federally regulated employers to provide workplace accommodation unless doing so would result in undue hardship. The Treasury Board of Canada Secretariat has developed a Policy on the Duty to Accommodate Persons with Disabilities in the Federal Public Service. As well, persons with disabilities are one of the four designated groups identified under the *Employment Equity Act*. We believe that increasing labour market participation is key to reducing poverty among people with disabilities. The federal government must be a role model for employers across the country and an employer of choice for people with disabilities.

#### **e. Other Initiatives**

##### **Enabling Accessibility Fund**

The Enabling Accessibility Fund (EAF) was announced in Budget 2007 as a three-year, \$45 million initiative to contribute to the cost of improving physical accessibility for

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551 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 12:05.

552 These measures are discussed further in this report in Chapter 6, Section 6.1 of this report.

persons with disabilities. The EAF provides grants to offset the capital costs of construction and renovation projects that enhance physical accessibility. Eligible projects range from the construction of new facilities to smaller modifications to existing buildings.<sup>553</sup> Some witnesses called for a longer commitment to this program and the inclusion of a similar initiative for transportation. Improving accessibility is essential to improving the living standard of people with disabilities and reducing poverty.

We recommend that the Government of Canada continue to invest in the enabling accessibility fund, through the Office for Disability Issues, to ensure that buildings are accessible for Canadians of all abilities.

Moreover, we recommend that the federal government recognize the significant transportation challenges faced by people with disabilities in communities across Canada and that it develop a transportation support initiative in line with the enabling accessibility program.<sup>554</sup>

Jane Arkell, Active Living Alliance for Canadians with a Disability

The Committee believes that there is value in the EAF and that it is important to invest in removing barriers for persons with disabilities if we are to increase the standard of living of this population. However, some members of the Committee think that, if the EAF is renewed, it should be accompanied by a strengthened accountability mechanism and more transparency in the selection of projects to be funded.

## Transportation

Access to transportation is another challenge for many people with disabilities, as well as a growing number of seniors in Canada who have physical limitations. Improving accessibility to transportation is the responsibility of the Canadian Transportation Agency (CTA), a federal agency responsible for ensuring that “undue obstacles to the mobility of persons with disabilities are removed from federally-regulated transportation services and facilities.”<sup>555</sup> To achieve this, the CTA has set up regulations and codes of practice, as well as a complaint mechanism. Advocacy groups for persons with disabilities, including the Council of Canadians with Disabilities (CCD), contend that reliance on voluntary codes of practice makes the CTA powerless to regulate accessible transportation and that these codes are not an appropriate vehicle for eliminating systemic obstacles. The CTA, in response to this criticism, is developing and implementing a comprehensive monitoring and compliance methodology supported by an outreach program “designed to focus on

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553 Department of Finance, *The Budget Plan 2007: Aspire to a Stronger, Safer, Better Canada*, Chapter 3, p. 86, March 19, 2007, <http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>.

554 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:30.

555 Canadian Transportation Agency, *Accessible Transportation*, <http://www.otc-cta.gc.ca/doc.php?sid=25&lang=eng>.

code requirements where service providers will need to comply with standards set out in the codes of practice.”<sup>556</sup>

I'll give you a couple of examples. Right now there are voluntary codes of practice for transportation in this country. They do not work, as per CCD's [Council of Canadians with Disabilities] seven-year battle with VIA, as per its recent win in yet another court around “one person, one fare”. We believe and have said for years that there should be regulations, not voluntary codes.<sup>557</sup>

Marie White, Council of Canadians with Disabilities

The Committee was told that much more needs to be done to remove transportation barriers for people with disabilities and to increase their capacity to go about their daily lives with as much independence as possible. Public transit is often not accessible to travelers with disabilities and not available in rural and northern communities. The cost of transportation may also be a barrier for people with low incomes. The Committee was pleased to learn that some communities have set up programs to facilitate transportation for people with disabilities and those living on low incomes and believes that such projects could serve as examples for similar initiatives elsewhere in the country. Nonetheless, the Committee also believes that the federal government has an important role to play in ensuring that Canadians of all abilities can access appropriate transportation.

I'm involved in the Charlotte County Dial A Ride program, which provides volunteer transportation for seniors, disabled, and needy families in Charlotte County. We have a number of volunteers who give up their time and will transport those people otherwise unable to have transportation in a rural community to medical appointments, to banks to cash their cheques, to grocery shopping, to social events, and to quite a few other things.

We do about a thousand trips a day. It's not something that was developed in Charlotte County. We stole the idea from Nova Scotia. There are about 10 counties there that do it. It was facilitated in our county by dialogues that were put on by the Fundy Community Foundation. They organized a community dialogue with stakeholders involved in programs to assist those in need in our county. At that time, it was the Charlotte County Benevolent Society that I was involved in, which provided support to families of seriously ill children. Through that dialogue about transportation, that problem was solved.<sup>558</sup>

John Castell, Fundy Community Foundation

## **Recommendation 4.2.9**

**The Committee recommends that the federal government invest infrastructure funds in accessible and affordable public transportation**

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556 Canadian Transportation Agency, *Speaking Notes for Geoffrey C. Hare, Chair and CEO, Canadian Transportation Agency to the Accessibility Advisory Committee*, March 30, 2009, <http://www.otc-cta.gc.ca/doc.php?did=2219&lang=eng>.

557 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 12:20.

558 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 25, May 12, 2009 at 10:45.

**so as to ensure that all Canadians with or without disabilities, no matter where they live, have access to transportation.**

#### **Recommendation 4.2.10**

**The Committee recommends that the Canadian Transportation Agency meet at least annually with its Accessibility Advisory Committee and that it actively involve the Advisory Committee in the development of its monitoring and compliance methodology.**

### **Housing**

The Committee was also told that many people with disabilities find it difficult to obtain adequate, affordable and accessible housing, often a prerequisite to participating in the labour force and taking advantage of other opportunities. Without a place to call home, a place that meets individuals' needs, it is really difficult to move forward and take advantage of opportunities life has to offer. The Canada Mortgage and Housing Corporation (CMHC) has a number of programs to assist persons with disabilities find appropriate and affordable housing or renovate their current home. The government also provided \$110 million to the Mental Health Commission of Canada to support innovative demonstration projects to develop best practices to help Canadians with a mental illness that are experiencing homelessness challenges. Housing-related measures are discussed in Chapter 5 of this report.

### **Policy and Research**

Statistics Canada's Participation and Activity Limitation Survey (PALS) is a national survey that provides "information about adults and children whose daily activities are limited by a physical, mental, or other health-related condition or problem."<sup>559</sup> To date, two post-censal surveys were undertaken in 2001 and 2006.

Another thing we need is data. The participation and activity limitation survey, also known as PALS, is a crucial source of data for our community. The future of PALS currently remains in question. It has not yet been renewed for 2011 and beyond. Not only does this data provide us the crucial research and policy information the disability community, our governments, and other civil society organizations need; it also enables Canada to meet its obligations under the UN Convention on the Rights of Persons with Disabilities. We continue to call on the federal government to secure PALS for 2011 and beyond.<sup>560</sup>

Anna Macquarrie, Canadian Association for Community Living

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559 Statistics Canada, *The 2006 Participation and Activity Limitation Survey: Disability in Canada*, January 29, 2010, <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=89-628-X&lang=eng>.

560 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:40.



I go back to what my friend said about the PAL survey—is absolutely critical. The PALS information must continue. In fact, the PAL survey needs to be enhanced so that there's more information collected on gender and disability together.<sup>561</sup>

Bonnie Brayton, DisAbled Women's Network of Canada

The importance of the PALS for informing the development of federal disability initiatives and monitoring their progress cannot be understated. The value of the survey is made clear in the following excerpt from the 2008 Federal Disability Report:

The 2006 PALS is the centrepiece of the Government of Canada's strategy for gathering information on disabilities. At the federal level, PALS is a primary source of data on disability for policy and program development, assessment and planning. For example, PALS data have been used extensively by Finance Canada in its review of disability tax measures, and by HRSDC to provide background for the Multilateral Framework for Labour Market Agreements for Persons with Disabilities. It also provides information required by the Employment Equity program in order to meet its regulatory requirements.

Provincial, territorial and municipal governments, along with service providers and the disability community, have acknowledged PALS and look to the Government of Canada to continue to provide leadership and resources for developing this knowledge. PALS has met these needs by providing data that is used intensively by Government of Canada departments, provinces, territories, municipalities, service providers and disability organizations to develop evidence-based policies, programs and positions. PALS have also garnered the interest of members of the disability community. To respond to the needs of the disability community, Statistics Canada has included, in its dissemination plan, the development of fact sheets on specific types of disabilities. At the international level, PALS is recognized as providing the most comprehensive picture of people with disabilities in Canada, and has provided input to other nations in their development process for surveys on disabilities.<sup>562</sup>

The PALS is an invaluable tool for policy-making, yet the Committee was told by some witnesses that HRSDC has not committed funding for the 2011 PALS post-censal survey and that it will be replaced by a new data collection tool. The Hon. Diane Finley, HRSDC Minister, promised the disability community that it would be consulted in the development of the data collection model. HRSDC held the first meeting of the Technical Advisory Group on July 22, 2010 and it was attended by representatives of the Council of Canadians with Disabilities, other disability community researchers and federal government officials.<sup>563</sup> The Committee will continue to monitor the situation as it strongly believes that data collection on participation and activity limitation of the disability community in Canada is essential if we are to develop successful services and programs that will meet the needs of Canadians with disabilities. This data also enable governments and other service providers, as well as the disability community, to develop knowledge-based policies on disability issues and monitor progress towards the goal of making Canada a fully inclusive society.

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561 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:55.

562 Government of Canada, *Advancing the Inclusion of People with Disabilities*, 2008 Federal Disability Report, 2008 pp. 104-105, [http://www.hrsdc.gc.ca/eng/disability\\_issues/reports/fdr/2008/fdr\\_2008.pdf](http://www.hrsdc.gc.ca/eng/disability_issues/reports/fdr/2008/fdr_2008.pdf).

563 Council of Canadians with Disabilities, *CCD Chairperson's Update: July-August 2010*, <http://www.ccdonline.ca/en/publications/chairpersons-update/2010/july-august>.

## Recommendation 4.2.11

The Committee recommends that the federal government revise its decision not to fund the Participation and Activity Limitation Survey in 2011 and commit to providing financial support for this valuable policy and research tool on an ongoing basis.

### 4.3 Senior Citizens

What are described as pillars one and two of the Canadian retirement systems, OAS, CPP, and GIS, together have been credited with the dramatic decline in poverty rates among seniors in the past 20 years. This is due in large part to the maturing of the CPP and the availability of GIS.<sup>564</sup>

Susan Eng, Canadian Association of Retired Persons

The federal government contributes to seniors' income in a variety of ways. The two main components of the public retirement system are Old Age Security (OAS) and the Canada Pension Plan (CPP), which issued \$33.9 billion and \$28.6 billion, respectively, in net payments in 2008.<sup>565</sup>

#### a. Old Age Security

The OAS program is funded directly from the government's general tax revenues. It consists of three components: the basic OAS pension, the Guaranteed Income Supplement (GIS) and the Allowance. Table 4.3.1 shows the maximum monthly benefit for all three components of the OAS as of January 2010, and the maximum annual income that a person can have and still be eligible for benefits.

**Table 4.3.1 – Benefit Rates, OAS, 2010<sup>566</sup>**

Benefit		Maximum Monthly Benefit	Maximum Annual Income
<b>Basic Pension</b>		\$516.96	\$108,090
<b>Guaranteed Income Supplement</b>	Single person	\$652.51	\$15,672
	Spouse of pensioner	\$430.90	\$20,688
	Spouse of non-pensioner	\$652.51	\$37,584
	Spouse of Allowance recipient	\$430.90	\$37,584
<b>Allowance</b>		\$947.86	\$28,992
<b>Allowance for the survivor</b>		\$1,050.68	\$21,120

564 Committee, *Evidence*, 2nd session, 40<sup>th</sup> Parliament, Meeting No. 43, June 9, 2009 at 11:20.

565 Human Resources and Skills Development Canada, *The CPP & OAS Stats Book 2009*, tables 3 and 30, <http://www.servicecanada.gc.ca/eng/isp/statistics/pdf/statbook.pdf>.

566 Service Canada, *Old Age Security (OAS) Payment Rates*, January to March 2010, <http://www.servicecanada.gc.ca/eng/isp/oas/oasrates.shtml>.

The maximum basic pension is usually available to all Canadians aged 65 or older who have lived in Canada for at least 40 years after turning 18. Individuals who have lived in Canada for 10 to 40 years are eligible for partial benefits. Special provisions apply to immigrants from countries that have a social security agreement with Canada. Basic OAS benefits are taxable. In addition, pensioners with a net income before adjustments of more than \$66,733 (in 2010) must reimburse 15% of the difference between their income and this amount, up to the total amount of benefits. Benefits are adjusted quarterly to reflect increases in the Consumer Price Index. They can also be increased on a discretionary basis. In 2005, for example, GIS benefits were increased by \$36 per month for single persons and by \$58 per month for couples.<sup>567</sup> This was the first increase since 1984.

Unlike the basic OAS benefits, GIS benefits and the Allowance are not taxable. GIS benefits are available to low-income seniors. The maximum benefit is reduced by \$1 for each \$2 of income earned in the case of single seniors, and by \$1 for each \$4 of combined earnings for married persons or the common-law partners of OAS recipients. A single senior whose income is over \$15,672 is not eligible for the GIS. Income calculations do not include OAS benefits, CPP and QPP (Quebec Pension Plan) death benefits,<sup>568</sup> and social assistance benefits. The first \$3,500 of employment income is also exempt.

Lastly, the Allowance is paid to low-income seniors aged 60 to 64 who have lived in Canada for at least 10 years after turning 18 and who are the spouse of a benefit recipient or their survivor. In the case of survivors, the benefit is reduced by \$3 for every \$4 of income earned by the recipient or of combined income for the spouse's allowance.

In June 2009, some 4.6 million Canadians aged 65 and older, approximately 98% of that total age group, were receiving OAS or GIS benefits, a similar proportion among men and women. Some 1.6 million of these seniors were receiving the GIS (29% of men and 63% of women aged 65 and older). The Allowance and the Allowance for the Survivor were paid to slightly less than 100,000 persons aged 60 to 64 (mostly women). In 2008, the average monthly benefit was \$482 for the OAS, \$391 for the GIS and \$474 for the Allowance.<sup>569</sup> In 2007, combined OAS benefits represented about 18% of the total income of male seniors but 28% of that of female seniors.<sup>570</sup>

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567 Increases were phased in over two years as of January 1, 2006 and January 1, 2007. Department of Finance, *The Budget Plan 2005*, Chapter 3, <http://www.fin.gc.ca/budget05/bp/bpc3-eng.asp>.

568 Workers in Quebec contribute to the Quebec Pension Plan (QPP), a very similar system administered by the Quebec government (Régie des rentes du Québec).

569 The number of recipients and the average benefits are taken from Human Resources and Skills Development Canada, *The CPP & OAS Stats Book 2009*, tables 31 and 41, <http://www.servicecanada.gc.ca/eng/isp/statistics/pdf/statbook.pdf>. The figures for the population of seniors as of July 1, 2009 is from Statistics Canada, *Population estimates by sex and age group*, <http://www.statcan.gc.ca/daily-quotidien/091127/t091127b2-eng.htm>.

570 Statistics Canada, Table CANSIM 202-0407, *Income of individuals, by sex, age group and income source, 2008 constant dollars*, annual.

## b. Canada Pension Plan

The CPP is a public retirement plan funded through equal contributions by employers and employees (self-employed persons pay both the employee and employer contributions), and it is mandatory as of age 18.<sup>571</sup> In 2010, the combined contribution rate is 9.9% of earnings between the minimum of \$3,500, which remains constant, and \$47,200, the maximum amount of pensionable earnings, which is adjusted annually based on growth in the average wage in Canada. The CPP features three types of benefits: retirement benefits (72% of total CPP benefits); disability benefits (13% of total CPP benefits); and survivor's and death benefits (15%). The disability benefit is composed of a fixed-rate portion and an amount equal to 75% of the earned retirement pension. For a recipient aged 65 or older, the survivor's benefit is equal to 60% of the retirement pension granted to a deceased contributor.

Retirement benefits are equivalent to 25% of pensionable earnings during the period between age 18 and retirement age (60 to 70). Months of low earnings are excluded from the calculation (up to 15% of the period). Under the child-rearing provision, if your earnings stopped or were reduced because you were raising children under the age of seven, you can ask for that period of time to be excluded from your pension calculation. If your income was equal to or greater than the maximum annual insurable earnings for at least 85% of the time that you were between the ages of 18 and 65, you will receive a maximum monthly benefit of \$908.75 at age 65. You can begin receiving benefits at age 60, with an actuarial adjustment of 0.5% per month or 6% annually until age 65, which means that if you start receiving CPP benefits at age 60, you face a 30% penalty. Similarly, if you start receiving benefits at age 70 (the maximum allowable age), you will be eligible for benefits that are 30% higher. In 2003, approximately two-thirds of retirees started to receive benefits before age 65.<sup>572</sup> Benefits are taxable and are adjusted annually to reflect increases in the Consumer Price Index.

In May 2009, the federal, provincial and territorial finance ministers recommended several changes to the CPP.<sup>573</sup> Bill C-51, passed in December 2009, brought some of these recommendations to fruition. For example, the percentage of low earnings months that can be excluded from the benefit calculation will be increased from 15% to 16% in 2012 and to 17% in 2014. As of January 2011, the minister can also change the actuarial adjustment factors by regulation. The related recommendation suggested a penalty of 36% on persons who start receiving CPP benefits at age 60 (or 0.6% per month before the age of 65), and an enhancement of 42% for those who start receiving benefits at age 70 (or 0.7% per month). There have been no official changes to the rates so far.

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571 Unless stated otherwise, CPP data are taken from Human Resources and Skills Development Canada, *Annual Report of the Canada Pension Plan 2007–08*, <http://www.hrsdc.gc.ca/eng/oas-cpp/reports/2008/page00.shtml>.

572 Ted Wannell, "Public Pensions and Work," *Perspectives on Labour and Income*, Vol. 8, No. 8, August 2007, Statistics Canada, Catalogue No. 75-001-XIE, <http://www.statcan.gc.ca/pub/75-001-x/75-001-x2007108-eng.pdf>.

573 Finance Canada, *Proposed Changes to the Canada Pension Plan*, May 25, 2009, [http://www.fin.gc.ca/n08/data/09-051\\_1-eng.asp](http://www.fin.gc.ca/n08/data/09-051_1-eng.asp).

In 2007, 96% of men and 86% of women over the age of 65 received CPP or QPP benefits. These benefits represented one-fifth of their income in both cases. Average benefits were \$7,000 for male recipients and \$5,500 for female recipients.<sup>574</sup>

### **c. Other Federal Contributions**

In addition to the OAS and CPP, the federal government contributes to seniors' income by helping them prepare for retirement through registered retirement savings plans (RRSPs) and registered pension plans (RPPs). In both cases, contributions are tax deductible up to a certain level or percentage of income, but the retirement income is taxable. RRSPs and RPPs target primarily people in a middle- or high-income bracket and are not very effective in helping low-income people prepare for retirement. In 2005, 48% of families with an after-tax family income of \$36,500 or less had an RRSP or RPP, compared with 89% of families with an income above \$85,000. The difference in the median value of these plans was even more striking: \$16,300 for the first group and \$224,100 for the second.<sup>575</sup>

Lastly, persons aged 65 and older can receive a non-refundable tax credit of \$6,408 (2009) if their net income is \$32,312 or less. This credit decreases by 15 cents for each additional dollar of income up to a maximum income of \$75,032. The tax credit is indexed annually and received an additional increase of \$1,000 in 2009. There is another non-refundable tax credit of \$2,000 for pension income (income from an RRSP or RPP). However, these tax credits have no impact on low-income seniors who do not pay taxes.

### **d. Proposals for Reducing Poverty among Seniors**

As stated in Chapter 1, over the past few decades there has been a drastic decrease in the percentage of seniors whose income is below the after-tax LICOs, as measured by Statistics Canada. However, seniors who live alone are still more likely than other seniors and the rest of the Canadian population to be below these thresholds.

Several witnesses told the Committee that income support programs have done a great deal to reduce low-income rates among seniors.

The declining low-income rate over the past 25 years for Canada's senior population has been a significant success story. The low-income rate was 6.1% in 2005 for seniors, down markedly from 21.3% in 1980. This decline is the result of the maturation of the CPP, the enhancement of the OAS and GIS, and the increase in private savings.<sup>576</sup>

Frank Fedyk, Department of Human Resources and Social Development

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574 Statistics Canada, Table CANSIM 202-0407, *Income of individuals, by sex, age group and income source, 2008 constant dollars*, annual.

575 Wendy Pyper, "RRSP investments," *Perspectives on Labour and Income*, Vol. 9, No. 2, February 2008, Statistics Canada, Catalogue No. 75-001-XIE, <http://www.statcan.gc.ca/pub/75-001-x/2008102/pdf/10520-eng.pdf>.

576 Committee, *Evidence*, 2<sup>nd</sup> session, 39<sup>th</sup> Parliament, Meeting No. 23, April 10, 2008 at 09:05.

The maturation of the CPP refers to the fact that this plan was established in 1966 and the percentage of seniors able to receive full benefits has increased over the years. Improvements in seniors' financial situation can also be attributed to the increased percentage of seniors receiving retirement income from RPPs in the 1980s and 1990s.<sup>577</sup>

Witnesses suggested several ways to increase seniors' income, particularly for persons living alone (mostly women) whose income is below Statistics Canada's LICOs. Some proposals involved increasing OAS or GIS benefits in order to bring public pension benefits closer to the LICOs, or removing CPP benefits from the income calculation for the GIS.

We could also look at the level of OAS and GIS combined—our basic guaranteed income for seniors—because for a single individual, the maximum amount available from those two programs is still below the after-tax LICO. Changes here could help those senior women on their own who have such high rates of low income.<sup>578</sup>

Monica Townson, as an individual

So in the area of government income supports and public pension benefits, we would be recommending that the federal government increase the levels of OAS and GIS substantially to bring the guaranteed income to be at least LICO-appropriate for the urban centres or the places in which they live.<sup>579</sup>

Susan Eng, Canadian Association of Retired Persons

The CPP payments diminish the GIS component by 50%. So it may be that we should not be looking at reforming the CPP itself. Instead, we should be looking at how the CPP reduces other income forms, especially for people who have needs.<sup>580</sup>

John Stapleton, Toronto City Summit Alliance

The GIS is an ideal means of reducing poverty among seniors because it targets those with a low income, particularly seniors living alone. In 2007, seniors living alone represented 28% of all seniors, but 60% of GIS recipients and 82% of seniors living below the LICOs. A senior living alone with no income other than the maximum OAS and GIS benefits would receive combined benefits of about \$14,033 (January 2010 rates), which is below the LICOs for 2008 (the latest available) for a person living alone in an urban centre with a population of 30,000 or more.<sup>581</sup> By comparison, a couple aged 65 or over in the same situation would receive combined benefits of \$22,749, which is above the 2008 LICOs for all regions.

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577 Statistics Canada, *A Portrait of Seniors in Canada, 2006*, February 2007, Statistics Canada, Catalogue No. 89-519-XIE, p. 66, <http://www.statcan.gc.ca/pub/89-519-x/89-519-x2006001-eng.pdf>.

578 Committee, *Evidence*, 2<sup>nd</sup> session, 39<sup>th</sup> Parliament, Meeting No. 25, April 17, 2008 at 09:40.

579 Committee, *Evidence*, 2<sup>nd</sup> session, 40<sup>th</sup> Parliament, Meeting No. 43, June 9, 2009 at 11:25.

580 Committee, *Evidence*, 2<sup>nd</sup> session, 40<sup>th</sup> Parliament, Meeting No. 39, June 2, 2009 at 10:45.

581 LICOs vary according to the type of region (rural or urban) and its size, as the cost of living is higher in major urban areas, mainly due to housing costs. Cut-offs reflect after-tax income. Although OAS benefits are taxable (GIS benefits are not), a person or couple whose income is derived solely from the OAS and GIS, would not pay taxes owing to the basic personal amount and the age amount.

In the case of employment income, the GIS features a basic exemption that is not indexed to the cost of living. Furthermore, CPP income reduces GIS benefits, which creates a disincentive among some senior citizens to work further.<sup>582</sup> Excluding CPP benefits from the GIS income calculation would reduce this disincentive.

### **Recommendation 4.3.1**

**The Committee recommends that the federal government make changes to the Guaranteed Income Supplement (GIS), in particular by increasing benefits (especially those to persons living alone), increasing or indexing the basic exemption for employment income, and excluding Canada Pension Plan benefits from the income calculation for the GIS, and that the federal government systematically verify eligibility of pensioners to the GIS and allow an individual to apply for a pension and/or the GIS by adding a question to that effect in the tax return.**

Some witnesses raised the idea of making the age credit refundable rather than non-refundable. This step would have the greatest impact on people who pay no taxes. Recommendation 4.3.1 already targets GIS benefits, affecting mainly people who pay little or no tax.

The most obvious program to further reduce poverty among seniors is the guaranteed income supplement. This received a few improvements a couple of years ago—the first ones in a generation. If we want to make further progress with poverty for seniors, we could make further increases in this program. Another possibility is to take the age credit, which is a non-refundable credit, and make it a refundable credit. Then it would serve seniors who have income so low that they're below the taxpaying threshold.<sup>583</sup>

Ken Battle, Caledon Institute of Social Policy

Other witnesses spoke of the lack of awareness of the GIS. For example, some people who are eligible for the GIS do not apply because they are not aware of it or do not want it.

One of the studies we came across was a Statistics Canada report about the guaranteed income supplement and the problems people are experiencing with that. About 300,000 seniors across the country may be losing about \$300 million every year because they are not filing. We also found the challenges of financial literacy are big for the whole country, but particularly so for low-income people. We found HRSDC, in one of their outreach evaluation reports, reporting that it seems some marginalized people are losing out on their entitlements. They don't apply for them.<sup>584</sup>

Kofi Hadjor, Green Pastures Society

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582 Kevin Milligan and Tammy Schirle, "Improving the Labour Market Incentives in Canada's Public Pension System," *Canadian Public Policy*, vol. 34, no. 3, September 2008, p. 281–304.

583 Committee, *Evidence*, 2nd session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:10.

584 Committee, *Evidence*, 2nd session, 40<sup>th</sup> Parliament, Meeting No. 40, June 2, 2009 at 11:25.

It is worth noting that the percentage of eligible seniors who do not receive the GIS decreased to 10% from 13% between 2000 and 2006.<sup>585</sup> However, there are still approximately 150,000 eligible seniors who do not receive the GIS. Several years ago, Human Resources and Skills Development Canada introduced measures to encourage GIS take-up, such as eliminating the need to reapply for benefits. Recipients are renewed when they file their income tax return. An awareness campaign was launched in 2002 aimed at the most vulnerable seniors or those who do not file tax returns. The Committee believes that an ongoing effort must be made to reduce the number of eligible non-recipients as they are in particular need of GIS benefits.

Specific witnesses also identified the CPP as a possible means of increasing seniors' income.

The Canada-Quebec Pension Plan is designed to provide some measure of dignity to Canadians as they age. It is a tremendous social program success story....However, it only provides for an earning replacement rate of 25% of earnings up to the average industrial wage. As of 2009, this provided a maximum monthly payment of \$908.75 for a 65-year-old who had maximum workforce participation with maximum earnings. In reality, the average monthly benefit payable is only \$501.82, which reflects the number of part-time workers and workers who have taken leaves of absence from the paid employment market due to pregnancy leave, parental leave, and compassionate care leave, for example. This disproportionately affects women workers.<sup>586</sup>

Betty Jean Sutherland, Canadian Union of Public Employees – Nova Scotia

One of the disadvantages is that for women who drop out of the labour force for caregiving reasons other than for children—for example, in middle age, to take care of a senior member of the household, or to take care of somebody else—it doesn't have the same dropout provisions as child care for a mother does.<sup>587</sup>

Glenn Drover, Canadian Association of Social Workers

The Canada Pension Plan is not sufficient. It was designed to replace 25% of the average industrial wage. Today, it ought to represent 50% of the average industrial salary. CPP contributions should be gradually increased....We recommend that the Canada Pension Plan be gradually increased until it reaches 50% of the average industrial salary.<sup>588</sup>

Aur a Cormier, Common Front for Social Justice of New Brunswick

Although seniors who have never been employed do not receive the CPP (approximately 14% of women did not receive CPP or QPP benefits in 2007), many low-income workers or workers who have experienced several periods of unemployment would see an improvement in their retirement income following an increase in the CPP replacement rate. New benefits would have to be phased in so that the contributions of

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585 May Luong, "GIS Update", *Perspectives on Labour and Income*, Vol. 10, No. 7, July 2009, Statistics Canada Catalogue No. 75-001-X, <http://www.statcan.gc.ca/pub/75-001-x/2009107/pdf/10906-eng.pdf>.

586 Committee, *Evidence*, 2nd session, 40<sup>th</sup> Parliament, Meeting No. 21, May 11, 2009 at 10:50.

587 Committee, *Evidence*, 2nd session, 39<sup>th</sup> Parliament, Meeting No. 24, April 15, 2008 at 09:25.

588 Committee, *Evidence*, 2nd session, 40<sup>th</sup> Parliament, Meeting No. 24, May 12, 2009 at 09:15.



current workers, which would finance this increase, do not unnecessarily pay for increased benefits to current retirees or persons retiring in the near future.

### **Recommendation 4.3.2**

**The Committee recommends that the federal government increase the Canada Pension Plan replacement rate and exclude from the benefit calculation the time spent caring for a gravely ill person, in the same way that time spent caring for a child under the age of seven is currently excluded.**

## **4.4 Poverty among Aboriginal People**

The federal government must act in a comprehensive and concerted manner to improve the socio-economic well-being of First Nation citizens, as First Nations poverty continues to carry immense risks to individuals, families, communities, and nations, including poor health, the loss of languages, and other harmful consequences. It should be noted also that First Nations poverty poses significant risks to the social and economic future of Canada, particularly in Western and Northern parts of the country.<sup>589</sup>

Assembly of First Nations

### **a. Background**

As discussed in Chapter one of this report, Canada's Aboriginal people face important social and economic challenges. The overall prevalence of low income is significantly greater among Aboriginal people than among the non-Aboriginal population. Responsibility for the Inuit and on-reserve registered (status) Indian (First Nations) population rests with the federal government by virtue of Subsection 91(24) of the *Constitution Act, 1867*. The responsibility of the federal government toward the Métis people is not as clear. The Supreme Court of Canada has not yet determined whether the Métis are included within the meaning of "Indians" under Subsection 91(24).<sup>590</sup> First Nations and Inuit populations are thus eligible for a range of federal programs and services delivered by a variety of federal government departments and agencies. Métis people are eligible only to some of these programs. According to the Aboriginal Horizontal Framework, developed by the Treasury Board Secretariat in 2004–2005, 34 federal departments, agencies and Crown corporations provided 360 programs and services targeted to Aboriginal people that year for an estimated cost of \$8 billion

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589 Assembly of First Nations, *Brief to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on The Federal Contribution to Reducing Poverty in Canada*, Ottawa, April 9, 2010, p. 3.

590 The jurisdictional issue related to federal and provincial responsibilities as it affects Métis people is a priority for the Métis National Council that has been representing the Métis Nation since 1983. On September 5, 2008, the Government of Canada and the Métis National Council signed the *Métis Nation Protocol* to establish a clear process to conduct bilateral discussions on that issue and on other issues such as Métis Aboriginal rights, Métis residential school survivors, access to benefits by Métis veterans, Métis Nation governance and institutions, economic development and community capacity building.

annually.<sup>591</sup> In 2010-2011, Indian and Northern Affairs Canada (INAC)'s planned spending alone totals \$7.3 billion.

According to the 2006 Census, 3.8% of Canada's total population, over 1 million people, identified as Aboriginal (First Nations, Métis or Inuit) that year. This number is certainly much higher today as the Aboriginal population is growing at a faster rate than the non-Aboriginal population and is a particularly young population, with a median age of only 27 years compared to 40 years for non-Aboriginal people in 2006. It is also an increasingly urban population as it is estimated that over half of Aboriginal people (54%) lived in urban centres that year.<sup>592</sup> The proportion of Aboriginal people was higher in provinces and territories that are more rural and northern: in Nunavut (85%), the Northwest Territories (50%), Yukon (25%), Manitoba (15%) and Saskatchewan (15%). In other provinces, these proportions were around the Canadian average of 4%.<sup>593</sup>

Studies clearly show that the incidence of low income among Aboriginal people is much higher than among the non-Aboriginal population. The 2006 Census found that 18.7% of Aboriginal people living in economic families and 42.8% of unattached Aboriginal people experienced low income, compared to 8.4% and 28% among the non-Aboriginal population. Aboriginal women were at greater risk of experiencing low income than Aboriginal men, with low-income rates as high as 45.6% among those who were unattached. In addition to income levels, other indicators of well-being reveal that Aboriginal women are particularly at risk of violence and often face barriers accessing the justice system.<sup>594</sup> Aboriginal children also had low-income rates more than twice as high as their non-Aboriginal counterparts.<sup>595</sup> Witnesses were greatly concerned by the extent of poverty among the Aboriginal population and its subgroups and stressed that this situation necessitates specific immediate interventions.

Twenty-three per cent of our population is [A]boriginal, compared to 3.3% for Canada. The legacy of physical, sexual, and emotional abuse of aboriginal women as well as cultural alienation and lack of respect are greater in the north. Consequently, rates of spousal abuse, homicide, and sexual assault are higher for [A]boriginal women.

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591 Treasury Board of Canada Secretariat, *Aboriginal Affairs: Programs and Spending, Frequently Asked Questions*, November 16, 2005, <http://www.tbs-sct.gc.ca/aaps-aapd/faq.aspx?Language=EN>.

592 It should be noted that proportion of First Nation peoples living off-reserve may vary depending on how the population is defined and counted. Estimates vary from 45% to 57%. See Make First Nations Poverty History Expert Advisory Committee, *The State of the First Nation Economy and the Struggle to Make Poverty History*, A Paper prepared for the Inter-Nation Trade and Economic Summit, Toronto, Ontario, Marche 9-11 2009, p. 5, <http://www.afn.ca/misc/FSFNE.pdf>.

593 Statistics Canada, *Aboriginal Peoples in Canada in 2006: Inuit, Métis and First Nations, 2006 Census*, January 2008, pp. 8-14, <http://www12.statcan.ca/census-recensement/2006/as-sa/97-558/pdf/97-558-XIE2006001.pdf>.

594 To address some of the issues of violence against Aboriginal women, the federal government committed in Budget 2010 to invest \$10 million over two years to address the shockingly high number of missing and murdered Aboriginal women in Canada.

595 Statistics Canada, *Aboriginal Identity (8), Age Groups (8), Area of Residence (6), Sex (3) and Selected Demographic, Cultural, Labour Force, Educational and Income Characteristics (233), for the Total Population of Canada, Provinces and Territories, 2006 Census*, Catalogue no. 97-564-X2006002, December 6, 2008, <http://www12.statcan.gc.ca/english/census06/data/topics/ListProducts.cfm?Temporal=2006&APATH=3&THEME=73&FREE=0&GRP=1>. For more information, see Chapter 1, section f.

Aboriginal women live with inequities under the Indian Act and face discrimination daily. These are all social determinants of poverty.<sup>596</sup>

Charlotte Hrenchuk, Yukon Status of Women Council

Many of the Métis people who live below the poverty line are either young families or families who have more than three children. It is interesting to note that the 20th anniversary of the unanimous all-party resolution in the House of Commons to end child poverty by 2000 has just passed. Yet according to the 2006 census, 32% of Métis children under the age of six were in low-income families, compared to 18% of non-[A]boriginal children. According to the 2006 census, 32% of young Métis children were living in families with three or more children, compared to 25% of non-[A]boriginal children. Métis children in rural areas were more likely to live in families with three or more children than Métis children in urban areas—39% versus 30%. Yet the percentage of Métis children living in low-income families was higher in urban areas than in rural areas—36% compared to 20%.<sup>597</sup>

David Chartrand, Métis National Council

## b. Human Rights

The Committee was told that while there are clearly moral and economic imperatives to reduce poverty among Aboriginal people, the Government of Canada should also be compelled to act from a human rights perspective. The United Nations General Assembly adopted the Declaration on the Rights of Indigenous Peoples on September 13, 2007.<sup>598</sup> The declaration “sets out the individual and collective rights of indigenous peoples, as well as their rights to culture, identity, language, employment, health, education and other issues.”<sup>599</sup> The declaration prohibits discrimination against indigenous peoples and underlines their right to maintain their own institutions and pursue economic and social development according to their own needs and aspirations.<sup>600</sup> On April 8, 2008, the House of Commons passed a resolution asking “that the government endorse the United Nations Declaration on the Rights of Indigenous Peoples as adopted by the United Nations General Assembly on September 13, 2007 and that Parliament and Government of Canada fully implement the standards contained therein”.<sup>601</sup> Canada was one of only four countries that voted against the Declaration (Australia, Canada, New Zealand, and the United States). Since then two countries, Australia and New Zealand, have reversed their position and now support the Declaration. The Government of Canada announced in the most recent Speech from the Throne that it

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596 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 62, December 1, 2009 at 11:15.

597 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 08, March 31, 2010 at 15:30.

598 United Nations, *United Nations Declaration on the Rights of Indigenous Peoples*, Adopted by General Assembly Resolution 61/295 on September 13, 2007, <http://www.un.org/esa/socdev/unpfii/en/drip.html>.

599 “United Nations adopts Declaration on Rights of Indigenous Peoples,” *UN News Centre*, September 13, 2007, <http://www.un.org/apps/news/story.asp?NewsID=23794>.

600 Ibid.

601 Third report of the Standing Committee on the Status of Women, 39<sup>th</sup> Parliament, 2<sup>nd</sup> Session, adopted by the Committee on February 5, 2008, concurred in by the House on April 8, 2008, <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=3247352&Language=E&Mode=1&Parl=39&Ses=2>.

“will take steps to endorse this aspirational document in a manner fully consistent with Canada’s Constitution and laws”.<sup>602</sup> Witnesses suggested that endorsing the declaration would be an important step towards resolving the inequalities that endure in Canadian society between Aboriginal and non-Aboriginal people. The Committee agrees that this is the first thing the federal government needs to do to begin to address the inequities that affect Aboriginal people across this country and we make it our first recommendation to improve the lives of Aboriginal people living in poverty.

#### **Recommendation 4.4.1**

**The Committee recommends that the federal government take immediate steps to endorse the United Nations Declaration on the Rights of Indigenous Peoples and implement the standards set out in this document.**

#### **c. Federal Government’s Role and Programming**

##### **What We Heard**

The federal government’s obligation to improve the living conditions of Aboriginal people was underscored repeatedly over the course of our hearings and during the Committee’s visits across the country and to reserves in Québec. Committee members heard from Chief Louie of the Westbank First Nation (WFN) who shared best practices in economic development in the WFN’s well-developed community while acknowledging that their prime location in the Okanagan Valley plays an important role in their success. Chief Louie also shared some of the challenges faced by some of the less fortunate Aboriginal families and talked about federal programs that have a positive impact on children such as the Aboriginal Head Start program.

The Committee also heard from the Métis National Council (MNC) and the difficulties that Métis people have accessing some federal initiatives that currently target specifically First Nations and Inuit communities. The MNC told the Committee that the Métis nation contributes to Canada’s economy, is accountable for dollars spent on programming to assist their people and that the Métis people have made great strides in recent years in terms of developing their own economy. However, much more could be done to ensure access to education and learning opportunities, their participation in the labour market and to improve their overall socio-economic conditions.

Parliament and the Government of Canada have direct, specific, and substantial responsibilities to improve socio-economic conditions for aboriginal people, including the Métis—and I emphasize “including the Métis”.

These responsibilities flow from a variety of sources, not just subsection 91(24) of the Constitution Act of 1867. There’s also the responsibility to make the functioning of the

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602 Canada, Governor General, *A Stronger Canada. A Stronger Economy. Now and for the Future*. Speech from the Throne to Open the Third Session of the Fortieth Parliament of Canada, March 3, 2010, p. 19, [http://www.discours.gc.ca/grfx/docs/sft-ddt-2010\\_e.pdf](http://www.discours.gc.ca/grfx/docs/sft-ddt-2010_e.pdf).

Canadian economic union as successful as possible. A successful economy depends on productive, contributing Métis citizens. Canadians cannot afford, either nationally or in their regions and communities, to see Métis people lag behind. As taxpayers to both levels of government, we envisage a strong role for the federal government that goes beyond providing tax credits or reducing taxes for working class Métis Canadians.

[...]

We believe the federal government must move on two fronts. First, it must continue to expand skills training and post-secondary educational support for Métis people. Second, it must expand its support for Métis families for child care and for early learning supports like Métis head starts.<sup>603</sup>

David Chartrand, Métis National Council

The Committee also learned about the plight of Aboriginal people living in urban areas and the work being done by the 120 Friendship Centres established across the country. The National Association of Friendship Centres (NAFC) told members of the Committee that poverty reduction is at the core of their being and that they delivered \$114 million in programming and services to urban Aboriginal people in 2009. Similarly to other Aboriginal organizations, the NAFC told the Committee about the challenges urban youth face with regard to completing high school and moving on to post-secondary education and the impact that has on their future. The NAFC also impressed on the Committee that urban Aboriginal people do participate in the labour market and want to have the knowledge required to obtain and maintain better jobs. Urban Aboriginal people are a growing young population in need of assistance to improve their socio-economic situation. They should not to be forgotten by the federal government when it comes to developing a federal action plan to reduce poverty in Canada.

It's the exact same issue that exists in the [A]boriginal community, with half of our kids not graduating from high school, and frankly, it's a national disgrace. There's a bit of irony, though. Despite the fact that our people are not graduating high school, our people are participating in labour market activities at a higher rate than general Canadian society. In urban communities across Canada, 68% of [A]boriginal people participate in the labour force. The non-[A]boriginal rate is 67%. Despite the barriers in education and cultural reintegration in societies, our people are trying to be engaged in the economy; they're trying to work. They are becoming more and more disenfranchised, however, because they're not finding success.

We have twice the unemployment rate as our brothers and sisters in the exact same neighbourhoods who aren't [A]boriginal. Our incomes are way lower. In fact, 29% of aboriginal families in cities and towns across this country live in poverty, as articulated by the low-income cut-off, versus 13% of their neighbours. It's a tremendous disparity that exists. Of single people, 53% of aboriginal people who are single in cities and towns across this country live in poverty, below the low-income cut-off, versus 38% for the non-aboriginal population. When we look to more marginalized groups, we're seeing the greater kind of stratification occur in areas of poverty.

[...]

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603 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 08, March 31, 2010 at 15:30.

A lot of times, people will say there are no opportunities in [F]irst [N]ations communities, or, as you heard from our previous speaker, in Métis hamlets, so come to the cities and you'll have a better quality of life and better chances. In fact, urban [A]boriginal residents are not finding that. They're finding the same barriers and the same challenges, while they are surrounded by prosperity.

[...]

The National Council of Welfare, in its recent pre-budget submission, was very clear as to what needs to be done to have poverty reduction in this country. They said there are five areas we need to focus on: child care, affordable housing, education, health care, and employment.<sup>604</sup>

Peter Dinsdale, National Association of Friendship Centres

The Assembly of First Nations (AFN) communicated their concerns through a brief sent to the Committee which clearly calls for the federal government to work in partnership with First Nations and other governments to find solutions to overcome poverty in First Nations communities across the country. The AFN argues that the “federal system of fiscal transfers to First Nations communities is broken”<sup>605</sup> and the inadequacy in funding has been a contributing factor to the widening gap between the socio-economic situation of First Nations and that of other Canadians. It is asking for higher investments in First Nations education and skills development and points out that higher educational attainment is “the most powerful method for bringing improvement in all other social and economic outcomes.”<sup>606</sup> The AFN also reminded the Committee that a well-educated and skilled Aboriginal population could fill some of the labour market shortages caused by the aging of Canada’s labour force. Furthermore, increasing the labour market participation of First Nation peoples will also result in decreased spending on social assistance and other remedial programs and will benefit all Canadians in the process.

First Nations citizens have not enjoyed the same level of basic services as Canadians. It is time to change this by ensuring that funding levels are equitable, fiscal relationships are stable, and governance arrangements reflect First Nations rights and jurisdictions.

Building stronger First Nation economies will help build a stronger Canada. To ensure a future of opportunity, success and prosperity for First Nations, the federal government has to act now.

Through strategic investment combined with structural changes, the Government of Canada can maximize outcomes and create the foundation for our collective well-being.<sup>607</sup>

Assembly of First Nations

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604 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 08, March 31, 2010 at 16:30 and 16:35.

605 Assembly of First Nations, *Brief to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on The Federal Contribution to Reducing Poverty in Canada*, April 9, 2010, p.4.

606 Ibid.

607 Ibid., p. 7.

Lastly, Committee members saw for themselves the poverty-related issues plaguing two Aboriginal communities during a visit to the Lac-Simon reserve and the Kitcisakik Indian Settlement in May 2010. Both communities, which are located near Val-d'Or in Quebec, face severe problems due to poverty. Most of the homes need major renovations and are poorly insulated. There is not enough housing to support the soaring population (in 2009, there were about 50 births in Lac-Simon, which has a population of close to 1,600 people). In addition, low levels of education compared with other parts of the country result in fewer employment opportunities. Large companies and job-creation projects are rare or non-existent.

In the past, children from these communities had to attend residential schools, where they were cut off from their traditions and language and were sometimes abused. Some of the people who attended these schools have been unable to develop good parenting skills as a result. These factors, as well as poverty and a lack of opportunity, have led to many ongoing social problems, such as alcoholism, drug addiction, violence and suicide. Despite these many issues, what Committee members noted most of all was the Aboriginal community's intense desire to bring about change, improve their conditions and give their children a brighter future.

Many projects are under way. In Kitcisakik, for example, elementary students will be able to attend school in their community thanks to the construction of a new facility.<sup>608</sup> The development of a sawmill, coupled with proper training, will provide employment to several members of the Algonquin First Nation. Lac-Simon also has development projects, such as a breakfast club and community library. The community was also granted the right to cut 25,000 cubic feet of birch, and training in silviculture is available. Both communities have also launched extensive home renovation projects to address vermiculite, insulation and mould problems.

Despite these efforts, there are still many problems requiring significant resources. The Committee believes that improving the living conditions of First Nations peoples must be one of the most important objectives of a federal action plan to reduce poverty in Canada.

### **Federal Programs**

There are a number of federal programs and services that address in some way the numerous factors that may cause poverty. Indian and Northern Affairs Canada (INAC) is responsible for most of the programs targeted at First Nations and Inuit people. As indicated earlier, the total planned spending for 2010-2011 for INAC is estimated at approximately \$7 billion, with over 60% of this amount committed to basic services such as education, social services and community infrastructure.<sup>609</sup> In addition to INAC, other federal departments also offer programs and services that benefit various Aboriginal

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608 As of grade 4, students must now attend school in Val d'Or or other neighbouring towns, where they stay with families from Sunday night until Friday.

609 Indian and Northern Affairs Canada and Canadian Polar Commission, *2010-2011 Estimates - Report on Plans and Priorities*, p. 15, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/ian/ian-eng.pdf>.

groups. The most significant is Health Canada's First Nations and Inuit Health Programming and Services. Planned spending in this area for 2010–2011 is nearly \$2.2 billion.<sup>610</sup> Another example Human Resources and Skills Development Canada (HRSDC) which offers an extensive system of employment services to increase the labour market participation of Aboriginal people in Canada through programs such as the Aboriginal Human Resources Development Strategy (AHRDS) and its successor, the Aboriginal Skills and Employment Training Strategy (ASETS).<sup>611</sup> Housing is also a key determinant of quality of life and a number of federal programs, some under the responsibility of the Canada Mortgage and Housing Corporation (CMHC), are offered to increase the number of suitable homes for Aboriginal people living on or off-reserve.

## Education

It is well known that educational attainment is correlated with better outcomes later in life, and lessens the likelihood of living in poverty. Those who graduate from high school and pursue post-secondary education are much more likely to be gainfully employed and improve their socio-economic conditions. Research also indicates that supporting the educational attainment of Aboriginal people is a sound investment. According to a recent study, if Aboriginal people reach the same levels of educational attainment and labour market outcomes as the non-Aboriginal population by 2026, federal and provincial governments will benefit from \$11.9 billion (2006 dollars) in fiscal savings and increased tax revenues.<sup>612</sup>

Education is a pre-condition for full participation in society and the economy. Education is also of strategic importance with the improvement in education confirmed as the most powerful method for bringing about improvement in all other social and economic outcomes. In other words, educational investments have significant social and economic returns.<sup>613</sup>

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When we look at the challenges related to poverty—for example, early in life, I dropped out of school to work full time, out of necessity. It wasn't because I didn't want an education or my parents didn't want me to have one. We needed the money. Someone had to make extra money because there were mouths to feed, bills to pay. Sometimes you could find yourself in a situation where you just have to do that.

I was very fortunate in my life as an individual to go back and get some further academic opportunities. But a lot of people don't. So when you look at the root problems of why it's causing this divide and why the margin is getting wider, we look at some of the

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610 Health Canada, *2010-2011 Estimates – Part III – Report on Plans and Priorities*, 2010. p.7, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/shc/shc-eng.pdf>.

611 Human Resources and Skills Development Canada, *Aboriginal Human Resources Development Strategy (AHRDS)*, June 11, 2009, [http://www.hrsdc.gc.ca/eng/employment/aboriginal\\_employment/index.shtml](http://www.hrsdc.gc.ca/eng/employment/aboriginal_employment/index.shtml).

612 Centre for the Study of Living Standards, *The Effect of Increasing Aboriginal Educational Attainment on the Labour Force, Output and the Fiscal Balance*, May 2009, p. vii, <http://www.csls.ca/reports/csls2009-3.pdf>.

613 Assembly of First Nations, *Brief to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on The Federal Contribution to Reducing Poverty in Canada*, April 9, 2010, p. 4.



challenges associated with learner outcomes for [A]boriginal people, for example. We know there's a huge difference in the outcomes between our people and other Yukoners and other Canadians, which becomes a very strong barrier for people to try to achieve economic self-sufficiency or get meaningful employment. It perpetuates itself. It gets to be a problem.<sup>614</sup>

Grand Chief Ed Schultz, Council of Yukon First Nations

In addition to the conventional skills that enable participation in the labour market, the Committee recognizes that integrating Aboriginal culture and values in the learning system is essential if we are to improve the living conditions of Aboriginal children and youth. It has been stated that “[a] healthy future for Aboriginal people is also embedded in Aboriginal ways of knowing and being from which Aboriginal people cannot be separated if they are to survive and thrive. Only through Aboriginal development and control over all aspects of their own education can this be assured.”<sup>615</sup> Educational systems must be developed and implemented in collaboration with Aboriginal people. Some witnesses also stressed the need for more coordination between the agencies and stakeholders that fund, govern and deliver educational programming to Aboriginal students.

Education.... At the Vancouver Aboriginal Friendship Centre we are appalled by the lack of understanding of the history of [A]boriginal people, the real history in a non-threatening way, right from the very well-educated to those walking on the street. We teach shared cultural experience at the friendship centre. We share with them what this means, the colonization, how to understand today's issues in relation to that and how to go forward in partnership. So education could be done slightly differently.<sup>616</sup>

Sherry Small, Vancouver Aboriginal Friendship Centre Society

To actually have a big effect on the [A]boriginal question, we need to be able to bring people like Indian and Northern Affairs Canada together with the school boards, the provincial organizations, and the teachers' organizations....As for [A]boriginal students, as soon as somebody tries to help them, bang, they're gone, back to another community, and there's no coordination between agencies or provinces to try to track them and help them and to actually deal with the issue. Clearly, there's a coordination role and an information role that other partners can play.<sup>617</sup>

Calvin Fraser, Canadian Teachers' Federation

## **Elementary/Secondary Education**

INAC supports the elementary and secondary education (Kindergarten to Grade 12) of First Nations children by delivering funding to band councils and First Nation education authorities. In 2006-2007, the Elementary/Secondary Education Program

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614 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 62, December 1, 2009 at 10:00.

615 National Collaborating Centre for Aboriginal Health, *Fact Sheet: Education as Social Determinant of First Nations, Inuit and Métis Health*, February 2009, p. 4, <http://www.nccah-ccnsa.ca/myfiles/nccah-factsheet-web-SDOH-EDUCATION.pdf>.

616 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 30, 2009 at 09:35.

617 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 12:25.

budget was \$1.2 billion, funding that supported approximately 120,000 students and 515 schools. Approximately 60% of First Nations students are taught on reserve, while 40% attend off-reserve schools under provincial authority, usually for secondary school.<sup>618</sup> In 2008-2009, INAC's total spending on education (including post-secondary education) was slightly more than \$1.8 billion.<sup>619</sup>

Research shows that far too many Aboriginal students drop out of high school. According to the 2006 Census, 34% of Aboriginal people between 25 and 64 years old had not completed high school, compared to 15% among the non-Aboriginal population. This education gap was even higher for Inuit and First Nations people living on reserve. Among these groups, about half of the adults had not completed their high school education.<sup>620</sup>

High school completion among First Nations youth is half the Canadian rate. At the current rate, it will take 28 years for First Nations to catch-up to the non-Aboriginal population. 80 percent of First Nations peoples have personal incomes below \$30,000 per year. More than half of First Nations peoples are not employed.<sup>621</sup>

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The funding provided by the federal government for Aboriginal education programs has been capped at 2% annual growth since 1996. This is in spite of education costs that have risen at a 4.3% annual rate from 1996 to 2009 on average. The population of the Aboriginal population aged less than 15 has also grown between 1996 and 2006 (last data available) at a 2.2% average annual growth rate.<sup>622</sup> For these reasons, concerns have been raised that current funding amounts are inadequate to meet the educational needs of Aboriginal children and youth. According to the First Nations Education Council, funding levels can no longer support a First Nations elementary/secondary program comparable to provincial school programs.<sup>623</sup> The Committee heard similar concerns over the course of its hearings.

The school dropout rate associated to chronic underfunding in education curbs the social, human and economic development of First Nations. Education is, and must remain, an escape from poverty. Thus, Canada should adequately fund the education sector in order that First Nations communities can provide education that is comparable to that offered to

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618 Indian and Northern Affairs Canada, *Elementary/Secondary Education*, November 3, 2008, <http://www.ainc-inac.gc.ca/edu/ep/ese-eng.asp>.

619 Indian and Northern Affairs Canada, *Indian and Northern Affairs Canada and Canadian Polar Commission – Performance Report for the Period Ending March 31, 2009*, p. 7, <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/inst/ian/ian-eng.pdf>.

620 Statistics Canada, *Educational Portrait of Canada, 2006 Census*, Catalogue no. 97-560-X, March 2008, pp. 19-22, <http://www12.statcan.ca/census-recensement/2006/as-sa/97-560/pdf/97-560-XIE2006001.pdf>.

621 Assembly of First Nations, *Brief to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on The Federal Contribution to Reducing Poverty in Canada*, Ottawa, April 9, 2010, p. 3.

622 Statistics Canada, *Census, 1996 and 2006, and Consumer Price Index for Education*, CANSIM Table 326-0001.

623 First Nations Education Council, *Paper on First Nations Education Funding*, February 2009, p. 12, [http://www.cepn-fnec.com/file/autre/memoire\\_sur\\_financement\\_education\\_des\\_pn\\_fev2009ang.pdf](http://www.cepn-fnec.com/file/autre/memoire_sur_financement_education_des_pn_fev2009ang.pdf).

the entire population of Quebec. Let us keep in mind that the funding formula for First Nations schools dates back to 1988. Many schools are in a poor state and new technologies are almost non-existent.<sup>624</sup>

Assembly of First Nations of Quebec and Labrador

Canadians receive services from all levels of government, through direct federal transfers to provinces and territories, and at an average annual growth rate of 6.6% per year. First Nations communities, however, have been forced to operate with a 2% cap on federal funding which is the only source of funding available to cover basic services, such as education, housing, infrastructure and health....There is a significant shortfall in comparability with respect to fundamental services and this has exacerbated the social and economic marginalization experienced by many First Nations peoples.<sup>625</sup>

Assembly of First Nations

I mentioned briefly the systemic cycle of housing, health, and education. As you know, there's a cap on those three areas. On the three core areas of our governments, a 2% cap that was imposed in 1996, that cap has to be lifted. No doubt. Just in my community alone this year we had to turn away 30 students who were ready for university, because we just don't have the money.<sup>626</sup>

Chief Donovan Fontaine, Assembly of Manitoba Chiefs

The federal government recently recognized that issues regarding the quality of Aboriginal education needed to be addressed if Canada's Aboriginal population is to make any progress. Budget 2010 provided \$30 million to be spent over two years to support the implementation-ready tripartite K-12 education agreement. The goal of such agreement is to ensure the First Nations students whether their classroom is on or off reserve, receive the same quality of education and achieve comparable results. Committee members applaud this initiative. However, most members agree that much more will need to be done to eradicate the inequality in education between Aboriginal people and non-Aboriginal people.

### **Post-Secondary Education**

INAC provides financial support to eligible Status Indian and Inuit post-secondary students through the Post-Secondary Student Support Program (PSSSP) and the University College Entrance Preparation Program.<sup>627</sup> The goal of this programming is to increase access and promote success in post-secondary education for First Nations and

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624 Assembly of First Nations of Quebec and Labrador, *Brief submitted to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities*, May 13, 2009, p. 5.

625 Assembly of First Nations, *Brief to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on The Federal Contribution to Reducing Poverty in Canada*, Ottawa, April 9, 2010, p. 4.

626 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 67, December 4, 2009 at 10:30.

627 Indian and Northern Affairs Canada, *Post-Secondary Education Programs*, February 23, 2010, <http://www.aic-inac.gc.ca/edu/ep/pse-eng.asp>.

Inuit students. In 2008–2009, INAC provided \$314 million through these initiatives to assist approximately 23,000 students with costs such as tuition, books, travel and living costs.<sup>628</sup>

While an increasing number of First Nations students attend post-secondary education, the actual graduation rates remain below the level of other Canadian students. Many Aboriginal students leave school without graduating. Nonetheless, a growing number of Aboriginal people are attending and completing post-secondary education. In 2006, 14% had trade credentials, 19% had a college diploma and 8% had a university degree.<sup>629</sup>

Despite a rise in post-secondary education (PSE) participation among Aboriginal people, access to PSE remains difficult and insufficient funding is a serious concern. In a 2004 report, the Auditor General assessed the PSSSP and found that the funding allocation process “does not ensure equitable access to as many students as possible” and it is unknown “whether program funds are sufficient to support all eligible students.”<sup>630</sup> Some witnesses also indicated that the funding allocated to post-secondary education programming for First Nations and Inuit students is insufficient. The Committee was also told that Métis students who are not eligible to receive funding from the PSSSP find it difficult to access other forms of loans and grants and often cannot complete post-secondary programs that they have been enrolled in for a few years and are near to completion.

Budget 2010 included a commitment to achieve “comparable” education outcomes for First Nations students. With respect to post-secondary education, comparable education outcomes would mean graduating 65,000 First Nations students within five years. Investment is needed to make comparable education outcomes a reality for First Nations.<sup>631</sup>

Assembly of First Nations

The Indian and Northern Affairs Canada post-secondary student support program has been capped at 2% growth since 1996. According to the Assembly of First Nations, there are over 10,000 eligible [F]irst [N]ations students who are unable to access post-secondary education in the country, and that's a significant challenge. We have people completing high school who are unable to move on to post-secondary education.<sup>632</sup>

Terry Anne Boyles, Association of Canadian Community Colleges

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628 Indian and Northern Affairs Canada, *Fact Sheet: Education*, November 3, 2008, <http://www.aic-inac.gc.ca/ai/mr/is/fct-edu-eng.asp>.

629 Statistics Canada, *Educational Portrait of Canada, 2006 Census*, Catalogue no. 97-560-X, March 2008, p. 10 and pp. 19-22, <http://www12.statcan.ca/census-recensement/2006/as-sa/97-560/pdf/97-560-XIE2006001.pdf>.

630 Office of the Auditor General of Canada, *Report of the Auditor General of Canada to the House of Commons: Chapter 5, Indian and Northern Affairs Canada – Education Program and Post-Secondary Student Support*, November 2004, p. 1, <http://www.fngovernance.org/pdf/2004AG%20Rpt-Educ'n.pdf>.

631 Assembly of First Nations, *Brief to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on The Federal Contribution to Reducing Poverty in Canada*, Ottawa, April 9, 2010, p. 5.

632 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 09:45.

Métis governments should be provided with further support to assist Métis to obtain post-secondary education. As it now stands, the federal government does not cover the cost of post-secondary education for Métis students. Out of the federal aboriginal education funds, Métis students do not receive any. Métis government support for these funds is limited to providing funding for their last year of university out of our training dollars.<sup>633</sup>

David Chartrand, Métis National Council

#### **Recommendation 4.4.2**

**The Committee recommends that the federal government, in partnership with provincial/territorial governments and Aboriginal governments and stakeholders, take immediate steps to strengthen the commitment to provide high-quality, culturally relevant elementary and secondary education to Aboriginal students; provide better support to Indigenous educational institutions; and improve access to post-secondary education for Aboriginal people.**

#### **Recommendation 4.4.3**

**The Committee recommends that, given the recent and ongoing increase in the Aboriginal children population, the 2% cap on spending increases be eliminated and replaced by funding based on actual costs and needs.**

### **Training and Employment Measures**

Despite improvements in the labour force participation of the Aboriginal population between 2001 and 2006, Aboriginal people still do not fare as well as the non-Aboriginal population in this respect and experienced sharper declines in employment rates during the recent economic downturn. The First Nation economy is particularly vulnerable to recessions, as many “First Nation businesses are less well established, overrepresented in the primary resources sector and more likely to be engaged (and exposed) in the export of goods and services”.<sup>634</sup> In 2009, the average employment rate among the Aboriginal population living off-reserve was 57.0%, below the rate of 61.8% among non-Aboriginal people. They were also more likely to be unemployed (13.9%, up from 10.4% in 2008) than non-Aboriginal people (8.1%, up from 6% from 2008).<sup>635</sup> The situation has always been worse for Aboriginal people living on-reserve, the employment rate was 51.9% and

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633 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 08, March 31, 2010 at 15:30.

634 Make First Nations Poverty History Expert Advisory Committee, *The State of the First Nation Economy and the Struggle to Make Poverty History*, Prepared for the Inter-Nation Trade and Economic Summit Toronto, Ontario, March 9-11, 2009, p. 5, <http://www.afn.ca/misc/FSFNE.pdf>.

635 Danielle Zietsma, *Aboriginal People Living Off-reserve and the Labour Market: Estimates from the Labour Force Survey, 2008-2009*, The Aboriginal Labour Force Analysis Series, Statistics Canada, Catalogue no. 71-588-X no. 2, May 2010, p. 9, <http://www.statcan.gc.ca/pub/71-588-x/71-588-x2010001-eng.pdf>.

the unemployment rate of 24.7% in 2006.<sup>636</sup> The impact of the recession on Aboriginal people was also linked to their level of education. The unemployment rate of the off-reserve Aboriginal population aged 25 to 54 who completed post-secondary education increased from 7.1% in 2008 to 8.7% in 2009, while it increased from 14.3% to 19.6% for the same population with no high school diploma. The increase in the unemployment rate of the non-Aboriginal population (in percentage points) was similar to that of the Aboriginal population among those who had post-secondary education, but smaller for those with no high school diploma. Young Aboriginals were also more affected than non-Aboriginals.

Members of the Committee recognize that the high proportion of Aboriginal people who are unemployed, out of the labour market, and living on low incomes amounts not only to a great injustice but also to a major loss to Canadian society and to our economy. The federal government should consider that a lot more will need to be done to boost the First Nation economy in the years to come and improve the lives of Aboriginal people throughout Canada. By lifting Aboriginal people out of poverty, we will improve their living conditions and health outcomes, as well as increase their participation in education and employment. In light of the aging of our society and despite the recent recession, labour shortages will reappear.<sup>637</sup> Increasing the labour market participation of Aboriginal people is a way of facing this challenge.<sup>638</sup> Members of the Committee believe that we can end the cycle of poverty and lift young Aboriginal people out of poverty.

One in four [A]boriginal children on reservations, and one in three off reservations, lives below the poverty line. That's a lot of children out there, a lot of potential harm, and a lot of long-term benefits and outcomes lost to our society and to the individuals themselves.<sup>639</sup>

Dr. Andrew Lynk, Canadian Pediatric Society

First Nations have the youngest and fastest growing population in the country and represent an important opportunity to address labor shortages in Canada. With the right education, training and skills development, First Nations could fill a significant portion of Canada's labor force requirements. In fact, Canada's future prosperity depends on it ...

[...]

Canada cannot afford not to act and to provide opportunities for the growing population of First Nations youth. This is also true with respect to growing trend of youth recruitment into gangs and incarceration rates that far exceed the proportion of First Nations in the general population. Rather than spending on programs that maintain the status quo and deal with the symptoms of poverty, we need to address poverty more effectively by

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636 Statistics Canada, *Canada's Changing Labour Force, 2006 Census: Findings*, <http://www12.statcan.ca/census-recensement/2006/as-sa/97-559/index-eng.cfm>.

637 Canadian Chamber of Commerce, *Downturn, Recovery, and the Future Evolution of the Labour Market*, Policy Brief, February 2010, <http://www.chamber.ca/images/uploads/Reports/2010/Labour-Market-220210.pdf>.

638 For example, in a 2008 report (pre-recession), the Conference Board of Canada recommended to increase the labour market participation of under-represented groups such as Aboriginal peoples to face labour shortages in British Columbia. Conference Board of Canada, *The Future of Work: Confronting B.C.'s Labour Shortage Challenge*, July 2008, p. 29, [http://www.conferenceboard.ca/Libraries/EDUC\\_PUBLIC/Report\\_The\\_Future\\_of\\_Work\\_Sept2008.sflb](http://www.conferenceboard.ca/Libraries/EDUC_PUBLIC/Report_The_Future_of_Work_Sept2008.sflb).

639 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 12, March 31, 2009 at 11:30.

investing in collective and individual self-sufficiency through education and skills development.<sup>640</sup>

Assembly of First Nations

I think you have to focus also, more importantly, on the benefits of reducing poverty, not just the short-term benefits but the long-term benefits. Take the [A]boriginal community. If we can reduce poverty there, there will be fewer health problems, there will be less crime, and there will also be additional revenues for the government through additional tax revenues. I think you have to look at it from both the cost and the benefit perspective.

Most studies show that, for example, investing in education, over the long term, results in significant benefits, long-term benefits that greatly exceed the cost.<sup>641</sup>

Andrew Sharpe, Centre for the Study of Living Standards

The federal government has developed programs dedicated to improving the skills and employability of Aboriginal people. The Aboriginal Human Resources Development Strategy (AHRDS) is being replaced by the Aboriginal Skills and Employment Training Strategy (ASETS) in 2010. The Aboriginal Skills and Employment Partnership (ASEP) has been in place since 2003 and was extended to 2012. In addition, the Aboriginal Skills and Training Strategic Investment Fund (ASTSIF) is a temporary initiative as part of the Economic Action Plan.

### **Aboriginal Human Resources Development Strategy/Aboriginal Skills and Employment Training Strategy**

The AHRDS, overseen by HRSDC, offers a myriad of employment services to increase the labour market participation of Aboriginal people in Canada. Aboriginal organizations (80 Human Resources Development Agreement holders to date) receive funding to design and deliver labour market, youth and child care programs and services best suited to meet the local and regional needs of their communities. The programs help Aboriginal peoples prepare for, obtain and maintain employment and assist Aboriginal youth (15 to 30 years of age) in making a successful transition from school to the workplace.<sup>642</sup> Some of the Strategy's funding is also used to increase the supply of quality child care services through the First Nations and Inuit Child Care Initiative.<sup>643</sup>

Another feature of the AHRDS is the Aboriginal Human Resource Council of Canada, an organization that creates partnerships among Aboriginal organizations, the private sector, and governments in order to promote the full participation by Aboriginal

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640 Assembly of First Nations, *Brief to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on The Federal Contribution to Reducing Poverty in Canada*, Ottawa, April 9, 2010, pp. 5-6.

641 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 12:40.

642 Human Resources and Skills Development Canada, *Aboriginal Human Resources Development Strategy (AHRDS)*, June 11, 2009.

643 The First Nations and Inuit Child Care Initiative is discussed above.

people in the Canadian economy.<sup>644</sup> In April 2010, the council received \$2.25 million for its Infrastructure Proposal project, to “develop partnerships and strategies that meet the needs of Aboriginal people and employers”.<sup>645</sup>

In 2008-2009, 59,782 Aboriginal clients were assisted through the AHRDS. Since the program began in 1999, more than 500,000 Aboriginal people have received assistance, over 160,000 have found meaningful employment, and over 53,000 have returned to school.<sup>646</sup> The Committee heard from Aboriginal organizations that the AHRDS is a successful program, but that more funding is required to meet the need that exists, particularly in urban areas. Originally set to expire in 2009, Budget 2009 committed \$25 million to extend the AHRDS to 2010.

Finally, employment. The federal government's flagship [A]boriginal employment program, the aboriginal human resources development strategy, has only a toehold in urban areas. The policy focus is on and the vast majority of the agreement holders have a [F]irst [N]ation or Métis or Inuit perspective, as opposed to serving people where they live in cities and towns across the country.<sup>647</sup>

Peter Dinsdale, National Association of Friendship Centres

The ASETS replaced the AHRDS in April 2010 and is scheduled to expire in 2015. Through this strategy, Aboriginal agreement holders (e.g. Aboriginal training centres, Nation councils) will deliver employment training programs and services directed to Aboriginal people.<sup>648</sup> The objective of the program is to increase labour market participation and to fill 18,500 jobs per year. Planned spending for 2010-2011 is \$245.6 million and is expected to continue at this level for the two following years.<sup>649</sup>

Now, the MNA [Métis Nation of Alberta] is very appreciative that the federal government introduced the Aboriginal [H]uman [R]esources [D]evelopment [S]trategy, which has enabled us since 1996 to fund training programs to assist our people in finding jobs. Since 1999, over 6,000 Métis in Alberta have found jobs through the MNA's labour market programs.

However, the committee must realize that MNA and other agreement-holders have been operating labour market programs at basically the same level of funding for over a decade. With a youthful population, the number of clients has increased, and the

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644 For more information on the Aboriginal Human Resource Council of Canada, see its website at <http://www.aboriginalhr.ca/>.

645 Canada News Centre, *Government of Canada invests in skills development: Canada's Economic Action Plan helps Aboriginal people participate in the workforce*, April 7, 2010, <http://news.gc.ca/web/article-eng.do?nid=523119>.

646 Human Resources and Skills Development Canada, *2008 – 2009 Estimates: Departmental Performance Report*, November 5, 2009, p. 46, <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/inst/csd/csd-eng.pdf>.

647 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 08, March 31, 2010 at 16:35.

648 Human Resources and Skills Development Canada, *ASETS Background*, [http://www.rhdcc-hrsdc.gc.ca/eng/employment/aboriginal\\_employment/strategy/index.shtml](http://www.rhdcc-hrsdc.gc.ca/eng/employment/aboriginal_employment/strategy/index.shtml).

649 Treasury Board of Canada Secretariat, *Report on Plans and Priorities for Human Resources and Skills Development Canada*, Table 1: Details on Transfer Payment Programs, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/csd/st-ts01-eng.asp>.



recession is only now compounding this problem, while tuition fees and costs associated with education have climbed since that time. Yet year after year, we operate with budgets that do not increase.<sup>650</sup>

Muriel Stanley Venne, Métis Nation of Alberta

#### **Recommendation 4.4.4**

**The Committee recommends that the federal government ensure that the new Aboriginal Skills and Employment Training Strategy is adequately funded and is responsive to the needs of all Aboriginal people. A formative evaluation of this new strategy should be conducted within 18 months and Human Resources and Skills Development Canada should share the results of this evaluation with our Committee.**

#### **Aboriginal Skills and Employment Partnership Program**

The ASEP program provides Aboriginal people with the skills they need to gain employment in major economic industries such as mining, construction, fisheries, tourism, hydro development, and public infrastructure projects. Through partnerships between governments, Aboriginal organizations and the private sector, this project-based program supports multi-year training strategies that lead to long-term skills jobs.<sup>651</sup> In 2008-2009, 3,272 Aboriginal individuals were employed as a result of the existing ASEP projects.<sup>652</sup> Budget 2009 invested an additional \$100 million over three years in the program, funding that is expected to support the creation of up to 6,000 jobs for Aboriginal Canadians.<sup>653</sup> While forecast spending for 2009-2010 is \$35.8 million, planned spending is expected to increase to \$96.0 million in 2010-2011, then to decrease to \$42.2 million in 2011-2012, as the program is expected to end in 2012.<sup>654</sup>

#### **Aboriginal Skills and Training Strategic Investment Fund**

In Budget 2009, the federal government committed \$75 million over two years to establish the ASTSIF. This short-term initiative is designed to help Aboriginal people get the training they need to enter the labour market and benefit from employment opportunities, including those made available through the stimulus package. Through the ASTSIF, the government will establish partnerships with small- and medium-size

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650 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 66, December 3, 2009 at 13:55.

651 Human Resources and Skills Development Canada, *Aboriginal Skills and Employment Partnership (ASEP) Program*, May 14, 2009, [http://www.rhdcc-hrsdc.gc.ca/eng/employment/aboriginal\\_training/index.shtml](http://www.rhdcc-hrsdc.gc.ca/eng/employment/aboriginal_training/index.shtml).

652 Human Resources and Skills Development Canada, *2008 – 2009 Estimates: Departmental Performance Report*, November 5, 2009, p. 46.

653 Government of Canada, *Canada's Economic Action Plan: Budget 2009*, January 27, 2009, p. 104.

654 Treasury Board of Canada Secretariat, *Report on Plans and Priorities for Human Resources and Skills Development Canada*, Table 1: Details on Transfer Payment Programs, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/csd/st-ts01-eng.asp>.

employers to create concrete, guaranteed job opportunities; assist Aboriginal people with barriers to employment, including skills development; and test innovative approaches to Aboriginal labour market programming.<sup>655</sup> Planned spending for 2010-2011 is \$45.1 million.<sup>656</sup> It is expected that 8,200 clients will be served through this initiative. The ASTSIF is an important step toward implementing the new ASETS which recently replaced the AHRDS, as “successful practices learned from the ASTSIF could be implemented as part of the successor” (ASETS).<sup>657</sup>

### **Other Supports for Aboriginal Children and Families**

While resolving the challenges faced by children in Aboriginal communities is not as simple as increasing household incomes, it cannot be denied that income transfers do help. Children across Canada have benefited from the CCTB and the NCBS. The Committee recommends in this report that the CCTB be increased. Members of the Committee believe that this recommendation would also help low-income Aboriginal families to a great extent.

In addition to income transfers, the federal government supports Aboriginal children and families with targeted early childhood education and care (ECEC) programs. These programs are especially important given the larger than average Aboriginal child population. The Committee was told that it is important, however, that the delivery of these programs be culturally sensitive and be available to all Aboriginal communities. Studies show that “[t]here is a strong interest among Aboriginal groups in developing ECEC programs that are operated and controlled by the communities themselves”.<sup>658</sup> The federal government should work in collaboration with Aboriginal stakeholders to ensure that their diverse needs are met.

On the early child centre and the developments there, the child development centre is focused on under five years of age right up to the kindergarten level—just the preschool level....The childhood development centre, quite frankly, used to be open to all of the public with our [Fi]rst [N]ation children involved. Over time it's evolved to where we focus now on the WFN first nation community children.

The need is so great in that area, we've had to supplement. But we do that with eyes wide open. It costs more to operate than we can provide in actual raising of dollars. Therefore we need to find other programs and other ways to assist, and that's what we willingly do.

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655 Human Resources and Skills Development Canada, *Aboriginal Skills and Training Strategic Investment Fund*, November 3, 2009, [http://www.hrsdc.gc.ca/eng/employment/aboriginal\\_employment/astsif/index.shtml](http://www.hrsdc.gc.ca/eng/employment/aboriginal_employment/astsif/index.shtml).

656 Treasury Board of Canada Secretariat, *Report on Plans and Priorities for Human Resources and Skills Development Canada*, Table 1: Details on Transfer Payment Programs, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/csd/st-ts01-eng.asp>.

657 Human Resources and Skills Development Canada, *Aboriginal Skills and Training Strategic Investment Fund, Frequently Asked Questions*, [http://www.hrsdc.gc.ca/eng/employment/aboriginal\\_employment/astsif/faq.shtml](http://www.hrsdc.gc.ca/eng/employment/aboriginal_employment/astsif/faq.shtml).

658 Jane Beach et al., *Early Childhood Education and Care in Canada 2008*, Childcare Resource and Research Unit, June 2009, pp. xxiii-xxiv, <http://www.childcarecanada.org/ECEC2008/>.

The dividends, I think, are very important, because the thinking we have there is to provide the opportunities for that early learning. A lot of the kindergarten children come out of that early childhood development centre with knowledge that helps them in that first grade level. I think it's really important to focus in on that younger age.<sup>659</sup>

Chief Robert Louie, Westbank First Nation

### **i. Aboriginal Head Start Program**

Aboriginal Head Start (AHS), announced in 1995, is an early childhood development program for First Nations, Inuit and Métis children and their families. AHS projects are locally designed and controlled, and typically provide half-day preschool experiences that focus on the core areas of education and school readiness; Aboriginal culture and language; parental involvement; health promotion; nutrition; and social support.<sup>660</sup>

On-reserve, AHS programs are managed by the First Nations and Inuit Health Branch of Health Canada. In Urban and Northern Communities, they are managed by the Public Health Agency of Canada. Approximately 4,000 children are enrolled in AHS. In 2006-2007, these programs were delivered at 459 sites on reserves and in urban centres and northern communities at a total cost of \$79.3 million.<sup>661</sup>

AHS is regarded by experts and as “one of the best programs around,”<sup>662</sup> with evidence indicating that the program leads to positive outcomes for participants. For example, research has found that First Nations children aged six to 11 years who attended an AHS preschool were less likely to repeat a grade in elementary school than those who did not attend the program (11.6% compared to 18.7%).<sup>663</sup> Aboriginal groups who appeared before the Committee praised the AHS programs noting the significant difference such programs make for improving educational outcomes later in life. Despite these positive outcomes, the Committee was told that AHS is limited in its reach and does not meet the need that exists for such programming.<sup>664</sup>

Simply put, it [Head Start] provides a better foundation for children to reach their potential. The federal government recognized this in 1990 in the establishment of the off-reserve Head Start program. While this program was very much welcome, and we commend the friendship centres, it has failed to meet the needs of the vast majority of Métis children within the Métis homeland.

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659 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 09, April 12, 2010 at 16:25.

660 Public Health Agency of Canada, *Aboriginal Head Start (AHS) Program Overview*, February 16, 2004, [http://www.phac-aspc.gc.ca/dca-dea/programs-mes/ahs\\_overview-eng.php#top](http://www.phac-aspc.gc.ca/dca-dea/programs-mes/ahs_overview-eng.php#top).

661 Jane Beach et al., *Early Childhood Education and Care in Canada* 2008, June 2009, pp. xxviii-xxix.

662 National Council of Welfare, *First Nations, Métis and Inuit Children and Youth: Time to Act*, Fall 2007, p. 46, <http://www.ncwcnbes.net/documents/researchpublications/ResearchProjects/FirstNationsMetisInuitChildrenAndYouth/2007Report-TimeToAct/ReportENG.pdf>.

663 Assembly of First Nations, *First Nations Regional Longitudinal Health Survey (RHS) 2002/03: Results for Adults Children and Youth Living in First Nations Communities*, March 2007, p. 239, <http://www.rhs-ers.ca/english/pdf/rhs2002-03reports/rhs2002-03-technicalreport-afn.pdf>.

664 National Council on Welfare, *First Nations, Métis and Inuit Children and Youth: Time to Act*, Fall 2007, p. 46.

Program developers bypassed Métis governments and implemented the program primarily through the friendship centres, which serve only a minority of the Métis population as a result of being located largely in urban centres. Moreover, the resources are too thinly stretched to meet the needs of the Métis population as a whole.<sup>665</sup>

David Chartrand, Métis National Council

Another issue is education, in many aspects. I'm talking about starting at an early age with things such as the child development centres, having our own schools developed by [F]irst [N]ations, having the education, and having future parents know things such as the effects of alcohol on pregnancy and the effects of the use of drugs and the prevention of that. In terms of children in care in this country, from an [A]boriginal perspective, I think we probably have the highest record of that effect, which is a cost to our society. So having prevention and having the head start programs and all of this is needed and is vitally important.<sup>666</sup>

Chief Robert Louie, Westbank First Nation

## ii. First Nations and Inuit Child Care Initiative

The First Nations and Inuit Child Care Initiative (FNICCI) is a component of the AHRDS, now known as the ASETS that provides First Nations and Inuit parents who are entering employment or training with access to quality child care services. Aboriginal organizations that enter into agreements with the government can develop and maintain child care programs that correspond to their communities' needs and reflect traditional child rearing practices.<sup>667</sup> In 2006-2007, FNICCI provided 8,538 child care spaces at 462 different sites in First Nations and Inuit communities, which entailed \$57.1 million in funding.<sup>668</sup>

### Recommendation 4.4.5

**The Committee recommends that the federal government take action to eliminate the gap in well-being between Aboriginal children and non-Aboriginal children by granting as a first step adequate funding to social programs that provide early intervention services to First Nations, Inuit and Métis children and their families including the Aboriginal Head Start program and the First Nations Inuit and Child Care Initiative.**

First Nations children are also much more likely to live in foster care homes than non-Aboriginal children. In a study of three sample provinces in May 2005, it was found that one in 10 First Nations children were in foster care, compared with one in 200 other

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665 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 08, March 31, 2010 at 15:30.

666 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 09, April 12, 2010 at 15:35.

667 Human Resources and Skills Development Canada, *First Nations and Inuit Child Care Initiative*, March 25, 2009, [http://www.hrsdc.gc.ca/eng/employment/aboriginal\\_employment/childcare/initiative.shtml](http://www.hrsdc.gc.ca/eng/employment/aboriginal_employment/childcare/initiative.shtml), and Indian and Northern Affairs Canada, *The First Nations and Inuit Child Care Initiative*, November 3, 2008, <http://www.ainc-inac.gc.ca/hb/sp/ecd/fni-eng.asp>.

668 Jane Beach et al., *Early Childhood Education and Care in Canada 2008*, June 2009, p. xxv.

children.<sup>669</sup> Some studies have shown a correlation between poverty and the number of children in foster care.<sup>670</sup> Some witnesses agreed with these findings and also told the Committee that “[t]he intergenerational result of residential school systems have impacted family dynamics, particularly as it relates to gender relationships and parenting styles”<sup>671</sup>, which is also a factor in the placement in foster care of so many Aboriginal children.

#### **Recommendation 4.4.6**

**The Committee recommends that the federal government provide adequate funding for First Nations’ child welfare agencies to deliver in-home support and prevention services to First Nations children and their families**

#### **Health Programs**

Aboriginal people have poorer health than non-Aboriginal people, a fact not unrelated to their lower income status.<sup>672</sup> This population group suffers disproportionately from conditions such as diabetes, tuberculosis, HIV, and hepatitis C.<sup>673</sup> The Committee was also told that mental health problems are a significant concern among this population and affect Aboriginal people at a much greater rate than non-Aboriginal Canadians. The statistics describe a distressing reality:

When you look at the data on mental health for [F]irst [N]ations, Métis, and Inuit, all Canadians ought to be embarrassed. When you look at the suicide rate among children under 24, for First Nations and Inuit in particular, it’s appalling.

If you look at the suicide rate among Canadian youth, it is the second biggest killer of our children between the ages of 15 and 24, second only to cars. If you look at the data for [F]irst [N]ations and Inuit, for which the federal government has responsibility, it is somewhere between five and seven times higher than the national average.<sup>674</sup>

Hon. Michael Kirby, Mental Health Commission of Canada

Health Canada’s First Nations and Inuit Health Branch (FNIHB) is responsible for the availability and accessibility of health services for First Nations and Inuit communities. The FNIHB assists these communities in addressing health barriers and disease threats

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669 First Nations Child and Family Caring Society Canada, *Annual Report 2004/2005*, p. 6, <http://www.fncfcs.com/docs/2005AnnualReport.pdf>.

670 First Nations Child and Family Caring Society of Canada, *Wen:de: We Are Coming to the Light of Day*, Wen:de Series of Reports Summary Sheet, March 12, 2007, p. 4, <http://www.fncfcs.com/docs/WendeReportsSummary.pdf>

671 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 64, December 2, 2009 at 10:45.

672 For more information on the relationship between poverty and health, see Chapter 1, section 4.

673 Health Canada, *A Statistical Profile on the Health of First Nations in Canada: Self-rated Health and Selected Conditions, 2002 to 2005*, 2009, pp. 16-24, [http://www.hc-sc.gc.ca/fniah-spnia/alt\\_formats/pdf/pubs/aborig-autoch/2009-stats-profil-vol3/2009-stats-profil-vol3-eng.pdf](http://www.hc-sc.gc.ca/fniah-spnia/alt_formats/pdf/pubs/aborig-autoch/2009-stats-profil-vol3/2009-stats-profil-vol3-eng.pdf).

674 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 17, April 30, 2009 at 11:40.

with a goal that people in these communities achieve comparable health levels than other Canadians living in similar locations.<sup>675</sup> According to Health Canada's *2010-2011 Estimates*, the FNIHB offers a variety of primary care services to approximately 200 First Nations communities that only have limited access to provincial health care services. Many more First Nations communities (600) have access to home and community care services and community-based health programs that focus on a number of issues including mental health and addictions, chronic illnesses, injury prevention, communicable disease control and prevention measures to reduce the incidence of poor health and improve the overall quality of life of First Nations people. Another important program is the Non-Insured Health Benefits Program which "provides over 800,000 eligible First Nations and Inuit with a limited range of medically necessary health-related goods and services not provided through private insurance plans, provincial/territorial health or social programs or other publicly funded programs."<sup>676</sup>

INAC also plays a role in improving the health and well-being of Aboriginal communities. Among other social programs, INAC is responsible for ensuring that Aboriginal peoples have access to safe water and healthy food.

### **Food Security**

As discussed in Chapter 1 of this report, food security is an issue of particular concern among Aboriginal people. While food is generally more readily available in Canada than in other parts of the world, it is not the case in Northern or remote communities where nutritious food is generally less available and more expensive. Aboriginal people in Canada also need to have access to culturally appropriate foods obtained by traditional means, such as hunting and fishing, in order to preserve their local culture and way of life. The Committee was told that a national action plan to reduce poverty should address the specific food security issues in Aboriginal communities.

Finally, this strategy should include investments in the development of community food centres for remote reserve communities to help preserve local culture, provide hunger relief, increase the affordability of healthy non-traditional foods, and promote food enterprise export development. We're currently supporting the development of a similar model in Sandy Lake First Nation.

This community has the third highest rate of diabetes in the world, alarmingly high food prices, terrible rates of poverty and unemployment, and among the harshest housing conditions in the country. However, this community's resilience, its knowledge, its leadership, and bountiful supply of local food provide both potential and hope for a better future.<sup>677</sup>

Adam Spence, Ontario Association of Food Banks

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675 Health Canada, "Mandate and Priorities," *First Nations and Inuit Health Branch*, December 15, 2005, <http://www.hc-sc.gc.ca/ahc-asc/branch-dirgen/fnihb-dgspni/mandat-eng.php>.

676 Health Canada, *2010-2011 Estimates – Part III – Report on Plans and Priorities*, 2010. p. 28, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/shc/shc-eng.pdf>.

677 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No.38, June 2, 2009 at 11:25.

Is there any way that this committee can encourage government to engage [F]irst [N]ations so that they can be fully involved in co-management of the [salmon] resource and try to encourage government to find a way to supplement [F]irst [N]ations communities when the salmon resource does crash?<sup>678</sup>

Chief Fred Sampson, Nicola Tribal Association

### Food Mail Program

The Food Mail Program is a joint program of INAC, Canada Post and Health Canada that provides nutritious, perishable food and other essential items to isolated northern communities at reduced postal rates.<sup>679</sup> About 100,000 people in 135 communities are eligible for the program. Most Food Mail recipients live in Aboriginal communities in the territories, Labrador, and the northern regions of Quebec, Ontario, Manitoba, Saskatchewan and Alberta. In 2008-2009, INAC spent \$58.4 million on Food Mail service and shipped approximately 19,900,000 kilograms of food and other goods.<sup>680</sup> In 2006, INAC was directed to conduct a review of the program. Two reports were published, in 2008 and 2009.<sup>681</sup> The report highlighted the problems of the program, such as costs rising at a rapid pace (12% per year between 1996 and 2006) and made some recommendations about potential changes to the program. In Budget 2010, the federal government promised to invest \$45 million over two years to fund a new program that is intended to improve access to healthy foods for Northerners bringing the annual budget to \$60 million.

### Housing Programs

The Committee was told that access to decent, affordable housing is a key element of any poverty reduction strategy. This basic need, however, is a significant challenge for Aboriginal people living both on- and off-reserve. Many Aboriginal people live in poor and unsanitary conditions, overcrowded dwellings, and houses in need of major repairs. There are also shortages of affordable units in many Aboriginal communities. Aboriginal people are overrepresented among the homeless.<sup>682</sup> While there have been improvements over the past decade in the availability and quality of housing for Aboriginal people, those improvements have so far failed to keep pace with the growing Aboriginal population and the increasing proportion of Aboriginal people residing in urban areas.

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678 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 30, 2009 at 10:25.

679 Indian and Northern Affairs Canada, *Food Mail Program*, January 15, 2009, <http://www.ainc-inac.gc.ca/nth/fon/fm/index-eng.asp>.

680 Indian and Northern Affairs Canada, *Food and Nutrition Info Sheet*, February 19, 2010, <http://www.ainc-inac.gc.ca/nth/fon/fm/pubs/inf/inf-eng.asp>.

681 See Indian and Northern Affairs Canada Devolution and Territorial Branch, *Food Mail Review – Interim Report*, March 2009, <http://www.ainc-inac.gc.ca/nth/fon/fwd-eng.pdf>, and Graeme Dargo, *Food Mail Program Review: Findings and Recommendations of the Minister's Special Representative*, Dargo & Associates Ltd., December 31, 2008, <http://www.ainc-inac.gc.ca/nth/fon/rpt-eng.pdf>.

682 Municipal homelessness counts have enumerated a disproportionate number of Aboriginal people. For example, see City of Calgary Community and Neighbourhood Services, *Biennial Count of Homeless Persons in Calgary: 2008 May 14, July 15, 2008*, p. 18, [http://www.calgary.ca/docgallery/bu/cns/homelessness/2008\\_count\\_full\\_report.pdf](http://www.calgary.ca/docgallery/bu/cns/homelessness/2008_count_full_report.pdf).

There is a lack of affordable housing being built. How is it in this country, this province, and this city that our one temporary adult aboriginal homeless shelter is at capacity every night, turning away dozens back onto the street? The [A]boriginal community does not have the same access to capital resources as the non-[A]boriginal community. However, on the program services side last year the AHSC members provided over 50,000 shelter-bed stays, over 40,000 meals, served 2,000 families at food banks, and provided over 9,000 people with services that helped to keep them off the streets.<sup>683</sup>

Patrick Stewart, Aboriginal Homelessness Steering Committee

The UN Special Rapporteur on adequate housing visited Canada in October 2007 and observed that many Aboriginal people are living in overcrowded and inadequate housing conditions and lack basic services including water and sanitation.<sup>684</sup> The Committee witnessed first-hand the appalling living conditions of some Aboriginal groups when it visited the Kitcisakik Indian Settlement, home to the Anicinapek community near Val d'Or in Québec. Such living conditions are correlated with a high prevalence of many health problems that run rampant in Aboriginal communities and lower their life expectancy and should not exist in a prosperous country such as Canada.

In regards to the housing, in our community right now we can't build any more homes because we don't have water and we haven't had adequate water. Right now we run on a reservoir system that provides 70,000 litres of water to our community and yet it takes 80,000 litres of water just to extinguish a house-fire.<sup>685</sup>

Chief Fred Sampson, Nicola Tribal Association

It is imperative that the federal government develops an action plan to fight against poverty. Such a plan should take into account the particularly critical situation of the First Nations and Inuit who live in conditions that resemble those of third-world countries: unsanitary and overcrowded housing, drinking water problems, outdated schools, high unemployment rate, etc. It is urgent to establish conditions that will address the problem of poverty in the short, medium and long terms.<sup>686</sup>

Assembly of First Nations of Quebec and Labrador

The federal government must act in collaboration with Aboriginal people who wish to develop their own capacity in the area of housing. Witnesses spoke about the importance of recent federal investments in housing across Canada, including Aboriginal housing.

The 2009 Economic Action Plan committed more than \$2 billion to social housing, an investment that included \$600 million in targeted funds for First Nations and northern communities. Some Aboriginal organizations praised this investment, but many others

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683 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No, November 6, 2009 at 09:05.

684 United Nations General Assembly Human Rights Council, *Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context*, Miloon Kothari: Mission to Canada (October 9 to 22, 2007), A/HRC/10/7/Add.3, February 17, 2009, <http://www2.ohchr.org/english/issues/housing/visits.htm>.

685 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 30, 2009 at 10:50.

686 Assembly of First Nations of Quebec and Labrador, *Brief submitted to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities*, May 13, 2009, p. 4.



indicated that more funding is required to meet the need for adequate, affordable housing in Aboriginal communities. The National Aboriginal Housing Association criticized the 2009 Budget for not addressing the housing needs of Aboriginal people living in cities and rural areas across Canada, as well as for not tackling Aboriginal homelessness.<sup>687</sup> In addition to this recent funding announcement, the federal government supports a variety of programs to assist Aboriginal people secure adequate housing.

In 2006, the Off-Reserve Aboriginal Housing Trust was established to increase investment in adequate and affordable housing units and services for those in need of short-term housing needs. Another \$300 million was allocated for a Northern Housing Trust that would be guided by the same objectives, including the provision of rental, transitional and supportive housing in the northern territories. This one-time funding was to be notionally allocated over three years to participating provinces and territories. To develop and sustain a market-based housing capacity on-reserve, the federal government announced funding for another \$300 million in 2007.

The First Nations Market Housing Fund, a credit-enhancement vehicle in operation since 2008, aims to provide easier access to private sector housing loans to First Nations people living on-reserve or settlement lands who wish to buy, build, or renovate a home to live in or rent to others. "If conditions are right, the fund is projected to reach 265 qualified First Nations and provide partial financial backing for 25,000 privately financed dwelling units over its first ten years."<sup>688</sup> To foster on-reserve capacity building, CMHC also offers financial support for initiatives that "will allow First Nations to work towards self-sufficiency in housing."<sup>689</sup> Another CMHC program, the "Section 95 On-Reserve Non Profit Housing Program", provides funds to eligible reserves for the construction, purchase, renovation and administration of suitable, adequate and affordable rental housing on reserve. Interest free repayable loans are also available to assist in the development of project proposals. The actual amount of the loan will vary depending on the scope of the project but cannot exceed \$75,000 plus 3% of project costs in excess of \$500,000.<sup>690</sup> Some witnesses told the Committee about the importance of developing self-sufficiency in housing and empowering Aboriginal people to own their own home. Others warned that many Aboriginal people are struggling to put food on the table and a roof over their head and cannot possibly purchase their own home. Other supports are needed for these impoverished individuals.

Housing is certainly a big, big topic. It guides council elections and it guides the will of our community. We are just in the process now of tabling a final community needs

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687 National Aboriginal Housing Association, *Federal Budget Leaves Urban Aboriginal Peoples Out in the Cold!*, January 28, 2009, p. 1, [http://www.aboriginalhousing.org/PDF/NAHA\\_PR\\_BUDGET\\_2009.pdf](http://www.aboriginalhousing.org/PDF/NAHA_PR_BUDGET_2009.pdf).

688 First Nations Market Housing Fund, *Expanding your Housing Options – Financing for First Nations Communities*, 2010-2014 Business Plan Summary, 2009, p. 16, <http://www.fnmhf.ca/english/reports/2010BusinessPlanSummary.pdf>.

689 Canadian Housing and Mortgage Corporation, *Aboriginal Capacity Development*, [http://www.cmhc-schl.gc.ca/en/ab/ofre/ofre\\_003.cfm](http://www.cmhc-schl.gc.ca/en/ab/ofre/ofre_003.cfm).

690 Canadian Housing and Mortgage Corporation, *Proposal Development Funding*, [http://www.cmhc-schl.gc.ca/en/ab/noho/noho\\_019.cfm](http://www.cmhc-schl.gc.ca/en/ab/noho/noho_019.cfm).

assessment, and housing is certainly part of that. So our council is focusing on meeting the housing needs.

What we have looked at in the past—and we see it across Canada— is that while housing needs are there, [F]irst [N]ation communities like ourselves can't be the full risk-taker. We've seen that. I believe that the full 25% to 30% of the problems in Canada with housing are, where [F]irst nations are involved, in the CMHC housing needs and programs in having to offset the cost of the houses. It's a problem. I've seen [F]irst [N]ations where if you guarantee too much at the governmental level to support the housing and if some of your members don't pay enough, it puts that whole program in the red and you're going to have economic problems. There will be spinoffs and it will affect your community services. It will affect whether or not you are viable as an entity and all those things.<sup>691</sup>

Chief Robert Louie, Westbank First Nation

As an architect, I am frustrated working in first nations communities where sometimes 70% of the people living in the community are on social assistance. And the federal government is trying to push home-ownership in these communities. These communities are under-resourced. As a housing advocate, what do I tell a father with three kids living in a shelter that there are no apartments available at the end of the 30-day stay?<sup>692</sup>

Patrick Stewart, Aboriginal Homelessness Steering Committee

Finally, CMHC also oversees the Residential Rehabilitation Assistance Program (RRAP) On-Reserve that provides financial assistance to complete major home repairs or address a need for basic facilities to low-income households living on-reserve.

#### **Recommendation 4.4.7**

**The Committee recommends that Aboriginal housing be a component of the federal action plan to reduce poverty in Canada. The plan should include targets, timelines and indicators toward reducing poverty and ensuring greater equity between the living standards of Aboriginal and non-Aboriginal people. This component of the plan should be developed in collaboration with Aboriginal organizations and governments.**

**Furthermore, the Committee recommends that the federal government work in partnership with Aboriginal government and stakeholders to immediately address the housing crisis in Aboriginal communities and ensure that all Aboriginal people have access to affordable, safe and adequate housing.**

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691 Committee, *Evidence*, 3<sup>rd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 09, April 12, 2010 at 16:00.

692 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 2009 at 09:05.

## Urban Aboriginal Strategy

Over the course of its study, the Committee was frequently reminded of the diversity of the Aboriginal population. The unique circumstances of Aboriginal communities in the North and in urban areas, for example, were highlighted by witnesses during the Committee's travels and in the testimony of the National Association of Friendship Centres. We were told that federal measures to assist Canada's Aboriginal population must recognize the range of Aboriginal experiences and be delivered in a way that benefits all Aboriginal people.

For the most part, many of our communities don't have a reserve at all; they have what was called "land set aside". Now the majority of our nations that are self-governing have what is called "settlement land"... For our [F]irst [N]ations, when it comes to on-reserve programming, our nations just don't qualify. Yet the social conditions that I spoke of earlier, we're still trying to address. We still haven't succeeded in bringing that equilibrium with other Canadians to our people.

We need those tools; we need those instruments that are being afforded other aboriginals and other Canadians across the country. We cannot take something that was so enlightening and good as a modern treaty, that all of our respective political officers and bureaucracies have negotiated over 30 years and have come to an agreement on, and allow it to be a barrier—and to be a barrier to actually trying to address the issues that were outlined in these treaties, all those negative social conditions.<sup>693</sup>

Grand Chief Ed Schultz, Council of Yukon First Nations

Aboriginal community members who have moved into the city from reserves in search of a better life are immediately marginalized. None of the money or resources available on-reserve is accessible to them.

The systems for their economic support disappear when they reach Edmonton. We now have one of the largest urban aboriginal populations in Canada. There is no initiative currently under way by the federal government to release any of that on-reserve funding to assist them. The money, in some parts at least, needs to flow and follow the individual so as to increase their chances of success in the city.<sup>694</sup>

Julian Daly, Boyle Street Community Services

In the 2006 census, 54% of all aboriginal peoples lived in cities and towns across Canada. That offers an incredible policy challenge, and when we're asking what should the federal government's response be to poverty--in this instance, aboriginal poverty--I think we need to look in the cities and towns where these people are living.

[...]

More practically, and on the ground, I think you need to make sure the existing programs are reaching people where they live. The aboriginal human resource development strategy, now called ASEP, is not going to reach the majority of people living in urban areas, because you continue to flow the funds through a first nation and Métis settlement model solely. I'm not saying it's not appropriate to partner with them. Absolutely, it is, but

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693 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 62, December 1, 2009 at 9:45-9:50.

694 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 66, December 3, 2009 at 13:30.

you need to make sure interventions are reaching people where they live in the cities and towns across this country.<sup>695</sup>

Peter Dinsdale, National Association of Friendship Centres

The Urban Aboriginal Strategy is a federal program that has been specially designed to respond to the unique needs of Aboriginal people living in urban areas. The strategy was developed in 1997 and seeks to support projects, in partnership with community organizations and Aboriginal people. The objectives are to improve life skills, job training and entrepreneurship, and support Aboriginal women, children and families. Between 2003 and 2006, some of the money invested, \$28.7 million, also levered an additional \$9.6 million from other departments, and \$21.8 million from provincial governments, municipalities and private organizations.<sup>696</sup> In 2007, the federal government renewed the strategy for another five years and committed to invest \$68.5 million.<sup>697</sup>

According to the 2010-2011 *Report on Plans and Priorities for Indian and Northern Affairs Canada*, the forecast spending for 2009-2010 was \$12.1 million, while planned spending for 2010-2011 and 2011-2012 was expected to be \$9.9 million each year.<sup>698</sup>

The program operates in 13 cities whose Aboriginal population represents at least 25% of the total Aboriginal population in Canada.<sup>699</sup> The list of cities does not include Montréal, Victoria, Sudbury, Hamilton, Sault Ste. Marie and Kamloops, which all had, according to the 2006 Census, a population with Aboriginal identity of at least 7,000 people (almost 18,000 in Montréal).<sup>700</sup>

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695 Committee, *Evidence*, 3rd Session, 40<sup>th</sup> Parliament, Meeting No. 8, March 31, 2010 at 16:30-16:55.

696 Indian and Northern Affairs Canada, *Urban Aboriginal Strategy*, <http://www.ainc-inac.gc.ca/ai/of/ias/index-eng.asp>.

697 Indian and Northern Affairs Canada, *Urban Aboriginal Strategy—Backgrounder*, <http://www.ainc-inac.gc.ca/ai/of/ias/bkg-eng.asp>.

698 Treasury Board of Canada Secretariat, *Reports on Plans and Priorities 2010-2011, Supplementary Tables, Details on Transfer Payment Programs*, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/ian/st-ts01-eng.asp>.

699 The 13 cities are: Vancouver, Prince George, Lethbridge, Calgary, Edmonton, Prince Albert, Regina, Saskatoon, Winnipeg, Thompson, Toronto, Thunder Bay and Ottawa. Indian and Northern Affairs Canada, *Urban Aboriginal Strategy – Backgrounder*, <http://www.ainc-inac.gc.ca/ai/of/ias/bkg-eng.asp>.

700 Statistics Canada, *2006 Census, Highlight Tables, Aboriginal Peoples*, <http://www12.statcan.ca/census-recensement/2006/dp-pd/hlt/97-558/pages/page.cfm?Lang=E&Geo=CMA&Code=01&Table=1&Data=Count&Sex=1&Age=1&StartRec=1&Sort=5&Display=Page&CSDFilter=250>.

#### Recommendation 4.4.8

**The Committee recommends that the federal government conduct an evaluation of the Urban Aboriginal Strategy, including a review of results obtained, an examination of the adequateness of funding and an assessment of the need to potentially extend this program to more cities, to reach the increasing proportion of the Aboriginal population living in other urban areas than those currently covered under this strategy.**

#### 4.5 Other Programs

There are other federal programs that help reduce poverty, some of which were mentioned by the witnesses appearing before the Committee.

##### a. GST/HST Credit

The goods and services tax and harmonized sales tax (GST/HST) credit is a refundable tax credit available to low- and modest-income taxpayers. The total tax expenditures for this credit are estimated at \$3.6 billion per year.<sup>701</sup> Table 4.5.1 summarizes the value of this credit, which is calculated based on civil status, number of children and net family income;<sup>702</sup> the credit is paid quarterly to just one person in a couple. This credit currently rises annually with increases in Statistics Canada's Consumer Price Index.

In the context of the fiscal stimulus budget, our argument was that we should be pumping money into the hands of low- and modest-income families, who will go out and spend that money to stimulate the economy. Our counter-proposal to the use of income tax cuts was to double the refundable GST credit, which would have pumped a lot of money through the economy in a targeted, focused way.<sup>703</sup>

Ken Battle, Caledon Institute of Social Policy

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701 Finance Canada, *Tax Expenditures and Evaluations 2008*, [http://www.fin.gc.ca/taxexp-depfisc/2008/Taxexp-depfisc08\\_eng.pdf](http://www.fin.gc.ca/taxexp-depfisc/2008/Taxexp-depfisc08_eng.pdf).

702 The income used is net income, that is, total income less deductions (line 236 of tax return), less the Universal Child Care Benefit. Family income includes the spouse's income but not the income of children or any other relatives residing at the same address.

703 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 12:30.

**Table 4.5.1 – GST/HST tax credit by family income, civil status and number of children, 2009-2010**

Family income (\$)	No children		With children			
	Single person	Couple	1 child	2 children	3 children	4 children
<b>0 - 8,047</b>	248	496	626	756	886	1,016
<b>8,047 - 14,547</b>	248-378	496	626	756	886	1,016
<b>14,547 - 32,312</b>	378	496	626	756	886	1,016
<b>32,312 - 39,872</b>	378-0	496-118	626-248	756-378	886-508	1,016-638
<b>39,872 - 42,232</b>	0	118-0	248-130	378-260	508-390	638-520
<b>42,232 - 44,832</b>	0	0	130-0	260-130	390-260	520-390
<b>44,832 - 47,432</b>	0	0	0	130-0	260-130	390-260
<b>47,432 - 50,032</b>	0	0	0	0	130-0	260-130
<b>50,032 - 52,632</b>	0	0	0	0	0	130-0

For a single person, the basic credit (\$248) is increased by 2¢ per dollar of additional income between \$8,047 and \$14,547. For all individuals, the credit is reduced by 5¢ per dollar of additional income starting at \$32,312. Only children aged 18 or under who live with the person claiming the credit can count. Children aged 19 and over who live with their parents may claim the credit for themselves based on their own income and not that of their parents.

Source: Canada Revenue Agency, *GST/HST Credit*, Including related provincial credits and benefits for the period from July 2009 to June 2010, <http://www.cra-arc.gc.ca/E/pub/tg/rc4210/rc4210-09e.pdf>.

In its alternate 2009 budget, the Canadian Centre for Policy Alternatives also suggested doubling the GST credit to help low-income Canadians who do not benefit from certain budget measures such as the changes to employment insurance.<sup>704</sup> In the opinion of the Committee, the GST is an effective tool for helping low- and modest-income Canadians, especially those who do not pay tax since it is a refundable tax credit.

#### **Recommendation 4.5.1**

**The Committee recommends that the federal government increase the goods and services tax credit by more than the scheduled increases tied to the Consumer Price Index.**

704 Canadian Centre for Policy Alternatives, *Beyond the Crisis: A Budget for a Strong and Sustainable Future: Alternative Federal Budget 2009*, January 2009, <http://www.policyalternatives.ca/sites/default/files/uploads/publications/National Office Pubs/2009/AFB2009 Beyond the Crisis.pdf>

## b. Public Transit

The Committee heard some evidence that affordable public transit is important to low-income Canadians.

Lastly, it is very important that there be funding strategies for public transit within and between the municipalities. The TTC is mostly supported by the residents of Toronto. It has become hugely expensive, and it is a huge expense in the lives of lower-income people, whether they are working or on social assistance.<sup>705</sup>

Patricia Smiley, South Etobicoke Social Reform Committee

In many United States communities and in Calgary, they're starting to look at transportation poverty, where people actually can no longer afford to live in areas adjacent to places of employment and are spending upwards of 30% of their income on transportation in order to get to employment. This is an emerging phenomenon that has everything to do with the pattern of suburbanization and economic development at this point in time.

So I think the idea that we are now seeing the emergence, certainly among the working poor, of transportation poor, is important and it speaks to what the role is of the federal government in investing in public transportation infrastructure that facilitates more equitable communities. I think it's important that we think about that. I think the federal government certainly would have a role to play in that regard as well.<sup>706</sup>

Katherine Scott, Canadian Council of Social Development

Public transit is more affordable than travelling by car, and is a mode of transport favoured by low-income persons in urban areas for getting to work and other destinations. In 2005, 15.8% of workers with employment income below \$10,000 relied primarily on public transit to get to work, compared to 8.3% of workers with employment income of \$60,000 or more.<sup>707</sup> This figure is 44% for workers earning less than \$10,000 who live in Montreal and Toronto. The federal government contributes financially to public transit and has contributed to the Public Transit Capital Trust since 2006. For 2008-2009 and 2009-2010, \$250 million per year were allocated to this trust.<sup>708</sup> This funding is distributed according to each province's population. Announced in 2007, the Building Canada program will use the gas tax fund to permanently provide about \$2 billion per year to municipalities; they in turn may put it toward public transit or any other initiatives.<sup>709</sup> In Budget 2009, the government announced an investment of close to \$12 billion over two years for infrastructure projects, some involving public transit. Finally, there is also a non-refundable credit for public transit passes. As a non-refundable credit, the amount spent on passes is multiplied by the lowest tax rate, which was 15% in 2008. The result is

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705 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 33, June 1, 2009 at 08:20.

706 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 24, April 15, 2008 at 09:55.

707 Statistics Canada, *2006 Census, Topic-based tabulations*, Catalogue No. 97-561-X2006013.

708 Finances Canada, *Federal Trust Funds - What is a Trust Fund?*, November 2008, <http://www.fin.gc.ca/fedprov/ftf-eng.asp>.

709 Finance Canada, *The Budget Plan 2008: Responsible Leadership*, p. 131, <http://www.budget.gc.ca/2008/pdf/plan-eng.pdf>.

deducted from payable tax, so that those who do not pay tax do not benefit from this credit.

### **Recommendation 4.5.2**

**The Committee recommends that the federal government increase its contribution to public transit, in particular by making the public transit pass tax credit refundable or by increasing its contribution to the Public Transit Capital Trust.**

#### **c. National Pharmacare Program**

Certain witnesses appearing before the Committee also raised the possibility of establishing a national pharmacare program.

Social workers recommend the creation of a national pharmacare plan that would provide first-dollar coverage for prescription drugs. This would remove the barriers associated with employment for people who receive social assistance. This would allow them to be in the workforce, start earning some money, and have drug coverage.<sup>710</sup>

Miguel Leblanc, New Brunswick Association of Social Workers

The provinces currently have different pharmacare programs. The Canadian Health Coalition, which represents major unions, recommended the adoption of a national pharmacare plan in order to address the growing cost of pharmaceuticals and in the interest of fairness to the residents of the various provinces.<sup>711</sup> In 2004, a federal/provincial/territorial task force of ministers of health (not including the minister from Quebec) was created to develop a national pharmacare strategy; it was apparently understood that Quebec would keep its own pharmacare system.<sup>712</sup> A progress report was presented in June 2006.<sup>713</sup> According to the Health Council of Canada:

Work has continued on various elements by both the federal government and provincial/territorial governments, although not necessarily collectively under the auspices of the National Pharmaceuticals Strategy ministerial task force. In September 2008, the provinces and territories indicated their intent to negotiate a number of elements of the National Pharmaceuticals Strategy with the federal government—particularly funding for catastrophic drug coverage and expensive drugs for rare diseases. All governments have acknowledged that these are costly initiatives, but it's not clear who should pay. The provinces and territories have proposed a 50/50 cost-sharing

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710 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 26, May 12, 2009 at 13:10.

711 Canadian Health Coalition, *More for Less: A National Pharmacare Strategy*, September 2007, <http://www.healthcoalition.ca/mfl2007.pdf>.

712 Health Canada, *National Pharmaceuticals Strategy*, <http://www.hc-sc.gc.ca/hcs-sss/pharma/nps-snpp/index-eng.php>.

713 Federal-Provincial-Territorial Ministerial Task Force, *National Pharmaceuticals strategy, Progress Report, June 2006*, [http://www.hc-sc.gc.ca/hcs-sss/alt\\_formats/hpb-dgps/pdf/pubs/2006-nps-snpp/2006-nps-snpp-eng.pdf](http://www.hc-sc.gc.ca/hcs-sss/alt_formats/hpb-dgps/pdf/pubs/2006-nps-snpp/2006-nps-snpp-eng.pdf).



arrangement with the federal government. From the provincial/territorial perspective, the inability to resolve funding issues is the primary factor that is holding up progress.<sup>714</sup>

### **Recommendation 4.5.3**

**The Committee recommends that the federal government continue negotiations to reach an agreement on the National Pharmacare Strategy.**

#### **d. Guaranteed Annual Income**

Finally, a guaranteed annual income (GAI) program would automatically provide every person with a basic, non-taxable income. There are many variations on the idea. Some set an income level at which the GAI is partially or completely eliminated. Others set different amounts for different groups (youth, seniors, persons with disabilities etc.). Such a program could entirely or partially replace a number of other programs (for the unemployed, seniors or children).

The Committee heard that the benefits of a GAI would include providing a basic income to help low-income people escape poverty, simplifying the many social assistance programs, and providing income support while eliminating the stigma of receiving social assistance. At the same time, however, the GAI could reduce the incentive to work and could be very expensive. It would also represent a radical departure in the delivery of social programs. Certain witnesses argued for the adoption of some form of guaranteed annual income.

There are certainly models to follow for a guaranteed income in a country like Canada. Canada, which has such abundance, really needs to look after its people. We're a caring and compassionate society....There would be a minimum level of what a family could expect to get.<sup>715</sup>

Louise Smith MacDonald, Women's Centres Connect

Support for this option is not unanimous, however:

Another, I would say, non-starter in the debate is the whole idea of a guaranteed annual income. A lot of that debate, in my view, is counterproductive. Basically, one glove does not fit all hands. You have to tailor poverty reduction programs to the needs of the particular client. If you had a guaranteed annual income that put all people out of poverty, it would be extremely expensive.<sup>716</sup>

Andrew Sharpe, Centre for the Study of Living Standards

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714 Health Council of Canada, *A Commentary on the National Pharmaceuticals Strategy: A Prescription Unfilled*, January 2009, [http://www.healthcouncilcanada.ca/docs/rpts/2009/HCC\\_NPS\\_Commentary\\_WEB.pdf](http://www.healthcouncilcanada.ca/docs/rpts/2009/HCC_NPS_Commentary_WEB.pdf).

715 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 22, May 11, 2009 at 13:45.

716 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:45.

The Committee has already recommended creating a GAI for persons with disabilities and supporting a disability-related supports program to be delivered by the provinces and territories (Recommendation 4.2.5). The Committee decided not to make a recommendation regarding a universal GAI, considering it preferable to take one step at a time and begin with a program benefitting only persons with a disability.

## CHAPTER 5: HOUSING AND HOMELESSNESS INITIATIVES

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A stable, decent, affordable home is a doorway to better health, education, and careers, and it is an important source of human pride and dignity.<sup>717</sup>

Wayne de Jong, Habitat for Humanity Canada

### 5.1 A Place to Call Home

The Committee was told that decent, affordable housing is both an important foundation for healthy social and physical development and a springboard to exit poverty and take advantage of education, training and employment opportunities that can open doors to better economic and personal well-being. Some witnesses also stated that it is the fundamental right of every person in Canada to have a safe, adequate and affordable place to call home.

When people have a place to call home, they can seek and find a job, establish their children at school, and maintain a healthy household.<sup>718</sup>

Diana Summers, Ontario Non-Profit Housing Association

Unfortunately, many Canadians living on low incomes experience difficulty securing appropriate accommodation and cannot satisfy their housing requirements. In 2006, 1.5 million households, or 12.7% of all households in Canada, lived in core housing need, relying on accommodation that was unaffordable, inadequate, and/or unsuitable, and unable to obtain acceptable alternative housing.<sup>719</sup> In addition, homelessness has been growing in many communities across Canada, with as many as 300,000 people estimated to be facing this desperate situation.<sup>720</sup> Certain social groups, including single adults, lone-parent families, visible minorities, recent immigrants, Aboriginal people<sup>721</sup> and people with disabilities, are more likely to experience housing

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717 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 42, June 2, 2009 at 15:10.

718 *Ibid.*, at 14:05.

719 Affordable dwellings cost less than 30% of before-tax household income; adequate dwellings do not require major repairs; and suitable dwellings have enough bedrooms for the number and make-up of residents. "A household is in core housing need if its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30 per cent or more of its before-tax income to pay the median rent (including utility costs) of alternative local market housing that meets all three standards." Canada Mortgage and Housing Corporation, *Canadian Housing Observer 2009*, 2009, pp. 81-82, [http://www.cmhc-schl.gc.ca/en/corp/about/cahoob/cahoob\\_001.cfm](http://www.cmhc-schl.gc.ca/en/corp/about/cahoob/cahoob_001.cfm).

720 Human Resources and Skills Development Canada, *The Homelessness Partnering Strategy*, July 6, 2009, <http://www.hrsdc.gc.ca/eng/homelessness/index.shtml>.

721 For information about Aboriginal people and housing, see Chapter 4, Section 4.4.

affordability problems.<sup>722</sup> Many of these groups are also disproportionately represented among Canada's homeless population.<sup>723</sup>

Witnesses across the country emphasized the importance of affordable housing not only for combating poverty, but also for fostering the full participation of vulnerable members of society in their communities.

Another core component of a poverty reduction strategy is decent affordable housing. This is significant because it's both a safety net and a springboard. It's a safety net in terms of providing support for people who are not able to pay their rent – and we have a lot of Canadians who are in very precarious positions right now – but having them in stable environments is also a springboard, because it contributes to healthy development of children, and it also allows people to participate in education and training.<sup>724</sup>

Sherri Torjman, Caledon Institute for Social Policy

For the people you are talking about, I think that a house, a safe home, allows people to get a job or to access other things in the community. It starts the process.

For me, affordable housing is the answer. It allows people to start. It's the bedrock beneath our feet, if you will, a safe, secure, stable, and nice place.<sup>725</sup>

Diana Summers, Ontario Non-Profit Housing Association

Stakeholders argue that, because the private, for-profit housing market often does not build housing that meets the needs of people living on low incomes, government support for social housing<sup>726</sup> is an important way to ensure housing affordability.<sup>727</sup> There are currently about 630,000 social housing units in Canada that receive government support.<sup>728</sup> Unfortunately, Canada's social housing system is unable to meet the demand for affordable units. The Committee was told that waiting lists for social housing can be as long as 20 years in some regions. Witnesses also expressed dismay that, compared to its

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722 Canada Mortgage and Housing Corporation, *The Dynamics of Housing Affordability*, Research Highlight, January 2008, pp. 5-6, <https://www03.cmhc-schl.gc.ca/b2c/b2c/init.do>.

723 Among others, see Gordon Laird, *SHELTER - Homelessness in a growth economy: Canada's 21st century paradox*, A Report for the Sheldon Chumir Foundation for Ethics in Leadership, 2007, <http://www.chumirethicsfoundation.ca/files/pdf/SHELTER.pdf>; Izumi Sakamoto, *Homelessness – Diverse Voices, Common Experiences, Shared Solutions: The Need for Inclusion and Accountability*, Factor-Inwentash Faculty of Social Work, University of Toronto, October 2008, <http://streethealth.ca/Downloads/SharedSolutions.pdf>; and the website of the Homeless Hub, *Homelessness: Demography & Characteristics of Homelessness*, [http://www.homelesshub.ca/\(S\(kc22fz3ea3440a3scquwjtre\)\)/Topics/Demography-and-Characteristics-of-Homelessness-203.aspx](http://www.homelesshub.ca/(S(kc22fz3ea3440a3scquwjtre))/Topics/Demography-and-Characteristics-of-Homelessness-203.aspx).

724 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:20.

725 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 41, June 2, 2009 at 14:40.

726 The term "social housing" usually refers to affordable rental housing subsidized by the government. (Canada Mortgage and Housing Corporation, *Canadian Housing Observer 2009*, 2009, p. 15.

727 Jim Silver, *The Case for Public Housing*, Canadian Centre for Policy Alternatives, December 18, 2008, p. 1, [http://www.policyalternatives.ca/~ASSETS/DOCUMENT/Manitoba\\_Pubs/2008/PublicHousing.pdf](http://www.policyalternatives.ca/~ASSETS/DOCUMENT/Manitoba_Pubs/2008/PublicHousing.pdf).

728 Government of Canada, *Canada's Economic Action Plan: Budget 2009*, January 27, 2009, p. 132, <http://www.budget.gc.ca/2009/pdf/budget-planbudgetaire-eng.pdf>.

peer countries, Canada has a relatively small percentage of its housing stock in the social sector.

We have 13,500 families on the waiting list, and they may wait 20 years for homes they can afford. This is the longest list and the longest wait of any municipality, I think, in Canada – and certainly in Ontario.

Edna Toth, Peel Poverty Action Group

In Canada, less than 5% of our overall housing stock across the country is in the social sector. That puts us, among the developed countries, second to the bottom. The only country that has a worse record is the United States. European countries and other developed countries of the world, such as Hong Kong, all have a significantly higher social housing sector.<sup>729</sup>

Michael Shapcott, Wellesley Institute

The Committee strongly believes that action must be taken to help struggling Canadians access and retain safe, decent, and affordable housing. In addition to government funding of social housing, there are a variety of alternative ways to increase the supply of affordable housing that meets the needs of low-income Canadians. Witnesses who appeared before the Committee stressed the importance of working with the private sector through public-private partnerships (PPPs)<sup>730</sup> and the tax system to develop affordable housing. The Low-Income Housing Tax Credit model, the foremost affordable housing program in the United States, was one idea put forward that could be applied in the Canadian context.<sup>731</sup>

But I would say that there is much more potential to engage the private sector if we have a planned approach to development than is the case today. I would say that there's much greater potential in this.<sup>732</sup>

Geoff Gillard, Canadian Housing and Renewal Association

Modelled on programs in the U.S., the federal government should give public housing providers financial supports to issue bonds to obtain the necessary upfront capital for new building projects. The government should also agree to finance interest that would accrue on these bonds to finance them over the long term. The housing provider would then issue the bond for the public housing market and pay back the principal through the

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729 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 20, June 2, 2009 at 12:00.

730 A public-private partnership (PPP) can be defined as a “cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.” (Canadian Council for Public-Private Partnerships, *Definitions*, [http://www.pppcouncil.ca/aboutPPP\\_definition.asp](http://www.pppcouncil.ca/aboutPPP_definition.asp).) For more information about public-private partnerships and social housing, see Alexandra Moskalyk, *The Role of Public-Private Partnerships in Funding Social Housing in Canada*, Canadian Policy Research Network, September 2008, [http://www.cprn.org/documents/50550\\_EN.pdf](http://www.cprn.org/documents/50550_EN.pdf).

731 For more information about applying the Low-Income Housing Tax Credit model in the Canadian context, see Marion Steele and François Des Rosiers, *Building Affordable Rental Housing in Unaffordable Cities: A Canadian Low-Income Housing Tax Credit*, C.D. Howe Institute, May 2009, p. 1 and p. 6, [http://www.cdhowe.org/pdf/commentary\\_289.pdf](http://www.cdhowe.org/pdf/commentary_289.pdf).

732 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 12:35.

sale of units or rental income obtained over the bond period. This would significantly reduce the public cost of housing and speed up construction.<sup>733</sup>

Adam Spence, Ontario Association of Food Banks

Given the shortage of affordable housing in Canada, the Committee believes that opportunities to engage the private sector in affordable housing development should be pursued. Tax incentives can be an important tool to encourage investment in this area, and the federal government's first action should be to eliminate capital gains taxes on donations of real estate to registered charities for the purpose of affordable housing. The government should also thoroughly examine additional tax measures that could promote the creation of affordable housing in Canada.

We're long overdue in this country for some changes to the federal tax system that would increase private investment, including philanthropic investment in affordable housing.

There are five examples that I'll give you. The first would be to eliminate capital gains on real estate donations, made to registered charities, for affordable housing. The second would be to eliminate the GST on construction materials associated with the construction of affordable housing. The third would be to permit the deferral of capital gains taxes and recapture of the capital cost allowance on reinvestment in rental housing, which is in scarce supply in this part of the country. The fourth would be to increase the capital cost allowance on rental and affordable housing. And the last would be to permit small landlords to be taxed at the small business corporation rate as an incentive to increase the supply of rental housing.<sup>734</sup>

Barbara Grantham, Streethome Foundation

### Recommendation 5.1.1

**The Committee recommends that the federal government immediately undertake a study to determine the feasibility of eliminating capital gains taxes on donations of real estate to registered charities for the purpose of affordable housing and that it conduct a thorough evaluation of additional tax measures that could promote the creation of affordable housing in Canada.**

A third way of supporting the creation of affordable housing is through rent supplements and/or housing allowances, which reduce the gap between a household's income and the cost of housing.<sup>735</sup> Such programs are in existence across Canada, funded in part by the federal government's Affordable Housing Initiative (discussed below)

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733 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 38, June 2, 2009 at 08:25.

734 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 61, November 30, 2009 at 14:30.

735 "Rent supplement programs generally contract with landlords, requiring them to make available a certain number of units for low-income households who pay a geared-to-income rent, usually set at 30 % of the gross household income. Housing allowance programs usually pay a specified amount directly to tenants, who typically pay more than 30 % of their income. The tenants select the unit and can move if they wish." (Canadian Housing and Renewal Association, *Rent Supplements, Shelter Allowances and a Modern Housing Policy*, October 2006, p. 5, [http://www.chra-achru.ca/CMFiles/Oct\\_2006\\_rent\\_supplement\\_paper\\_with\\_summary1REE-1302008-1416.pdf](http://www.chra-achru.ca/CMFiles/Oct_2006_rent_supplement_paper_with_summary1REE-1302008-1416.pdf).)

and administered by local levels of government.<sup>736</sup> Rent supplements and housing allowances have been praised by stakeholders because they can be implemented discretely, quickly and at low cost.<sup>737</sup> Others point out that they can have an inflationary impact across low-end rental units in jurisdictions where they are used.<sup>738</sup> Witnesses who appeared before the Committee were also divided on the merits of these measures.

Social housing isn't always the answer. Sometimes being in social housing leads to more discrimination. For people with mental illness, full citizenship means community integration, which is the healthiest measure for people.

So I think the portable housing benefit, not attached to programs, would be the ultimate solution.<sup>739</sup>

Ruth-Anne Graig, Canadian Mental Health Association

The rent supplement model has been talked about. Certainly it's very positive, but for many of the clients we work with, it would not work well. They need the community base of a supportive housing community. An integration can happen in small supportive housing communities within the larger neighbourhood.<sup>740</sup>

Margaret Singleton, Ottawa Salus Corporation

Asset-building programs can also help low-income Canadians access appropriate housing. These programs include mechanisms that encourage households to accumulate an amount of savings that they can then put towards rent or utility deposits, or even the purchase of a home. Witnesses told the Committee that such programs have been successfully implemented in Canada but that the federal government could do more to facilitate affordable home ownership. The Committee believes that the federal government should explore asset-building programs as a way to help low-income households meet their housing needs.

In this project, asset building was modified to enable account holders to use their own and matching savings for costs related to affordable, sustainable rental housing. These included rent deposits, savings to cover rent for multiple months in subsidized housing, deposits for utility hookup, and the cost of setting up a household.

The result of this public, private, and non-profit project was that 57% of the participants who opened bank accounts successfully saved and moved out of the shelter system. Many participants retained their bank accounts and saved beyond what was required by the project; 95% of these participants were still housed independently eight to 15 months

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736 For example, see Canada Mortgage and Housing Corporation, *\$5 Million Approved for New Rent Supplement Program in Edmonton*, October 24, 2006, <http://www.cmhc.ca/en/corp/nero/nere/2006/2006-10-24-1600.cfm>.

737 Ontario Human Rights Commission, *Right at Home: Report on the consultation on human rights and rental housing in Ontario*, May 28, 2008, p. 74, [http://www.onpha.on.ca/AM/Template.cfm?Section=Search&section=News\\_Item&template=/CM/ContentDisplay.cfm&ContentFileID=501](http://www.onpha.on.ca/AM/Template.cfm?Section=Search&section=News_Item&template=/CM/ContentDisplay.cfm&ContentFileID=501).

738 Nick Falvo, "Rent supplements help, but only if landlords cooperate," *The CCPA Monitor*, May 2007, pp. 26-27, <http://www.streethealth.ca/Downloads/NickCEAsmall.pdf>.

739 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 12:20.

740 *Ibid.*, at 12:40.

out of the project; and 82% of the participants indicated that they felt secure and would remain housed independently for the rest of their lives.<sup>741</sup>

Barbara A. Gosse, Social and Enterprise Development Innovations

There are three key ways that housing can assist in poverty reduction. ... The second is by using housing programs as a basis for asset-building. These programs assist modest-income households to move to home ownership and to begin building equity. The move to ownership also frees up community-based affordable housing, and thus reduces waiting lists.<sup>742</sup>

Diana Summers, Ontario Non-Profit Housing Association

We urge you to recognize the importance of assisted home ownership solutions to the affordable housing crisis. ... An investment in affordable home ownership not only builds homes for families in need right now, but also, through their mortgage repayments, will help to fund homes for many more families in the future.<sup>743</sup>

Wayne de Jong, Habitat for Humanity Canada

Finally, the Committee heard about the role housing co-operatives can play in an affordable housing system. A housing co-operative is an organization that is collectively owned by its members. This type of housing is often more affordable than private market housing because households pay a monthly charge that is set by members in relation to the costs of running the cooperative. Government funding enables about half of the over 90,000 households living in housing cooperatives across Canada to pay a housing charge that is further reduced and geared to their income.<sup>744</sup> Witnesses who appeared before the Committee emphasized the unique benefits of the cooperative housing model in the provision of affordable housing.

Over the past 40 years, the federal government and the provinces delivered altogether some 90,000 units of affordable cooperative housing for Canadians of moderate and low incomes. It is tremendously good value, in our view. Successive evaluations have shown that housing co-ops offer the best value for public spending. That's because there is no intermediary bureaucracy. The money that the government puts on the table for co-ops goes directly to the provider. There's a strong business discipline model. They have to make ends meet. There is no automatic funding of deficits by the government. They are self-directed, and the involvement of the members in the operations of the co-ops means tremendous opportunities for personal development, and the result is, of course, that they build families.<sup>745</sup>

Nicholas Gazzard, Co-operative Housing Federation of Canada

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741 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 39, April 2, 2009 at 09:35.

742 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 41, June 2, 2009 at 14:05.

743 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 42, June 2, 2009 at 15:10.

744 Cooperative Housing Federation of Canada, *Co-op Housing Facts*, 2009, [http://www.chfcanada.coop/eng/pages2007/about\\_2\\_1.asp](http://www.chfcanada.coop/eng/pages2007/about_2_1.asp).

745 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:20.



Homelessness is a unique policy challenge in Canada and the country's network of emergency shelters is often the first recourse for individuals facing this situation. The Committee heard, however, that some communities have an insufficient number of shelter beds and are unable to meet the demand for emergency accommodation.

We have one emergency transition home for women who are experiencing violence. We have one emergency shelter for men and women that's run by the Salvation Army; it has 10 beds. That is supposed to serve the emergency shelter needs of the entire Yukon. It does not accept children. There are three beds reserved for women. Most women do not want to go there unless they are really facing 50 degrees below zero and a park bench, because in that shelter they are facing the very men who abuse them. It's also first come, first served. They have to leave the shelter during the day, and in the winter go from, say, the detox centre to the library, to various other social agencies, until they are able to come back at suppertime.<sup>746</sup>

Charlotte Hrenchuk, Yukon Status of Women Council

There exist two broad approaches to helping individuals experiencing homelessness become permanently housed. In the "continuum of care" or "treatment first" model, clients are referred to permanent housing only after they have proven their "housing readiness" by completing the prescribed treatment programs, such as programs for psychiatric or addiction-related problems. In comparison, the Housing First model is based on the belief that housing is a basic right and offers clients immediate access to stable accommodation in conjunction with treatment and support services provided as needed and on a voluntary basis.<sup>747</sup> Having originated in the United States, the Housing First model is being successfully applied across Canada. Toronto's Streets to Homes program, which follows this approach, has housed more than 2,400 people since 2005, 91% of whom remain in their homes.<sup>748</sup> The Mental Health Commission of Canada has also launched demonstration projects based on the Housing First model in Vancouver, Winnipeg, Toronto, Montréal and Moncton that will focus on different aspects of mental health and homelessness. The Government of Canada in Budget 2008 provided \$110 million to support these projects. Many witnesses who appeared before the Committee supported the Housing First approach to reducing homelessness. The Committee is pleased that the Housing First model is being studied and implemented across the country and believes that the federal government should continue to support these important initiatives.

Prior to the last, I would say, five years in North America, the idea has always been to take a homeless individual, who may or may not have problems with addiction or mental health, go through transitional housing or some other methods to get them free of their addictions, get them balanced on their medicine, and then try to get them a home.

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746 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 62, December 1, 2009 at 11:45.

747 Sam Tsemberis, Leyla Gulcur and Maria Nakae, "Housing First, Consumer Choice, and Harm Reduction for Homeless Individuals with a Dual Diagnosis," *American Journal of Public Health*, Vol. 94, No. 4, April 2004, p. 651.

748 City of Toronto, *Shelter, Support and Housing Administration: Streets to Homes*, 2009, <http://www.toronto.ca/housing/about-streets-homes.htm>.

What we found, and what they found in other cities such as New York and Portland and Toronto, is that in order to get someone balanced and stable, they really need to have a home first. That's why it's called Housing First. The first thing we do is get people into a house, and then we deal with their addictions, their mental health issues, and things like that. It's a complete flip-flop of the old philosophy...<sup>749</sup>

Wendy Myshak, Homeward Trust Edmonton

We know, not from research done in Canada but from research done in other countries, that what's called a "housing first" approach has some very promising aspects to it, but it has never been tested in the Canadian context. That's an approach where client choice is what drives the services a person gets, where they are provided with not only adequate housing but also with a variety of health supports and mental health supports and services, so they can become functioning citizens.

The early indications are that people who participate in that kind of program can become contributing citizens again and have housing stability and health stability. We're hoping that out of the research demonstration projects that we're doing we'll get some solid policy evidence we can bring to the government that will have recommendations to address exactly what you're talking about.<sup>750</sup>

Jayne Barker, Mental Health Commission of Canada

The Housing First model speaks to the importance of putting in place adequate supports for people making the transition from situations of homelessness or unstable shelter to decent, stable, and affordable housing. The Committee heard from many witnesses who stressed that supported housing arrangements<sup>751</sup> help recipients learn skills that enhance their wellbeing and are often fundamental to housing retention. Supported housing was also identified as an area for improvement in Canada's housing system.

People need a "relationship and work attitude" apprenticeship program much more than they need a hard skill apprenticeship. And that's the nature of what supported housing means. People are moved into supported housing, and that outreach support provides that mentorship on how to relate to your landlord, how to manage your time budget so that you have time for cleaning and food preparation, and how to shop on a budget, provided you have some semblance of income, which we could talk about as well. But outreach is key.<sup>752</sup>

Michael Poworoznyk, Saint Leonard's Society of Nova Scotia

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749 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 65, December 3, 2009 at 11:20.

750 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 17, April 30, 2009 at 11:50.

751 The terms "supported housing" and "supportive housing" are often used interchangeably, while some studies differentiate between the two. Both terms refer broadly to housing arrangements in which additional assistance is provided according to residents' needs and preferences to help them stabilize their personal situations, establish connections in the community, and successfully remain housed. For more information, see Centre for Addiction and Mental Health, *Types of Housing: Supportive/Supported Housing*, 2009, [http://www.camh.net/Care\\_Treatment/Community\\_and\\_social\\_supports/Housing/Types\\_of\\_Housing/csru\\_supportive\\_ed\\_housing.html](http://www.camh.net/Care_Treatment/Community_and_social_supports/Housing/Types_of_Housing/csru_supportive_ed_housing.html).

752 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 21, May 11, 2009 at 11:05.

One of the key solutions we've found is supported housing. It integrates individuals who've experienced homelessness into communities so that housing doesn't become ghettoized. One of our programs is called WISH.

[...]

We help women who are leaving the shelter system by providing them with their own apartments. We provide financial trusteeship and management. We provide them with life skills development and 24-hour assistance. We give them the tools they need to be successful and independent.<sup>753</sup>

Tanis Crosby, YWCA Halifax

## 5.2 Federal Housing Programs

Housing-related funding and programs are delivered across the country by all three levels of government in a system that has been described as a “patchwork.”<sup>754</sup> Despite the provinces and territories having primary jurisdiction over housing, the federal government plays an active role in this area. The current federal response to housing issues centres on the themes of homelessness, affordable housing, and residential upgrading.

### a. Homelessness Partnering Strategy

The Homelessness Partnering Strategy (HPS), introduced in 2006 and administered by HRSDC, encourages cooperation among stakeholders, including federal departments and agencies, other levels of government, and the private and voluntary sectors, to identify local responses to homelessness and strengthen the capacity to address this challenge. The largest element of the HPS is the Homelessness Partnering Initiative (HPI), through which the federal government invests in specific community projects. Other components of the HPS include the Homelessness Accountability Network, which promotes knowledge development and data collection, and the Surplus Federal Real Property for Homelessness Initiative, which makes surplus federal real properties available to organizations for homelessness-related projects. The HPS was originally established as a two-year strategy funded at \$134.8 million per year.<sup>755</sup> A recent review found that the HPS is successful in addressing communities' most pressing needs with respect to homelessness; however, the effectiveness of the HPS is limited by its two-year time frame.<sup>756</sup> These findings were echoed by the Committee's witnesses, who also raised concerns that HPS funding is too limited and is delivered primarily to infrastructure-related projects at the expense of operational requirements and other homelessness-related services. The HPS has been renewed until March 2011.

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753 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 23, May 11, 2009 at 15:05.

754 Michael Shapcott, *Federal Role in Housing: Constitutional and Legal Issues*, Wellesley Institute, August 20, 2006, p. 1, <http://wellesleyinstitute.com/files/federalhousingrole.pdf>.

755 Human Resources and Skills Development Canada, Strategic Policy and Research Branch, *Evaluation of the Homelessness Partnering Strategy: Final Report*, July 2009, pp. vii-viii, [http://www.hrsdc.gc.ca/eng/publications\\_resources/evaluation/2009/ehps/sp-ah-904-07-09e.pdf](http://www.hrsdc.gc.ca/eng/publications_resources/evaluation/2009/ehps/sp-ah-904-07-09e.pdf).

756 *Ibid.*, p. x.

The federal government has been successful in facilitating community collaboration and project funding through the [H]omelessness [P]artnering [S]trategy. We've seen very positive results from inter-agency collaboration with the key players all at the same table. We appreciate the role the federal government played as a catalyst in that example; more funding and a less onerous application process for that program would benefit those living in inadequate housing and those trying to support them.<sup>757</sup>

Laura MacFeeters, Yukon Anti-Poverty Coalition

You mentioned the SCPI [Supporting Communities Partnership Initiative] which is now called HPI, or the homelessness partnership initiative. ... It is an excellent program for what it is, because the federal government is in fact an enabler. The program allows the communities to define their homelessness needs, and the federal government provides the tool kit in terms of finance and other supports.

[...]

So it's a good program where it works, although I should say there has been a problem with SCPI as well, or HPI now, in that the program dollars are basically the same as they were when Minister Bradshaw first announced the program at Christmas 1999. Essentially, we're dealing with the same dollars, which means there is less.<sup>758</sup>

Michael Shapcott, Wellesley Institute

I can speak for my area of expertise, which is homelessness and the [H]omelessness [P]artnering [S]trategy, which is actually working very well. I must say there are lots of compliments for this program. For the last ten years it has been not only the only program in the country that addresses specifically homelessness, but it is distributed in consultation with the community and it's praised for its innovative model.

[...]

There are some points of criticism in regard to the program. One of them is the short-term nature of it, which makes strategic planning impossible.<sup>759</sup>

Claudia Jahn, Community Action on Homelessness

Through the federal government and under the [H]omelessness [P]artnering [S]trategy, it's not a problem to get money to build a new shelter. Grace House, our women's shelter, was opened in 2001. There was some money through the old SCPI program. You can get projects and extra funding in projects to go on, but we can't get operational funding, which would allow us to be able to help coordinate those activities for individuals.<sup>760</sup>

Brian Duplessis, Fredericton Homeless Shelters

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757 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 62, December 1, 2009 at 08:40.

758 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 40, June 2, 2009 at 12:20.

759 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 20, May 11, 2009 at 09:15.

760 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 25, May 12, 2009 at 10:50.

## **b. Affordable Housing Initiative**

The CMHC operates an Affordable Housing Centre that provides information and financial assistance to individual organizations interested in creating affordable housing.<sup>761</sup> The bulk of federal investments in this area, however, are channelled through the Affordable Housing Initiative (AHI). Under the AHI program, federal and provincial/territorial governments work together through bilateral agreements to fund off-reserve affordable housing on a cost-shared basis. During the first two phases of the AHI, announced in 2001 and 2003, \$1 billion in federal funding was committed.<sup>762</sup> As a result of this funding, matched by provinces, territories and other groups, 44,175 new affordable housing units had been announced or committed as of September 2009.<sup>763</sup> Unfortunately, the Committee heard that some regions of the country are unable to benefit from AHI funding to the same extent as others due to variations in housing construction costs.

The affordable housing initiative is very difficult to implement in Yukon. The current program allows for 50-50 cost-sharing up to a maximum of \$75,000 per unit. However, it costs approximately \$300,000 to build a new unit in Yukon. Instead of a 50-50 partnership, it becomes a 25-75 relationship, plus Yukon is responsible for all lifetime O and M [operations and maintenance] costs associated with the unit.<sup>764</sup>

Don Routledge, Yukon Housing Corporation

## **c. Affordable Housing Sector**

The Committee understands that the private housing market often does not provide accommodation at a price that is affordable to low-income Canadians and that government support for the affordable housing sector is crucial. In addition to AHI funding, the federal government spends about \$1.7 billion annually to assist provinces and territories with the maintenance and management of existing affordable housing stock.<sup>765</sup> Numerous witnesses expressed concern, however, that with the expiration of long-term social housing agreements over the next few decades, thousands of affordable housing units that currently receive support from the federal government are at risk of disappearing.

At issue is the fact that federal long-term social housing operating agreements and the mortgages attached to them have begun to expire. Over the next 10 years, the pace of these expiries will accelerate dramatically and the process will continue ever more rapidly until 2030, after which only a few mortgages will remain. One of the implications of this is that the financial viability of many housing projects will be compromised when the mortgages expire. In many instances, the projects will have maintenance and operating

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761 Canada Mortgage and Housing Corporation, *About the CMHC Affordable Housing Centre*, 2009, [http://www.cmhc-schl.gc.ca/en/inpr/afhoce/afhoce\\_001.cfm](http://www.cmhc-schl.gc.ca/en/inpr/afhoce/afhoce_001.cfm).

762 Canada Mortgage and Housing Corporation, *Affordable Housing Initiative—Background*, 2009, [http://www.cmhc-schl.gc.ca/en/inpr/afhoce/fias/fias\\_015.cfm](http://www.cmhc-schl.gc.ca/en/inpr/afhoce/fias/fias_015.cfm).

763 Canada Mortgage and Housing Corporation, *National AHI Funding Table*, 2009, [http://www.cmhc-schl.gc.ca/en/inpr/afhoce/fias/fias\\_016.cfm](http://www.cmhc-schl.gc.ca/en/inpr/afhoce/fias/fias_016.cfm).

764 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 62, December 1, 2009 at 11:15.

765 Canada Mortgage and Housing Corporation, *Federal Government Spending on Housing*, 2009, [http://www.cmhc-schl.gc.ca/en/corp/nero/nero\\_008.cfm](http://www.cmhc-schl.gc.ca/en/corp/nero/nero_008.cfm).

needs beyond that which current rent levels can cover. Rents will need to rise for low-income tenants, who cannot afford to pay more, and many will likely be forced to vacate their homes.

A second implication is that as these mortgages expire, savings to the federal treasury will not necessarily be reinvested in affordable housing, as policy currently stands, representing a net loss to a sector that is already vastly underfunded. This, in turn, will result in an exacerbation of already dire core housing need and instances of homelessness.<sup>766</sup>

Geoff Gillard, Canadian Housing and Renewal Association

There are some 650,000 units of affordable housing in this country that have been developed in the post-war period. Most of it has been developed under federal programs of one kind or another. That's an enormous asset legacy, and we think it should be preserved, and we think its affordability should be preserved. The funding agreements that provide affordability in those programs are starting to come to an end, and they're going to come to an end in very large numbers over the next 10 to 15 years.

[...]

If you're hearing the message from anyone, whether it's a crown corporation or anyone else, that these housing providers are going to be okay after these funding agreements end, then you're hearing about a very rose-coloured picture. Some might be; most won't be. Most providers will not be able to provide the level of affordability in their housing that they're offering now.... Again, we're not saying more money needs to go on the table; we're saying maintain the existing parliamentary allocations at their present level.<sup>767</sup>

Nicholas Gazzard, Co-operative Housing Federation of Canada

Some of these agreements have already ended. The worst is yet to come, and even so people have been calling us recently and telling us that their rent has been increased because of the lack of federal subsidies. I think that the federal government absolutely must settle this issue immediately. The existing agreements must be extended for another 35 years, if necessary. It would not cost a single cent more than the current funding. It would just be a matter of maintaining the current funding.<sup>768</sup>

François Saillant, Front d'action populaire en réaménagement urbain

The preservation of Canada's existing stock of affordable housing is an important first step to strengthening this sector of the housing system. In order to accomplish this, the Committee encourages the government to maintain current levels of spending on affordable housing and provide additional funding as needed.

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766 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:25.

767 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:20.

768 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 30, May 13, 2009 at 14:10.

## Recommendation 5.2.1

**The Committee recommends that the federal government commit to preserving Canada's existing affordable housing stock, which is at risk with the upcoming expiration of long-term social housing agreements. Current levels of spending on affordable housing must increase, with additional funding provided as needed.**

### **d. Homeowner Residential Rehabilitation and Assistance Program**

The federal government also offers a variety of financial assistance programs to homeowners and landlords for renovations and upgrades to existing housing occupied by low-income households. These programs help preserve the quality of Canada's affordable housing stock. The Homeowner Residential Rehabilitation and Assistance Program (RRAP) allows low-income homeowners living in substandard housing to complete mandatory home repairs generally related to heating, structural, electrical, plumbing and fire safety components. Assistance takes the form of a fully forgivable loan, the amount of which varies by geographic region with homeowners in the far north eligible for as much as \$24,000.<sup>769</sup> Similar programs support housing improvements for low-income seniors and low-income people with disabilities, and funding is also available for improvements to multi-unit facilities such as rooming houses and shelters. These programs are cost-shared by the federal and provincial/territorial governments and are delivered by the provinces/territories in most jurisdictions.<sup>770</sup> The Committee was told that, while the RRAPs are beneficial programs, more funding is needed in order to meet the need that exists.

We applaud the federal government's residential rehabilitation assistance program, which offers financial assistance to low-income homeowners for repairs. This program helps people who live in substandard dwellings and cannot afford to pay for necessary repairs. Some of Lookout's housing, though, can be called below par, yet we've been unable to access RRAP funding. RRAP is an excellent program, but it needs more resources.<sup>771</sup>

Irene Jaakson, Lookout Emergency Aid Society

### **e. Recent Funding Announcements**

The federal government recently announced additional funding for housing- and homelessness-related programs. In September 2008, \$1.9 billion was committed over five years to extend housing and homelessness programs for low-income households, an investment of \$387.9 million per year.<sup>772</sup> The HPS, AHI and RRAP initiatives, which were

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769 Canada Mortgage and Housing Corporation, *Homeowner Residential Rehabilitation Assistance Program—Homeowner RRAP*, 2009, [http://www.cmhc-schl.gc.ca/en/co/prfinas/prfinas\\_001.cfm](http://www.cmhc-schl.gc.ca/en/co/prfinas/prfinas_001.cfm).

770 For more information on these and other programs, see Canada Mortgage and Housing Corporation, *Programs and Financial Assistance*, 2009, <http://www.cmhc-schl.gc.ca/en/co/prfinas/>.

771 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 61, November 30, 2009 at 15:10.

772 Canada Mortgage and Housing Corporation, *Housing and Homelessness – Backgrounder*, September 19, 2008, <http://www.cmhc-schl.gc.ca/en/corp/nero/nere/2008/2008-09-19-1000.cfm>.

originally set to expire in 2009, were consequently renewed until March 31, 2011.<sup>773</sup> In Budget 2009, *Canada's Economic Action Plan*, the federal government also committed to spending \$1 billion over two years for the renovation and retrofit of existing social housing. It is estimated that 200,000 units will become more accessible and energy efficient with this investment, which will be provided on a cost-shared basis with the provinces and territories. Budget 2009 also committed new funding over the next two years for social housing for seniors (\$400 million), persons with disabilities (\$75 million), and First Nations people living on reserve (\$400 million), as well as areas in the North (\$200 million). In addition, it promised \$2 billion over two years for low-cost loans to municipalities for housing-related infrastructure.<sup>774</sup> Witnesses praised these housing-related investments. They also expressed concern, however, that the new funding does little to meet the level of demand for affordable housing across the country and is not being delivered quickly enough.

We were very pleased to see the investment in affordable housing in the last budget: the \$1 billion for social housing, the \$1.9 billion to the affordable housing agreements, the additional billions that were spent for housing on reserves and in the north and for seniors, and the \$75 million for housing for disability. All those are very significant, and we have supported that and said this is an essential part of our social infrastructure.<sup>775</sup>

Sherri Torjman, Caledon Institute of Social Policy

Concerning the budget for the programs and their renewal, we hailed the fact that funding had been allocated for new social housing. However, we must take into account the limited opportunities that it represents.

If we add the various amounts for the announcements made in the fall, the extension of the affordable housing initiative and the provisions of the new budget, we see that this funding will allow the Government of Québec to subsidize 2,600 units over two years. Yet Québec currently has 448,000 tenant households that are paying rent that is above the standard.<sup>776</sup>

François Saillant, Front d'action populaire en réaménagement urbain

The Committee believes that the federal government's main housing-related programs, the HPS, AHI and RRAP, are essential to Canada's housing system. These programs provide a range of housing-related benefits to low-income households and the homeless. The Committee applauds the government's decision to extend these programs to 2011 but is concerned that the two-year timeframe continues to limit the effectiveness of

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773 See Human Resources and Skills Development, *Evaluation of the Homelessness Partnering Strategy – July 2009*, [http://www.hrsdc.gc.ca/eng/publications\\_resources/evaluation/2009/ehps/page05.shtml](http://www.hrsdc.gc.ca/eng/publications_resources/evaluation/2009/ehps/page05.shtml); Canada Mortgage and Housing Corporation, *Affordable Housing Initiative*, [http://www.cmhc-schl.gc.ca/en/inpr/afhoce/fias/fias\\_015.cfm](http://www.cmhc-schl.gc.ca/en/inpr/afhoce/fias/fias_015.cfm); and Canada Mortgage and Housing Corporation, *Programs and Financial Assistance*, <http://www.cmhc-schl.gc.ca/en/co/prfinas/>.

774 Government of Canada, *Canada's Economic Action Plan: Budget 2009*, January 27, 2009, pp. 132-135, <http://www.budget.gc.ca/2009/pdf/budget-planbudgetaire-eng.pdf>.

775 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:20.

776 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 30, May 13, 2009 at 14:10.



the programs. Numerous witnesses recommended that the government increase funding for these programs and extend them beyond the current commitment.

We would like to see permanent funding and increases for the homelessness prevention initiative and the residential rehabilitation assistance program. We think these should be permanent. They are good, effective programs.<sup>777</sup>

Patricia Smiley, South Etobicoke Social Reform Committee

Coming back to the [H]omelessness [P]artnering [S]trategy, I would like to add, as I mentioned before, that the short-term nature of the program has to be looked at. The allocated funds are certainly not enough. We received just over \$3 million over two years. It has been the same amount for the last 10 years. And the administrative burden on the non-profits to apply to and report on this program are just too high.<sup>778</sup>

Claudia Jahn, Community Action on Homelessness

But again, some of the programs, especially the ones attached to the economic stimulus, have a short-term timeframe, so we need to get on with the delivery of the programs. Instead of having short-term program timelines, we strongly urge the federal government to have a longer-term vision in mind so that groups can operate more effectively over time.<sup>779</sup>

Gary Glauser, New Brunswick Non-Profit Housing Association

It is also the Committee's view that stable, long-term program funding would better serve Canadians by allowing funding recipients to plan for the future. We urge the government to fund these programs on a permanent basis, with funding increases as necessary to ensure that the programs respond appropriately to the needs of Canada's housing system.

### **Recommendation 5.2.2**

**The Committee recommends that the federal government fund the Homelessness Partnering Strategy, the Affordable Housing Initiative and the Residential Rehabilitation Assistance Program on a permanent basis, and regularly review funding levels to ensure that the programs meet the housing needs of Canadians.**

The Committee welcomes the recent federal investment of \$2.75 billion in social housing announced in Budget 2009. This investment includes funding for the renovation and retrofit of existing social housing and targets the social housing needs of seniors, people with disabilities, Aboriginal people, and areas in the North. The Committee calls on the federal government to ensure that this new funding is promptly delivered so that it can immediately assist those in need. The housing situation of these target groups should also

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777 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 33, June 1, 2009 at 08:15.

778 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 20, May 11, 2009 at 09:20.

779 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 26, May 12, 2009 at 13:15.

be monitored closely, with additional funding provided as needed to fully address their housing needs.

... CHRA [Canadian Housing and Renewal Association] asks the Government of Canada to closely monitor stimulus spending on housing to ensure that the programs are meeting their objectives and that the budgets are fully allocated. Should signs of difficulty appear in rolling out that funding, we would call on the federal government to identify the issues early and address them, because we have a short timeframe here to make a big difference with this money.<sup>780</sup>

Geoff Gillard, Canadian Housing and Renewal Association

### **Recommendation 5.2.3**

**The Committee recommends that the federal government ensure that the measures announced in Budget 2009 for the construction of social housing units for low-income seniors, people with disabilities, Aboriginal people, and areas of the North are promptly delivered. The housing situation of these target groups should be monitored closely, and the need for more funding should be regularly assessed.**

The Committee believes that social housing must be accessible to all Canadians, and was troubled to learn that the design of many affordable units does not accommodate the needs of people with disabilities as well as the elderly, who represent a growing segment of the population. The Committee suggests that the federal government promote adherence to universal design principles<sup>781</sup> in the construction or retrofit of social housing by including in all funding agreements the requirement that a certain percentage of units be fully accessible. In addition, universal design principles should be actively encouraged in the design of all new infrastructure developments. By adopting these measures, the federal government can play an important role in promoting adequate, affordable housing for Canadians with disabilities.

Until the money that is provided through the [H]omelessness [P]artnering [S]trategy, and earlier through NHI [National Homelessness Initiative], has accessibility and access principles attached, what will happen is that we will continue to spend fantastic, phenomenal amounts of money, thank you very much, and make investments in housing that is not accessible.<sup>782</sup>

Marie White, Council of Canadians with Disabilities

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780 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:25.

781 For more information about universal design principles, see Centre for Universal Design, *About UD: Universal Design Principles*, North Carolina State University, 2008, [http://www.design.ncsu.edu/cud/about\\_ud/udprinciples.htm](http://www.design.ncsu.edu/cud/about_ud/udprinciples.htm).

782 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 12:20.

When the province or the federal government gives money for building any kind of infrastructure, all of that infrastructure has to be accessible to people with disabilities.<sup>783</sup>

Bev Matthiessen, Alberta Committee of Citizens with Disabilities

[E]nsure that housing units where federal investment is made include at least 15% of units that are universally designed...<sup>784</sup>

Courtney Keenan, Canadian Paraplegic Association

#### **Recommendation 5.2.4**

**The Committee recommends that all federal funding agreements for the construction or retrofit of social housing include a requirement that a certain percentage of units respect universal design principles. The federal government should also actively promote the importance of opting for a universal design in all new infrastructures.**

The federal government must demonstrate leadership on housing and homelessness issues and make these a priority in any national plan to reduce poverty. Over the course of its hearings, the Committee was alerted to a variety of improvements that could be made to the federal government's housing-related programs in order to better assist Canadians facing housing affordability challenges or experiencing homelessness. Many of these could be implemented in the short term to provide immediate housing assistance to low-income Canadians.

While the immediate need for adequate, affordable housing in Canada was apparent in the Committee's hearings, so too was the necessity of long-term strategic planning in order to ensure that the housing system responds to the needs of all Canadians in the future. The idea of a national housing strategy for Canada is not new. It was recommended by the UN Commission on Human Rights' Special Rapporteur on adequate housing, Mr. Miloon Kothari, after visiting Canada in 2007. In his report "the Special Rapporteur calls for Canada to adopt a comprehensive and coordinated housing policy based on indivisibility of human right and the protection of the most vulnerable. This national strategy would include measurable goals and timetables, consultation and collaboration with affected communities, complaints procedures, and transparent accountability mechanisms".<sup>785</sup> Numerous witnesses also underscored the importance of a national housing strategy to poverty reduction efforts and implored the federal government to take action on this issue.

Many times over history in our country, the federal government has had to take a lead and implement a strategy to resolve a national problem. I suggest that the time is here.

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783 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 65, December 3, 2009 at 10:25.

784 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 19, May 7, 2009 at 11:20.

785 Office of the United Nations High Commissioner for Human Rights, *Promotion and Protection of All Human Rights, Civil, Political, Economic, Social and Cultural Rights Including the Right to Development, Mission to Canada*, Report of the Special Rapporteur on adequate housing, 2009, p. 24.

At the top of this strategy must be a provision for affordable housing for all Canadians. Without affordable housing, a person cannot gain their dignity, improve their diet, manage their own health and mental health, get a job, or get up in the morning to get to that job, let alone receive the care they need for things as critical as a heart transplant.<sup>786</sup>

Robert Lundrigan, Salvation Army

We need new affordable housing and we need a public intervention to see that getting it happens. That requires an integrated strategy involving the federal, provincial, and territorial governments working in cooperation with each other to reduce housing need.

Housing is a federal issue because it's a national problem, and that's why we believe the federal government needs to take the lead on it.<sup>787</sup>

Nicholas Gazzard, Co-operative Housing Federation of Canada

First, underlying the case for the development of a national housing policy framework is the need to match the scope and depth of our response to the scope of the need that exists. We currently invest a great deal of money in this country in affordable housing, but we do so without a plan, without a framework ... which would really allow us to measure results and really tie investments to outcomes. This is something that we really call on you to have addressed, not just at the federal level, but also by your provincial, territorial, and municipal counterparts.<sup>788</sup>

Geoff Gillard, Canadian Housing and Renewal Association

A cornerstone of any federal anti-poverty strategy or poverty reduction strategy must include a national housing plan that includes substantial federal funding for social housing and a means for holding provinces and territories accountable for delivering social housing. There is a role for the federal government.<sup>789</sup>

Maylanne Maybee, Canadian Council of Churches

We must establish a national housing strategy with clear targets and timelines aimed at ensuring that every resident of Canada has access to housing that is safe, healthy, dignified, and truly affordable. We've seen the difference that housing makes in people's lives. If we don't have housing, I don't see how we're going to be able to reduce poverty in Canada. We're really looking for leadership from our federal government to establish a national housing strategy.<sup>790</sup>

Tim Dickau, Salsbury Community Society

The Committee believes that all Canadians have a right to adequate shelter and that a comprehensive, long-term national housing strategy is essential to making this a reality. The Committee was told that the federal government must work with its provincial and territorial counterparts, as well as municipalities, service providers and other

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786 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 23, May 11, 2009 at 14:40.

787 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 15, April 23, 2009 at 11:15.

788 Ibid. at 11:30.

789 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 35, June 1, 2009 at 11:45.

790 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 60, November 30, 2009 at 10:35.

stakeholders, to develop and implement a housing strategy that includes measurable goals and timelines, reporting requirements, and accountability mechanisms. The strategy should include a plan to tackle homelessness based on the Housing First model. It should also provide for sustained funding for affordable housing aimed at building mixed communities and increasing the quantity, quality and variety of housing options such as transitional housing, supportive housing, co-operative housing, and non-profit housing. Where low-income households cannot access affordable housing, it should provide for assistance such as rent supplements, shelter allowances and subsidies. Finally, the strategy should include provisions for collecting and sharing best practices.

Implementing a national housing strategy would demonstrate the federal government's commitment to housing as a basic right of all Canadians and represent a key contribution to the fight against poverty in Canada. A national housing strategy should be a government priority and should be enshrined in legislation. In fall 2009, the Committee reviewed Bill C-304, *An Act to ensure secure, adequate, accessible and affordable housing for Canadians*. If passed, this Private Members' Bill would require the federal government to establish a national housing strategy that fulfills many of the priorities outlined above.

#### **Recommendation 5.2.5**

**The Committee recommends that the federal government, in collaboration with provincial and territorial governments, municipalities, service providers and other stakeholders, develop a comprehensive, long-term national housing strategy. The strategy should address the problem of homelessness, as well as the need for adequate and affordable housing in Canada, with the goal of providing a range of housing solutions to meet the needs of Canada's diverse population. It should provide for sustained funding to tackle these issues and include measurable goals, timelines, and accountability mechanisms.**



# CHAPTER 6: EDUCATION AND TRAINING AND EMPLOYMENT RELATED MEASURES

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## 6.1. Education and Training<sup>791</sup>

Poverty reduction strategies need to include a wide range of social and economic policies, including community economic development and job creation strategies, education and training programs, tax policies, as well as improvements to social programs. The point is that it's not just social programs or welfare; a whole range of measures are necessary.<sup>792</sup>

Dennis Howlett, Make Poverty History

### a. Role of human capital in reducing poverty

Knowledge and skills acquired through education and training are known to enhance employability and access to better paid jobs. In 2008, for instance, the unemployment rate among Canadians without a high school diploma was 12%, as compared to 6.4% for those whose highest level of education was a high school diploma and 4.1% for university graduates.<sup>793</sup> Recessions tend to be harder on workers with less education. According to the Association of Universities and Colleges of Canada, since September 2008, 135,000 new jobs have been created for university graduates, while 770,000 jobs have been lost for those without a university degree.<sup>794</sup>

Level of education also affects workers' income: for employees between the ages of 25 and 64 working full-time all year, the average earnings for individuals without a degree were \$32,029 in 2005, as compared to \$66,535 for those with a university degree higher than a bachelor's degree.<sup>795</sup>

Basic education also promotes the development of skills in adults since workers with higher education levels are more likely to have the opportunity to take training activities: in 2008, 14% of workers aged 25 to 64 who had not completed high school took part in job-related training, as compared to 44% of those with a postsecondary degree.<sup>796</sup>

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791 While the education of our youth plays an important role in their development, the issues of learning and childcare are addressed in Chapter 4 of this report.

792 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 16, April 28, 2009, 11:15.

793 Statistics Canada, CANSIM, Table 282-0004, *Labour force survey estimates (LFS), by educational attainment, sex and age group*, annual.

794 Paul Davidson, *Building a Competitive Advantage for Canada*, Association of Universities and Colleges of Canada, February 17, 2010, [http://www.aucc.ca/publications/media/2010/op\\_ed\\_building\\_competitive\\_advantage\\_canada\\_e.html](http://www.aucc.ca/publications/media/2010/op_ed_building_competitive_advantage_canada_e.html).

795 Statistics Canada, *2006 Census, Income and Earnings Highlight Tables*, Table 2.

796 Tamara Knighton et al., *Lifelong Learning Among Canadians Ages 18 to 64 Years: First Results from the 2008 Access and Support to Education and Training Survey*, Table A.1.4, Research Paper, Statistics Canada, Catalogue No. 81-595-M, <http://www.statcan.gc.ca/pub/81-595-m/81-595-m2009079-eng.pdf>.

Finally, upon retirement, seniors with higher education levels have a higher retirement income because they had a higher income during their career, were able to save more and more often have access to private pension plans. In 2005, the average after tax income of seniors with no degree was \$17,149 as compared to \$32,376 for those with a university degree.<sup>797</sup>

The likelihood of a person's income being below the low-income threshold for at least one year in a four-year period is 7.5% for university graduates, 14.1% for those who have partially or fully completed their postsecondary education, 16.3% for high school graduates and 24.8% for someone who has not completed high school.<sup>798</sup>

Parental income and education levels affect the child's rate of university attendance:<sup>799</sup> 50% of children from a family in the highest income quartile attend university at the age of 19 compared to 31% of children of families in the lowest income quartile.<sup>800</sup> A very large part of this gap (84%) can be explained by non-financial factors, such as parental expectations, school quality, high school marks; only 12% can be attributed to financial factors. It should be noted that factors considered non-financial can nevertheless be influenced by income. For instance, children from low-income families have more limited access to books and cultural outings that can contribute to greater academic success.

Education levels impact not only employability and prospective income, but a number of social dimensions as well, notably crime and health.<sup>801</sup> Certain studies show that, on the whole, a one-year increase in the average education level increases GDP in the long term by 4% to 7%.<sup>802</sup> We consider education or human capital as one of our greatest sources of wealth, both economically and socially.

## **b. Human Capital in Canada**

Canada is among the countries with the highest education levels: in 2007, 48% of the population aged 25 to 64 had a postsecondary diploma, the highest total. Yet 25% of those aged 25 to 64 had a university degree, which is behind Iceland (26%), Israel (28%),

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797 Statistics Canada, *2006 Census, Income and Earnings Highlight Tables*, Catalogue No. 97-563-X2006011.

798 René Morissette and Marie Drolet, *To What Extent Are Canadians Exposed to Low Income*, Research Paper No. 146, Analytical Studies Branch, Statistics Canada, 2000, <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2000146-eng.pdf>.

799 See for example Lesley Andres et al., "Educational Expectations, Parental Social Class, Gender and Post-Secondary Attainment: A 10-Year Perspective", *Youth and Society*, Vol. 39, No. 2, December 2007, <http://yas.sagepub.com/cgi/reprint/39/2/135>.

800 Marc Frenette, *Why Are Youth from Lower-income Families Less Likely to Attend University?*, Research Paper No. 295, Analytical Studies Branch, Statistics Canada, 2007, <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2007295-eng.pdf>.

801 See for example, Canada Public Health Agency, *Education as a Determinant of Health, Summary of reports by Charles Ungerleider*, University of British Columbia, [http://www.phac-aspc.gc.ca/ph-sp/oi-ar/pdf/10\\_education\\_e.pdf](http://www.phac-aspc.gc.ca/ph-sp/oi-ar/pdf/10_education_e.pdf).

802 Andrea Bassanini and Stefano Scarpetta, *Driving Forces of Economic Growth in OECD Countries*, OECD Economic Studies, No. 33, 2001.



the Netherlands (29%), the United States (31%) and Norway (32%).<sup>803</sup> The percentage of people obtaining a doctorate (1.0%) is also lower than in France (1.4%), the United States (1.5%), the United Kingdom (2.1%) and Germany (2.3%).<sup>804</sup> Moreover, according to the Adult Literacy and Life Skills Survey of 2003, 42% of Canadians aged 16 to 65 had an understanding of prose below what specialists regard as the minimum to meet the requirements of a knowledge-based society. This was higher than in Norway (34%), but lower than in the United States (53%).<sup>805</sup> Finally, in 2006, spending on educational institutions represented 6.5% of Canada's GDP, which is slightly higher than the OECD average of 6.1%, but lower than countries such as, Korea (7.3%), Denmark (7.3%), the United States (7.4%) and Iceland (8%).<sup>806</sup>

The Committee members recognize therefore that, although Canada has a very high level of human capital, there is room for improvement. Additional efforts in this regard are essential in order to reduce poverty.

### **c. Federal Contribution to Education and Training**

In Canada, education falls under provincial jurisdiction, although the federal government is indirectly involved in education in a number of ways.

#### **Student Loans<sup>807</sup>**

The Canada Student Loan Program offers loans to students in all provinces and territories except Quebec, Nunavut and the Northwest Territories, which have their own program and receive federal compensation. The government provides loans covering up to 60% of a student's estimated financial needs, for a maximum loan of \$210 (increased from \$165 to \$210 in 2005 and has not changed since). Private service providers are responsible for the administration of the loans process.

Table 6.1.1 presents some program statistics. The final operating results for the program were \$554.5 million in 2006-2007, representing the total of Canada student grants and access to education grants, loan administration costs, the cost of government assistance and payments to non-participating provinces, less revenues.

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803 Postsecondary education includes university, college and CEGEP. OECD, *Education at a Glance 2009 – OECD Indicators*, Table A1.3a, <http://www.oecd.org/dataoecd/41/25/43636332.pdf>.

804 The figures on doctorates obtained are for 2006 for Canada and for 2007 for other countries. Ibid., Table A3.1.

805 Statistics Canada and the OECD, *Learning a Living: First Results of the Adult Literacy and Life Skills Survey*, *Statistics Canada Catalogue No. 89-603-XWF*, 2005, <http://www.statcan.gc.ca/pub/89-603-x/2005001/pdf/4200878-eng.pdf>.

806 OECD, *Education at a Glance 2009 – OECD Indicators*, Table B2.1, <http://www.oecd.org/dataoecd/41/26/43636332.pdf>.

807 Information about the Canada Student Loan Program is drawn from the Human Resources and Social Development Canada, *Canada Student Loans Program Annual Report 2006-2007*, 2008, [http://www.hrsdc.gc.ca/eng/learning/canada\\_student\\_loan/Publications/annual\\_report/2006-2007/index.shtml](http://www.hrsdc.gc.ca/eng/learning/canada_student_loan/Publications/annual_report/2006-2007/index.shtml).

**Table 6.1.1– Statistics for Canada Student Loan Program**

		2004-2005	2005-2006	2006-2007
<b>Full-time students</b>	<b>Number of loans provided</b>	337 256	343 638	343 261
	<b>Value of loans</b>	\$1 629 M	\$1 935 M	\$1 927 M
	<b>Average value</b>	\$4 829	\$5 631	\$5 614
<b>Part-time students</b>	<b>Number of loans provided</b>	\$2 572	2 127	1 863
	<b>Value of loans</b>	\$5 M	\$4 M	\$4 M
	<b>Average value</b>	\$1 798	\$1 795	\$1 880
<b>Loan administration costs<sup>1</sup></b>		\$79.9 M	\$84.7 M	\$99.2 M
<b>Cost of government assistance<sup>2</sup></b>		\$862.2 M	\$716.7 M	\$740.7 M
<b>Payments to non-participating provinces</b>		\$175.8 M	\$158.2 M	\$91.3 M

1 Includes collection costs, service provider costs, risk premium, put-back costs and administrative fees to provinces and territories.

2 Includes interest borrowing expenses, in-study repayment expenses, in-study interest subsidy, interest relief, debt reduction in repayment, claims paid and loans forgiven, and bad debt expenses.

Borrowers typically have 114 months (ten years less a six-month grace period) to repay their loan. In 2006-2007, the average debt level at the start of the repayment period was \$12,232: \$9,582 for a student at a private institution, \$9,619 for a college student and \$15,668 for a university student.<sup>808</sup>

There are a number of student debt management measures. Borrowers can change their borrowing terms to accelerate repayment or to suspend payments when they are unable to make them. They may also receive interest relief for six months at a time, up to a maximum of 30 months. If these avenues have been exhausted, they can also benefit from debt reduction depending on their revenue. Finally, in the event of permanent physical disability, the debt can be completely forgiven. In 2006-2007, 54,629 borrowers changed the terms of their loan, 105,180 received interest relief, 4,101 received debt reduction and 396 loans were forgiven.

Those who benefited from these measures before August 1, 2009 will continue to do so until the end of the predetermined period. Since that date, however, the Repayment Assistance Plan has replaced the interest relief and debt reduction measures. Eligible students may receive assistance at two stages. At the first stage, borrowers make payments not exceeding 20% of their income to repay the principal. The government covers the interest owing. Borrowers who continue to experience difficulty after five years may receive assistance at the second stage, where the government helps repay part of the principal.<sup>809</sup>

808 Postsecondary education includes colleges, universities and private institutions such as trade schools or a private occupational training school.

809 Government of Canada, CanLearn, *Repayment Assistance Plan*, <http://www.canlearn.ca/eng/after/repaymentassistance/rpp.shtml>.

## Student Grants<sup>810</sup>

In the 2008 budget, the federal government announced the end of the Millennium Scholarship program and the consolidation of all student assistance as of 2009-2010 under the Canada Student Grants Program. Students from low- to middle-income families may receive grants of up to \$1,200 (middle-income families) or \$3,000 (low-income families) per year. This amount may be in excess of the needs identified in the evaluation. Persons with permanent disabilities may receive a grant of up to \$2,000 per school year. Persons with permanent disabilities may receive a Canada student grant of up to \$8,000 per year to purchase equipment and services. Low-income students with children may receive up to \$200 per month of study for each dependent child, while part-time students with up to two dependents may receive \$40 per week of study and \$60 per week of study for those with three or more children. Low-income part-time students may receive up to \$1,200 per year. Budget 2008 allocated \$350 million for 2009-2010 for the consolidated student grant program.

The Graduate Scholarship Program is administered by federal funding bodies, namely, the Social Sciences and Humanities Research Council (SSHRC), the Natural Sciences and Engineering Research Council (NSERC) and the Canadian Institutes of Health Research (CIHR). It offers 5,000 scholarships per year valued at \$17,500 for one year for master's students and \$35,000 annually for up to three years for doctoral students. Budget 2008 announced the creation of new scholarships awarded for excellence, providing \$50,000 per year to the 500 best doctoral students, for a total of \$25 million.<sup>811</sup> Budget 2009 added approximately \$87.5 million over three years for additional scholarships to students at the master's and doctoral level.<sup>812</sup>

The Apprenticeship Incentive Grant and the Apprenticeship Completion Grant offer grants of \$1,000 per year up to a maximum of \$2,000 per person during apprenticeship training and \$2,000 when the apprentice successfully completes the program of study respectively.

## Tax Incentives

The Registered Education Savings Plan (RESP) allows parents to save for their child's education until the child registers for postsecondary studies.<sup>813</sup> These savings are not taxable although the interest will be when withdrawn. For each recipient, the maximum cumulative total contribution is \$50,000. The Canada Learning Bond is a \$525 subsidy per

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810 The information regarding the various grants is from Human Resources and Skills Development Canada, *Canada Student Grants Program*, [http://www.hrsdc.gc.ca/eng/learning/canada\\_student\\_loan/cgsp.shtml](http://www.hrsdc.gc.ca/eng/learning/canada_student_loan/cgsp.shtml).

811 Department of Finance Canada, *The Budget Plan 2008 – Responsible Leadership*, Ch. 3, <http://www.budget.gc.ca/2008/pdf/plan-eng.pdf>.

812 Department of Finance Canada, *Canada's Economic Action Plan – Budget 2009*, Ch. 3, <http://www.budget.gc.ca/2009/pdf/budget-planbudgetaire-eng.pdf>.

813 The information about RESPs, the Canada Education Savings Grant and the Canada Learning Bond is from Human Resources and Skills Development Canada, *RESP: Registered Education Savings Plans*, [http://www.hrsdc.gc.ca/eng/learning/education\\_savings/public/resp.shtml](http://www.hrsdc.gc.ca/eng/learning/education_savings/public/resp.shtml).

child whose parents open an RESP, for parents who receive the National Child Tax Benefit Supplement (provided to low-income families). The government will also deposit \$100 per year in the child's RESP for as long the family receives this supplement until the child reaches age 15. Finally, for the first \$500 invested in an RESP, the government deposits the Canada Education Saving Grant in the child's RESP, valued at \$100, \$150 or \$200, depending on family income. For additional savings of \$2,000, an additional \$400 may be deposited. The maximum cumulative total benefit is \$7,200 per child.

The Lifelong Learning Plan allows individuals to withdraw up to \$10,000 per calendar year for a total withdrawal of \$20,000 from their RRSP (retirement savings fund with tax deductible contributions), to finance their education or that of their spouse. They must be full-time students, except for persons with disabilities. The amounts withdrawn must be reimbursed within 10 years.<sup>814</sup>

There is also a series of tax credits and deductions to encourage postsecondary education: the education tax credit, deductions for tuition fees, textbooks, tools for apprentice mechanics and for interest on student loans.

### **Employment Insurance**

Through labour market development agreements, the employment insurance program funds skills development activities offered by the provinces. Approximately \$1.95 billion is invested each year in employment programs for clients eligible for employment insurance, along with \$1 billion over two years for 2009-2010 and 2010-2011, as announced in Budget 2009. Among employment programs, the skills development programs provide a negotiated level of assistance that can cover tuition and other costs. For their part, labour market agreements are targeted to unemployed individuals who are not eligible for employment insurance or workers with a low level of education. The annual funding is \$500 million, as well as \$500 million over two years for the Strategic Training and Transition Fund.<sup>815</sup>

### **Other Programs**

There is a series of other programs that encourage education and training. The Department of Indian and Northern Affairs Canada provides financial assistance to Aboriginal students to cover part of their tuition fees, books and transportation, as well as subsistence allowances. Children of deceased veterans are also entitled to financial assistance for their education. The Official Languages in Education Program helps the provinces and territories fund minority language education and second language instruction programs. The Department of National Defence offers a wide range of professional development and learning initiatives. The federal government also offers training to its own employees. Finally, it funds research related to education and training,

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814 Canada Revenue Agency, *Lifelong Learning Plan*, <http://www.cra-arc.gc.ca/E/pub/tg/rc4112/rc4112-09e.pdf>.

815 Human Resources and Skills Development Canada, *Labour Market Agreements and Labour Market Development Agreements*, <http://www.hrsdc.gc.ca/eng/employment/partnerships/lma/index.shtml> and [http://www.hrsdc.gc.ca/eng/employment/partnerships/labour\\_market\\_development/index.shtml](http://www.hrsdc.gc.ca/eng/employment/partnerships/labour_market_development/index.shtml).

including the “learn\$ave” project, which looks at the impact of a savings subsidy for training for low-income individuals.<sup>816</sup>

#### **d. Proposals to Increase Human Capital**

The witnesses appearing before the Committee suggested various ways of encouraging low-income earners to increase their human capital and to improve access to education and training.

The Canada Social Transfer is an important source of funding for postsecondary education. Since the transfer is a facet of federal/provincial/territorial relations, the evidence heard and the recommendations will be addressed in a subsequent section.

With regard to student loans and grants, some witnesses called for grants to be increased or broader eligibility for interest exemptions and debt reduction assistance.

We heard that eligibility rules for getting interest relief and debt reduction assistance are too stringent and are providing only temporary relief. Often, existing high student loan debt is causing students to drop out of post-secondary education before they finish their program of study. In other cases, the thought of incurring high student debt is preventing many from furthering their education.<sup>817</sup>

Phyllis Mockler-Caissie, Poverty Reduction Initiative

The need-based Canada study grants for post-secondary education are appreciated. We wish to flag that \$250 a month for living expenses is inadequate, and we recommend an expansion of that program so that low-income participants, especially in the higher-cost areas of the country, can participate more fully.<sup>818</sup>

Terry-Anne Boyles, Association of Universities and Colleges Canada

The various parameters relating to the maximum loan per week and the amount of grants have changed in a discretionary way and currently are not indexed to the cost of living. Yet the low-income and moderate-income levels used in relation to grants are adjusted annually.

#### **Recommendation 6.1.1**

**The Committee recommends that the federal government change the loans and grants system so that all financial parameters, including the maximum amount of assistance and grants, are indexed to the annual changes in the Consumer Price Index.**

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816 For further information about this program, see Norm Leckie et al, *Learning to Save, Saving to Learn: Intermediate Impacts of the learn\$ave Individual Development Accounts Project*, Social Research and Demonstration Corporation, 2009, [http://www.srdc.org/uploads/learnSave\\_IIR\\_ENG.pdf](http://www.srdc.org/uploads/learnSave_IIR_ENG.pdf).

817 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 26, May 12, 2009 at 13:05.

818 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:15.

## Recommendation 6.1.2

**The Committee recommends that the federal government conduct an exhaustive review of the problems relating to access to postsecondary education and student debt and make the necessary changes to the loans and grants it provides and to student debt management measures.**

The provinces are responsible for a large part of literacy efforts, through primary and secondary education. In 2006, Human Resources and Social Development Canada's National Literacy Program, Office of Learning Technologies and Learning Initiatives program were subsumed under the Adult Learning, Literacy and Essential Skills Program (ALLESP). This program is designed to encourage ongoing learning and the creation of opportunities for learning, literacy and life skills acquisition. In September 2006, the federal government announced a \$17.7 million cut over two years to adult literacy programs. At that time, the Committee recommended that the government continue funding these programs at the level prior to these cuts. The actual spending for the ALLESP was \$23.3 million in 2007-2008,<sup>819</sup> while the combined spending for the three programs preceding the ALLESP was \$39.6 million in 2005-2006.<sup>820</sup> For 2008-2009, the planned spending was \$29.0 million while actual spending was \$15.1 million.<sup>821</sup> Planned spending for 2009-2010, 2010-2011 and 2011-2012 was \$26.3 million, \$25.0 million and \$21.5 million respectively.<sup>822</sup>

## Recommendation 6.1.3

**The Committee recommends that the federal government take steps to substantially increase adult literacy levels, in particular by increasing funding for the literacy and life skills program and through measures to encourage newcomers to learn English or French.**

Witnesses also suggested that the federal government take action to improve literacy and, more generally, to increase the level of all kinds of training provided to unemployed persons and to employees through employment insurance, or financial incentives to the businesses providing training and to the employees taking it.

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819 Human Resources and Skills Development Canada, *Departmental Performance Report, 2008-2009 Estimates*, Table 3: Details on Transfer Payment Programs, <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/inst/csd/st-ts03-eng.asp>.

820 Human Resources and Skills Development Canada, *Departmental Performance Report, 2005-2006 Main Estimates*, <http://www.tbs-sct.gc.ca/dpr-rmr/2005-2006/HRSDC-RHDSC/hrsdc-rhdsc-fra.pdf>.

821 The difference between actual and planned spending in 2008-2009 is due to delays in financial engagements for several multi-year projects. Source: Human Resources and Skills Development Canada, *Departmental Performance Report, 2008-2009 Estimates*, Table 3: Details on Transfer Payment Programs, <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/inst/csd/st-ts03-eng.asp>.

822 Human Resources and Skills Development Canada, *Report on Plans and Priorities, 2010-2011 Main Estimates*, Table 1.12: Details on Transfer Payment Programs, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/csd/st-ts01-eng.asp>.

Yes, I think we could be using employment insurance in a much more creative way. One of the things we've been talking to the provincial government in Ontario about, and the federal government, is work-sharing programs. So if someone is laid off but is only, say, doing three days of work, as opposed to five, those other two days could be invaluable training days. That could be supported through EI in a much more creative and flexible way than we're seeing right now. The EI surplus could be used in a much more creative way, perhaps, to provide longer-term support.<sup>823</sup>

Margaret Eaton, ABC CANADA Literacy Foundation

We need to establish financial incentives that encourage businesses to offer training, and individuals to participate in adult learning. We need to do this carefully and selectively.<sup>824</sup>

Paul Cappon, Canadian Council on Learning

#### **Recommendation 6.1.4**

**The Committee recommends that the federal government take steps to increase adult learning and training offered by businesses, through employment insurance, labour market and labour market development agreements, and grants or tax credits for training.**

A number of witnesses spoke about the importance of financial knowledge, including knowledge of government programs, the ability to create a budget and how to avoid going into debt in order to help people escape poverty.

Along with that, we also need to look at financial literacy and numeracy skills among those with low skills. As we saw in the fallout from the mortgage issue in the U.S., which we're feeling a little bit in Canada, financial illiteracy was a huge contributing factor. These skills can also help raise people out of poverty.<sup>825</sup>

Margaret Eaton, ABC CANADA Literacy Foundation

What we soon learned was that it was difficult to encourage low-income families to save for their children's education when they didn't know how to manage their own budget. So we moved towards financial literacy.

[...] Financial literacy has been about helping families live within their means, which has led to making better choices for themselves and then to economic empowerment. But it's a basic building block of supporting families in living within their means. And the results have been extraordinary.<sup>826</sup>

Tanis Crosby, YWCA Halifax

In Budget 2009, the federal government announced the creation of a task force on financial literacy. Its mandate is to "provide advice and recommendations to the Minister of

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823 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 34, June 1, 2009 at 10:30.

824 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:50.

825 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 34, June 1, 2009 at 10:00.

826 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 23, May 11, 2009 at 15:40.

Finance on a national strategy to strengthen the financial literacy of Canadians.”<sup>827</sup>  
This task force will hold consultations in 2010 and release its report at the end of 2010.

### Recommendation 6.1.5

**The Committee recommends that the federal government follow the work of the Task Force on Financial Literacy and implement its recommendations, if they are effective and achievable, in order to enhance Canadian’s financial knowledge.**

Knowledge of the costs and benefits of postsecondary education could also be improved. For instance, over half (60%) of high school seniors able to estimate the cost of tuition say it would be more than double the actual cost.<sup>828</sup> In this regard, the latest results of a pilot project conducted by the Social Research and Development Corporation show that, by providing better information about the costs and benefits of postsecondary education and by promising better financial assistance to students from low-income families, one can improve these students’ perception of postsecondary education and their ability to participate.<sup>829</sup>

We need to facilitate decision-making by individuals, businesses, and stakeholder organizations by better integrating labour market information with post-secondary adult education and counselling and support services, along the lines of what I think we’ll get as recommendations from the Labour Market Information committee.<sup>830</sup>

Paul Cappon, Canadian Council on Learning

The Advisory Panel on Labour Market Information was formed by the federal government in 2008 to study problems and weaknesses relating to information. Its final report was tabled in May 2009.<sup>831</sup> Its recommendations pertain in particular to the governance, collection, analysis and dissemination of data, raising awareness of labour market information, and funding for and implementation of these recommendations. The initial cost of these measures was estimated at \$21 million, in addition to recurring costs of \$49.4 million. At the federal level, these recommendations pertain primarily to the data and analyses by Statistics Canada and Human Resources and Skills Development Canada. Improving labour market information is important so that young people can make informed choices about postsecondary education and field of study. Immigration policies should also be targeted to foreign workers with skills that are in demand in Canada. Better information might help address the problems of young people and immigrants

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827 Task Force on Financial Literacy, *About the Task Force*, <http://www.litteratiefinanciereaucanada.com/eng/about-the-task-force/mandate.php>.

828 Canadian Millennium Scholarships Foundation, *The Price of Knowledge – Access and Student Finance in Canada*, Third Edition, 2007, p. 47, [http://www.millenniumscholarships.ca/images/Publications/POK07\\_e.pdf](http://www.millenniumscholarships.ca/images/Publications/POK07_e.pdf).

829 Social Research and Demonstration Corporation, *Future to Discover: Interim Impacts Report*, 2009, [http://www.srdc.org/uploads/FTD\\_IIR\\_report\\_ENG.pdf](http://www.srdc.org/uploads/FTD_IIR_report_ENG.pdf).

830 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:45.

831 Advisory Panel on Labour Market Information, *Working Together to Build a Better Labour Market Information System for Canada, Final Report*, May 20, 2009, [http://www.imt-lmi.ca/eng/pdf/final\\_report\\_pdf-eng.pdf](http://www.imt-lmi.ca/eng/pdf/final_report_pdf-eng.pdf).



having skills that are not in demand, which can make it more difficult for them to find stable work and increase the likelihood of their living in poverty.

#### **Recommendation 6.1.6**

**The Committee recommends that the federal government follow the recommendations of the Advisory Panel on Labour Market Information to improve the quality of labour market information in order to increase the employability of young people and immigrants.**

Some witnesses also spoke about the need to invest in the infrastructure of educational institutions. The government agrees with these witnesses, which is why it created the Knowledge Infrastructure Program in Budget 2009. This two-year temporary program will fund college and university infrastructure projects.

There should be a continued increase in investments in human capital and knowledge infrastructure, specifically physical infrastructure. Colleges and institutes were, for the most part, built through the federal technical and vocational act of 1960. That infrastructure is failing, and there's a dramatic need if we're going to have capacity for the current students and expanded capacity for the future.<sup>832</sup>

Terry-Anne Boyles, Association of Canadian Community Colleges

#### **Recommendation 6.1.7**

**The Committee recommends that the Knowledge Infrastructure Program be made permanent, with a sufficient budget to maintain high-quality college and university infrastructure.**

Some witnesses also stressed the need for non-financial assistance to employers and individuals by improving the assessment and recognition of prior learning. The Committee's report entitled *Employability in Canada: Preparing for the Future*<sup>833</sup> highlighted the importance of these factors and of workplace learning in order to improve the employability of Canadians. A number of witnesses noted that better recognition of learning is essential.

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832 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:15.

833 Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, *Employability in Canada: Preparing for the Future*, April 2008, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament.

We need to create increased awareness and recognition of prior learning assessment and recognition. That is the learning that people have done formally or informally in the past, which often doesn't count, but should count. The Conference Board of Canada, as you'll notice in our notes, has suggested that this would give Canadians an additional \$6 billion in income annually, and it would make a great deal of difference to some people who are now below the poverty line if their learning were better recognized.<sup>834</sup>

Paul Cappon, Canadian Council on Learning

In November 2009, the Forum of Labour Market Ministers published its Pan-Canadian Framework for the Assessment and Recognition of Foreign Credentials.<sup>835</sup> The various governments have agreed to work together to meet the framework objectives, such as improving support for immigrants prior to their arrival, enhancing the ability of organizations to recognize credentials, meet integration needs (language courses, mentorships etc.), to target professions that are in higher demand, and to follow up on the implementation of the framework.

Finally, the Committee also heard evidence regarding the difficulty that people with mental illness face in receiving programs tailored to their needs, especially training.

If you step back and look at the package of federal programs, particularly the HRSDC programs, whether it is EI sickness benefits or CPP disability, etc., they were all designed for people who had a physical illness. That is what people had in mind when they were designing the programs. Frankly, they don't work very well for mental illness.<sup>836</sup>

Hon. Michael Kirby, Mental Health Commission of Canada

The federal government has acknowledged its responsibility for a national mental health strategy through creating the Mental Health Commission of Canada and charging it with developing a national mental health strategy. This strategy should include a substantial fund to work with provinces and territories to expand supported education and training programs, employment programs, and training and resources for employers to implement workplace accommodations.<sup>837</sup>

Ruth-Anne Graig, Canadian Mental Health Association

### **Recommendation 6.1.8**

**The Committee recommends that the federal government encourage training for persons with mental health problems in particular by providing additional financial support to the Mental Health Commission of Canada to support pilot projects or other research projects relating to training.**

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834 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:45.

835 Forum of Labour Market Ministers, 2009, *Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications*, [http://www.hrsdc.gc.ca/eng/workplaceskills/publications/fcr/pcf\\_folder/PDF/pcf.pdf](http://www.hrsdc.gc.ca/eng/workplaceskills/publications/fcr/pcf_folder/PDF/pcf.pdf).

836 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 17, April 30, 2009 at 11:30.

837 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 11:35.

## 6.2 Making Work Pay

I would like to add in particular one group, a very significant group: single mothers in this country, many of whom are unemployed and many of whom probably would like to be employed. The problem is not so much their willingness to be employed but the disincentives to employment in this country.<sup>838</sup>

Glenn Drover, Canadian Association of Social Workers

In April 2008, this Committee released a report that focused on policies to address labour market imbalances in the years to come.<sup>839</sup> At that time Canada's unemployment rate was around 6% and many employers, especially those who operated small- and medium-sized businesses in Western Canada, were experiencing difficulty recruiting workers with the skills required to maintain and expand their operations. With the onset of the recession, Canada's labour market performance has dramatically deteriorated; in the second half of 2009 the seasonally-adjusted unemployment rate almost reached 9%.

As the economy recovers, members of the Committee expect skills shortages to resurface once again. This could result in labour market opportunities for low-income and other disadvantaged workers with the right skills. In order to maximize these opportunities, governments across the country must continue to focus their labour market policies on investments in education and training and other measures that seek to enhance workers' earnings and participation in the Canadian workplace.

During our poverty study, the Committee was told that some individuals do not participate in the Canadian workplace because they face significant disincentives to work. For example, high marginal tax rates imposed on individuals can have an adverse impact on working time. For example, when the income of social assistance recipients rises in response to increased hours of work, they face higher income taxes, lower social assistance payments, and a reduction in means-tested refundable tax credits and social services.

I would like to add in particular one group, a very significant group: single mothers in this country, many of whom are unemployed and many of whom probably would like to be employed. The problem is not so much their willingness to be employed but the disincentives to employment in this country.<sup>840</sup>

Glenn Drover, Canadian Association of Social Workers

[O]ne of the biggest impediments that individuals and families face when attempting to move out of poverty is the welfare wall. While on social assistance programs, certain benefits--such as housing, child care, and prescription drugs--are subsidized. As a person attempts to move out of poverty, these benefits are eliminated, thus increasing the financial needs of the individual or the family, and often resulting in a return to the

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838 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 24, April 15, 2008 at 10:40.

839 House of Commons Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, *Employability in Canada: Preparing for the Future*, 39<sup>th</sup> Parliament, 2<sup>nd</sup> Session, April 2008, <http://cmte.parl.gc.ca/Content/HOC/committee/392/huma/reports/rp3369345/humarp03/humarp03-e.pdf>.

840 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 24, April 15, 2008 at 10:40.

poverty cycle and/or as a disincentive to work. In recent years, the federal government has recognized this problem. It has moved towards addressing it through the working income tax benefit--the "WITB", as it's commonly known--which is intended to lower the welfare wall by compensating people for personal high marginal tax rates. Without this, marginal tax rates for some of these individuals may actually be as high as 50% to 70%.<sup>841</sup>

Dave Quist, Institute of Marriage and Family Canada

... [R]eports by Toronto Dominion, or TD Economics, other economists and social policy experts have explored the work disincentives and high marginal effective tax rates faced by working-age adults on social assistance and other issues inhibiting poverty reduction in Canada. Both the federal and Ontario governments have acted on these reports in a number of positive ways, including through the working income tax benefit, which was expanded in the recent federal budget, and through the Ontario child benefit and a dental plan for the working poor. At this critical juncture, however, there is still much to do to ensure that all individuals have adequate opportunities to work and become more self-reliant.<sup>842</sup>

John Stapleton, Toronto City Summit Alliance

On several occasions, we were told that the best social program is a job. We agree that employment is a critical piece in solving poverty among working-age adults who are able to work. But it is important to note that there are many low-income working-age individuals who have a job and work full time.

Let's never forget that jobs matter when it comes to poverty. If you look at any statistics on who's poor, it's people without jobs who are poor. So creating jobs is very much part of poverty reduction.<sup>843</sup>

Hon. Deb Matthews, Government of Ontario

We have said now for over 15 years in this country, maybe 20 years, that the best social policy in this country is a job. What happens when the jobs dry up? [...] The job losses in the opening months of this recession outstrip anything we saw in the 1981-1982 recession or the 1990-1991 recession.<sup>844</sup>

Armine Yalnizyan, Canadian Centre for Policy Alternatives

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841 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 32, May 28, 2009 at 11:15.

842 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 39, June 2, 2009 at 09:55.

843 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 10, March 12, 2009 at 12:00.

844 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 16, April 28, 2009 at 11:30.

According to a study on the working poor, there were an estimated 653,300 low-income Canadians (i.e., salaried and self-employed) in 2001, of which 56.5% were men and 43.5% were women. When the dependants of these workers are counted there were approximately 1.5 million individuals living in low-income families that year, roughly 40% of all low-income individuals.<sup>845</sup> It is surprising to note that the study found that 76% of the working poor (compared to 88% of non-poor workers) worked at least 1,500 hours or more in 2001. Salaried low-income workers earned, on average, \$12 per hour (65% of the average wage rate of non-poor workers), or 50% above the highest minimum wage in 2001 (i.e., British Columbia's minimum wage rate was \$8 per hour, the highest minimum wage that year). In 2001, less than 50% of salaried low-income workers were low paid (i.e., earning \$10 per hour or less) and only 7% of salaried low-income workers earned the minimum wage.<sup>846</sup> That same year, roughly two-fifths of the working poor were self-employed.

#### **a. Assisting the Working Poor—Minimum Wage and the Working Income Tax Benefit**

Although witnesses suggested several ways to raise the incomes of the working poor, two measures—the minimum wage and the Working Income Tax Benefit (WITB)—were cited most often. Legislative authority to establish a minimum wage in Canada is shared between the federal, provincial and territorial governments. Prior to 1996, the federal government set its own minimum wage rate which is applicable to workers covered under the *Canada Labour Code*. Since then, the federal government has essentially delegated its authority to set the federal minimum wage to provincial and territorial governments; currently the federal minimum wage is equal to the minimum wage rate set by each provincial and territory government. Hence, there are 13 federal minimum wage rates applied to workers covered under the *Canada Labour Code*.

Many, but not all, of the witnesses who addressed the issue of raising the minimum wage as a means of providing greater support for the working poor called on the federal government to reinstate a uniform and higher federal minimum wage.

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845 D. Fleury and M. Fortin, *When Working is not enough to Escape Poverty: An Analysis of Canada's Working Poor*, Human Resources and Social Development Canada, August 2006, p. 17 and Table 3.4, <http://www.hrsdc.gc.ca/en/cs/sp/sdc/pkrf/publications/research/SP-630-06-06/SP-630-06-06E.pdf>. The study only considered workers who were 18 to 64 years of age, who were not full-time students and who worked at least 910 hours in the reference year. Low income was assessed using the Market Basket Measure and the Low Income Cut-off (after tax). Low paid was defined as those workers who earned less than two-thirds of Canada's hourly median wage (i.e., \$10 per hour or less in 2001). Note that low income and low paid are conceptually different. A low-paid worker is an individual who earns \$10 per hour or less (in 2001), while a low-income worker is a worker whose economic family income falls under a poverty threshold (i.e., after-tax LICO). Hence, not all low-paid workers are low-income workers, because the latter is determined according to family income.

846 *Ibid.*, pp. 18-19 and 70. Self-employed workers are excluded because it is difficult to obtain information on hourly rates of pay, as these workers usually receive a fixed amount of money to do a specific job, irrespective of the number of hours of work required to complete the job.

We are calling for minimum wage in Québec and the rest of Canada to be increased to the poverty line. We are asking that a minimum wage be reinstated in the Canada Labour Code. The Arthurs report, reviewing federal labour standards, agreed with this point.<sup>847</sup>

Mélanie Gauvin, Au bas de l'échelle

I would argue that, overall, raising the federal minimum wage is basically not a particularly effective policy because there are very few workers in the federal jurisdiction who receive minimum wage. You also want to have some regional sensitivity there. Overall, minimum wage is a very crude instrument to reduce poverty. It has its role, but it's not always effective because a lot of people who receive the minimum wage may not be poor.<sup>848</sup>

Andrew Sharpe, Centre for the Study of Living Standards

Some members of the Committee question the effectiveness of a uniform and higher federal minimum wage as a means of raising the incomes of the working poor. In addition to the potential adverse employment effects associated with increases in the minimum wage rate, a uniform rate is unable to capture regional differences in labour market conditions across the country. Furthermore, we were told that the minimum wage is a blunt instrument for helping low-income workers. Aside from the fact that the federal minimum wage applies to a very small number of workers across the country,<sup>849</sup> many minimum wage workers are not necessarily poor. In 2005, almost 60% of minimum wage workers lived with their parents or other family members while only 10% of minimum wage workers lived alone or with a non-relative.<sup>850</sup>

The WITB, introduced in Budget 2007, is a refundable tax credit intended to help low-income people over the so-called “welfare wall” and to strengthen the incentive to work among low-income workers already in the labour market by providing a supplement to help

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847 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 28, May 13, 2009 at 09:25.

848 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:35.

849 According to data collected by Statistics Canada in its *Federal Jurisdiction Workplace Survey 2004*, an estimated 577 employees working in a job covered under the Code received the minimum wage or less in 2004. These workers accounted for 0.1% of all federally regulated workers, well below the incidence of minimum wage workers covered under provincial and territorial minimum wage legislation (see M. Bisailon and D. Wang, *Profile of Workplaces under Federal Labour Jurisdiction*, Policy Development Division, Labour Program, Human Resources and Social Development Canada, April 2006, p. 15, [http://www.rhdcc-hrsc.gc.ca/eng/labour/workplace\\_information/fjws/Profile\\_FJ\\_Workplace\\_2006\\_EN.pdf](http://www.rhdcc-hrsc.gc.ca/eng/labour/workplace_information/fjws/Profile_FJ_Workplace_2006_EN.pdf)).

850 D. Sussman, “Minimum Wage,” *Perspectives on Labour and Income*, September 2006, p. 17 <http://www.statcan.gc.ca/pub/75-001-x/75-001-x2006109-eng.pdf>.

make work pay.<sup>851</sup> This initiative provides income support to low-income workers by providing a refundable tax credit to those (who are at least 19 years of age, not a full-time student and resident in Canada) whose annual earnings exceed \$3,000 (\$1,750 in the case of workers eligible for the Disability Tax Credit).<sup>852</sup>

An important feature of the WITB is that it can be modified to operate more effectively vis-à-vis provincial and territorial programs as long as program changes:

- build on actions taken by the province or territory to improve work incentives for low-income individuals and their families;
- are cost neutral to the federal government;
- provide for a minimum benefit level for all WITB recipients; and
- preserve harmonization of WITB with existing federal programs.<sup>853</sup>

Budget 2009 substantially increased the level of support provided under the WITB, beginning in the 2009 tax year. The maximum benefit for single workers has been increased to \$925 (when earnings reach \$6,700). The amount for people eligible for the Disability Tax Credit will increase in proportion to the increase in the maximum entitlement for single individuals. For single parents and couples, the maximum benefit has increased to \$1,680 (when earnings reach \$9,720). The WITB is reduced at a rate of 15% when earnings reach \$10,500 (in the case of single individuals) and \$14,500 (in the case of couples and single parents). According to the Department of Finance, the additional cost of the enhanced WITB is expected to total about \$580 million in 2009-2010 and benefit more than 1.5 million individuals and families in the 2009 tax year.<sup>854</sup>

Many witnesses expressed a great deal of support for further increases in the WITB, an initiative that many members of the Committee consider to be an effective instrument for raising the incomes of the working poor. This view is based on the fact that the WITB is targeted at low-income workers (i.e., it is means tested) and it is available to all workers across the country, not just those covered under federal labour law.

We are very explicit about our request to the federal government, and very pleased, as I said, with the increase in WITB. On the target indicators, there are two things we're

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851 For more information on this income tax benefit, see Canada Revenue Agency, *Working Income Tax Benefit*, <http://www.cra-arc.gc.ca/bnfts/wtb/menu-eng.html>.

852 WITB's working income threshold is based on employment income (including tips, gratuities, non-taxable income earned on a reserve and emergency volunteer allowances); net self-employment income; and the taxable part of scholarships and research grants. One can be under the age of 19 and be eligible for a WITB payment provided the individual has an eligible spouse or eligible dependant. Ibid.

853 Department of Finance, *The Budget Plan 2007: Aspire to a Stronger, Safer, Better Canada*, 2007, p. 81, <http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>.

854 Department of Finance, *Canada's Economic Action Plan: Budget 2009*, January 27, 2009, pp. 113-116, <http://www.budget.gc.ca/2009/pdf/budget-planbugetaire-eng.pdf>.

asking the federal government to do. One is to increase WITB to \$2,000 a year. It's now up to over \$1,600—thank you for that very much.<sup>855</sup>

Hon. Deb Matthews, Government of Ontario

Some positive steps have been taken by the government in the past. I've mentioned the WITB is a step forward in addressing the welfare wall, but it has not yet eliminated it. Continuing to expand this program would make it easier for people to return to the workforce.<sup>856</sup>

Dave Quist, Institute of Marriage and Family Canada

[T]he finance minister saw fit in the most recent budget to substantially improve the working income tax benefit by increasing the maximum benefit and also pushing the income level eligibility higher up for this program. This is an extremely new program, but it's potentially very important in terms of reducing poverty among the working poor, who make up about half of low-income Canadians.<sup>857</sup>

Ken Battle, Caledon Institute of Social Policy

### **Recommendation 6.2.1**

**The Committee recommends that the federal government continue to monitor the Working Income Tax Benefit to ensure that it achieves its intended results and be prepared to continue to expand this measure.**

#### **b. Employment and Pay Equity**

Several witnesses told the Committee that the federal government should reform its employment and pay equity programs and policies to increase the earnings and employment opportunities of workers facing discrimination in the Canadian workplace. Some witnesses affirmed that employment equity and pay equity are important policy measures for improving the income and employment opportunities of low-income workers, especially female workers. According to a recent report prepared by the Standing Committee on the Status of Women, the male-female earnings differential, albeit smaller today than in the past, still persists; slightly more than one-half of this earnings differential seems to be explained by differences in labour market qualifications and job characteristics.<sup>858</sup>

The federal government delivers a number of initiatives to promote a fair and inclusive working environment for workers in the federal jurisdiction. For example, the Racism-Free Workplace Strategy seeks to eliminate systemic discrimination facing visible

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855 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No.10, March 12, 2009 at 11:30.

856 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 32, May 28, 2009 at 11:20.

857 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:15.

858 House of Commons Standing Committee on the Status of Women, *An Analysis of the Effects of the Public Sector Equitable Compensation Act*, June 2009, pp. 2-3, [http://www.equity.com/userfiles/file/FEWO\\_Report\\_June19-e%5B1%5D.pdf](http://www.equity.com/userfiles/file/FEWO_Report_June19-e%5B1%5D.pdf).



minorities and Aboriginal people in federally regulated workplaces covered under the *Employment Equity Act* and the Federal Contractors Program.

The *Employment Equity Act* is intended to eliminate barriers to employment faced by Aboriginal people, persons with disabilities, visible minorities and women. The Canadian Human Rights Commission is responsible for conducting audits to ensure that federally regulated employers, Crown corporations, federal departments and agencies, and separate employers comply with the Act. The Federal Contractors Program requires employers (with 100 or more employees) who wish to do business with the federal government (contracts worth at least \$200,000) to undertake employment equity as a condition of the contract. Human Resources and Skills Development Canada can conduct compliance reviews to ensure that federal contractors are meeting their employment equity obligations. While the *Employment Equity Act* states that a parliamentary review must be conducted every five years, it has been eight years since the last parliamentary review.

Equal pay for work of equal value in federal workplaces is addressed through a complaints-based system under the *Canadian Human Rights Act* in the case of federally regulated employers. All other employers in the federal jurisdiction (e.g., federal departments and agencies, separate employers, the Royal Canadian Mounted Police and the Canadian Forces) are subject to the recently introduced *Public Sector Equitable Compensation Act*. This Act makes employers and bargaining agents jointly accountable (through the bargaining process) for ensuring that employees are equitably compensated.

Some witnesses expressed opposition to the federal government's recent decision to introduce the *Public Sector Equitable Compensation Act*, and called on the government to implement the recommendations of the Pay Equity Task Force which released its report in 2004.<sup>859</sup>

[W]e urge the federal government to remove one of the major systemic barriers to poverty reduction: wage discrimination...Federal pay equity legislation would help to remove that systemic barrier. We totally support the task force that presented a report in 2004 on pay equity...We need to adopt a new pay equity law to extend the coverage to aboriginal people, people with disabilities, and visible minorities.<sup>860</sup>

Johanne Perron, New Brunswick Coalition for Pay Equity

CFUW believes that there is already a clear framework in existence to address pay inequity through proactive legislation by the federal government. The 2004 pay equity task force report recommends adopting a new stand-alone pay equity law that will cover women as well as workers of colour, aboriginal workers, and workers with disabilities. The recommendations outlined in the report are comprehensive, provide a clear way forward, and are useful models for proactive pay equity in Ontario and Québec to build upon. This report has yet to be implemented by any government, and the recent inclusion

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859 Pay Equity Task Force, *Pay Equity: A New Approach to a Fundamental Right*, 2004.

860 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 24, May 12, 2009 at 09:15.

of the Public Sector Equitable Compensation Act in the budget implementation bill risks weakening what little recourse women currently have to pay equity.<sup>861</sup>

Susan Russell, Canadian Federation of University Women

The *Employment Equity Act*, on the other hand, benefited from widespread support among witnesses.

I'll just quickly wrap it up by saying that we also believe the Employment Equity Act should be strengthened in order to create jobs and to make sure that African Canadians and other visible minority groups get their fair share of jobs.<sup>862</sup>

Mr. Trevor David, AfriCana Village and Museum

It is essential that the government consider strategies such as paid internships, subsidies, and/or tax incentives for employers who are committed to practising employment equity and other measures that ensure equal access to the labour market for racialized groups. We see the equal participation of these groups in the labour market as being essential to addressing the issues of poverty.<sup>863</sup>

Grace-Edward Galabuzi, Colour of Poverty Campaign

... [T]he federal employment equity program has been very helpful. It's interesting, because if you look around, even the premier of the province and our mayor talk about how Toronto has such a diverse population, and they look at some of the workplaces to show the diversity. They often refer to the banks and to telecommunication companies. All of them are regulated federally, and, therefore, they are subject to the employment equity program. To me, that is an illustration of how useful the federal employment equity program has been. At least at the front-line level, the workforce has become more diverse.<sup>864</sup>

Avvy Yao-Yao Go, Metro Toronto Chinese and Southeast Asian Legal Clinic

## Recommendation 6.2.2

**The Committee recommends that the House of Commons instruct the appropriate Parliamentary Committee to undertake the required quinquennial review of the *Employment Equity Act*. In preparation for this review, the government should provide that Committee with a current assessment of the *Employment Equity Act* and options for improving its effectiveness.**

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861 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 31, May 26, 2009 at 11:35.

862 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 34, June 1, 2009 at 09:35.

863 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 36, June 1, 2009 at 14:05.

864 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 42, June 2, 2009 at 15:40.

### Recommendation 6.2.3

**The Committee recommends that the federal government continue to monitor and strengthen its pay equity regime with the view to ensuring that all workers in the federal jurisdiction are equitably remunerated and that all pay equity complaints are resolved in a timely fashion.**

#### **c. Precarious Employment and Federal Labour Standards**

Canada, like other industrialized countries, continues to adjust to economic structural change. In this context, technological change, competitive trade pressures and a host of other factors have fostered an environment where firms pursue measures to protect and enhance their competitive position at home and abroad. One of these pursuits has involved adopting a more flexible and less costly workforce, capable of adjusting quickly to changes in the market place. Today, employers are undeniably hiring more workers on a temporary or part-time basis compared to the past; between 1976 and 2008, part-time employment's share of total employment increased from 12.5% to 18.4%.<sup>865</sup>

Several witnesses indicated that the growing incidence of temporary and part-time employment in Canada is worrisome, as this type of employment is generally believed to offer workers less job security, lower earnings and/or reduced benefits. In this context, temporary and other non-standard employment can contribute to low income, especially among women, an issue that was recently highlighted in a report entitled *Improving the Economic Security of Women: Time to Act*.<sup>866</sup>

Many people seem to believe that the solution to poverty is a job--if we could only get those lone-parent mothers working, they wouldn't be poor anymore. Finding a job is not necessarily the solution to women's poverty, because you have to look at the kinds of jobs women do: 40% of women who have jobs are employed in what we call non-standard work arrangements. That includes part-time work, temporary jobs, casual work, contract work, and own-account self-employment, which is self-employment without any employees, and 40% of women's jobs are those kinds of jobs. Just 29% of men's jobs are those kinds of jobs.<sup>867</sup>

Monica Townson, As an Individual

So that we can ensure that everyone is treated equally, the Québec Labour Standards Act and the Canada Labour Code need to establish that an employer cannot provide working conditions to an employee that are inferior to those provided to workers doing a comparable job for the same company, for the following reasons: if this person usually works fewer hours per week; if this person was hired through an employability program or measure covered by legislation; if this person is a temporary, casual or on-call employee; if this person was hired through a temporary help agency; or if this person works outside

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865 Statistics Canada, *Labour Force Historical Review 2008*, 2009, Table 1, CD1.

866 House of Commons Standing Committee on the Status of Women, *Improving the Economic Security of Women: Time to Act*, June 2007, <http://www2.parl.gc.ca/content/hoc/Committee/391/FEWO/Reports/RP3034875/feworp21/feworp21-e.pdf>.

867 Committee, *Evidence*, 2<sup>nd</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 25, April 17, 2008 at 09:30.

the work building. We are also calling for companies to pay wage compensation that is proportional to the loss in benefits to which other employees of the company are entitled.

Recently in Québec—and it is similar in the other Canadian provinces—we have seen some employers that try to reduce costs and increase flexibility, and end up creating inequalities based on the type or status of the job, which can make it difficult for people to access decent jobs, and explains part of the problem with poverty among workers.<sup>868</sup>

Mélanie Gauvin, Au bas de l'échelle

Concern regarding temporary employment also stems from the fact that workers in this type of employment do not obtain the full benefit of labour standards legislation (e.g., rules governing hours of work, leave, termination of employment, etc.). The reason for this is that workers are typically required to accumulate a period of continuous employment in order to benefit from the employment protections offered under these laws. In terms of workers in the federal jurisdiction, this issue was thoroughly studied in the recent review of Part III of the *Canada Labour Code*, conducted by the Federal Labour Standards Review Commission. In June 2009, Human Resources and Skills Development Canada completed a consultation process that provided an opportunity for interested parties to comment on the recommendations presented in the Commission's report.<sup>869</sup> Members of the Committee generally agree that it is time to update federal labour standards and that the proposed legislative changes should provide an adequate balance between the needs of employers and employees, particularly workers whose employment arrangements are currently underserved by Part III of the Code.

#### **Recommendation 6.2.4**

**The Committee recommends that the federal government move quickly to modernize Part III of the *Canada Labour Code*. The proposed legislative reforms must provide the requisite balance between the needs of employers and employees as well as adequately capture the changes that have occurred in the Canadian workplace over the last several decades, particularly relating to changes in work time and work arrangements.**

#### **d. Social Economy**

The Committee was told that organizations (e.g., co-operatives, enterprising non-profits, community economic development organizations, etc.) operating within what is broadly referred to as the social economy can make a significant contribution to addressing the needs of low-income individuals, especially in terms of providing job opportunities for those who face serious challenges finding and maintaining employment. Generally speaking, these organizations produce goods and services for the market

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868 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 28, May 13, 2009 at 09:20.

869 Federal Labour Standards Review, *Fairness at Work: Federal Labour Standards for the 21<sup>st</sup> Century*, 2006, [http://www.hrsdc.gc.ca/eng/labour/employment\\_standards/fls/pdf/final\\_report.pdf](http://www.hrsdc.gc.ca/eng/labour/employment_standards/fls/pdf/final_report.pdf).

economy, but manage their operations, through a democratic governance structure, and reinvest their profits to pursue social goals.

[W]e need to explore innovative solutions to creating employment and eliminating poverty. One of the most promising, yet underdeveloped, approaches in this country is social enterprise.<sup>870</sup>

Don Palmer, Causeway Work Centre

The best vehicle for meeting this spectrum of needs [basic job skills] is a social enterprise or training business, which has a double bottom line of making a profit while teaching its employees how to work. The so-called social economy in Québec is the best model of this approach, but the concept of social enterprise and community-based enterprises is gaining momentum everywhere and should be strengthened, encouraged, and supported.<sup>871</sup>

Sue Rickards, As an individual

As is done in the U.K., we believe that Canada should consider using unclaimed funds from dormant bank accounts to fund social enterprises and macroeconomic projects. As far as I understand, tens of millions of dollars are left every year in banks as unclaimed funds, and I believe they go back into the treasury. Well, in the U.K., what they have done is to use these funds to fund social enterprises and help lift up marginalized groups and get them working and paying taxes. That may be something the standing committee would want to take a look at, in terms of being innovative and creative.<sup>872</sup>

Trevor David, AfriCana Village and Museum

In Budget 2004 the federal government committed funding (\$132 million over several years), to be delivered through regional development agencies and the Social Sciences and Humanities Research Council, to support capacity building, financing and research in the social economy.<sup>873</sup> On September 25, 2006, the federal government announced that approximately \$39.3 million of non-committed funding for the social economy program would be eliminated, part of an initiative in Budget 2006 to identify \$1 billion in savings from programs and activities.<sup>874</sup> The Committee examined this cost-saving proposal on November 21, 2006 and according to the testimony presented to the Committee witnesses generally felt that the social economy program should continue and that more funding was needed.<sup>875</sup> In addition, according to the results of a recent evaluation of the Fiducie, the entity that was established to implement the funding

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870 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 13, April 2, 2009 at 11:50.

871 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 27, May 12, 2009 at 15:00.

872 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 34, June 1, 2009 at 09:35.

873 Department of Finance, *The Budget Plan 2004*, March 23, 2004, pp. 179-180, <http://www.fin.gc.ca/budget04/pdf/bp2004e.pdf>.

874 Treasury Board of Canada Secretariat, "Backgrounder – Effective Spending," September 25, 2006, p.6.

875 House of Commons Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, *Evidence*, 1<sup>st</sup> Session, 39<sup>th</sup> Parliament, Meeting No. 39, November 21, 2006, <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=2525312&Language=E&Mode=1&Parl=39&Ses=1>.

component of the Social Economy Initiative in Québec, satisfactory progress was achieved in the first year of operation and the enterprises that used its services found them to be satisfactory.<sup>876</sup>

Members of the Committee support using the social economy as a policy tool for reducing low income and promoting social inclusion among the most disadvantaged groups in Canadian society. In this regard, many of us believe that the federal government should take steps to help expand this important sector to help alleviate poverty across the country. Consideration could be given to using unclaimed bank balances and unclaimed cheques issued by the federal government as possible sources of financing to achieve this policy objective. For the year ended December 31, 2008, unclaimed balances held by the Bank of Canada were \$351.4 million.<sup>877</sup> As the Bank of Canada is required to hold unclaimed balances for certain periods of time, only \$170,000 was transferred to the Consolidated Revenue Fund in 2008-2009, the latest year for which data are available.<sup>878</sup>

In terms of unclaimed cheques issued by the federal government (e.g., tax refunds, GST credit, Child Tax Benefit, etc.), information published by Finance Canada indicates that in 2008-2009 some \$30.1 million was transferred to the Consolidated Revenue Fund from cheques in the Outstanding Interest Account that were unclaimed or outstanding for 10 or more years.<sup>879</sup>

### **Recommendation 6.2.5**

**The Committee recommends that the federal government increase the budget for social economy initiatives and that this increased funding be used to promote job creation among low-income individuals, especially those who face serious barriers finding and securing a job.**

## **6.3 Employment Insurance Benefits and Other Employment-Related Income Support**

There has been a growing body of evidence accumulated, beginning in the 1930s but certainly over the last 30 years, that talks about the impact of unemployment. There was

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876 Canada Economic Development for Québec Regions, *Formative Evaluation of the Funding Component of the Québec Social Economy Initiative*, Final Report, March 12, 2008, [http://www.dec-ced.gc.ca/docs/F23908/eval\\_form\\_es\\_en.pdf](http://www.dec-ced.gc.ca/docs/F23908/eval_form_es_en.pdf).

877 Bank of Canada, *Annual Report 2008*, p. 58, [http://www.bankofcanada.ca/en/annual/2008/annuel\\_report08.pdf](http://www.bankofcanada.ca/en/annual/2008/annuel_report08.pdf). The Bank's liability for unclaimed balances under \$1,000 expires after unclaimed balances have existed for 40 years. The Bank's liability for unclaimed balances of \$1,000 and more expires after unclaimed balances have existed for 100 years.

878 Department of Finance Canada, *2008-2009 Departmental Performance Report*, 2009, Supplementary Tables, Table 1, <http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/inst/fin/st-tspr-eng.asp>. This is significantly lower than previous years, no doubt due in part to the recent increase in the holding period for unclaimed balances in the Bank of Canada (see Bill C-37, *An Act to amend the law governing financial institutions and to provide for related and consequential matters*, which received Royal Assent on March 29, 2007).

879 Ibid.

a recent report done by the Ontario Institute for Health & Work<sup>880</sup> that, again, reaffirms some of the work that's been done in the past. It's easy to dismiss unemployment as being a temporary condition from which people will recover, but many people don't. The impact of unemployment has a devastating impact on one's mental and physical well-being.

[...]

... We see this every day in the faces of our clients, particularly those who live in poverty, who fail to qualify or who see their benefits run out. We would call for easing of entrance requirements and also for restructuring the program in a way that is responsive to workers who have unstable or irregular labour force attachment patterns.<sup>881</sup>

Neil Cohen, Community Unemployed Help Centre

### **a. Employment Insurance**

The EI program received a considerable amount of attention during the Committee's hearings. This is not surprising, given EI's important role as an automatic stabilizer during an economic downturn and, more importantly, as a key source of income support for many unemployed workers. To help address the needs of low-income claimants with children, the EI program also provides additional income support called the Family Supplement. In the absence of the income support provided by the EI program, some individuals (and their families) would have to rely on social assistance programs and be at risk of becoming poor or more impoverished.

The most important thing is that these benefits be available to more Canadians falling into unemployment. The reason is, if you fall into unemployment and are not able to get employment insurance, you have to sell off all your assets and sink down to a really low level of supported welfare, from which it is much more difficult to climb back out.<sup>882</sup>

Dennis Howlett, Make Poverty History

An expanded EI program is a key measure for poverty prevention. Individuals who cannot access EI, or whose benefits run out too quickly, are forced to turn to an inadequate social assistance system that requires them to strip their assets, provides benefit levels well below the poverty line, and creates multiple barriers to returning to productive employment. Maintaining adequate income supports in the short term through the employment insurance system will prevent many Canadians from falling into the poverty trap that is so difficult to escape.<sup>883</sup>

John Campey, Community Social Planning Council of Toronto

Witnesses were generally supportive of the provisions in Budget 2009 to extend EI regular benefits, enhance work sharing and increase spending on EI training. However,

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880 Institute for Work and Health, *Unemployment and mental health*, August 2009, <http://www.iwh.on.ca/briefings/unemployment-and-mental-health>.

881 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 67, December 4, 2009 at 08:05.

882 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 16, April 28, 2009 at 12:05.

883 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 36, June 1, 2009 at 13:55.

many witnesses also indicated that EI is in need of a major reform. These witnesses expressed the view that the current program needs to become more accessible and provide a higher level of income support for a longer period of time.

Mine is only yet another voice calling for the reform of employment insurance in this country. Unemployed workers are entitled to those benefits that will enable them to cope financially and gain the necessary support and/or training they need to re-enter the labour market. I'm sure many people who have appeared before you today have reminded you that in this province only 32% of unemployed Ontarians qualify for EI. So like many others, the Income Security Advocacy Centre is calling for uniform entry requirements based on 360 hours of work, benefit levels raised to 60% of earnings based on a worker's best 12 weeks, and an increase in the period in which benefits may be collected to a maximum of 50 weeks.<sup>884</sup>

Sarah Blackstock, Income Security Advocacy Centre

Employment insurance is a troubled program, to say the least. As you may or may not know, virtually all employees pay EI premiums but only a minority are able to draw upon the program's income benefits and employment services when they become unemployed. In fact, coverage of the unemployed fell from 83% in 1990 to 43% in 2008, which is the lowest number since 1976.

There is a gender gap in EI. Only 39% of unemployed women received EI at last count, compared to 46% of men. And that gender gap has widened over the years.

Benefits are by no means generous. The maximum benefit has declined from \$595, in inflation-adjusted terms, in the mid-nineties, down to \$447 in 2009. Average benefits for women amount to \$4,544 below the poverty line. Even if you manage to qualify for EI, which most unemployed people don't, you don't get a very generous benefit.

What should we do? Most progressive organizations have called for an end to the variable entrance requirement. This is the regional aspect of EI whereby your eligibility for benefits and the length of time you get benefits varies by the regional unemployment rate. Groups have called for that to be substantially reduced and indeed removed. The earnings replacement rate could be increased. It's only 55% of insurable earnings; this could be up to 60% or 75%. And extend the duration of benefits.<sup>885</sup>

Ken Battle, Caledon Institute of Social Policy

With respect to employment insurance, fewer than half of the workers who lose their jobs are currently eligible to receive EI benefits, even though all workers contribute to the system. We consider that to be completely unacceptable and unfair. We are calling for a major improvement in benefit coverage, by setting the number of work hours required to be eligible for benefits at 360 hours, extending the benefit period to a minimum of 35 weeks, setting the percentage of insurable earnings at 60 % of wages, abolishing the two-week waiting period, extending the illness benefits, and enhancing the benefits for compassionate reasons.<sup>886</sup>

Élisabeth Gibeau, Union des consommateurs

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884 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 37, June 1, 2009 at 15:35.

885 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 9, March 10, 2009 at 11:15.

886 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 29, May 13, 2009 at 10:50.



Many women who become unemployed do not qualify for employment insurance benefits, and for many the overall situation is extremely difficult and fraught with well-founded anxiety.

[...]

We recommend that the Government of Canada implement...a sustainable reform of the EI system that would provide coverage to those working part-time and in precarious employment, including self-employment;...

Louise Smith MacDonald, Women's Centres Connect

The Committee was told that the EI reform undertaken in 1996 was too restrictive and as a result many unemployed individuals are unable to gain access to regular benefits and employment benefits.<sup>888</sup> To bolster this view, some witnesses referred to the steady decline in the proportion of unemployed individuals who receive EI benefits. As shown in the Table 6.3.1, an estimated 39.7% of unemployed individuals received EI regular benefits in 2008. This EI access indicator, also known as the beneficiary to unemployment (B/U) ratio, is somewhat misleading for several reasons. For example, the numerator in this ratio includes individuals who are not counted as unemployed even though they are receiving EI regular benefits (e.g., claimants with earnings and claimants who are not searching for work). In addition, the denominator includes many unemployed individuals who did not have access to regular benefits prior to the EI reform (e.g., those with no employment in the last 12 months; self-employed workers, excluding fishers; and individuals who quit their jobs without just cause or are dismissed due to misconduct). While many attribute today's low B/U ratio to the 1996 EI reforms, the fact is that this ratio began its decent in 1990. Furthermore, it is estimated that less than one-half of the decline in the B/U ratio between 1989 and 1997 was due to changes in the unemployment insurance system.<sup>889</sup>

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887 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 22, May 11, 2009 at 13:15.

888 Employment benefits are active labour market adjustment measures delivered under Labour Market Development Agreements. To be eligible for these benefits one must be an insured participant, defined in section 58 of the *Employment Insurance Act* as an unemployed person who is receiving regular EI benefits, has received regular benefits in the past three years or has received maternity or parental benefits in the past five years.

889 Human Resources Development Canada, *An Analysis of Employment Insurance Benefit Coverage*, W-98-35E, October 1998, p. 5, <http://www.hrsdc.gc.ca/eng/cs/sp/hrsd/prc/publications/research/1998-000128/w-98-35e.pdf>.

**Table 6.3.1 - EI Coverage and Eligibility for Regular Benefits as a Per Cent of Unemployed, 2008<sup>1</sup>**

<b>EI Contributors</b>	<b>70.1%</b>
<b>Non-contributors</b>	<b>29.9%</b>
<b>Received or will receive EI benefits</b>	<b>39.7% (a)</b>
<b>Did not receive EI benefits, but were eligible</b>	<b>3.2% (b)</b>
<b>Did not accumulate enough hours of insurable employment to qualify</b>	<b>9.3% (c)</b>
<b>Potentially eligible [(a) + (b) + (c) = (d)]</b>	<b>52.2% (d)</b>
<b>Quit job without just cause or was laid off due to misconduct</b>	<b>17.9% (e)</b>
<b>Not employed in insurable employment</b>	<b>4.3% (f)</b>
<b>Did not work in the previous 12 months</b>	<b>25.5% (g)</b>
<b>Not potentially eligible [(e) + (f) + (g) = (h)]</b>	<b>47.8% (h)</b>
<b>Eligible as a proportion of EI contributors who had a job separation that meets the program criteria [(a)+(b) / (d) = (i)]<sup>2</sup></b>	<b>82.2% (i)</b>

<sup>1</sup> In 2008, the average number of unemployed individuals for the months of March, June, October and December was 1,095,000 individuals.

<sup>2</sup> This access indicator (i.e., the one used by the federal government), relates to those who received or will receive EI regular benefits (including those who did not receive benefits, but were eligible) as a proportion of EI contributors who had a job separation that met the program criteria. While this access indicator incorporates more consistency in the numerator and the denominator compared to the B/U ratio, the denominator fails to include a significant proportion of those who contribute to EI (i.e., individuals who are disqualified because they voluntarily quit their jobs without just cause or were dismissed for misconduct). An alternative and perhaps more inclusive access indicator would include those who received or will receive EI regular benefits (including those who did not receive benefits, but were eligible) expressed as a proportion of all EI contributors. This access indicator is estimated to be 61.2% [(a + b) / (d + e)] in 2008.

Source: Statistics Canada, "Employment Insurance Coverage Survey," *The Daily*, July 23, 2009, <http://www.statcan.gc.ca/daily-quotidien/090723/dq090723a-eng.htm> and the Library of Parliament.

Members of the Committee agree that there is a sizeable number of workers engaged in non-standard employment who are unable to qualify for benefits under EI's current coverage rules and qualification requirements. As well, the Committee was told that a regionally differentiated qualification requirement and benefit entitlement structure treat unemployed workers with similar hours of insurable employment differently across

the country. Furthermore, these program features might also inhibit labour market adjustments.

To broaden access to EI, many witnesses proposed a uniform qualification requirement of 360 hours of insurable employment; this threshold would accommodate most workers engaged in temporary work and treat all workers more equitably by eliminating the regional and work attachment features (e.g., new entrants and re-entrants) inherent in the current qualification requirements. The estimated static cost of this measure (not including changes to the behaviour of workers and the unemployed) was recently estimated to \$1.148 billion annually by the government; this estimate was evaluated to be a reasonable one by the Office of the Parliamentary Budget Officer.<sup>890</sup>

In the fall of 2009, the Committee was asked to examine a Private Member's Bill that, if passed, would respond to the request by many witnesses to broaden access to EI. Bill C-280, *An Act to amend the Employment Insurance Act (qualification for and entitlement to benefits)*, would establish a uniform requirement of 360 hours of insurable employment and set EI regular benefits at 55% of the average weekly insurable earnings in the highest-paid 12 weeks of the 12-month period preceding the week in which the interruption in earnings occurred. The Committee reported the bill back to the House of Commons on 5 November 2009.

Some witnesses also thought that workers employed in temporary and other short-hour jobs could be accommodated under EI's regionally based qualification requirement if the current 52-week qualifying period was increased to, for example, 104 weeks.

We'd also call for changes in the way the qualifying period is currently structured to go only to 52 weeks, because it fails to recognize women, in particular, who may have been removed from the labour force for a period of time. We would welcome a study and a commitment on the part of this committee or Parliament to look at workers who have irregular attachments in the labour force.<sup>891</sup>

Neil Cohen, Community Unemployed Help Centre

The Committee was further told that EI should cover self-employed workers, a matter that has recently been considered by the federal government as it pertains to EI special benefits. In November 2009, the government introduced Bill C-56, *An Act to amend the Employment Insurance Act and to make consequential amendments to other Acts (Fairness for the Self-Employed Act)*, to allow self-employed workers to voluntarily participate in the EI program and be entitled to special benefits (e.g., maternity benefits, sickness benefits, compassionate benefits and parental or adoption benefits). Under the bill, self-employed persons will have to contribute to the employment insurance scheme for at least one year before they may claim benefits. Self-employed persons who decide to participate in the scheme will pay a premium rate equivalent to the rate paid by employed

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890 Office of the Parliamentary Budget Officer, *An Assessment of the Government's Cost Estimate of a 360-hour National Standard for Employment Insurance (EI) Eligibility*, September 9, 2009, [http://www2.parl.gc.ca/Sites/PCO-DPB/documents/EI\\_Estimate\\_360h\\_EN.pdf](http://www2.parl.gc.ca/Sites/PCO-DPB/documents/EI_Estimate_360h_EN.pdf).

891 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 67, December 4, 2009 at 08:05.

persons.<sup>892</sup> Self-employed persons who reside in Québec will continue to receive maternity and parental benefits under the Government of Québec's Parental Insurance Plan.<sup>893</sup> In addition, they will now be eligible for the sickness and compassionate benefits offered by the Government of Canada's employment insurance scheme if they decide to contribute to the scheme.<sup>894</sup> Bill C-56 received Royal Assent on December 15, 2009.

Some witnesses also called for the elimination of the two-week waiting period, a feature that has been part of Canada's unemployment insurance system since its inception in 1940 (originally the waiting period was 9 days). The purpose of the two-week waiting period is to require insured individuals to bear some of the cost (like a deductible in the case of home or automobile insurance policies, for example) and to lower administration costs. In terms of the latter, the waiting period allows EI to forego the cost of processing short-term claims (i.e., claimants who become re-employed very quickly after becoming unemployed). Members of the Committee note that the elimination of the two-week waiting period would not increase the number of weeks of benefits paid to those who exhaust their benefit entitlement, but it could potentially result in a higher payment to all other claimants. We also recognize that the waiting period subjects claimants to a short period of unemployment for which there is no partial replacement of wages, an issue that is undoubtedly critical to low-income workers. In October 2009, our Committee examined Bill C-241, *An Act to amend the Employment Insurance Act (removal of waiting period)*, a private member's bill which seeks to eliminate the two-week waiting period. The cost of eliminating the waiting period was estimated to be between \$0.8 and \$1.4 billion annually by various organizations.<sup>895</sup> We reported the bill back to the House of Commons without amendment on 2 November 2009.

Some witnesses called for a higher benefit rate and increased benefit entitlement.<sup>896</sup> The wage replacement rate under EI is 55% of average insured earnings, up to a weekly maximum of \$457 (2010). According to the Canada Employment Insurance Commission's most recent assessment of EI, the average weekly EI benefit was \$347 in

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892 They will not have to pay the employer's portion of the premium, which is 1.4 times higher than the employee portion. In 2009, the premium rate is \$1.73 for each \$100, up to a maximum of \$42,300 in annual earnings.

893 Contribution to Québec's Parental Insurance Plan is mandatory for employed and self-employed persons.

894 Self-employed Québec residents will have to pay the same employment insurance premiums as other workers in Québec, where rates are lower than elsewhere in Canada because maternity and parental benefits are funded by the provincial plan. The reduction is \$0.35 per \$100 in earnings in 2009, which means that the premium rate is 1.38%. The reduction calculated for 2010 has been raised to \$0.37, which means that the premium rate for self-employed persons in Québec who join the scheme in 2010 will be 1.36%.

895 TD Economics Special Report, *Is Canada's Employment Insurance Program Adequate?*, April 30, 2009, [http://www.td.com/economics/special/gb0409\\_EI.pdf](http://www.td.com/economics/special/gb0409_EI.pdf); and Canadian Centre for Policy Alternatives, *Alternative Budget 2009: Beyond the Crisis*, January 2009, [http://www.policyalternatives.ca/-ASSETS/DOCUMENT/National\\_Office\\_Pubs/2009/AFB2009\\_Beyond\\_the\\_Crisis.pdf](http://www.policyalternatives.ca/-ASSETS/DOCUMENT/National_Office_Pubs/2009/AFB2009_Beyond_the_Crisis.pdf).

896 In addition to the five-week regular benefit extension contained in Budget 2009, on September 16, 2009 the federal government tabled Bill C-50, *An Act to amend the Employment Insurance Act and to increase benefits*, to provide individuals with a relatively long attachment to insurable employment (i.e., 30% of maximum annual employee premiums paid in a specific period of time) and a limited claim history (i.e., less than 36 weeks of regular benefits in the past five years) up to a maximum of 20 additional weeks of benefits. Eligibility for these extended benefits reach back to benefit periods established no earlier than January 4, 2009 and end on September 11, 2010. Bill C-50 received Royal Assent on November 5, 2009.

2007-2008, roughly four-fifths of the maximum weekly benefit during that period.<sup>897</sup> Somewhat surprisingly, little attention was paid during our hearings to the Family Supplement, a payment that provides additional EI benefits to low-income (i.e., family income below \$25,921) claimants with children. Designed to help low-income families care for their children, this supplement can increase EI's wage replacement rate from 55% of average weekly insurable earnings to a maximum of 80% (up to the maximum weekly benefits). It is estimated that some 127,340 claimants received this benefit top up (\$135.4 million) in 2007-2008, down 7.5% from the previous fiscal year.<sup>898</sup> The proportion of EI claimants receiving this top up has been declining since 1999-2000, an observation that is due primarily to the fact that the family income threshold for eligibility has remained fixed during this period, while family incomes have risen. Many members of the Committee consider this result to be a significant shortcoming of the program's feature to assist low-income claimants with children.

In the past we have had variable levels of benefits. We started off the UI program in 1942 with seven different categories of benefit receipts, from as low as 33% to as high as 75%, and with rates for dependants. We can fix the EI system to support families that have dependants so that they are not in poverty at 55% of whatever their previous rate of earnings was.<sup>899</sup>

Armine Yalnizyan, Canadian Centre for Policy Alternatives

It is important to note that most of the witnesses who recommended significant enhancements to the EI program did so with little or no consideration to the cost of their proposals. In many cases, their proposed reforms would generate a significant increase in EI program costs and, as a consequence, EI premiums. Some members of the Committee are concerned that a prolonged period of premium rate increases could undermine future growth in employment, something that we should try to avoid given our current economic situation.

### **Recommendation 6.3.1**

**The Committee recommends that the federal government immediately adjust and index the income threshold used to determine eligibility for the Family Supplement under the Employment Insurance program.**

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897 Canada Employment Insurance Commission, *Employment Insurance Monitoring and Assessment Report 2008*, March 31, 2009, Chapter 5, p. 71, [http://www.rhdcc-hrsc.gc.ca/eng/employment/ei/reports/eimar\\_2008/index.shtml](http://www.rhdcc-hrsc.gc.ca/eng/employment/ei/reports/eimar_2008/index.shtml).

898 Ibid., Chapter 2, p. 15.

899 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 16, April 28, 2009 at 11:45.

### Recommendation 6.3.2

**The Committee recommends that the federal government provide a fair and adequate wage replacement for all unemployed individuals who can demonstrate a reasonable attachment to the labour force. Moreover, the program’s financing structure should afford premium payers long-term premium rate stability.**

#### **b. Income Support for Displaced Older Workers**

As noted in the Committee’s report, *Employability in Canada: Preparing for the Future*, unemployed older workers typically experience longer spells of unemployment compared to younger age groups. Thus, it is not surprising that unemployed older workers are more likely to exhaust their EI regular benefits than younger ones. In 2006-2007, 34.3% of older claimants (i.e., 55 years of age and older) exhausted their regular benefits compared to 27.9% for all claimants.<sup>900</sup> The data on exhaustion of benefits, for technical reasons, is only available two years after the fact. Knowing the proportion of EI beneficiaries that exhaust their benefits would be helpful to better understand the extent to which these individuals are able to find work or are forced to resort to social assistance programs, especially in the event of a recession. It has been suggested that HRSDC and Statistics Canada are currently studying issues related to the analysis and publication of “exhaustee data”. The Committee supports these efforts and would like to see “exhaustee data” published more frequently and consistently to ensure that we have access to the best analysis needed to support EI reforms or new initiatives.

According to the report prepared by the Expert Panel on Older Workers, some older workers, especially those with low levels of education who lose a job in a declining industry (e.g., fishing, forestry, pulp and paper) or single-industry community, have considerable difficulty finding a new job. These “laid off older workers are vulnerable because their capacity to adjust in the labour market—such as by finding employment in a different industry or occupation—is limited. These vulnerable older workers are, therefore, an appropriate target group for policy intervention.”<sup>901</sup>

Subsequent to an evaluation of the Older Workers Pilot Projects Initiative, the federal government announced, on October 17, 2006, that it would introduce a federal-provincial cost-shared (70%-30%) program called the Targeted Initiative for Older Workers (TIOW).<sup>902</sup> The TIOW is targeted at older workers 55 to 64 years of age who have lost their jobs, are legally entitled to work in Canada, lack the skills needed to secure new

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900 Canada Employment Insurance Commission, *Employment Insurance Monitoring and Assessment Report 2008*, March 31, 2009, Chapter 5, p. 69.

901 Expert Panel on Older Workers, *Supporting and Engaging Older Workers in the New Economy*, p. 52, [http://www.rhdcc-hrsc.gc.ca/eng/publications\\_resources/imp/eow/2008/older\\_workers\\_2008.pdf](http://www.rhdcc-hrsc.gc.ca/eng/publications_resources/imp/eow/2008/older_workers_2008.pdf).

902 As of September 2009, agreements under this initiative have been signed with 11 provinces and territories. For more information on the initiative see Canada’s Economic Action Plan, *Targeted Initiative for Older Workers*, <http://www.actionplan.gc.ca/initiatives/eng/index.asp?mode=7&initiativeID=80>.

employment and reside in communities that are experiencing high unemployment or that rely heavily on a single employer or industry affected by downsizing or a closure.

Initially, the federal government's share of funding under this program was \$70 million over two years. Budget 2008 extended this program for three years to March 31, 2012 at a cost of \$90 million. Budget 2009 further increased funding for TIOW by \$60 million over the next three fiscal years. This additional spending will accommodate a change in the program's criteria by including all cities with a population of less than 250,000, including cities that are located near larger metropolitan areas. The change in eligibility criteria is expected to result in the inclusion of more than 250 additional communities.<sup>903</sup>

Members of Committee were told that some displaced older workers have no realistic opportunities for re-employment and, as a result, face the prospect of a prolonged period of joblessness until they are able to access Canada's public pension system. While TIOW addresses the needs of some displaced workers, many unemployed older workers are unable to participate in this program. And given the limited earning opportunities facing some of these workers, we were told that the federal government should re-establish an income support program for unemployed workers 55 to 64 years of age.<sup>904</sup>

Another measure that is part of the joint platform of Québec's four labour congresses is the creation of an income support program for older workers.

[...]

We are not asking the federal government to pay the entire bill. We have already approached the Québec government, and they have agreed to establish a program and to contribute 30% of the costs. It is now up to the federal government to buy into a program like that and to contribute 70% of the costs.<sup>905</sup>

Claude Faucher, Centrale des syndicats démocratiques

[T]he CSN has long been demanding a financial support program that would allow older workers who have lost their jobs to bridge the gap between the end of their employment insurance benefits and the beginning of their retirement benefits.

Since POWA [Program for Older Worker Adjustment] was cancelled in March of 1997, nothing has been done to help a whole category of workers who are more severely affected than young people during periods of unemployment. ... We made

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903 Human Resources and Skills Development Canada, *Fact Sheet – Skills Training and Transitions for Future Jobs*, February 19, 2009, <http://www.hrsdc.gc.ca/eng/corporate/budget/2009/sttfj.shtml>.

904 The Program for Older Worker Adjustment (POWA) was introduced in 1987. The primary objective of POWA was to provide income support to displaced older workers (i.e., 55 to 64 years of age), who had little or no chance of finding new employment, until they reached the age of retirement. POWA was a federal-provincial cost-shared initiative, with the federal government paying for 70% of the cost. Not all provinces participated in POWA, a factor which may have contributed to the program's demise in 1996-1997.

905 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 28, May 13, 2009 at 09:40 and 09:45.

representations to the Government of Québec which were acted on. Unfortunately, there has been no response from the federal government.<sup>906</sup>

Denise Boucher, Confédération des syndicats nationaux

Members of the Committee recognize that there is a need for both active labour market programming and income support to help displaced older workers, especially those with low levels of education and skills, make a successful transition to a new job and/or retirement. The Expert Panel on Older Workers made proposals in this regard that relate to changing the treatment of severance payments to long-tenured workers for the purposes of EI, making greater use of the employment benefit called temporary earnings supplements to encourage older workers to accept low-paid employment, and extending the duration of regular benefits for long-tenured workers.<sup>907</sup> Members of the Committee encourage the federal government to review the extent to which the TIOW underserves the adjustment needs of displaced older workers in all communities and, as required, make the necessary adjustments to enhance program participation. Finally, as recommended in our report entitled *Employability in Canada: Preparing for the Future*, we suggest that the federal government examine ways to better accommodate concurrent work and partial pension payments. In addition, we think that the Ministers of Finance, in their next triennial review of the CPP, should examine the feasibility of paying non-adjusted CPP pensions to workers between 60 and 64 years of age, provided their incomes are below a prescribed threshold. All these proposed measures should have an impact on the rates of low income among displaced older workers.

### **Recommendation 6.3.3**

**The Committee recommends that the federal government implement more income support and active labour market measures to assist displaced older workers, especially low-income workers between the ages of 60 and 64, who face the prospect of persistent unemployment.**

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906 Committee, *Evidence*, 2<sup>nd</sup> Session, 40<sup>th</sup> Parliament, Meeting No. 29, May 13, 2009 at 10:45.

907 Expert Panel on Older Workers, *Supporting and Engaging Older Workers in the New Economy*, pp. 57-60, [http://www.rhdcc-hrsdc.gc.ca/eng/publications\\_resources/lmp/eow/2008/older\\_workers\\_2008.pdf](http://www.rhdcc-hrsdc.gc.ca/eng/publications_resources/lmp/eow/2008/older_workers_2008.pdf).



## CONCLUSION

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Poverty remains present even in an advanced economy like ours. And certainly the recent recession did nothing to improve matters. Since most Canadians regard poverty as unacceptable, they would hope for actions from governments towards eliminating or at least reducing it.

So far six provinces, including the two with the largest populations, have put in place poverty reduction programs, and the witnesses we heard in the course of our study confirmed that Canadians want the federal government to go ahead with its own poverty reduction plan for Canada.

We are recommending that the federal government join with the provinces to introduce an action plan for reducing poverty in Canada, based on the recommendations in this report. The plan should be accompanied by a poverty reduction fund that could be used to support provincial and territorial initiatives. One department should be responsible for following up on progress achieved.

Most of the recommended measures involve programs for our society's most vulnerable members: children, low-income earners, Aboriginal people, seniors, people with disabilities.

The Committee realizes that some of its recommendations will take time to be implemented, but on others the government can act rapidly.

The members of the Committee earnestly hope that this report, which is the result of long and rigorous work, will lead to the adoption of a federal poverty reduction plan that will improve the quality of life of low-income Canadians and substantially reduce poverty in Canada. The investments made over the next few years could prove highly profitable, since it is recognized that reducing poverty leads to reduced costs for health care, the criminal justice system, social programs and so on, and increases the economic contribution of a part of the population whose talents are not currently being exploited to their full potential.

The Committee's members want to thank wholeheartedly all the witnesses and organizations that participated in making our study a reality, either by appearing before the Committee, submitting briefs to us or welcoming us into their communities. Without their informed support and their patience, this report could never have been completed.



## **LIST OF RECOMMENDATIONS**

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### **Recommendation 3.1.1**

The Committee recommends that the federal government immediately commit to a federal action plan to reduce poverty in Canada that would see, during its first phase, the implementation of the recommendations in this report.

This action plan should incorporate a human rights framework and provide for consultations with the provincial and territorial governments, Aboriginal governments and organizations, the public and private sector, and people living in poverty, as needed, to ensure an improvement in lives of impoverished people.

The action plan should be reviewed every five years and should follow a three-step process: consultation, revision, and reporting to Parliament.

### **Recommendation 3.2.1**

The Committee recommends that at their next meeting, First Ministers start negotiations regarding the creation of a new federal transfer (e.g., a federal poverty reduction fund) to support provincial and territorial poverty reduction initiatives.

### **Recommendation 3.3.1**

The Committee recommends that the federal government establish a lead department (e.g., Human Resources and Skills Development Canada) or departments, including a specific poverty reduction office or secretariat, to oversee the creation and implementation of a federal action plan to reduce poverty in Canada.

Furthermore, to promote consultation and collaboration among the different federal departments and agencies, the Committee recommends the creation of an interdepartmental working group or cabinet committee for poverty reduction to be headed by the minister in charge of the lead department.

### **Recommendation 3.3.2**

The Committee recommends that the Minister of Human Resources and Skills Development Canada should see that the mandate and capacity of the National Council of Welfare be expanded to allow it to:

- create an advisory committee on poverty reduction comprised of people living in poverty and other relevant experts to work closely with the Council to oversee the progress of the federal action plan to reduce poverty in Canada and to advise the lead minister(s) accordingly;
- assist in the development of measures and indicators and undertake research with respect to the implementation of the federal action plan to reduce poverty and other issues related to poverty;
- submit a written report to the lead minister(s) annually on its findings with regard to the progress made toward the goals established under the federal action plan to reduce poverty in Canada, that shall then be tabled before both Houses of Parliament by the minister(s);
- work with the various levels of government and the non-profit and voluntary sectors to build partnerships and raise knowledge of local, provincial-territorial and federal initiatives contributing to the reduction of poverty in Canada; and
- promote a greater understanding of poverty through public awareness campaigns.

#### **Recommendation 3.3.3**

The Committee recommends that the lead department(s) (e.g., Human Resources and Skills Development Canada), and/or the office or secretariat responsible for the implementation of the proposed federal action plan to reduce poverty in Canada, in consultation with the National Council of Welfare and Statistics Canada:

- examine the advantages and disadvantages of existing measures of low income;
- assess the need for other indicators of material and social deprivation;
- decide on a suite of measures and indicators that would provide effective information to monitor progress on the implementation of the proposed federal action plan to reduce poverty in Canada; and
- advise the Government of Canada to adopt this suite of poverty measures in a regulatory or otherwise flexible format which may evolve to accommodate changing best-practices in the measurement of poverty in Canada.

#### **Recommendation 3.3.4**

The Committee recommends that the federal government adequately fund the collection of data based on the suite of measures of poverty that it will have adopted to ensure that data are available as needed

to inform the monitoring and reporting processes as set in the proposed federal action plan to reduce poverty in Canada.

#### **Recommendation 3.4.1**

The Committee recommends that the federal government examine the Treasury Board's policy on grant and contribution programs with a view to encouraging program administrators to simplify the application process and adopt a more risk-based approach to auditing agreements. Moreover, applications made by community non-profit organizations that have demonstrated an ability to provide effective, high-quality programming and/or that involve partnering by pooling of resources to provide more comprehensive programming should be assessed and administered favourably, while still ensuring a fair review process of all applications.

#### **Recommendation 3.4.2**

The Committee recommends that the federal government review the spending priorities under the Social Development Partnerships Program and expand the client groups served under this program. Spending under this program should be increased and targeted at innovative and effective programs delivered by non-profit organizations whose primary purpose is to strengthen the communities in which they operate and provide services and support to those who need it most. Furthermore, funding for these organizations should be made available on a multi-year basis.

#### **Recommendation 3.4.3**

The Committee recommends that the federal government provide a more generous charitable tax credit targeted at community non-profit organizations that are dedicated to poverty reduction, and consider other tax policies that would serve the same purpose.

#### **Recommendation 3.4.4**

The Committee recommends that the federal government review and implement quickly the required legislative and regulatory reforms to allow core non-profit organizations, especially those that rely on charitable donations and earned income, to better meet their growing revenue needs.

#### **Recommendation 4.1.1**

The Committee recommends that the federal government incrementally increase the annual amount of the Canada Child Tax Benefit—including both the base benefit and the National Child Benefit Supplement—to reach a minimum of \$5,000 per child within five years' time.

#### **Recommendation 4.1.2**

**The Committee recommends that the federal government appoint an expert panel to thoroughly evaluate the effectiveness of the Universal Child Care Benefit (UCCB) as a tool for supporting early learning and child care. The impact of the UCCB on reducing poverty in Canada should also be examined. The findings of the panel should be made public, and the government should follow up on their recommendations.**

#### **Recommendation 4.1.3**

**The Committee recommends that the federal government work with provincial and territorial governments and stakeholders to develop and implement a national strategy on early childhood education and care, including the creation of a national public child care system, while respecting that Québec already has its own public network of child care centres since 1997 and recognizing its right to opt out with full compensation.**

#### **Recommendation 4.2.1**

**Given the lack of consistency in the definitions of disability and eligibility criteria across federal disability programs, the Committee recommends that the federal government ensure that those who qualify for the Canada Pension Plan Disability automatically qualify for the Disability Tax Credit. The Committee further recommends that the federal government initiate discussions with the provincial and territorial governments to bring some consistency and coherence to the definitions of disability used by programs in all jurisdictions.**

#### **Recommendation 4.2.2**

**The Committee recommends that the federal government double the budget for the Vocational Rehabilitation Program and begin to measure the long-term impact of this program on the success of clients' return to work and the total economic benefits associated with these outcomes.**

#### **Recommendation 4.2.3**

**The Committee recommends that the federal government extend EI sickness benefits up to 50 weeks for those who suffer from a prolonged and serious illness.**

#### **Recommendation 4.2.4**

**The Committee recommends that the federal government increase the duration of the EI compassionate care benefit from six to 12 weeks and provide access in cases of serious illnesses other than palliative care cases such as episodic disabilities.**

#### **Recommendation 4.2.5**

The Committee recommends that the federal government create a federal basic income program for persons with disabilities and support a disability-related supports program to be delivered by the provinces and territories.

#### **Recommendation 4.2.6**

As a first step in addressing the needs of the poorest of Canadians with severe disabilities, the Committee recommends that the federal government amend the *Income Tax Act* to make the Disability Tax Credit a refundable credit and ensure that new federal benefits for persons with disabilities are not clawed back from those receiving social assistance payments.

#### **Recommendation 4.2.7**

The Committee recommends that the federal government increase funding for the Opportunities Fund; expand the terms and conditions of this program to support effective long-term interventions and skills development opportunities, especially with respect to essential skills training; and take concrete steps to raise awareness and promote the program to potential clients, employers and service providers.

#### **Recommendation 4.2.8**

The Committee recommends that the federal government include specific allocations and targets for persons with disabilities in Labour Market Agreements and Labour Market Development Agreements.

#### **Recommendation 4.2.9**

The Committee recommends that the federal government invest infrastructure funds in accessible and affordable public transportation so as to ensure that all Canadians with or without disabilities, no matter where they live, have access to transportation.

#### **Recommendation 4.2.10**

The Committee recommends that the Canadian Transportation Agency meet at least annually with its Accessibility Advisory Committee and that it actively involve the Advisory Committee in the development of its monitoring and compliance methodology.

#### **Recommendation 4.2.11**

The Committee recommends that the federal government revise its decision not to fund the Participation and Activity Limitation Survey in 2011 and commit to providing financial support for this valuable policy and research tool on an ongoing basis.

#### **Recommendation 4.3.1**

**The Committee recommends that the federal government make changes to the Guaranteed Income Supplement (GIS), in particular by increasing benefits (especially those to persons living alone), increasing or indexing the basic exemption for employment income, and excluding Canada Pension Plan benefits from the income calculation for the GIS, and that the federal government systematically verify eligibility of pensioners to the GIS and allow an individual to apply for a pension and/or the GIS by adding a question to that effect in the tax return.**

#### **Recommendation 4.3.2**

**The Committee recommends that the federal government increase the Canada Pension Plan replacement rate and exclude from the benefit calculation the time spent caring for a gravely ill person, in the same way that time spent caring for a child under the age of seven is currently excluded.**

#### **Recommendation 4.4.1**

**The Committee recommends that the federal government take immediate steps to endorse the United Nations Declaration on the Rights of Indigenous Peoples and implement the standards set out in this document.**

#### **Recommendation 4.4.2**

**The Committee recommends that the federal government, in partnership with provincial/territorial governments and Aboriginal governments and stakeholders, take immediate steps to strengthen the commitment to provide high-quality, culturally relevant elementary and secondary education to Aboriginal students; provide better support to Indigenous educational institutions; and improve access to post-secondary education for Aboriginal people.**

#### **Recommendation 4.4.3**

**The Committee recommends that, given the recent and ongoing increase in the Aboriginal children population, the 2% cap on spending increases be eliminated and replaced by funding based on actual costs and needs.**

#### **Recommendation 4.4.4**

**The Committee recommends that the federal government ensure that the new Aboriginal Skills and Employment Training Strategy is adequately funded and is responsive to the needs of all Aboriginal people. A formative evaluation of this new strategy should be conducted within 18 months and Human Resources and Skills Development Canada should share the results of this evaluation with our Committee.**



#### **Recommendation 4.4.5**

**The Committee recommends that the federal government take action to eliminate the gap in well-being between Aboriginal children and non-Aboriginal children by granting as a first step adequate funding to social programs that provide early intervention services to First Nations, Inuit and Métis children and their families including the Aboriginal Head Start program and the First Nations Inuit and Child Care Initiative.**

#### **Recommendation 4.4.6**

**The Committee recommends that the federal government provide adequate funding for First Nations' child welfare agencies to deliver in-home support and prevention services to First Nations children and their families**

#### **Recommendation 4.4.7**

**The Committee recommends that Aboriginal housing be a component of the federal action plan to reduce poverty in Canada. The plan should include targets, timelines and indicators toward reducing poverty and ensuring greater equity between the living standards of Aboriginal and non-Aboriginal people. This component of the plan should be developed in collaboration with Aboriginal organizations and governments.**

**Furthermore, the Committee recommends that the federal government work in partnership with Aboriginal government and stakeholders to immediately address the housing crisis in Aboriginal communities and ensure that all Aboriginal people have access to affordable, safe and adequate housing.**

#### **Recommendation 4.4.8**

**The Committee recommends that the federal government conduct an evaluation of the Urban Aboriginal Strategy, including a review of results obtained, an examination of the adequateness of funding and an assessment of the need to potentially extend this program to more cities, to reach the increasing proportion of the Aboriginal population living in other urban areas than those currently covered under this strategy.**

#### **Recommendation 4.5.1**

**The Committee recommends that the federal government increase the goods and services tax credit by more than the scheduled increases tied to the Consumer Price Index.**

#### **Recommendation 4.5.2**

**The Committee recommends that the federal government increase its contribution to public transit, in particular by making the public transit pass tax credit refundable or by increasing its contribution to the Public Transit Capital Trust.**

#### **Recommendation 4.5.3**

**The Committee recommends that the federal government continue negotiations to reach an agreement on the National Pharmacare Strategy.**

#### **Recommendation 5.1.1**

**The Committee recommends that the federal government immediately undertake a study to determine the feasibility of eliminating capital gains taxes on donations of real estate to registered charities for the purpose of affordable housing and that it conduct a thorough evaluation of additional tax measures that could promote the creation of affordable housing in Canada.**

#### **Recommendation 5.2.1**

**The Committee recommends that the federal government commit to preserving Canada's existing affordable housing stock, which is at risk with the upcoming expiration of long-term social housing agreements. Current levels of spending on affordable housing must increase, with additional funding provided as needed.**

#### **Recommendation 5.2.2**

**The Committee recommends that the federal government fund the Homelessness Partnering Strategy, the Affordable Housing Initiative and the Residential Rehabilitation Assistance Program on a permanent basis, and regularly review funding levels to ensure that the programs meet the housing needs of Canadians.**

#### **Recommendation 5.2.3**

**The Committee recommends that the federal government ensure that the measures announced in Budget 2009 for the construction of social housing units for low-income seniors, people with disabilities, Aboriginal people, and areas of the North are promptly delivered. The housing situation of these target groups should be monitored closely, and the need for more funding should be regularly assessed.**

#### **Recommendation 5.2.4**

**The Committee recommends that all federal funding agreements for the construction or retrofit of social housing include a requirement that a certain percentage of units respect universal design principles. The federal government should also actively promote the importance of opting for a universal design in all new infrastructures.**

#### **Recommendation 5.2.5**

**The Committee recommends that the federal government, in collaboration with provincial and territorial governments, municipalities, service providers and other stakeholders, develop a comprehensive, long-term national housing strategy. The strategy should address the problem of homelessness, as well as the need for adequate and affordable housing in Canada, with the goal of providing a range of housing solutions to meet the needs of Canada's diverse population. It should provide for sustained funding to tackle these issues and include measurable goals, timelines, and accountability mechanisms.**

#### **Recommendation 6.1.1**

**The Committee recommends that the federal government change the loans and grants system so that all financial parameters, including the maximum amount of assistance and grants, are indexed to the annual changes in the Consumer Price Index.**

#### **Recommendation 6.1.2**

**The Committee recommends that the federal government conduct an exhaustive review of the problems relating to access to postsecondary education and student debt and make the necessary changes to the loans and grants it provides and to student debt management measures.**

#### **Recommendation 6.1.3**

**The Committee recommends that the federal government take steps to substantially increase adult literacy levels, in particular by increasing funding for the literacy and life skills program and through measures to encourage newcomers to learn English or French.**

#### **Recommendation 6.1.4**

**The Committee recommends that the federal government take steps to increase adult learning and training offered by businesses, through employment insurance, labour market and labour market development agreements, and grants or tax credits for training.**

#### **Recommendation 6.1.5**

**The Committee recommends that the federal government follow the work of the Task Force on Financial Literacy and implement its recommendations, if they are effective and achievable, in order to enhance Canadian's financial knowledge.**

#### **Recommendation 6.1.6**

**The Committee recommends that the federal government follow the recommendations of the Advisory Panel on Labour Market Information to improve the quality of labour market information in order to increase the employability of young people and immigrants.**

#### **Recommendation 6.1.7**

**The Committee recommends that the Knowledge Infrastructure Program be made permanent, with a sufficient budget to maintain high-quality college and university infrastructure.**

#### **Recommendation 6.1.8**

**The Committee recommends that the federal government encourage training for persons with mental health problems in particular by providing additional financial support to the Mental Health Commission of Canada to support pilot projects or other research projects relating to training.**

#### **Recommendation 6.2.1**

**The Committee recommends that the federal government continue to monitor the Working Income Tax Benefit to ensure that it achieves its intended results and be prepared to continue to expand this measure.**

#### **Recommendation 6.2.2**

**The Committee recommends that the House of Commons instruct the appropriate Parliamentary Committee to undertake the required quinquennial review of the *Employment Equity Act*. In preparation for this review, the government should provide that Committee with a current assessment of the *Employment Equity Act* and options for improving its effectiveness.**

#### **Recommendation 6.2.3**

**The Committee recommends that the federal government continue to monitor and strengthen its pay equity regime with the view to ensuring that all workers in the federal jurisdiction are equitably remunerated and that all pay equity complaints are resolved in a timely fashion.**

#### **Recommendation 6.2.4**

**The Committee recommends that the federal government move quickly to modernize Part III of the *Canada Labour Code*. The proposed legislative reforms must provide the requisite balance between the needs of employers and employees as well as adequately capture the changes that have occurred in the Canadian workplace over the last several decades, particularly relating to changes in work time and work arrangements.**

### **Recommendation 6.2.5**

**The Committee recommends that the federal government increase the budget for social economy initiatives and that this increased funding be used to promote job creation among low-income individuals, especially those who face serious barriers finding and securing a job.**

### **Recommendation 6.3.1**

**The Committee recommends that the federal government immediately adjust and index the income threshold used to determine eligibility for the Family Supplement under the Employment Insurance program.**

### **Recommendation 6.3.2**

**The Committee recommends that the federal government provide a fair and adequate wage replacement for all unemployed individuals who can demonstrate a reasonable attachment to the labour force. Moreover, the program's financing structure should afford premium payers long-term premium rate stability.**

### **Recommendation 6.3.3**

**The Committee recommends that the federal government implement more income support and active labour market measures to assist displaced older workers, especially low-income workers between the ages of 60 and 64, who face the prospect of persistent unemployment.**



# APPENDIX A

## List of Witnesses Second Session, 39th Parliament

Organizations and Individuals	Date	Meeting
<b>Department of Human Resources and Social Development Canada</b>	2008/04/10	23
Frank Fedyk, Associate Assistant Deputy Minister, Strategic Policy and Research Branch		
Doug Murphy, Assistant Director, Economic Security Policy		
Shawn Tupper, Director General, Social Policy Directorate		
<b>National Council of Welfare</b>		
Sheila Regehr, Director		
Diane Richard, Researcher and Policy Advisor		
<b>Statistics Canada</b>		
Sylvie Michaud, Director, Income Statistics Division		
Garnett Picot, Director General, Socio-Economic and Business Analysis Branch		
<b>Canadian Association of Social Workers</b>	2008/04/15	24
Glenn Drover, Social Worker and Social Policy Consultant		
Drummond White, Social Worker and Board of Director Member - Ontario		
<b>Canadian Council on Social Development</b>		
Katherine Scott, Vice-President, Research		
<b>Informetrica Limited</b>		
Richard Shillington, Senior Associate		
<b>As Individuals</b>	2008/04/17	25
Chris Sarlo, Professor, Department of Economics, Nipissing University		
Monica Townson, Research Associate, Canadian Centre for Policy Alternatives		
<b>Canadian Association of Food Banks</b>		
Wayne Hellquist, Chief Executive Officer, Regina and District Food Bank		
Shawn Pegg, Manager, Policy and Research		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Federation of Canadian Municipalities</b> Michael Buda, Acting Deputy Director, Policy Michel Frojmovic, Consultant	2008/04/17	25
<b>Government of Newfoundland and Labrador</b> Aisling Gogan, Director, Poverty Reduction Strategy Division, Department of Human Resources, Labour and Employment Hon. Shawn Skinner, Minister of Human Resources, Labour and Employment Lynn Vivian-Book, Assistant Deputy Minister, Income, Employment and Youth Services Branch, Department of Human Resources, Labour and Employment	2008/06/10	36
<b>Economic and Social Research Institute, Ireland</b> Tim Callan, Professor <b>Government of Ireland</b> Bevin Cody, Head, Communications and Public Affairs, Combat Poverty Agency Gerry Mangan, Director, Office for Social Inclusion Kevin O'Kelly, Director, Combat Poverty Agency	2008/06/12	37
<b>New Policy Institute (London, UK)</b> Peter Kenway, Director <b>University of Bristol</b> David Gordon, Director, Townsend Centre for International Poverty Research, School of Policy Studies	2008/06/17	38



# APPENDIX A

## List of Witnesses Second Session, 40th Parliament

Organizations and Individuals	Date	Meeting
<b>Department of Human Resources and Skills Development</b>	2009/02/26	6
Frank Fedyk, Associate Assistant Deputy Minister, Strategic Policy and Research Branch		
Shawn Tupper, Director General, Social Policy Directorate		
<b>Statistics Canada</b>		
Sylvie Michaud, Director General, Labour and Household Surveys Branch		
Garnett Picot, Director General, Socio-Economic and Business Analysis Branch		
<b>Caledon Institute of Social Policy</b>	2009/03/10	9
Ken Battle, President		
Sherri Torjman, Vice-President		
<b>Canadian Policy Research Networks</b>		
Nicole Pollack, Researcher		
Glen Roberts, Vice-President, Research and Development		
Michael Williamson, Director, Work & Learning		
<b>Centre for the Study of Living Standards</b>		
Andrew Sharpe, Executive Director		
<b>As Individual</b>	2009/03/12	10
Right Hon. Iain Duncan Smith, Founder and Chairman, Centre for Social Justice		
<b>Government of Ontario</b>		
Hon. Deb Matthews, Minister of Children and Youth Services, Minister Responsible for Women's Issues and Chair of the Cabinet Committee on Poverty Reduction		
<b>As Individual</b>	2009/03/24	11
Alain Noël, Professor, Department of Political Science, Université de Montréal		
<b>Canadian Feminist Alliance for International Action</b>	2009/03/31	12
Leilani Farha, Member of the Steering Committee		
<b>Canadian Paediatric Society</b>		
Andrew Lynk, Chair, Action Committee for Children and Teens		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Child Care Advocacy Association of Canada</b> Jody Dallaire, Chairperson	2009/03/31	12
<b>Canadian Mental Health Association</b> Taylor Alexander, Chief Executive Officer, National Office Ruth-Anne Craig, Executive Director, Manitoba Division	2009/04/02	13
<b>Causeway Work Centre</b> Don Palmer, Executive Director		
<b>National Network for Mental Health</b> Carmela Hutchison, Past President and Member		
<b>Ottawa Salus Corporation</b> Carolyn Buchan, President, Board of Directors Margaret Singleton, Executive Director		
<b>Canadian Co-operative Association</b> Lynne Markell, Advisor, Government Affairs and Public Policy	2009/04/23	15
<b>Canadian Housing and Renewal Association</b> Geoffrey Gillard, Acting Executive Director		
<b>Centre for Equality Rights in Accommodation</b> Bruce Porter, Consultant and former Executive Director		
<b>Co-operative Housing Federation of Canada</b> Nicholas Gazzard, Executive Director, National Office		
<b>Canada Without Poverty</b> John Courtneidge, Outreach and Policy Kelly Law, Associate Director	2009/04/28	16
<b>Canadian Centre for Policy Alternatives</b> Armine Yalnizyan, Senior Economist		
<b>Make Poverty History</b> Dennis Howlett, National Coordinator		
<b>Mental Health Commission of Canada</b> Jayne Barker, Director of Policy and Research Howard Chodos, Director, Mental Health Strategy Hon. Michael J. L. Kirby, Chair Micheal Pietrus, Director, Anti-stigma/Anti-discrimination Campaign	2009/04/30	17
<b>Active Living Alliance for Canadians with a Disability</b> Jane Arkell, Executive Director Jason Dunkerley, Coordinator, All Abilities Welcome	2009/05/07	19

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Canadian Association for Community Living</b> Anna MacQuarrie, Director, Government Relations and Strategic Initiatives	2009/05/07	19
<b>Canadian Paraplegic Association</b> Bruce Drewett, President Courtney Keenan, Vice-President		
<b>Council of Canadians with Disabilities</b> Marie White, National Chairperson		
<b>DisAbled Women's Network of Canada</b> Bonnie L. Brayton, National Executive Director		
<b>Independent Living Canada</b> Rick Goodfellow, National Chairperson		
<b>Community Action on Homelessness</b> Claudia Jahn, Program Director	2009/05/11	20
<b>Community Coalition to End Poverty in Nova Scotia</b> Rene Ross, Executive Director, Stepping Stone Association		
<b>Nova Scotia Legal Aid</b> Andrew Waugh, Barrister and Solicitor		
<b>Canadian Union of Public Employees - Nova Scotia</b> Betty Jean Sutherland, Equality Representative	2009/05/11	21
<b>Face of Poverty Consultation</b> Alasdair Sinclair, Professor Emeritus (Economics), Dalhousie University		
<b>Saint Leonard's Society of Nova Scotia</b> Michael Poworoznyk, Director of Operations		
<b>North End Community Health Centre</b> Sharon Lawlor, Health Team Manager Patti Melanson, Coordinator, Mobile Outreach Street Health Program	2009/05/11	22
<b>Nova Scotia Association of Women's Centres</b> Louise Smith MacDonald, Coordinator		
<b>Phoenix Youth Programs</b> Timothy Crooks, Executive Director		
<b>Salvation Army</b> Robert Lundrigan, Assistant Executive Director, Halifax Booth Centre	2009/05/11	23

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>United Way of Halifax Region</b> Paul Shakotko, Manager, Neighbourhood Change	2009/05/11	23
<b>YWCA Halifax</b> Tanis Crosby, Executive Director		
<b>Chignecto Presbytery of the United Church of Canada</b> Steve Berubé, Reverend	2009/05/12	24
<b>Common Front for Social Justice of New Brunswick</b> Auréa Cormier, Member of the Provincial Council		
<b>New Brunswick Coalition for Pay Equity</b> Johanne Perron, Executive Director		
<b>As Individual</b> Bernard Richard, Ombudsman and Child and Youth Advocate	2009/05/12	25
<b>Fredericton Anti-Poverty Organization</b> Dan Weston, Coordinator		
<b>Fredericton Homeless Shelters</b> Brian Duplessis, Executive Director		
<b>Fundy Community Foundation</b> John Castell, Member, Moving Forward Together Steering Committee		
<b>John Howard Society of New Brunswick</b> Kelly Wilson, Executive Director, Charlotte County		
<b>As Individual</b> Leah Levac	2009/05/12	26
<b>Karing Kitchen Inc.</b> Lillian MacMellon, Director		
<b>New Brunswick Association of Social Workers</b> Miguel LeBlanc, Executive Director		
<b>New Brunswick Non-Profit Housing Association</b> Gary Glauser, Policy and Conference Coordinator		
<b>Poverty Reduction Initiative</b> Phyllis Mockler-Caissie, Project Manager		
<b>As Individual</b> Sue Rickards, Community Development	2009/05/12	27
<b>Business Community Anti-Poverty Initiative Inc.</b> Monica Chaperlin, Coordinator		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Salvus Clinic</b> Susan Crouse	2009/05/12	27
<b>Vibrant Communities Saint John</b> Wendy MacDermott, Coordinator		
<b>Voice of Real Poverty Inc.</b> Bethany Thorne-Dykstra, President		
<b>Volunteer Centre of Charlotte County Inc.</b> Donna Linton, Coordinator		
<b>AGAPE</b> Betty McLeod, Treasurer Sylvie St-Martin, Director General	2009/05/13	28
<b>Assembly of First Nations of Quebec and Labrador</b> Ghislain Picard, Regional Chief		
<b>Au bas de l'échelle</b> Mélanie Gauvin, National Spokesperson, Front de défense des non-syndiqué-Es		
<b>Centrale des syndicats démocratiques</b> Claude Faucher, Vice-President		
<b>Centrale des syndicats du Québec</b> Nicole de Sève, Manager, Social issues Daniel Lafrenière, Vice-President		
<b>Confédération des syndicats nationaux (CSN)</b> Denise Boucher, Vice-President	2009/05/13	29
<b>Jardin de la Famille de Fabreville</b> Janine L'Archevêque, Director General and Co-Founder		
<b>Regroupement des cuisines collectives du Québec</b> Germaine Chevrier, Delegated Spokesperson Thérèse Mazerolle, Board Member		
<b>Union des consommateurs</b> Élisabeth Gibeau, Social and Fiscal Policies Analyst		
<b>Association coopérative d'économie familiale de la Rive-Sud de Montréal</b> Marie-Édith Trudel, Coordinator	2009/05/13	30
<b>Front commun des personnes assistées sociales du Québec</b> Nicole Jetté, Spokesperson		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Front d'action populaire en réaménagement urbain</b> François Saillant, Coordinator	2009/05/13	30
<b>Maison de la famille de Laval-Ouest</b> Annie Pothier, Coordinator		
<b>Maison des jeunes de Laval Ouest</b> Francis Vermette, Director General		
<b>Association of Canadian Community Colleges</b> Terry Anne Boyles, Vice-President, Public Affairs	2009/05/26	31
<b>Canadian Council on Learning</b> Paul Cappon, President and Chief Executive Officer		
<b>Canadian Federation of University Women</b> Susan Russell, Executive Director		
<b>Canadian Teachers' Federation</b> Calvin Fraser, Secretary General Emily Noble, President		
<b>Institute of Marriage and Family Canada</b> Dave Quist, Executive Director	2009/05/28	32
<b>Mennonite Central Committee Canada</b> Greg deGroot-Maggetti, Poverty Advocate		
<b>United Way of Canada</b> Émilie Potvin, Vice-President, Communications		
<b>United Way Québec and Chaudière-Appalaches</b> Pierre Métivier, President and Chief Executive Officer		
<b>As Individual</b> Rev. Ronald Berresford, Reverend	2009/06/01	33
<b>Brampton Neighbourhood Resource Centre</b> Daniel Cullen, Coordinator		
<b>Campaign 2000</b> Laurel Rothman, National Co-ordinator		
<b>Food Banks Canada</b> Shawn Pegg, Manager of Policy and Research		
<b>South Etobicoke Social Reform Committee</b> Patricia Smiley, Member		
<b>ABC CANADA Literacy Foundation</b> Margaret Eaton, President	2009/06/01	34

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>African Canadian Legal Clinic</b> Marie Chen, Staff Lawyer Heather Kere, Court Worker	2009/06/01	34
<b>AfriCana Village and Museum</b> Trevor David, President		
<b>Alliance for Equality of Blind Canadians</b> John Rae, First Vice-President		
<b>Atkinson Charitable Foundation</b> John Stapleton, Senior Policy Advisor		
<b>Frontier College</b> Sherry Campbell, President		
<b>C.D. Howe Institute</b> Claire de Oliveira, Research Fellow	2009/06/01	35
<b>Canadian Arab Federation (CAF)</b> Mohamed Boudjenane, National Executive Director		
<b>Canadian Business for Social Responsibility</b> Wendy Campbell, Director of Programs		
<b>Canadian Council of Churches</b> Maylanne Maybee, Coordinator for Eco-Justice Networks Peter Noteboom, Associate Secretary of the commission on Justice and Peace		
<b>Canadian Jewish Congress</b> Melanie Simons, Director, Social Policy		
<b>Canadian Women's Foundation</b> Beverley Wybrow, President and Chief Executive Officer		
<b>As Individual</b> Cathy Crowe, Street Nurse	2009/06/01	36
<b>Colour of Poverty Campaign</b> Grace-Edward Galabuzi, Member of the Steering Committee		
<b>Community Social Planning Council of Toronto</b> John Campey, Executive Director		
<b>COSTI Immigrant Services</b> Mario Calla, Executive Director		
<b>Humanity First</b> Naumana Khan, Program Director		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>As Individual</b> John Myles, Canada Research Chair in the Social Foundations of Public Policy, University of Toronto	2009/06/01	37
<b>Hamilton Roundtable for Poverty Reduction</b> Mark Chamberlain, Chair		
<b>Income Security Advocacy Centre (ISAC)</b> Sarah Blackstock, Research and Policy Analyst		
<b>Lone Mothers: Building Social Inclusion</b> Judit Alcalde, Research Director Elita McAdam, Research Assistant		
<b>Low Income Families Together (LIFT)</b> Josephine Grey, Executive Director		
<b>Multiple Sclerosis Society of Canada</b> Yves Savoie, President and Chief Executive Officer		
<b>Ontario Association of Food Banks (OAFB)</b> Adam Spence, Executive Director	2009/06/02	38
<b>Ontario Coalition for Social Justice</b> David Langille, Co-chair		
<b>Ontario Council of Agencies Serving Immigrants (OCASI)</b> Debbie Douglas, Executive Director		
<b>Pathways to Education Canada</b> David Hughes, President and Chief Executive Officer		
<b>Peel Poverty Action Group (PPAG)</b> Edna Toth, Chair		
<b>Elementary Teachers' Federation of Ontario</b> Barbara Burkett, Vice-President	2009/06/02	39
<b>Ontario Teachers' Federation</b> Reno Melatti, First Vice-President		
<b>Social and Enterprise Development Innovations (SEDI)</b> Barbara A. Gosse, Director, Asset-Building Initiatives		
<b>Toronto City Summit Alliance</b> John Stapleton, Research Director		
<b>Childcare Resource and Research Unit (CRRU)</b> Martha Friendly, Executive Director	2009/06/02	40



<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Citizen's Income Toronto</b> Tim Rourke, Coordinator	2009/06/02	40
<b>Green Pastures Society</b> Kofi Hadjor, Founder and Research Director		
<b>Recession Relief Fund Coalition</b> John Andras, Co-Founder		
<b>South Asian Women's Rights Organization</b> Sultana Jahangir, Executive Director		
<b>Wellesley Institute</b> Michael Shapcott, Director, Affordable Housing and Social Innovation		
<b>Canadian Pensioners Concerned Inc.</b> Sylvia Hall, Director and Treasurer	2009/06/02	41
<b>Centre for Addiction and Mental Health</b> Diana Capponi, Coordinator of Employment Works!		
<b>Children's Aid Society of Toronto</b> Colin Hughes, Social Worker, Community Development and Prevention Program		
<b>FOR Women's Autonomy, Rights and Dignity (FORWARD)</b> Patricia Cummings-Diaz, Co-Chair		
<b>Ontario March of Dimes</b> Steven Christianson, Manager, Government Relations and Advocacy		
<b>Ontario Non-Profit Housing Association</b> Diana Summers, Manager of Policy, Research and Government Relations		
<b>Habitat for Humanity Canada</b> Wayne de Jong, Vice-President, International Programs and Strategic Partnerships	2009/06/02	42
<b>Metro Toronto Chinese and Southeast Asian Legal Clinic</b> Avvy Yao-Yao Go, Director		
<b>Registered Nurses' Association of Ontario</b> Theresa Agnew, Member at Large, Socio-political Affairs		
<b>Voices From the Street</b> Michael Creek, Coordinator		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<p><b>Canada's Association for the Fifty-Plus</b>  Susan Eng, Vice-President, Advocacy  Anne Gravel, Researcher, Policy Development</p>	2009/06/09	43
<p><b>Citizens for Public Justice</b>  Karri Munn-Venn, Analyst, Socio-Economic Policy</p>		
<p><b>Community Foundations of Canada</b>  Sara Lyons, Senior Advisor  Monica Patten, President and Chief Executive Officer</p>		
<p><b>Aboriginal Homelessness Steering Committee</b>  Patrick R. Stewart, Chair</p>	2009/11/30	60
<p><b>BC Poverty Reduction Coalition</b>  Darryl Quantz, Member,  Chair of the Policy Committee of the Public Health Association  of British Columbia</p>		
<p><b>Carnegie Community Action Project</b>  Jean Swanson, Co-ordinator</p>		
<p><b>First Call: B.C. Child and Youth Advocacy Coalition</b>  Adrienne Montani, Provincial Co-ordinator</p>		
<p><b>First Nations Environmental Network of Canada</b>  Steve Lawson, National Coordinator</p>		
<p><b>Fraser River and Approach Working Group</b>  Susan Anderson Behn, Representative  Jeff Thomas, Councillor, Snuneymuxw First Nation</p>		
<p><b>Nicola Tribal Association</b>  Fred Sampson, Chief</p>		
<p><b>Pivot Legal Society</b>  Laura Track, Lawyer</p>		
<p><b>Ray-Cam Co-Operative Community Centre</b>  Stephanie Manning, President, Ray-Cam Community Association</p>		
<p><b>Salsbury Community Society</b>  Tim Dickau, Board Member</p>		
<p><b>Vancouver Aboriginal Friendship Centre Society</b>  Sherry Small, Program Manager</p>		
<p><b>Vibrant Communities Surrey</b>  Susan Keeping, Executive Director and Founder,  Newton Advocacy Group Society</p>		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Women Elders in Action</b> Elsie Dean, Research Director	2009/11/30	60
<b>As Individual</b> Margot E. Young, Associate Professor of Law, University of British Columbia	2009/11/30	61
<b>British Columbia Co-operative Association</b> John Restakis, Executive Director		
<b>Citywide Housing Coalition</b> Laura Stannard, Organizer		
<b>Downtown Eastside Residents Association</b> Sister Elizabeth Kelliher, Chair of the Board		
<b>Enterprising Non-Profits Program</b> David LePage, Program Manager		
<b>Hospitality Project</b> Robyn Kelly, Community Advocate		
<b>Lookout Emergency Aid Society</b> Irene Jaakson, Director, Emergency Services		
<b>National Pensioners and Senior Citizens Federation</b> Arthur Kube, President, Head Office		
<b>St. Andrew Wesley United Church</b> Nancy Hall, Representative, Homelessness and Mental Health Action Group		
<b>Streetohome Foundation</b> Barbara Grantham, Acting President		
<b>Wilson Heights United Church</b> Rosemary Collins, Community Minister and Community Advocate		
<b>Council of Yukon First Nations</b> Ed Schultz, Executive Director	2009/12/01	62
<b>Food Bank Society of Whitehorse</b> Julie Ménard, Executive Director		
<b>Outreach Van</b> Patricia Bacon, Manager		
<b>Social Justice Committee at Sacred Heart Cathedral</b> Michael Dougherty, Co-chair, Diocese of Whitehorse		
<b>Yukon Anti-Poverty Coalition</b> Laura MacFeeters, Representative		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Yukon Council on disABILITY</b> Amy Martey, Employer Liaison and Job Coach	2009/12/01	62
<b>Yukon Housing Corporation</b> Don Routledge, Senior Program Advisor		
<b>Yukon Status of Women Council</b> Charlotte Hrenchuk, Coordinator		
<b>Fetal Alcohol Society of Yukon</b> Brooke Alsbury, Executive Director	2009/12/01	63
<b>Maryhouse</b> Kate O'Donnell, Director		
<b>Second Opinion Society</b> Susan Gwynne-Timothy, Administrative Coordinator		
<b>Skookum Jim Friendship Centre</b> Michelle Kolla, Executive Director		
<b>Victoria Faulkner Women's Centre</b> Nyingje Norgang, Women's Advocate		
<b>As Individuals</b> Jean McKendry Shirley Tsetta	2009/12/02	64
<b>Alternatives North</b> Ben McDonald, Co-chair		
<b>Northwest Territories Association of Communities</b> Gordon Van Tighem, President and Mayor of the City of Yellowknife		
<b>NWT Council of Persons with Disabilities</b> Michelle Gillis, Executive Director		
<b>Yellowknife Women's Society</b> Arlene Hache, Executive Director, Centre for Northern Families		
<b>YWCA Yellowknife</b> Catherine Wilson, Director, Emergency and Transitional Housing		
<b>Alberta Committee of Citizens with Disabilities</b> Bev Matthiessen, Executive Director	2009/12/03	65
<b>Edmonton Social Planning Council</b> John Kolkman, Research and Policy Analysis Coordinator		

<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Homeward Trust Edmonton</b> Wendy Myshak, Manager, Community Initiatives Dave Ward, Director, Aboriginal Relations	2009/12/03	65
<b>Public Interest Alberta</b> Bill Moore-Kilgannon, Executive Director		
<b>Boyle Street Community Services</b> Julian Daly, Executive Director	2009/12/03	66
<b>Edmonton Coalition on Housing and Homelessness</b> Tanya Tellier, Member		
<b>Edmonton Mennonite Centre for Newcomers</b> Jim Gurnett, Former Executive Director		
<b>Métis Nation of Alberta</b> Muriel E. Stanley-Venne, Vice-President		
<b>As Individual</b> Gerald Duguay	2009/12/04	67
<b>Assembly of Manitoba Chiefs</b> Chief Donovan Fontaine, Representative		
<b>Canadian Centre for Policy Alternatives</b> Shauna MacKinnon, Director, Manitoba		
<b>Community Unemployed Help Centre</b> Neil Cohen, Executive Director		
<b>Manitoba Community Economic Development Network</b> Brendan Reimer, Regional Coordinator for the Prairies and Northern Territories		
<b>Manitoba Federation of Non-Profit Organizations Inc.</b> Martin Itzkow, Co-chair		
<b>Manitoba Research Alliance</b> Lynne Fernandez, Project Coordinator and Research Associate		
<b>Right to Housing Coalition</b> Lindsey McBain, Communications Coordinator		
<b>Social Planning Council of Winnipeg</b> Sid Frankel, Board Member		
<b>University of Manitoba</b> Susan Prentice, Professor, Department of Sociology		



## APPENDIX A

### List of Witnesses Third Session, 40th Parliament

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Organizations and Individuals	Date	Meeting
<b>Senate</b>	2010/03/24	6
Art Eggleton, Senator		
Hugh Segal, Senator		
<b>Métis National Council</b>	2010/03/31	8
David Chartrand, Vice-President		
Wenda Watteyne, Executive Director		
<b>National Association of Friendship Centres</b>		
Peter Dinsdale, Executive Director		
Conrad Saulis, Policy Director		
<b>Westbank First Nation</b>	2010/04/12	9
Chief Robert Louie, Chief		
<b>Nunavut Tunngavik Inc.</b>	2010/06/16	23
Alastair Campbell, Senior Policy Advisor		
Natan Obed, Director, Department of Social and Cultural Development		





## **APPENDIX B**

### **List of Briefs Second Session, 39th Parliament**

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#### **Organizations and individuals**

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**Alliance for Equality of Blind Canadians**

**Butler, John**

**Calderhead, Vincent**

**Canadian Association of Social Workers**

**Centre for Equality Rights in Accommodation**

**Children's Hospital of Eastern Ontario**

**Colour of Poverty Campaign**

**Council of Canadians with Disabilities**

**Easdale, Sandra**

**Economic and Social Research Institute**

**Families Matter Co-operative Inc.**

**Federation of Canadian Municipalities**

**First Call: B.C. Child and Youth Advocacy Coalition**

**Hammond, Barry M.**

**Martin, Tony M.P.**

**National Council of Welfare**

**New Policy Institute (London, UK)**

**Peel Poverty Action Group (PPAG)**

**Poverty Talks**

**Renfrew County Child Poverty Action Network**

**Russell, Susan**

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## **Organizations and individuals**

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**Sarlo, Chris**

**Shillington, Richard**

**Social and Enterprise Development Innovations (SEDI)**

**Statistics Canada**

**Townson, Monica**

**University of Bristol - Townsend Centre for International Poverty Research**

**Venczel, Albert**

## **APPENDIX B**

### **List of Briefs Second Session, 40th Parliament**

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#### **Organizations and individuals**

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**Active Living Alliance for Canadians with a Disability**

**African Canadian Legal Clinic**

**Assembly of First Nations of Quebec and Labrador**

**Association of Canadian Community Colleges**

**Atkinson Charitable Foundation**

**Au bas de l'échelle**

**Berresford, Ronald**

**Business Community Anti-Poverty Initiative Inc.**

**C.D. Howe Institute**

**Caledon Institute of Social Policy**

**Campaign 2000**

**Canada Without Poverty**

**Canadian Arab Federation (CAF)**

**Canadian Association for Community Living**

**Canadian Business for Social Responsibility**

**Canadian Centre for Policy Alternatives**

**Canadian Co-operative Association**

**Canadian Council of Churches**

**Canadian Council on Learning**

**Canadian Housing and Renewal Association**

**Canadian Jewish Congress**

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## Organizations and individuals

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**Canadian Mental Health Association**

**Canadian Nurses Association**

**Canadian Paraplegic Association**

**Canadian Pensioners Concerned Inc.**

**Canadian Policy Research Networks**

**Canadian Teachers' Federation**

**Canadian Union of Public Employees - Nova Scotia**

**Canadian Women's Foundation**

**Centrale des syndicats du Québec**

**Changes Non-Profit Enterprises Inc.**

**Child Care Advocacy Association of Canada**

**Childcare Resource and Research Unit (CRRU)**

**Citizens for Public Justice**

**Citizen's Income Toronto**

**Colour of Poverty Campaign**

**Co-operative Housing Federation of Canada**

**Council of Canadians with Disabilities**

**Crowe, Cathy**

**Edmonton Social Planning Council**

**Elementary Teachers' Federation of Ontario**

**Fédération des associations de familles monoparentales et recomposées du Québec**

**FOR Women's Autonomy, Rights and Dignity (FORWARD)**

**Front d'action populaire en réaménagement urbain**

**Green Pastures Society**

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## Organizations and individuals

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Habitat for Humanity Canada

Humanity First

Independent Living Canada

Institute of Marriage and Family Canada

Levac, Leah

Lone Mothers: Building Social Inclusion

Mental Health Commission of Canada

Northumberland Poverty Reduction Action Committee (NPRAC)

Nova Scotia Association of Women's Centres

Ontario Coalition for Social Justice

Ontario Non-Profit Housing Association

Ontario Teachers' Federation

Pacific Community Resources Society

Pathways to Education Canada

Presbyterian Church in Canada

Recession Relief Fund Coalition

Registered Nurses' Association of Ontario

Rickards, Sue

Social Planning Council of Winnipeg

Statistics Canada

Union des consommateurs

University of Manitoba

Wellesley Institute

Yukon Council on disABILITY



## **APPENDIX B**

### **List of Briefs Third Session, 40th Parliament**

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#### **Organizations and individuals**

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**Assembly of First Nations**

**National Association of Friendship Centres**

**Northumberland Poverty Reduction Action Committee (NPRAC)**

**Nunavut Tunngavik Inc.**





# REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings ([39th Parliament, 2nd Session: Meetings Nos. 22, 23, 24, 25, 36, 37 and 38](#)), a copy of the relevant Minutes of Proceedings ([40th Parliament, 2nd Session: Meetings Nos. 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 45, 56, 60, 61, 62, 63, 64, 65, 66 and 67](#)) and a copy of the relevant Minutes of Proceedings ([40th Parliament, 3rd Session: Meetings Nos. 6, 8, 9, 14, 16, 18, 19, 20, 22, 23 and 27](#)) is tabled.

Respectfully submitted,

Candice Hoepfner, MP

Chair



## **SUPPLEMENTARY OPINION OF THE CONSERVATIVE MEMBERS OF PARLIAMENT**

The Conservative Members of Parliament of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (Members) believe that reducing poverty in Canada is an important objective. We are committed to the goal of fostering economic prosperity, strengthening communities, and ensuring that all individuals in Canada are able to support themselves and their families.

We would like to thank all of the witnesses that appeared before the HUMA committee during the course of the *Federal Contribution to Reducing Poverty in Canada* study. They all played an important role in helping further the dialogue on the scope of the problem and the potential solutions.

The Conservative Members support the intent of the study and are generally supportive of the final report. However, we do have some significant concerns with the report and its recommendations. Accordingly, our support is qualified through this supplemental opinion which outlines those concerns.

Due to the large and comprehensive nature of the report, as well as the high number of specific recommendations included within, the supplementary opinion will outline our overall concerns, rather than speak to each individual recommendation.

First, the Conservative Members believe that the best long-term strategy to fighting poverty is the sustained employment of Canadians. We believe that the final report and its recommendations do not focus adequate attention on this goal or on specific measures to support jobs for Canadians. In addition, in light of Canada's evolving labour market, we would have preferred to see more recommendations on how the Government can help ensure that Canadians are ready to fill the jobs of tomorrow, many of which will require new and different skills than today's jobs.

Second, the Report virtually ignores the Government's current investments and the impacts they are having in terms of poverty reduction. We commend the Government for its substantial investments in families, skills training, housing, and education among many others areas. We believe the Report should have included a more comprehensive picture of what the Government is already doing to fight poverty, whether those measures are working, and what improvements can or should be made.

Third, we commend the Government for working in a co-operative and collaborative manner with its provincial and territorial partners to address the issue of reducing poverty. The Conservative Members are committed to respecting the constitutional jurisdiction of the provinces and territories. Consequently, we are concerned that many of the Report's final recommendations prescribe federal action in areas of provincial and territorial jurisdiction. We know that on many issues, each province and territory faces different challenges and, therefore, one-size-fits-all solutions are not always effective or appropriate. We believe that when it comes to issues such as housing, skills training and education, to name a few, the provinces and

territories are much better positioned to know and understand their unique issues. Accordingly, they are also best-positioned to identify and deliver the most effective solutions.

Fourth, the decision by the opposition Members of the committee to exclude costing of the recommendations is cause for serious concern and weakens the credibility of the overall report. The report includes a high number of recommendations and the cost of implementing all of the recommendations would be astronomical. For example, the Child Care Advocacy Association of Canada has estimated that implementing a national day care plan, which is one of the report's recommendations, would alone cost at least \$6 billion per year.<sup>1</sup>

It is also concerning that in the rare instances where costs are provided, they are not always accurate. For example, the Report states that a uniform Employment Insurance qualification requirement of 360 hours of insurable employment would cost \$1.148 billion annually and that this estimate has been confirmed by the Parliamentary Budget Officer. However, on October 18, 2010 the Parliamentary Budget Officer released a report in which he estimated the cost at \$2.4 billion per year.<sup>2</sup> Furthermore, the Department of Human Resources and Skills Development, which has the most accurate data, has estimated the cost at \$4 billion annually.

The lack of costing for the vast majority of recommendations makes it very difficult for the Government to determine which recommendations are prudent and practical to adopt. It is critical that the Government understand what impact implementing any of these recommendations would have on its important commitments to deficit reduction, keeping taxes low, and maintaining transfers to the provinces and territories.

It also makes it difficult for Canadians to decide which recommendations would be the most effective while at the same time providing value for money. As taxpayers, they will ultimately be forced to bear the additional costs of implementing any of the recommendations. Canadians need to comprehend what impact implementing the report's recommendations will have on their pocketbooks and their ability to provide for their families.

In conclusion, the Conservative Members have some concerns with the final report. Nevertheless, we believe that it is a significant addition to the dialogue on the causes of poverty how it can and should be reduced. We strongly support the intent of the report and hope it serves as an impetus to get Canadians and all levels of Government engaged in this important discussion with the ultimate goal of finding effective solutions to fight poverty in Canada.

Ed Komarnicki, MP, Parliamentary Secretary to the Minister of HRSDC  
Rick Casson, MP  
Maurice Vellacott, MP  
Jeff Watson, MP  
Alice Wong, MP

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<sup>1</sup> Child Care Advocacy Association of Canada. 2010 Pre-Budget Brief.

<sup>2</sup> Office of the Parliamentary Budget Officer. October 18, 2010. *Cost Estimates of Selected Legislative Amendments in Bill C-280 and Bill C-308 (October 2010)* <<http://www2.parl.gc.ca/Sites/PBODPB/index.aspx?Language=E>>

## Minority Report, Liberal Party of Canada

In 2007, the Committee agreed to undertake a study on poverty in Canada. The Committee, although interrupted by a general election and multiple prorogations, completed its study in October of 2010, having heard from hundreds of witnesses from across Canada as well as witnesses from around the world, including poverty reduction experts from the United Kingdom and Ireland.

The Committee's recommendations are thorough and represent the views of individuals, community groups, and businesses, anti poverty advocates, churches and other faith communities. The vast majority of the witnesses called for the establishment of a national strategy, in cooperation with provincial and local partners, to combat poverty in Canada

The Liberal Party agrees that Canada needs a long term collaborative strategy to combat poverty.

We recognize that governments operate within limited resources, and no government could implement all recommendations at once. It is unfortunate that the current government allowed the economic situation in Canada to deteriorate to the point that we had a structural deficit even prior to the current recession.

Limited resources, however, cannot be an excuse for inaction. Canadians support a role for the federal government to reduce poverty in Canada, and the Liberal Party agrees.

The Liberal Party would like to acknowledge the high degree of cooperation during its hearings. We believe all parties took this work seriously and thank all MPs who participated, particularly former Chair, Dean Allison.

We also want to thank Committee staff who worked above and beyond the call of duty throughout, both here in Ottawa and on the road. In particular, we wish to thank Madame Chantal Collin whose tireless efforts and commitment were inspiring to us all.



## Federal Contribution to Reducing Poverty in Canada

### **Dissenting opinion of the Bloc Québécois**

First, the Bloc Québécois would like to acknowledge the valuable contribution of the stakeholders and witnesses who took part in this study on poverty. Launched in 2008, it was an extensive study gathering input from people in various walks of life across Canada, and it culminated in the production of a lengthy report.

In our view, a number of the actions identified by the Committee in this report are promising and well thought-out. These include the suggestions concerning poverty indicators, Aboriginals, the Guaranteed Income Supplement, improvement of the Employment Insurance system, and pay equity and some of the proposals relating to affordable social housing. These measures can legitimately be implemented by the federal government to assist the public.

However, the Bloc Québécois deplors the fact that the Committee's report on the federal contribution to reducing poverty in Canada largely ignores Quebec's powers.<sup>1</sup> The problem is not so much identifying poverty as an issue as identifying the role that the federal government can play in reducing it.

The Bloc Québécois agrees that a comprehensive strategy is needed to address poverty, but it insists that such a strategy must come under the Government of Quebec's authority. The federal government's responsibility is not to impose a pan-Canadian vision through accountability, but to take action within its areas of jurisdiction by providing appropriate support, in particular through unconditional transfers to the provinces, for the work being done by the governments of Quebec and the provinces to combat poverty. This point was also made by the witnesses from Quebec.

Recommendation 3.2.1, which is the centrepiece of the report, calls for the establishment of a new federal transfer for poverty reduction along with stronger accountability rules.

The Bloc Québécois emphatically rejects the recommendations that call for the introduction of such a transfer, as it would intensify the accountability mechanisms and performance indicators associated with federal transfers. Quebec must be able to set its own priorities so that it can focus its anti-poverty efforts on priority areas dictated by its own circumstances. Imposing what the Committee recommends would transform Quebec's role as a pioneer and an innovator into that of a mere program administrator.

While Committee members recognize that social issues, including poverty, are primarily the responsibility of the provinces and territories, most of the recommendations disregard this fact, despite the Bloc Québécois's repeated statements on the subject. The report states that "many provincial governments specifically request that the federal government contribute to their

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<sup>1</sup> The Bloc Québécois's analysis is based on the division of powers set out in the Constitution of 1867.

efforts to reduce poverty in Canada. The Government of Manitoba has asked its federal counterpart to improve access to education and training for low-skilled workers, increase child care funding, and increase investments in affordable housing, for example.” However, Quebec is not asking the federal government to use its purported spending power and interfere in its areas of jurisdiction. In April 2010, the Bloc Québécois introduced a bill to eliminate the purported federal spending power in Quebec’s areas of jurisdiction, which would give Quebec the right to withdraw systematically, unconditionally and with full compensation from the so-called national programs.

The Bloc Québécois urges the federal government to take the few measures that it has refused to implement for far too long, most of which are identified in this report:

- necessary reform of the Employment Insurance program;
- establishment of a genuine assistance program for older workers;
- use of Canada Mortgage and Housing Corporation’s surpluses to fund the construction, renovation and conversion of affordable housing units;
- repayment of the amounts due under the Guaranteed Income Supplement (GIS) and improvement of the GIS;
- full reinstatement of the court challenges program;
- an end to the funding cuts for women’s groups and literacy groups;
- improvement of living conditions for Aboriginal people.

To contribute to the well-being of children and their parents, the federal government must first correct its mistakes and recognize that any real anti-poverty campaign requires stability and consistency in its transfers to Quebec and the provinces, rather than ad hoc assistance. A genuine federal contribution must not force Quebec, at the request of another province, to be accountable to the federal government rather than to Quebecers. The Bloc Québécois repeatedly tried to steer the Committee toward measures that fall within federal jurisdiction, but the majority of its members chose the path of duplication and interference.



## SUPPLEMENTARY REPORT

### FEDERAL POVERTY-REDUCTION STUDY – HUMA

Tony Martin, MP (Sault Ste. Marie)

#### Preface

This exceptional report concluding our two-and-a-half year study on the federal role in poverty reduction in Canada maps a way forward for our country.

At the outset of our study, we made it clear that we were not interested in producing yet one more in a long series of reports on how much poverty there is in Canada. Our focus was to be on solutions to poverty, already tried with some success in other countries, as well as solutions already emerging through various strategies in a number of our own provincial jurisdictions. Thanks to hundreds of witnesses and briefs from national or community-based organizations and individuals, we have in this report both a current, updated profile of the face of poverty in Canada and, more important, the solutions that are beginning to make a difference in reducing poverty.

This is the foundation for a master plan in building a just and inclusive country.

Above all, this study as well as recently released Senate reports on poverty capture a chorus of voices from coast to coast to coast calling for national leadership to reduce poverty. The Government of Canada must take the lead role, in partnership with the provinces, territories, cities and Aboriginal communities. Without that strategy, and without that leadership, we will repeat the mistake made in 1989 when MPs, while acting on good principles and the right intentions, unanimously called for the elimination of child poverty by the year 2000 without also adopting a coherent plan to make it actually happen. Canada cannot afford to make that mistake again.

#### Legislation

The report, capturing the recommendation of many witnesses, urges the adoption and implementation of legislation to anchor the poverty reduction strategy. We heard from many that legislation ensures an ongoing federal role and responsibility for poverty reduction while demonstrating a lasting federal commitment for action and accountability to citizens for results.

Towards that end, I have introduced **my own legislation, An Act to Eliminate Poverty in Canada, C-545 in the 40<sup>th</sup> Parliament**. The legislation was written following extensive consultations with civil society allies. I believe it is exactly the legislation to anchor a new federal strategy, indeed to be a signature piece for the next progressive government in Canada. The bill may be viewed on the parliamentary government website ([www.parl.gc.ca](http://www.parl.gc.ca)) or on my own MP web site, [www.tonymartin.ca](http://www.tonymartin.ca).

An Act to Eliminate Poverty in Canada legislates a comprehensive pan-Canadian strategy within a strong human rights framework, ensuring national leadership, key provincial-territorial partnerships, adequate funding and accountability to all stakeholders and citizens.

Following consultations, I chose legislation that was enabling in nature rather than too prescriptive, leaving it to a round of initial consultations after the strategy is launched to prescribe the specific elements for the poverty initiative.

I do name its core three elements – income security, affordable housing and social inclusion.

In the preamble to C-545, I make it clear that the poor, as all citizens, are primarily responsible for their own lives. However, I also note that that responsibility is so often compromised by community and social barriers preventing them from living full and productive lives. The “poor bashing” that appears from time to time in the media and that anchors some punitive government legislation completely ignores those barriers.

There are some guiding principles at the heart of C-545:

- The dignity of the human person
- We must leave no one behind.
- An effective poverty plan has to be more than a labour market strategy that, while important, never pulls everyone out of poverty
- A national strategy has to be rooted in community.

I am proposing an amendment to the Canadian Human Rights Act by adding “social condition” to the list of prohibited grounds of discrimination.

I am also identifying groups of people that the evidence clearly shows as particularly vulnerable to falling into and remaining in poverty. While not everyone in these groups suffer from poverty, they as groups have large numbers who are poor. A national strategy must pay close attention to members within these groups living in poverty: Aboriginal People, women, lone parents, unattached individuals, seniors, persons with disabilities, visible minorities, recent immigrants, and other emerging groups such as the working poor.

In this regard, I believe the only goal worthy of our country is to eliminate poverty. Our targets in any poverty strategy have to be 100 per cent, and starting now! In other words, as important as it is to identify initiatives to assist specific groups, a genuinely national comprehensive plan has to be devised to help everyone living in poverty.

In this legislation, the lead for the poverty elimination strategy is the entire Government of Canada, specifically through an inter-ministerial committee of senior ministers, co-chaired by HRSDC and Health. A cross-government working group would resource these ministers and the overall strategy. The provinces and territories are key partners, their collaboration to be cemented through multilateral and bilateral Federal Provincial Territorial Agreements.

The legislation introduces a new Office for Poverty Elimination, with sufficient staff and budget, and links for an ongoing working relationship with the Human Rights Commissioner, the Integrity Commissioner and a renamed National Council on Poverty and Social Inclusion, formerly the National Council of Welfare.

This new National Council of Poverty and Social Inclusion would be expanded to have sufficient resources in staff, as well as research and policy capacity, to serve the new national strategy.

C-545 also legislates looking at all federal legislation to ensure that they are “poverty proof”, i.e. serving the poverty strategy and certainly not making matters worse.

I finally also lay out a proposed cycle of planning and reporting to deliver and monitor the strategy.

Knowing this legislation could effectively launch the national leadership proposed in our report, I have welcomed the initial enthusiastic support I am getting from many civil society allies as well as members of other Opposition Parties. I have also received encouragement from the co-chairs of the Senate report on poverty and from a number of provincial and territorial political leaders who agree there must be leadership by the Government of Canada. As always, I am most profoundly grateful for the opportunity to collaborate with extraordinary people in our communities striving to make a difference, “to change the wind”.

A federal strategy to eliminate poverty in Canada is all about nation building. The poor are our brothers and our sisters. Together, we live in our communities and in our country. Together, we can recognize that a national poverty elimination strategy is the right thing to do. The evidence indicates it is also the smart economic thing to do.

It is time to act.

