

Submission to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities regarding its study of poverty reduction strategies

About the Alberta Poverty Reduction Network:

Formed in 2015, the Alberta Poverty Reduction Network (APRN) comprises members from organizations and municipalities across the province that are committed to developing and supporting poverty reduction strategies. The APRN acts as a champion of poverty reduction strategies at all levels of government, and by sharing information, activities, and best practices, strives to contribute a united voice on poverty reduction in Alberta.

Executive Summary

Poverty affects too many of us. Today, roughly one in seven Canadians live in poverty.¹ The proportion of impoverished children is even greater: nearly one in five.² Individuals living in poverty struggle with poor health outcomes, a low quality of life, and social discrimination and exclusion, and also face reduced opportunity and choice. Moreover, poverty impacts our communities. Estimates show that poverty costs Albertans between \$7.1 and \$9.5 billion dollars – approximately 4% of provincial GDP in 2010 – each year.³ Nationally, this figure could be as high as \$30.5 billion annually.⁴

Comprehensive strategies that engage all levels of government are necessary if we hope to address this reality. That the federal government is taking concrete steps to develop and implement a Canadian poverty reduction strategy is encouraging. The Government of Canada's intention to consult further with provinces, territories, municipalities, stakeholder groups, and everyday Canadians to inform this strategy is particularly commendable. We look forward to participating.

We are also pleased to contribute to the study of poverty reduction strategies initiated by this Committee. The recommendations outlined in this submission reflect the expertise of APRN members, and are contained to the four areas guiding the Committee's study. Our recommendations as follows:

1. Housing

Ensure that the National Housing Strategy includes long-term, predictable funding for affordable housing, rent-subsidy programs, research, and innovation.

2. Education and Training

Strengthen skills training programs that provide opportunities for individuals who are under-represented in the workforce or who experience barriers to employment.

3. Government savings and entitlement programs

Position government savings programs as components of an overarching financial empowerment strategy

a. Boost the promotion of RESPs and the Canada Learning Bond

b. Reduce barriers to asset building, and support the creation of asset-building programs

4. Neighbourhoods

Integrate Community Economic Development and Social Economy approaches into poverty reduction initiatives

a. Support skills training goals and reduce poverty through infrastructure agreements

b. Highlight success stories in the area of affordable transit, and encourage replication across jurisdictions

The following APRN members endorse this submission:

Calgary Urban Project Society

City of Leduc

Debbie Posey, Community Wellness Manager,

Town of Okotoks

End Poverty Edmonton

FCSS Association of Alberta

Lacombe & District FCSS

Momentum

Regional Municipality of Wood Buffalo

Vibrant Communities Calgary

1. Housing

Ensure that the National Housing Strategy includes long-term, predictable funding for affordable housing, rent-subsidy programs, research, and innovation.

Housing is a basic human right, and yet so many Canadians struggle to afford a safe and acceptable home. According to the Bank of Canada, mortgages account for 68% of total household debt. One in five renters spends more than 50% of their income on rent.⁵ We are encouraged to see the federal government begin to develop a National Housing Strategy. This strategy will be especially vital for those who experience housing barriers, particularly the chronically homeless, individuals who live with mental illness and/or mental or physical disabilities, persons who struggle with addiction, Indigenous persons and immigrants, victims of trauma, and single parents.

The National Housing Strategy will be most effective if it brings together the Government of Canada, provinces, territories, local governments, business, and the non-profit sector. The strategy should include:

- Sustained funding for affordable housing beyond 2016 budget allocations
- Predictable, long-term funding for rent subsidy programs
- Continued funding for research focused on innovation in housing design
- Support for housing cooperatives, which represent a viable approach to affordable housing.

2. Education and Training

Strengthen skills training programs that provide opportunities for individuals who are under-represented in the workforce or who experience barriers to employment

Skills training programs provide opportunities for individuals living in poverty and at higher risk of poverty to move beyond social assistance or low-wage jobs and establish stronger labour market ties. Such programs support individuals to achieve their goals, and to become long-term contributors to the economy.

Improvements and increases to the Labour Market Transfer Agreements (LMTAs) will help support skills and employment training for vulnerable Canadians. The Canada Job Grant (CJG) in particular has not benefitted those who experience barriers to employment. For example, in Alberta 98% of CJG funds have been used to support individuals already working. Moreover, the Canada Job Fund Agreements (CJFAs) require an increasing proportion of transfer dollars to be allocated to the CJG. This mandated allocation is shifting funds away from existing programs, for which demand already exceeds supply. At the same time, the formulas that determine the amount of funding allocated to each province do not delegate federal dollars based on need nor proportionality. The result is that some provinces, like Alberta, do not receive a fair allotment. For example, under the Labour Market Development Agreement Alberta receives the lowest amount of all provinces per unemployed person - \$739.⁶ This further impedes the province from providing sufficient training opportunities.

The federal government can strengthen training opportunities for vulnerable Canadians in provinces like Alberta. Initial steps could include:

- Amending the CJFAs and dismantling the CJG program.
- Revisiting the allocation formulas that determine federal transfer amounts to ensure greater equity among provinces.

Please refer to reports from [Momentum](#) and the [Mowat Centre](#) for a discussion of items to consider in amending the LMTAs and building stronger skills training programs.

3. Government administered savings and entitlement programs

Position government administered savings programs as components of an overarching financial empowerment strategy

According to Prosper Canada, financial empowerment is about supporting low-income individuals to participate and feel included in the financial system, and involves “interventions that together help low-income Canadians to grow their incomes, improve their credit scores, savings, and debt levels, and build wealth through education, employment, entrepreneurship, and improved housing.”⁷ Further information on financial empowerment can be found [here](#).

The Government of Canada can support financial empowerment in the following ways:

a. Boost the promotion of RESPs and the Canada Learning Bond

Grant-based funding for post-secondary education available to children at an early age, like the Canada Learning Bond (CLB), can help to eliminate obstacles to higher education faced by low-income families. [Research indicates](#) that education savings accounts such as RESPs make it easier to save for post-secondary, and also impact high school completion, academic performance, and post-secondary enrolment.

Despite the benefits of RESPs, participation among low-income families is low at 30%.⁸ CLB uptake is no better at 29%,⁹ even though the money available requires no personal contribution. Unclaimed CLB funds represent roughly \$3 billion that over 1.5 million children could be using to further their education.

The Government of Canada has taken a first step in making post-secondary education more accessible by identifying increased RESP and CLB uptake in the Employment, Workforce, and Labour Minister’s mandate. The federal government could also:

- Reinstatement of the Education Savings Community Outreach (ESCO) program, which was discontinued by the previous government despite strong outcomes.
- Ensure that Service Canada includes CLB and RESP information when mailing Social Insurance Numbers to new parents
- Introduce auto-enrolment and auto-receipt for RESPs and the CLB.¹⁰

b. Reduce barriers to asset building, and support the creation of asset-building programs

Low-income individuals can and do save given the appropriate supports; however, barriers to saving must also be addressed. For example, social assistance requirements may be deterring Canadians from saving while requiring them to liquidate assets, as identified in [this report](#).

[Asset building programs](#) such as [matched savings](#), RESPs, and Registered Disability Savings Plans (RDSPs) are key components of financial empowerment work, and continue to grow across Canada with the support of the Social Development Partnership Program.¹¹ This work warrants additional investment, and would be further bolstered by the creation of resource-sharing platforms. In addition, RDSP uptake would also benefit greatly from increased community support through a program similar to ESCO. Currently, only 14% of eligible Canadians hold an RDSP.¹²

4. Neighbourhoods

Integrate Community Economic Development and Social Economy approaches into poverty reduction initiatives

Community Economic Development (CED) approaches recognize the importance of place in poverty reduction.¹³ Rooted in an understanding that social, economic, and environmental challenges are interconnected, CED is locally-driven action to create economic opportunities that also reduce poverty and unemployment, enable local participation, and improve environmental sustainability. One example of CED

in practice is EndPovertyEdmonton's work to develop a community development corporation (CDC). A CDC is a non-profit company that creates economic opportunities for low- to moderate-income people in high-needs neighbourhoods. Edmonton's CDC will provide services such as affordable housing, commercial real estate revitalization, local business development, and workforce training.

In addition, the following CED approaches would contribute to strong, inclusive neighbourhoods:

a. Support skills training goals and reduce poverty through infrastructure agreements

Infrastructure spending, particularly during times of increased unemployment, can be a source of economic stimulus and poverty reduction tool. Given the current and projected need for skilled workers in the trades, this point merits further attention. One way to utilize infrastructure spending to lift more Canadians out of poverty is to ensure that skills training goals are supported through infrastructure agreements. This can be achieved by placing procurement conditions on public infrastructure investments with the aim to train and employ Canadians who encounter greater barriers to employment.¹⁴

b. Highlight success stories in the area of affordable transit, and encourage replication

Eliminating barriers to transportation is an integral component of any poverty reduction strategy, and contributes to thriving, inclusive communities. Public transit systems that are accessible and affordable enhance opportunities for individuals to participate in community life and meet basic needs.

Recently, the City of Calgary announced plans to launch "sliding scale" fees for Calgary Transit passengers by March 2017, which will reduce the cost of monthly passes for low-income Calgarians. This program is supported by a funding partnership with the Government of Alberta, and places no additional cost on the City. Depending on income level, the cost of a monthly transit pass for those living in poverty will change from \$44 to anywhere between \$5.15 and \$51.50.

By sharing such examples with leaders Canada-wide, and by encouraging collaboration between provincial and municipal governments, the Government of Canada can play a role in seeing this type of initiative replicated across the country.

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- ¹ Canada. Statistics Canada. 2011. *Populations living in Private Households, Low Income Measure (After-Tax), 2011 National Household Survey*. Catalogue number 99-014-X2011043 in Statistics Canada Catalogue. Ottawa, Ont., 2011.
- ² Campaign 2000, *2015 Report Card on Child and Family Poverty in Canada: Let's End Child Poverty for Good*, 2015: 1, <http://www.campaign2000.ca/reportCards/2015RepCards/NationalReportCardEn2015.pdf>
- ³ Carol-Anne Hudson, *Poverty Costs 2.5: Investing in Albertans*, (Vibrant Communities Calgary and Action to End Poverty in Alberta, 2014), 5.
- ⁴ Nathan Laurie, "The Cost of Poverty: An Analysis of the Economic Cost of Poverty in Ontario," Ontario Association of Food Banks (OAFB), 2008: 19, <http://www.oafb.ca/assets/pdfs/CostofPoverty.pdf>
- ⁵ Federation of Canadian Municipalities. 2015. Cities and Community
- ⁶ Michael Morden, "Back to Work: modernizing Canada's labour market partnership," Mowat Centre, 2016: 37, https://mowatcentre.ca/wp-content/uploads/publications/123_back_to_work.pdf
- ⁷ What is Financial Empowerment? Prosper Canada <http://prospercanada.org/Financial-Empowerment/Overview.aspx>
- ⁸ Canada. Employment and Social Development Canada. Strategic Policy and Research Branch. *Canada Education Savings Program (CESP): Summative Evaluation Report*. 2015. http://www.esdc.gc.ca/en/reports/evaluations/2015/canada_education_savings_program.page#h2.6-h3.1
- ⁹ Ibid
- ¹⁰ See Tyler Meredith, "Improving the Canada Learning Bond." IRPP Policy Options, June 22, 2015. <http://policyoptions.irpp.org/2015/06/22/improving-the-canada-learning-bond/>
- ¹¹ Read more about the Financial Empowerment Champions Project, which is supported by the Social Development Partnerships Program, here: <http://prospercanada.org/Our-Work/Centre-for-Financial-Literacy/Financial-Empowerment-Champions-Project.aspx>
- ¹² Government of British Columbia – Social Development and Social Innovation, "New RDSP guide helps people with disabilities save for the future," October 30, 2015. Accessed November 3, 2016, <https://news.gov.bc.ca/releases/2015SDSI0067-001806>
- ¹³ For more information on place-based poverty reduction, please see the following report: https://ccednet-rdec.ca/files/ccednet/Place-Based_Poverty_Reduction_Main_Report.pdf
- ¹⁴ Andrew Jackson, "Getting it Right on Federal Infrastructure: Procurement, Skills and Equity." *National Newswatch*, February 10, 2016. Accessed October 13, 2016, http://www.nationalnewswatch.com/2016/02/10/getting-it-right-on-federal-infrastructure-procurement-skills-and-equity/#.V_vSY8rJhE