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

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**Thursday, April 10, 2008**

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**Chair**

**Mr. Dean Allison**

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## Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities

Thursday, April 10, 2008

• (0905)

[English]

**The Vice-Chair (Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.)):** Good morning, ladies and gentlemen.

I am pleased to call this meeting to order. Pursuant to Standing Order 108(2), we are studying the federal contribution to reducing poverty in Canada.

I will inform the members of the committee that we have one item of business to do first. I see all the usual people are here. We welcome Monsieur Ménard from the Bloc back again. It's nice to see you with us again, as you and I work our way towards our coincidental birthdays in May. It's nice to see you back.

We have a proposed budget. The staff tell me that this budget will take us through to the end of June. There's a travel allowance for the witnesses we will be hearing, as well as for some video conferencing, and potentially even some video conferencing outside Canada. This does not prohibit the possibility of other travel that we might undertake—exceptional travel, perhaps, even outside Canada. That would be done in a different form, but this would be for the standard work the committee would have to do on poverty prior to the June break.

Let us have a look at it, and I'll take questions.

Go ahead, Ms. Sgro.

**Hon. Judy Sgro (York West, Lib.):** I was going to move it.

**The Vice-Chair (Mr. Michael Savage):** It is moved by Madam Sgro.

I was just going to give Mr. Martin a chance to have a look at that.

Go ahead, Mr. Martin.

**Mr. Tony Martin (Sault Ste. Marie, NDP):** I'd mention that this doesn't include any consideration for travel that we might do both inside and outside Canada. That would come at a future date. Is that correct?

**The Vice-Chair (Mr. Michael Savage):** It doesn't include or preclude the possibility of doing other travel. I'm told that would have to be considered separately and taken to the liaison committee for approval.

**Mr. Tony Martin:** Do you mean both inside and outside of Canada?

**The Vice-Chair (Mr. Michael Savage):** That's correct. I'm very amenable to both of those in my normal capacity.

**Mrs. Lynne Yelich (Blackstrap, CPC):** I think we want to see how this shapes up to see just where and how we would like to visit. We may find that we don't have to travel at all and that it will all be done at the committee.

I think that's great. The budget's good. I second the motion.

**The Vice-Chair (Mr. Michael Savage):** Ms. Sgro has moved it. It's on the floor. Is there further discussion?

(Motion agreed to)

**The Vice-Chair (Mr. Michael Savage):** Let's move on to our business today.

We thank the witnesses for coming. This committee is very excited to be embarking upon this study of how Canada can contribute to a poverty reduction strategy. It's something we've been working on for some time. It's exciting today to be hearing witnesses, and you are the first ones.

I'm Mike Savage. I'm filling in for our chair, Dean Allison, who's on parliamentary business and couldn't be with us. That's why you see the strange face in the chair—not a strange face, but an unusual face, and maybe strange too.

We're very excited to have you with us. You're the first people to take part in what we hope will be a very historic study. We have three witnesses, and I believe we've agreed that we're going to start with the department.

We have with us Frank Fedyk, associate assistant deputy minister, strategic policy and research; Shawn Tupper, director general, social policy development; and Doug Murphy, assistant director, economic security policy.

Gentlemen, we'll ask you to take it away. You have 10 minutes, and we look forward to what you have to say.

**Mr. Frank Fedyk (Associate Assistant Deputy Minister, Strategic Policy and Research, Department of Human Resources and Social Development):** Thank you.

I'm very pleased to be here to address the committee on the subject of poverty, which is an important issue to the department.

Canada's economic and labour market performance has remained strong in uncertain times. We are experiencing the second-longest period of economic expansion in Canadian history. The unemployment rate is at its lowest level in 33 years, and more Canadians are working than ever before.

However, some Canadians are not benefiting fully from this prosperity and are living in low income. Canada, like most other industrial nations, does not have an official measure of poverty. A suite of low-income measures is used in Canada. We have the market basket measure, the low-income cut-offs, and the low-income measure.

For my comments, we're using the post-tax low-income cut-offs to present some trends of low income over time. HRSDC has developed the market basket measure; however, trend data for this indicator is only available for the period from 2000 to 2004. Overall, about 3.4 million Canadians were living in low income in 2005, based on the post-tax low-income cut-off and using the most recent data. Of these 3.4 million, 790,000 were children, 2.4 million were working-age adults, and 240,000 were seniors.

There are groups of Canadians, such as the aboriginal population, who are much more likely to live in low income at any point in time and for a prolonged period of time. Placed in an international context, Canada's low-income record is comparable to many of our key partners, but not as strong as the Nordic countries. Based on 2000 OECD data, the most recent data available for comparative purposes, Canada ranks 14th out of 25 OECD countries in terms of overall low income.

HRSDC has calculated more recent data, based on 2004 and gathered from individual countries; Canada has a rate comparable to those of Ireland, New Zealand, the United Kingdom, and Australia, and we are lower than the U.S.

Canada's low-income rate for seniors is consistently one of the lowest in the OECD. Finally, research shows that by international standards, Canadian society is characterized by a good deal of intergenerational mobility: low income in childhood does not preordain low income in adulthood.

I'm going to very briefly outline some broad low-income trends and challenges based on analysis and research that has been conducted by HRSDC officials, keeping in mind that this has implications for all levels of government. I'll then briefly mention some federal measures that are addressing poverty.

In terms of key trends in low income, for working-age adults and for their children, low-income rates have tended to follow the economic cycle, although typically there's a bit of a lag. Consistent with the current economic cycle, since 1996 the low-income rate for working-age adults fell from a peak of 15.7% to 11.4% in 2005. For children, the low-income rate fell from a peak of 18.6% in 1996 to 11.7% in 2005.

However, when you compare low-income rates to 1989, a comparable period in terms of economic progress, today's low-income rates are roughly the same. The low-income rate for working-age adults was 9.4% in 1989, while the low-income rate for children was 11.7%, so while there's been significant recent progress

over a longer period of time, there are challenges in reducing low-income rates for the working-age population and their children.

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.

●(0910)

Looking ahead, while significant progress has been made in addressing poverty in Canada, a number of ongoing and interrelated challenges remain. They are national in scope.

One is the working poor. Many Canadians have a strong attachment to the workforce but are still unable to earn an income that is adequate for meeting the needs of their families. HRSDC analysis has shown that in 2005, 1.6 million Canadians were living in a working poor family, and over 40% of children living in low income were in a working poor family.

These working poor Canadians have a strong attachment to the labour market. On average, they work as many hours as other workers. In addition to having low incomes, the working poor are much less likely than other workers to have access to work-related benefits such as disability insurance, family dental plans, and private insurance plans.

Some groups are vulnerable to persistent poverty. It's worth noting that persons with disabilities, lone parents, recent immigrants, aboriginal Canadians living off reserve, and unattached individuals aged 45 years to 64 years are at a substantially greater risk of persistent low income; that is, they have a cumulative income over a six-year period that is below the cumulative low-income threshold for that same six-year period.

Research on these groups at risk of persistent low income shows that they are more likely to be outside the labour force, to have lower education, to be the sole adult in a family unit, to live in a high unemployment area, and to never have been married.

Now I will discuss the federal government's role. As poverty is complex and multi-dimensional, so too are the responses in place to support low-income Canadians. These range from a progressive income tax system to direct income support and highly targeted programs and services.

The federal government invests significantly in measures to address poverty and the economic security of Canadians. The Speech from the Throne indicated that the government will continue to invest in families and will help those seeking to break free of cycles of homelessness and poverty.

Let me briefly tell you about some of the federal government's investments.

The federal government provides direct income benefits and tax relief to families. For example, the federal government provides over \$13 billion annually in benefits for families with children, the vast majority of this going to low- and moderate-income families.

This includes the \$3.7 billion for the national child benefit supplement, the federal government's contribution to the FPT NCB initiative. As a result of the NCB, an estimated 59,000 families with 125,000 children were prevented from living in low income in 2004.

Through old age security, including the guaranteed income supplement for low-income seniors, the federal government provides \$30 billion annually to Canada's seniors.

The employment insurance program provides temporary income support to those who are unemployed. Total EI income benefits paid were \$12.68 billion in 2005-06. To support low-income working Canadians—that is, the working poor—the government introduced the working income tax benefit, WITB, in 2007. For 2008, the WITB provides maximum benefits of \$510 per year for individuals and \$1,019 for couples or lone parents, at a cost of \$550 million per year.

Over \$9 billion is invested annually in a range of programs for Canadians with disabilities, including the CPP disability benefit, a number of tax measures such as the child disability benefit, and the labour market agreements for persons with disabilities.

As this committee knows, having recently completed your employability study, improving the labour market outcomes of vulnerable Canadians is key to their economic success. The federal government has a number of labour market and skills initiatives, many of which are aimed at supporting groups who are under-represented in the labour market. For example, Budget 2007 implemented a new labour market architecture, including \$500 million in annual investments over six years to enhance access to training through labour market agreements with the provinces and territories.

• (0915)

The opportunities fund for persons with disabilities together with the labour market agreements for persons with disabilities aim to help persons with disabilities obtain and keep employment.

The aboriginal human resource development strategy and the aboriginal skills employment partnership aim to increase aboriginal participation in the Canadian labour market and help close the gap between aboriginal and Canadian employment levels.

In light of the current and low unemployment and labour market shortages, vulnerable groups may have many more opportunities to increase their labour market participation, including aboriginal youth in the west.

Finally, one of the department's key targeted initiatives is the homelessness partnership strategy, which was launched in April 2007, and funding of \$269.6 million over two years to prevent and reduce homelessness. I also raise, for your information, the recent budget announcement concerning the Mental Health Commission.

Recognizing the interconnectedness of homelessness and mental health disorders, Budget 2008 announced funding of \$110 million to the Mental Health Commission to support demonstration projects that are focused on mental health and homelessness.

To sum up, it is clear that poverty is a complex, multi-faceted issue. As such, poverty takes the action of many players to successfully address: the federal government, provincial and territorial governments, stakeholders, and the private sector.

We'd like to thank the committee for its attention and let the committee know that HRD officials are at its disposal.

Thank you, Mr. Chair.

• (0920)

**The Vice-Chair (Mr. Michael Savage):** Thank you very much, Mr. Fedyk.

We'll move to Statistics Canada. We have Garnett Picot and Sylvie Michaud.

We'll turn it over to you, for ten minutes.

[*Translation*]

**Mrs. Sylvie Michaud (Director, Income Statistics Division, Statistics Canada):** My presentation will be in English, but please feel free to ask your questions in either French or English.

[*English*]

I'd like to thank the members of the committee for having us here. I'm with Garnett Picot. He's the director general of the analysis group, and he's the one who can give you more details on some of the findings in the detailed studies, if you're interested.

As has been mentioned by Mr. Fedyk, Canada doesn't have an official measure of poverty, and there's no international standard on the definition or measurement of poverty either. Statistics Canada has always maintained that it is not the role of a statistical office to define and measure poverty; we could lose a bit of the neutrality that is part of the agency.

While there's no consensus on the measure of poverty in Canada, in the early 1960s, Statistics Canada realized there was a need to have something that would show what's happening at the bottom of the income distribution. So since the early 1960s, we've been producing statistics on what we call the low-income cut-offs, the LICOs.

In the supplementary slides at the end of my package, I talk about the LICOs and the LIM, and I give background about what's done in other countries for poverty measurement. But for the sake of simplicity, the LICO is basically spending, on average, 20% more than the average family on food, shelter, and clothing. That's the basic methodology behind the LICO.

We use two kinds of incomes to calculate how much income you need. We calculate a total income before taxes and a total income after tax. We suggest you use the total income after tax because it takes into account the two mechanisms that are used for government for redistributing income, and those are taxes and transfers.

We produce these rates on an annual basis. We also produce the low-income measure. The low-income measure is half the adjusted median income. This measure is usually used for international comparisons. It's a relative measure. It has different statistical properties. So it's not a measure that we feature prominently; it's more something that we use to compare Canada with other countries in the world.

Since the late 1990s, HRDC has produced an alternative measure to our current LICO methodology. It was trying to address two limitations of our current LICO methodology. One is having more detailed geography, and the second is having more of an absolute measure of low income.

While that measure is relatively new, I'll present trends with the LICO and with the MBM, to put the two measures in context.

**The Vice-Chair (Mr. Michael Savage):** Are you having trouble with the translation, Mr. Lessard?

[Translation]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Thank you. The interpreter was too far away from the microphone, and I could barely hear him, but the problem has been dealt with.

[English]

**The Vice-Chair (Mr. Michael Savage):** Thank you.

[Translation]

**Mrs. Sylvie Michaud:** If you turn to the slide on page 3 of the handout, you will see a blue line that indicates the trends since 1980.

[English]

Sorry, I'll go back to English. I switched to French.

If we go back to the low-income trends since the early 1980s—in blue you have the LICO after tax rate—as Mr. Fedyk has mentioned, you see that there were two peaks following the two recessions in the early 1980s and in the 1990s, when low-income rates rose significantly. The message is that basically in the late 2000s, the low-income rate is roughly back to where it was in 1980. There are more people above the low-income rate because there is an increased population, but the rate was roughly the same in 2004 as it was in 1980. There was a slight decrease in 2005. We'll see next year if that trend is continuing.

I've talked about the MBM as being a relatively new measure. At the Canada level, if we look at the transfer of the MBM from 2000 to 2004, the Canada level gives roughly the same picture of a low-income rate slightly declining in the beginning of the 2000s.

If we move on to page 4, this apparent stability in the low-income rates masks some trends that are different among age groups. Again, this has been mentioned by Mr. Fedyk from HRSDC. The most noticeable trend is the significant decrease in the low-income rate, based on income after tax for seniors, from 1980 to 2005. That's the green line. You can see that there's been a significant decrease in the low-income rate.

There has been a slight increase for working-aged people, 18 to 64. It is about the same level for low-income rates for children under 18.

The source of the data we produce for our low-income rates is actually a longitudinal survey. That means you follow people through time. This allows us to see from year to year how many people move in and out of low income. People are followed for six years.

So if we look at our last six years of data, our last panel, which is from 1999 to 2004, basically 80% of Canadians were not below the low-income level in any of these six years. Twelve percent were under the low-income level for one or two years; 4.3% were there three to four years; and 3.7% were there five or six years, which may be more the group that you would call persistent low income.

There has been some research that has shown—and it was mentioned again before—that there are some persistent low-income groups, which are highly concentrated among five at-risk groups: unattached individuals aged 45 to 64, persons with a work-limiting disability, recent immigrants, lone parents, and aboriginal Canadians living off reserve.

With the current source of data, the survey of labour and income dynamics, because of sample size, I'd say there are some groups I'd prefer not to give statistics on. Our census of the population May 1 will release the income data from the census. You'll have a lot more detailed information. So if the committee is interested, there are more updated numbers, and following the May 1 release of the data, we'd be happy to provide you updated information.

I'm going to give you some trends on two groups in particular: lone parents and recent immigrants. The trend you have on the top line is that for lone-parent families. The overall message is that while low-income rates of lone-parent families have decreased from the early 1980s to what we see in 2005, they remain significantly higher than the low-income rates for families with two parents and children.

The next slide shows that for low-income families there's been an improvement, though it's still much higher. But there is a group, which we call the recent immigrants, particularly immigrants who have arrived in the last five years, for whom conditions have not actually improved.

For this we used a slightly different methodology. I have here not the low-income rates of recent immigrants, but more the relative position of low-income rates of recent immigrants compared to Canadian-borns. If you look at the chart on the left, it tells you that in 1980 the low-income rate of immigrants who had arrived in Canada in the last five years was roughly 1.4 times higher than the low-income rates of the Canadian-born population.

● (0925)

That ratio—the relative deterioration of the relative positions of recent immigrants—meant that by 1995, immigrants who arrived in Canada in the five years prior to the 1996 census had a low-income rate that was 2.7 times higher than the low-income rate of the Canadian-born population.

The last year for which we have census data is 2000. There was a slight improvement from 1995 to 2000, but using administrative data—a slightly different methodology—part of the decrease seems to have been due to the qualifications of some of the immigrants who came in, particularly one group where there were more in some of the high-tech and engineering groups. The situation improved a bit for some between 1995 and 2000, but because of the slowdown in high tech in early 2001, it has increased again. So the relative position of low-income rates of recent immigrants in 2002 has increased again to be close to 1995 rates. In the last two years it seems to have improved, but it hasn't quite recuperated yet.

I've talked about the market basket measures and the LICO. If you were looking at trends for children, seniors, and working-age adults, most of the trends are similar if you use the LICO or the MBM. However, if we look at provincial ranking and how provinces fare, the two measures give different levels and trends. If we look at 2004, which is presented on slide 4, you can see that on the blue line you have what is typically produced with low income after tax. On the red you have the market basket measure. You can see that Quebec, for example, which has one of the highest low-income rates under the LICO, has the lowest rate using the market basket measure of low income.

Why is there such a difference between the measure you choose for low-income rates between the LICO and the MBM? They are two very different methodologies. They don't use the same income measure for how much income you need. One uses income after taxes; one uses an MBM disposable income. There are also fundamental differences. The MBM is more a measure of cost of living.

If you look on slide 10, the methodology that was used with the LICO shows that you require the same amount of money for all cities that have 500,000 people or more. It would be the same for eight large cities in Canada, including Montreal, Toronto, Calgary, and Vancouver. Under the MBM, because it's more of a cost of living measure that is based more on geography, you actually reflect that the median rent in Montreal is about \$5,000 less than the median rent in Toronto or Vancouver. So if you are looking at geographic background, that is why the MBM gives a very different picture than the LICO at the provincial level.

There are also other differences, such as how we handle transportation. That shows fewer differences between rural and urban with the MBM than with the LICO. Basically, the MBM assumes that in cities you will use public transportation. That's usually not available in rural areas, so because of that, low-income rates in rural...you need to have a car, so expenses are more. That's why the thresholds are higher, and that explains some of the differences.

• (0930)

**The Vice-Chair (Mr. Michael Savage):** Excuse me, we're over the 10 minutes. I'm not inclined to cut you off because this is important stuff for our study. It looks like we are about halfway through.

**Mrs. Sylvie Michaud:** It is actually our last slide. The rest is all supplementary background.

**Mr. Garnett Picot (Director General, Socio-Economic and Business Analysis Branch, Statistics Canada):** I'll address this last slide very quickly. We knew we would run out of time, so I've listed a few topics that we can discuss with the committee if they wish.

On why low-income rates are declining among lone parents, we did a study on that, so I'd be happy to talk about it. We've already heard a little about where Canada stands relative to other nations on low-income rates, so we can talk more about that.

We can also discuss intergenerational transmission of earnings among poor families, if you wish, and what's been happening to low income among immigrants and why that is taking place.

We'd be happy to talk about those later, if you wish.

**The Vice-Chair (Mr. Michael Savage):** The members will have questions. If there is something that you particularly want to focus on now, I am inclined to let you do that. We do want to get this information out.

**Mr. Garnett Picot:** Do you want me to give you a two-sentence summary of each of these?

**The Vice-Chair (Mr. Michael Savage):** Yes, please feel free. We'd like to hear it.

**Mr. Garnett Picot:** I'll make this quick.

Why are low-income rates declining among lone parents? We asked that question, and after so many years we noticed that employment earnings were rising and employment rates were rising among lone parents. Why was that? Basically we found two things. One, the change was concentrated among older lone parents, those over 40, in Canada. Secondly, it had a lot to do with demographic change.

Lone parents are very different kinds of people now as compared to 20 years ago. They're much better educated and have more work experience since they're older. Those two factors had a lot to do with the improvement in earnings and the improvement in employment. More highly educated people tend to seek jobs, tend to be more employed, and of course earn more money. A lot of the decline in low income among lone parents had to do with changing demography. That's the main message there.

Internationally, Canada's relative low-income rate stands in the middle of the pack. We're talking about relative low-income rates here, so it's relative to the median income of that country. When you measure it in that way, which is a standard way of doing it internationally, we have a lower low-income rate overall than do the United States and typically the U.K. quite frequently, but much higher than what we find in most western European countries, and certainly the Nordic countries. We're sort of in the middle of the pack.

As far as what's been happening to the decline among the elderly in low-income rate goes, as was mentioned earlier, that is truly a success story in Canada. Back in the 1970s we had one of the highest low-income rates among the elderly, and we now have one of the lowest internationally. That's an important dimension of that.

The third issue, which I've mentioned, is intergenerational transmission of earnings among poorer families. In the supplementary slides there is slide 13, if you wish to go to it. It asks what will happen to the sons of a father who is in the bottom one-quarter of the earnings distribution—that is part of the one-quarter of the population earning the least—when they become adults. Are they going to find themselves at the bottom of the earnings distribution as well?

What this study found was that about one-third of them will. Of all the sons of the fathers who are in the bottom of the earnings distribution, or the sons who are in poorer families, about one-third of them remain in poorer families when they grow up and start earning money themselves in their early thirties, but the rest move up.

There were two comments here. First, there is more mobility, more movement up the earnings distribution than we expected to see. Second, there is more mobility up the earnings distribution in Canada than we see in the United States or in the U.K. If you're born in a poorer family in Canada, you have a better chance of moving up than would someone in a similar situation in the U.S., for instance. We are sort of in the same ballpark in terms of intergenerational mobility as are the Nordic countries. They have a lot of mobility as well.

There are many mechanisms whereby people move up. One of them is education. A big difference between us and the Americans, for instance, is in terms of education and access to education. If a child grows up in a poorer family in Canada—that is, a family in the bottom one-quarter of the income distribution—the probability of them going to university or college is much higher in Canada than it is in the U.S. That may be part of the reason we see this intergenerational transmission. They're more likely to acquire education, which allows them to move up the income distribution.

At the higher levels, if you come from a richer family, you're more likely to go to university in the United States than you are in Canada. It's the opposite at the top. Since we're concerned with the bottom of the income distribution, that may be part of the story.

I'll leave it there.

● (0935)

**The Vice-Chair (Mr. Michael Savage):** Thank you very much.

**Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC):** Mr. Chair, on a point of order.

You mentioned immigration. I'm curious to hear him elaborate on that too. He went through three things, but there are actually four things we're talking about.

**Mr. Garnett Picot:** As Sylvie pointed out, we observed—lots of people, lots of researchers have observed—that outcomes for recent immigrants, and immigrants in general, have been deteriorating since the early 1980s. That's in spite of the fact, as I think you probably all

know, that the educational attainment of immigrants has risen dramatically. About half of the immigrants who come to Canada now have a university degree. Back in the early 1980s, that was about 17%. So there's been a tremendous rise in educational attainment.

Many more of them are now in the economic class; that is, they're brought in for economic reasons. You'd expect things would improve, given those kinds of changes, but in fact they continue to deteriorate.

People have been asking why. Through the 1980s and 1990s, a lot of it had to do with what economists refer to as “declining returns to foreign experience”. When you enter the labour market, if you have some work experience you expect to be rewarded for that. What we were finding with immigrants was that that used to be the case before 1980, but during the 1990s that totally disappeared. So an immigrant entering with some foreign experience basically receives zero benefit for that. And that was one of the major reasons why we saw this decline in outcomes.

Another one was that labour market entrants, in general, through the 1980s and 1990s, were having a tougher time. For instance, we saw the earnings of young males fall in the labour market. Recent immigrants are, in a sense, just a special case of a new labour market entrant. So they got caught up in this tendency toward poor outcomes for labour market entrants.

That was true in the 1980s and 1990s. Post-2000, we were hoping, frankly, to see some improvement in outcomes for entering immigrants and we didn't see it. There, the reason is quite different. Sylvie has already alluded to the fact that it had a lot to do with technology and engineering.

Through the late 1990s, we started to bring in a lot of engineers and IT workers, information technology workers, in response to the demand for labour. Through the late 1990s, you'll recall the high-tech boom. During that period there was a lot of demand. And then suddenly we were hit with the high-tech downturn, post-2000. Since immigrants were so highly concentrated in these two professions, engineering and IT, they really got hit by that downturn, and it seems as though they haven't recovered. So that's a big part of the story post-2000.

I'll leave it there.

● (0940)

**The Vice-Chair (Mr. Michael Savage):** Thank you, Mr. Picot and Madame Michaud.

You mentioned you might have some new information in May. I would encourage you and any other witnesses who have information that's updated, that's new from when you testified here today, to please give it to us. We're particularly interested in any information, as current as we can get, that you have on this issue.

Thank you very much.

We're going to move to the National Council of Welfare, Sheila Regehr, director, and Diane Richard, researcher and policy advisor. We look forward to hearing from you. Thank you for coming.

**Ms. Sheila Regehr (Director, National Council of Welfare):** Thank you.



I would just add that Diane is our expert on welfare incomes, which is one of the things we haven't touched on yet.

On behalf of our chairperson, John Rook in Calgary, and the members of the council, I want to thank the committee very much for this opportunity and really commend your efforts to find solutions to the tragedy of poverty in this rich country.

As others have said, 10 minutes.... I'm going to have two sentences on everything too. These are quite complex matters. I'm not going to give you a lot of statistics. We're well known for this. You'll see some of them in your package; you've heard a lot today. So we're not going to do that, but of course we'd welcome any questions or further explanation you might have on the presentation, or any of the numbers in the extensive package we've provided.

I'm assuming you're generally aware of the council's history and its publications, including the regular poverty profile and welfare income series that we've been putting out for about a quarter of a century, and our recent report on solving poverty, which really turns things towards finding solutions.

So I'll draw on these and the work of lots of other people as well and offer some insights into what I understand are the key questions that are of interest to the committee. There are basically five areas: the current situation in Canada; populations most at risk; federal roles; a bit about measures and indicators; and some discussion of financing the solutions.

First, let's look at the current situation. As others have indicated, we have to begin with the essential question of what is poverty. There are lots of statistical answers. I won't go into that because others have covered it. But I want to highlight the trends they talked about as to the difference between what has happened with seniors and with the rest of the population, and not just from a statistical perspective, but to look at that from a policy perspective, because in this case we can see very clearly what the policy impact has been on this population. It's much harder to determine what impact different policies are having on other populations. We hear about much of the money that's going into them, but we really don't know how the outcomes are following through.

So beyond the numbers, I want to focus a bit about what we're really talking about in human terms, and it's a continuum of problems. People have talked about "depth of poverty" and "persistence". People have been looking to Ireland; they have something called a "consistent poverty measure", or something like that. And we've been hearing different terms and different things. They're all part of the continuum of poverty, misery, insecurity, inequality, exclusion, and even desperation. So I'm not going to go through them all, but in the presentation there are some example scenarios. I didn't put any labels on them, but they give you some hint at real lives and real individuals and how different their circumstances are.

One of the things I'd really like to highlight is the difference between the seniors and most of the others, in relation not just to their level of income but to the security of income and the source of income and how that affects their dignity and their ability to do anything about their circumstances.

One of the most striking things I've read lately—and it's why I included it as an example, and I've heard it from several sources—is how worried people are about aboriginal gangs. There are very clear reasons for that, which we can see if we look beyond the numbers.

Another part of the problem, as I mentioned, is figuring out why we're really not getting results when we've got so many programs and we're putting so much money into things. It seems that's where we really need to focus now.

So one of the things that the National Council of Welfare did in 2006 was to run a questionnaire about poverty and income security. We got a wide range of responses, and they indicated that this array of programs is working. There's no magic about it. There is an array of programs that are really important, some more so than others. Some are really not working, and social assistance tops that list outstandingly. There's no comparison. But student loans and employment insurance follow closely behind as areas that are important valued assets for Canadians, but they really needing improvement.

Aside from direct income support—and we have to look at poverty as income and other things as well—there's a range of social programs and services related to housing, child care, wage laws. All of those things were highly valued as well, and many of them are also in need of improvement.

● (0945)

So in brief, there's no doubt that we have a complex, persistent problem, but we also have elements in place to help us find the way out.

I want to say just a few words about populations most at risk. Again, my first paragraph is irrelevant because it's already been stated. We know statistically who they are. But sometimes we run into the trap of looking at these people as the problem when we do it that way, so I'd encourage the committee to turn around and look at it on its head, look at it in a different way: what factors are putting people at risk? The answer to this is a little bit different, because it includes things like racism and gender discrimination, violence, divorce, illness, accident, disease, low wages, lack of education or qualifications—many of the things we've talked about. Having a child is an economic risk to women, much more so than to men. We really don't have a serious program addressing that.

Another important point is that risk increases when multiple factors are involved. It's not very often just one thing that's going to tip people over. I think it's also important to highlight that almost all of us are part of this lottery. I think if we start asking friends and relatives, it becomes really clear, because it's really often some trauma or some series of incidents—again, not often one thing but a series of things. It doesn't take long to fall into poverty, and to fall into deep poverty, in this country now, given how easy it is to not qualify for employment insurance. Having to quickly go to what should be the last resort is too often becoming the first resort for many people.

We talked about demographic trends. We talked about the maturation of CPP and OAS, and how important that was to the question of poverty in seniors. But the other trend that's really key there is women's earnings. That's huge, and it's a demographic change that has to do with other programs related to employment equity and child care, and things that many women feel are threatened now. So in many respects the two-income families become a de facto social safety net, and if you don't fall into that, you really are vulnerable.

I want to concentrate now on federal roles, and I think there are several.

I'm conscious of the time. I'm taking a little bit longer than I thought as well.

● (0950)

**The Vice-Chair (Mr. Michael Savage):** Take what you need within reason, but keep in mind there will be questions as well.

**Ms. Sheila Regehr:** Agreed. Yes, I've got a lot to cover, and it's going slowly, it feels to me.

There's a lot in the work the National Council has done on solving poverty that looks at things more from a governance model, which means that anything in there applies to any order of government or even communities. Most Canadians, when we talked to them about these things—we thought they were going to be considered esoteric or too complicated or something—understand, too, that you have to have a vision of where.... Even at a household level, when you're raising your children, you have to have a vision of what you want down the road. You have to have some plan in place to get there. You have to assign some resources. You have to figure out who's responsible. You have to do all of those things. You have to involve the people. As your children get older, you involve them in your own plan for their future.

All of these things are important, no matter at what level of government. So solving poverty, as people have mentioned, is a national issue. The federal government has to be involved if it's going to work.

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.

I want to reinforce that Canada has already made commitments in human rights instruments, both nationally and internationally, to do the work that most poverty advocates say needs to be done. Leadership also involves recognizing a good idea and running with it. The federal government did this with Tommy Douglas's idea for medicare, but it wouldn't have happened on a national level if the federal government hadn't picked it up. CPP is a similar kind of situation. Another leadership role is that you don't have to be the first out with the good idea, but the support and the championing matters.

I won't talk a lot, either, about the direct action role the government has, because my colleagues here in HRSDC have talked about that. I think one of the things we really have to look at carefully, and I understand some committee members are doing this,

is the role of the income tax system. That deserves a little bit more mention, and I think I'll talk about that later, in the next section.

Again I want to stress that income matters, but income can't replace services like health care or a child care system, just as individuals are never going to build the system of highways. So that matters tremendously.

There are many areas. When I started outlining this presentation, I thought, "Okay, let me see, where are the direct federal actions and where are the really, really clear provincial things?" It's not clear, and it's not clear to most Canadians. Quite frankly, most Canadians we've heard from are just fed up with how complex it is. It's more and more complex the less and less income you have, because you don't have anybody to help you sort it out. So that really matters.

On measures and indicators, a lot has been debated. I think our bottom line on this is that there's been enough talk. Let's pick a small selection. Let's just decide, do them, learn as we go, get better, and have some official measures. The council would agree that this is not Statistics Canada's role; this is part of our governance structure, and governments need to decide that.

There's also a role for things like the kind of reporting the employment insurance system does, so you know who's getting benefits, how much they're getting, who qualifies, who doesn't. We get a sense of what kind of impact this is having. I think something similar to that in many more program areas would be valuable, and that leads directly into my final section, which is about financing the solutions.

Here we would encourage the committee members to read our *Cost of Poverty* report. There's a more recent example that's very interesting as well that the United Way of Calgary has done on the external costs of poverty, and by "external" it means that this is the amount of money it takes, not to pay welfare recipients but to pay for the costs of increased crime, obesity rates, diabetes, and health care problems. And things that we don't prevent come back to haunt us later on, so I think sometimes we don't do a full enough accounting of things.

● (0955)

I also want to give a few examples of how we need to think of it outside the box. There are good examples of things we've already done, which some of us know about but which are not well known. One that strikes me is a study I know about lone parents, which was done by Gina Browne at McMaster University. She found, I think, rates of something like—and don't quote me on this—80% for clinical depression among a group of lone parents she was working with in this particular project. They looked at what kinds of different solutions there were. The obvious one would be to send these people into the health care system and to psychologists and psychiatrists, and that would cost a fortune. What they discovered was if they could get their son into a football program, or if they could get their daughter into a ballet class, and somebody else looked after their child for a few hours a week, their mental health problem was not a mental health problem. So we really need to ask the right questions.

The NCW's *Justice and the Poor* report, I think, is really valuable too. We didn't bring it, but it's one of our most highly requested publications, and we're almost out of copies. It shows just how easy it is when you're poor to get incarcerated, and then your learning comes from all the other criminals around you. It's quite astounding how that perpetuates the kind of thing we don't want, whereas prevention would save us all a lot of money.

The last example I want to give is a series of examples. This is a publication from 1976, so all of the data in it is obviously really old, but it's called *The Hidden Welfare System*, and the subtitle is about the personal income tax system in Canada. It shows that compared to how much money we distribute in welfare to the very lowest-income Canadians, we're distributing so much more and so much more security to people who already have lots of resources.

In terms of financing the solutions, I think there's a combination of things that includes better planning and policy design, some reallocation of resources, and some new investments that provide a good return over time, which actually result in cost savings. One of the arguments the Calgary United Way paper makes is that no matter what you feel about the causes of poverty—and you may feel that a lot of people have brought their own misfortune upon themselves—the cost of poverty is so high to so many people that finding solutions is worth it to you.

It really is about values, about vision, about leadership. What we need as a country can't be accomplished by individuals, families, charities, or communities, even though all of those things are important. Ensuring that ordinary citizens are treated fairly and can live with decency and respect is the responsibility of democratic governments.

Thank you.

**The Vice-Chair (Mr. Michael Savage):** Thank you.

Ms. Sgro.

**Hon. Judy Sgro:** The presenter mentioned the *Justice and the Poor* report. Could she forward one of those reports over to the clerk, who could copy it and distribute it, as they're running out of copies?

**Ms. Sheila Regehr:** We'll try to get one of those. I also have two copies, one in English and one in French, of the *The Hidden Welfare System*. This is all we have left too, except for a few copies in our archives. We can leave these with the clerk.

**The Vice-Chair (Mr. Michael Savage):** We can make copies of those and give the originals back, if you like.

Thank you very much, Ms. Regehr and Madame Richard. I want to commend the work the national council has done on this. The information you've given us is very good. I'm sure our researchers have seen that it identifies some of the jurisdictions that have done work, and the work you did last winter on that, so thank you very much.

Thank you all for the work you've done and the presentations you've given.

We'll now go to questions from members, and we'll start off with Ms. Dhalla from the Liberal Party.

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** I think it's going to be Mr. Cuzner.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** I can start off, Mr. Chair, if I might. I'll go with a couple of quick ones, and then I'll turn it over to my colleague.

I think it's a great start to this very important study, and I thank all the witnesses for their presentations this morning. They were very informative.

Just on measurement first, Mr. Fedyk, does the market basket measure include heating costs as well?

**Mr. Frank Fedyk:** That's under housing costs. I'll ask our expert, Mr. Murphy, to elaborate on what's in the basket.

**Mr. Doug Murphy (Assistant Director, Economic Security Policy, Department of Human Resources and Social Development):** Yes, we can certainly provide you more detail, but it does include various costs of living, which would include heating. It includes shelter costs, heating, food, clothing, footwear—

• (1000)

**Mr. Rodger Cuzner:** It wasn't spelled out with the heating, and heating seems to be the most volatile of the inputs for people at that level.

**Mr. Doug Murphy:** We'll provide the committee with a finer breakdown of the composition of the market basket measure.

**Mr. Rodger Cuzner:** Great. Thank you.

Mr. Picot, regarding the measurements and their comparison with some of the other countries, are we using a close enough instrument so that the committee can be confident that when we're looking at the numbers we are comparing apples to apples? Are you comfortable with...?

**Mr. Garnett Picot:** That's a good question.

The measure everyone uses, and the one that I and other people have talked about, is a relative measure, which means it's relative to the median. So a country like the United States, which has a very high median income, is going to have a very high low-income cut-off, which means it's easier to be poor, if you wish, in the United States. You can be poor in the United States with a higher income than you could in, say, Denmark, because it's relative to the wealth of that nation, and the U.S. is a wealthier nation.

Some people have tried to move to a more absolute measure, and as far as I can tell, they found roughly the following. This isn't so much a low-income rate as it is what people earn at, say, the tenth percentile. That is, if you take a look at the people who are in the bottom tenth of the income distribution, what are their earnings—the people who are right at the tenth percentile, if you follow that.

Generally, what people have found is that when you do it that way, the Americans tend to line up pretty well with the Europeans. So although they have a higher relative low-income rate, when you look at absolute purchasing power, at the bottom end among the poorer families it's about the same in the United States as it is in the Nordic countries, for instance.

Is that okay? Are you with me on that?

**Mr. Rodger Cuzner:** Yes, I think so.

**Mr. Garnett Picot:** So the United States looks a lot better in an absolute measure—a purchasing power measure—than it does in this relative measure, because it's wealthier.

In the absolute measure, that is, if you're talking about purchasing power, Canada comes out looking pretty good relative to.... It's about the same as the United States and roughly the same as the European nations. So although we have a higher relative low-income rate, in terms of purchasing power, our poor seem to be at about the same level as the Europeans.

**Mr. Rodger Cuzner:** Okay. Thank you.

In regard to the low-income rates...declining among lone parents, single parents, is there a gender breakdown? Is there a gender reference on that?

**Mr. Garnett Picot:** The work we did was on lone female parents, single moms.

**Mr. Rodger Cuzner:** Just lone females?

**Mr. Garnett Picot:** Yes. We didn't actually look at males. We couldn't, because the sample wasn't large enough in the particular study. So those findings I talked about were really for lone mothers.

**Mr. Rodger Cuzner:** We do this in the Canadian way. They used to be called single moms; now they're lone-parent families.

**Mrs. Sylvie Michaud:** But we do have some numbers for low-income single-parent males and single-parent females. We can provide you with those.

**Mr. Rodger Cuzner:** Oh great. I'd appreciate that.

**Ms. Ruby Dhalla:** Thank you very much, first of all, to all of you for coming here. Your presentations were extremely insightful and helpful, and I think a great start to what is going to be a very important study.

I wanted to touch on the first presentation that was given on poverty in Canada. I was quite alarmed by some of the statistics, where it states that Canada has a low-income rate comparable to Ireland, New Zealand, the U.K., and Australia, and a lower rate than the U.S.

What do you think are some of the contributing factors to those statistics?

**Mr. Frank Fedyk:** It varies very much in terms of the income security systems that are available, as we highlighted in all the presentations. In terms of seniors, we have a very generous income security support for seniors.

Another issue, in terms of the Canadian situation, is that we have a large measure of supports for our low-income population, getting at the root causes.

In terms of what the Americans are doing, I can't elaborate on that, but I can say that the efforts of all governments have been to target measures in terms of the needs of the low-income. So what we've noted is that through targeted measures we've been more successful in moving some of our trends down.

•(1005)

**Mr. Doug Murphy:** I would add, and I think Garnett and Sylvie will support this, that you do see a kind of clustering on the Anglo-American-type countries' market economies. There is convergence

there. The U.S. is higher, using half of median income. But you see a pretty comparable rate between Canada, Australia, the United Kingdom, and Ireland in terms of about 12% or 10% of half-median income people living in low income.

**Ms. Ruby Dhalla:** Thank you.

The other point you indicated in your presentation was on the key targeted initiatives. You were talking about income support measures that are provided for the demographic. You mentioned the homelessness partnering strategy.

I think you probably know that funding for the homelessness partnering strategy is going to expire very shortly. Have you made recommendations to the minister and to the department with regard to its renewal?

**Mr. Frank Fedyk:** Obviously those issues of where we're going with the programs are up to the government to determine. We'll support them with the information they require in terms of that decision.

**The Vice-Chair (Mr. Michael Savage):** Thank you.

We will move to the Bloc.

*Monsieur Lessard, sept minutes.*

[*Translation*]

**Mr. Yves Lessard:** Thank you Mr. Chairman.

I would also like to thank the witness and congratulate her for her presentation this morning. I had a series of questions that have already been answered, in fact, quite eloquently, so I have had to rethink my line of questioning.

I have a question that each one of you may wish to answer. I find it rather astonishing that with all of the research, all of the work that has been done on poverty, there is still no specific definition of the poverty threshold, even though I acknowledge the variables that you have so clearly demonstrated. Will this problem always exist or would it not be possible, in view of current knowledge, to clearly define a threshold? It would certainly go a long way in helping us find the appropriate solutions to the problem. Do you have an answer?

[*English*]

**Mr. Frank Fedyk:** Yes. As you rightly pointed out, there is no unanimity among researchers, policy advisors, or, I would even say, governments, as to what poverty is and how best to measure it. That's why most countries, like Canada, have developed this suite of measures that allow for different types of analysis in different programs. As our colleagues have elaborated, the low-income measure is best for international comparisons because everyone collects income data and it is relatively easy to look at average incomes.

We have also highlighted to our colleagues at Statistics Canada the advantages of regional distribution. The cost of living varies enormously across Canada. We would say that the market basket measure has distinct advantages of being able to look at the community situation where the low-income individual, or family, is living and better target measures that would address their particular needs.

Finally, because the LICO is our historical database, it is best in terms of being able to study trends. I think it's an enormous challenge for any government to say that one measure is the one measure we should go with. I think there are advantages to having multiple measures. As our colleagues have pointed out, most countries have multiple measures.

[*Translation*]

**Mr. Yves Lessard:** Studies in the United States had shown that child poverty can lead to \$500 billion in economic and social costs. You are probably aware of those studies. Has anything similar been done in Canada? Earlier, Ms. Regehr spoke about social costs, and what that can lead to. I would like to know if a similar study has been done in Canada.

• (1010)

[*English*]

**Mr. Doug Murphy:** Nothing comes immediately to mind in terms of putting a dollar figure on the cost of child poverty. There's been a lot of work in terms of some of the social and emotional outcomes for children living in low-income families. But we can certainly look into that.

As Garnett pointed out, it is important in terms of the intergenerational transmission of low income. Adult children who were raised in low-income families tend to do pretty well. I don't know how good a proxy that is, but it is worth noting that Canada does well internationally on that front.

[*Translation*]

**Mr. Yves Lessard:** I think that I may have just raised two key points for our study. First, what is the real poverty threshold, and what are its social costs? I think these two areas could help us direct our work.

There is another aspect which is not new but which is becoming more and more apparent: there are people who have regular jobs, who are employed full-time, etc., but who are nevertheless poor. I think this phenomenon is on the upswing.

And there is another phenomenon. I may be wrong, but I don't think the highest number of people living in poverty are necessarily located in the poorest regions, where the economy is weaker. For example, in Alberta, where employment is the highest, there are still people resorting to using the food banks.

Do you know what type of workers are living in poverty, when it comes to their income, etc.?

[*English*]

**Mr. Doug Murphy:** We have some detail on the working poor. This is an issue, because it's not just low income. The working poor tend to lack the types of services that other workers are more likely to get, such as dental plans and disability insurance. So there is a compounding effect. It's not just the income they don't have; it is also the lack of these benefits and services that support them.

In terms of what industries they're in, I'll just have to look at some material. We've done a fair amount of work in our department on the issue of the working poor. We could certainly provide you with the results of that research. It is an issue within the department.

**Mr. Frank Fedyk:** Very much they tend to be in the minimum wage service sector, and we have more detailed studies we can provide.

**The Vice-Chair (Mr. Michael Savage):** Thank you, Mr. Lessard.

[*Translation*]

**Mr. Yves Lessard:** I have a simple request to make. What type of job is it and how much do the workers make? Are these necessarily people who are earning minimum wages?

Could you tell us how many in that group earn more than \$10 an hour?

[*English*]

**The Vice-Chair (Mr. Michael Savage):** Thank you. I'll give you a few seconds if you want.

**Mr. Garnett Picot:** Regarding earnings, when I think about low income, I think of three components or three background areas. One is what is going on in the labour market. Second is what the state is doing to the tax transfer system. Third is demographic change, which also can affect low income. Of those three, probably what's happening in the labour market has been the most important. It is true that although GDP has been rising—we've been in an economic boom for a while—earnings at the bottom end of the earnings distribution really haven't risen. If anything, they've probably fallen a little bit. That's the real puzzle. That has a lot to do with why we haven't seen the low-income rate fall. Our low-income rate is still where it was 20 years ago. That's really what's happening at the bottom of the earnings distribution. It's what's happening in the labour market with respect to earnings. That's a big part of the story.

• (1015)

**The Vice-Chair (Mr. Michael Savage):** Thank you very much.

We will now move to Mr. Martin, for seven minutes.

**Mr. Tony Martin:** Thank you very much. I do appreciate all the really good information that was put in front of us here today.

One of the first challenges that I think we're going to have to grapple with, and that has already been identified by the committee, is this question of how we measure poverty so that we're all sort of singing from the same hymn book and trying to deal with the same issue. I think you've laid out how complicated an issue it is and how difficult it would probably be. But we're getting there.

There are, as you said, different approaches in different jurisdictions that work fairly well, but we in Canada have not.... Has there ever been a serious attempt at actually defining poverty, bringing forward a measurement that we could all sort of agree with?

**Mr. Frank Fedyk:** Researchers have done all kinds of work on the issue, but it's more a government decision. In those countries like the U.K. and Ireland that have chosen to identify a particular measure, it was a government decision.

So I think the advantage of what Canada as well as other jurisdictions have done is that we have provided a basket or a range of measures that the government could use, and they're all using them toward helping to make the best choices in terms of the design of programs and benefits for them.

Regarding Quebec and Newfoundland—from what I understand, Quebec is using the international low-income measure.

**Mrs. Sylvie Michaud:** The MBM. They're going for the MBM.

**Mr. Frank Fedyk:** As well, Newfoundland is considering the MBM in terms of its targets for moving forward. So it seems each jurisdiction needs to make its own choice in terms of how it decides against what its anti-poverty strategy would be used to measure progress.

**Mr. Tony Martin:** It seems to me that we need to be working cooperatively with the provinces as well. There are two of them now on the way. Ontario, I believe, struck a committee to actually look at measurement. We're going to have Mr. Mendelson here before us to talk to us about that, which would be really important.

But there are jurisdictions out there, you're saying, that have in fact arrived at a decision, however politically in terms of—

**Mr. Frank Fedyk:** I would say it's more to measure progress. They say they're using this indicator. I don't believe any of the provincial jurisdictions have said, "This is our official measure". They've used the indicators in order to measure progress against their strategies.

The only countries that have set official poverty measures are the United Kingdom and Ireland.

**A voice:** And the U.S. with—

**Mr. Frank Fedyk:** And the U.S., yes.

**Ms. Sheila Regehr:** If I could just add to that a little bit, yes, as these people have said, the other countries went out and, to my knowledge, a number of the.... The United Kingdom, for example, did a major consultation and asked people about measures. They were looking for one, and they realized very quickly that it wasn't going to happen either.

Most of the countries have decided on a core, and it's usually quite small; it's usually about three. It's something that gets at the kind of thing the LICO does, where you're really close to the line and you might be doing okay, but it won't take much to really put you into hardship; and then something that reflects a real depth, a real persistence of poverty, the more chronic kinds of things; and then others have been combinations of things to get at different aspects of poverty.

So they've adopted those as official measures. But they're not an abstract; they are a goal. Our goal, despite whatever measure you pick, is that each of those three things has to start coming down or we're not doing our job properly. So it's linking the objectives to the measures, and then, as Frank said, there is a whole other array of indicators and statistics that can be used by different people for different things.

Market basket measure is being used and adapted beautifully by Newfoundland and Labrador to very specific geographical locations and in a very transparent way, so people know what their communities look like and the sort of income distribution and poverty issues they're dealing with.

One of the things that has been a preoccupation with the National Council of Welfare for a long time is the fact that social assistance rates are set according to nothing that anybody can determine. To us,

there would be a tremendous advantage to having something like a market basket measure, so that it's a commitment to the population that says, "We think this is what a reasonable standard of living is", and welfare rates should have something to do with that. They shouldn't just be a number pulled out of a hat.

That's the other value of measures and indicators, so that people can understand why things are the way they are, why your cheque is this much money and not something else. So there are governance and transparency issues involved in all of these.

• (1020)

**Mr. Tony Martin:** I have just a couple of short questions.

I've heard all your reports, and about the populations most at risk. I call it the face of poverty, but none of you referred to female. I know it's inferred and it's there, as lone parent is. Is that for some reason?

**Mr. Frank Fedyk:** [*Inaudible—Editor*]...the detail with our colleagues at Stats Canada for those in persistent poverty, those who are male- and female-headed.

**Mr. Tony Martin:** Under the rubric of "social inclusion", there's this question: are we including females in a way that's adding to their ability to take care of themselves and their children, and to thrive, which is one of the European concerns, as I read the material I'm getting? Are we leaving that out purposely?

**Ms. Sheila Regehr:** I think it's a question of 10 minutes.

Almost all the plans everywhere internationally, from Burkina Faso to Sweden, have gender equality as a central tenet of an anti-poverty strategy. It's part of the UN framework for doing things. I don't see why Canada would want to do anything different. Most of the publications we produce, wherever we can, things are aggregated by sex, family type, all those things. We have a wealth of information. We need to use it more.

If I can take one more second, the other critical element that very often doesn't get factored in but is key to the gender equation, is having time-use statistics. Canada has tremendous capacity in that regard too, and we don't use them well enough. And this is the conundrum for most single parents. It's the trade-off between time and money. They don't have enough time to make money, and unless that's factored in, you're going to have real trouble finding workable solutions.

**The Vice-Chair (Mr. Michael Savage):** Thank you, Mr. Martin.

We'll move to the parliamentary secretary, Ms. Yelich, for seven minutes.

**Mrs. Lynne Yelich:** Thank you to the witnesses.

First, before I ask Stats Canada my question, to Sheila, you have identified a lot of the poverty groups and some circumstances; however, I'm wondering if you have looked out there in some of the communities. Some groups are working very well on the ground, and I'll throw one out. Pathways in Toronto is actually working for specific groups. Many of these aren't even government-funded, and I know myself, in my own city, lots of community living hardly gets any government funding; yet it gets out there on the ground and has been trying to help a lot with poverty.

I wonder if you would agree that perhaps what's missing here is sometimes just connecting some of these good groups and this good work that's already being done out there with people like you. You seem to have the statistics, even though you're not really giving us numbers; as you said, you're giving us circumstances and different scenarios. We have a lot of those scenarios coming, and what we're hoping to do is have a solution-based poverty study so that we can bring people who have already got some really good solutions but who want to be heard and are crying to be heard. I think it would be great if you could pull some of this and perhaps see some of the groups or help us coordinate some of the groups that really do want to get the government's ear, that feel they can attack some of the problems you have in your presentation.

But most important, because this is a poverty study, I wanted to start our first.... I tried to get some sort of definition, some way of measuring it. You were very guarded, Sylvie, on making sure we don't use LICOs. I'm wondering about the measurement to do this right. I don't think we can break it down into groups and demographics, and of course in a country as big as Canada, I don't think we're going to be able to do anything but try to find where the persistent poverty is. So what is going to be the ideal way to do it as well as we can?

I'll start with Sylvie, and then we can perhaps go to others.

• (1025)

**Mrs. Sylvie Michaud:** There are definitely limitations with the LICOs. Because the cities are all together, the 500,000-plus, the MBM in that sense gives us a more detailed breakdown.

We're working closely with HRSDC to see at some point if we can release MBM at the same time as the LICO. I think Statistics Canada has been guarded, and I think CCSD would agree with that. What we don't want is to define and then to measure poverty. We could be accused of bias. So we'd like HRSDC to take the lead.

Stats Canada's best scenario was more for HRSDC to take the lead with various organizations to come up with the official measures the government would like Statistics Canada to be producing. Then we'll be happy to provide the methodological ground, the support, and all the statistical things behind the measure. So we've been working with HRSDC on that particular aspect.

**Mrs. Lynne Yelich:** Would you see the MBM being a good starting point to try to define poverty? That's the inability to have the necessities of life, which is the poverty level we're looking at.

**Mrs. Sylvie Michaud:** I'm not going to comment on the choice of measure. I'll provide you with statistical background, but we wouldn't want to say. But for sure, the MBM provides more geographical detail, and to my mind it's a good thing.

**Mrs. Lynne Yelich:** Would you say it works better because we're a confederation in which we have to deal with different jurisdictional issues in provinces?

**Mrs. Sylvie Michaud:** Yes, but I wouldn't want to comment, because Statistics Canada's role is in providing the data and the support on the issue. We feel that the definition, the choice of the measure, has to be done through the political system. That's why we wouldn't want to define it. If the MBM were chosen by government as the measure through which they now want to report or measure progress, we would be happy to see how we can support that work.

**Mrs. Lynne Yelich:** Along with the LICO.

**Mrs. Sylvie Michaud:** Of course, along with the LICO. As has been mentioned before, the LICO has the time history and I think it's an important thing.

**Mrs. Lynne Yelich:** Once the MBM gets some history behind it—

**Mrs. Sylvie Michaud:** We could provide both. If the government decided this was becoming the official measure, what would have to be put in place is probably an agreement on the methodology and also how regularly it would be updated, the mechanism for a transparent update.

What you need are the necessities, and the cost of the basket will change through time. Right now we say in transportation, for example, in a rural area you need to buy a five-year-old Chevy. Maybe 20 years down the road Chevies won't exist any more and it will be all green cars with very different methods.

There needs to be an update at some point. Computers or the Internet may be a basic necessity. The basket needs to be refined. What we'd like is to have a process to be able to update the basket in a transparent way, in a regular way. If that's done, if it is decided by the government, we'll be happy to report on it.

**Mr. Garnett Picot:** Perhaps I could add to that.

From an analytical point of view in trying to figure out what's happening, this is not from what should be our official poverty line because we're not going to choose that.

As Sylvie has said, the market basket measure, because it's more of a cost-of-living-based measure, is definitely more useful when comparing cities or provinces in Canada, for instance, than the LICO, because the LICO doesn't really account for cost of living differences, and that's important. The MBM is good for that.

The LICO has the time series and you can see a long history. If you want to see what's happening now as compared to 20 years ago, you're pretty well stuck with the LICO.

There are two other measures that I would definitely pay attention to. One is the persistent low-income measure; that is, using longitudinal data to ask who is in chronic low income. A lot of people who show up in the LICO, for instance, may be in low income only for a few months or a year. Who are the people who are in low income for four or five years? I would definitely want to focus on chronic low-income measures, and that's exactly what HRSD has done in the identification of those five groups.

There is one other measure we haven't mentioned here at all today. We've been talking in terms of the measurement issue about the low-income cut-off, or what the line is below which you are said to be in stricken economic circumstances. We haven't talked about the depth of low income.

If the low-income cut-off, for the sake of argument, is \$20,000, but most of the poor people are at \$18,000, that's one situation. You could still have a 10% low-income rate. If the low-income cut-off is at \$20,000 and you still have 10% of the population below that but they're at \$10,000 average income and not at \$18,000, that's a very different situation. Those people are much poorer. Nowhere, if you're only talking about low-income cut-off, do you actually see that, because it's going to look the same; those two scenarios will look the same at a 10% low-income cut-off. So the other issue is the gap or the depth of low income.

Another reason that's important is that a lot of government programs, such as social assistance, for instance, will often increase their income. They stay below this cut-off sometimes, but their income rises. If you're only looking at the low-income rate, you won't see that improvement. You have to look at the depth of low income or how far below the cut-off people tend to be.

That's another measure I would pay attention to if I were trying to figure out what's happening.

•(1030)

**Mrs. Lynne Yelich:** Has it gone anywhere?

**The Vice-Chair (Mr. Michael Savage):** We'll have to come back on the next round.

For the information of our witnesses, we have finished one round of questions. We're going to have a second round. Most of you have appeared at committees before. We have a prearranged schedule. In this case it will be Liberal, Conservative, Bloc, Liberal, Conservative, NDP. That's how the questions will come at you.

We'll start with Judy Sgro.

**Hon. Judy Sgro:** I was going to follow up on what Lynne was saying.

Could you just quickly go into that whole issue? You have some measurements on how you'd measure the depth of the low income. Can you supply the committee with it so we can move down that avenue?

I'll just quickly try to get a couple of questions in here.

**Ms. Sheila Regehr:** I have just a one-second answer on that. Our poverty profile historical series calculates LICOs, and percentages below the LICO and around the LICO, so we've done that

historically over a while. You can see who is 50% below, for example.

**Hon. Judy Sgro:** You can supply that to our researchers so that we'll have that information.

I have questions about a couple of things.

On the issue of education, based on the last Statistics Canada numbers—2001 and 2002—44% of people in my riding do not have a high school diploma. I have some very significant areas of really serious problems. Have you actually done some studies on the issues of education? We talk about programs for early learning—Best Start, the kinds of things that all of us talk about for providing that opportunity for kids at the very beginning. Have you done any statistics on children who have been provided that opportunity from zero, one, two, or whatever it is, on where they end up when it comes to this whole issue of poverty?

**Mr. Shawn Tupper (Director General, Social Policy Development, Department of Human Resources and Social Development):** With respect to the outcomes for young kids, we're starting to see an increasing amount of research that is giving us a fairly accurate face of where investments are being made and what the outcomes are. Increasingly, our understanding is, the earlier you make those investments, the better the outcomes over time for young people. Indeed, it is a relatively new body of evidence. We're just starting to see good data that can give us some of the compelling argumentation in that regard.

**Hon. Judy Sgro:** Can you provide us with anything?

**Mr. Shawn Tupper:** Certainly. We have a number of studies we could provide.

**Mr. Doug Murphy:** With respect to high school education, when you look at those high-risk groups, the biggest factor is attachment to the labour force. It really is dramatic. It doesn't have to be that much attachment to the labour force, but just having some attachment to the labour force puts those high-risk groups on a level of low income that is comparable to other Canadians.

That said—and this is related—not having high school graduation dramatically increases the chances that you live in persistent low income. So it is very important, and it is a compounding issue as well.

•(1035)

**Hon. Judy Sgro:** On the issue of seniors, there is an ability for them to work to earn a certain amount of money before it would affect their GIS and so on. Have you looked at the impact that has had on people since that was introduced and allowed to happen?

**Mr. Frank Fedyk:** Budget 2008 just increased the rate of earning exemptions from \$500 to \$3,500. To the best of my knowledge, we have not done any estimates on that, but we could check and see. We have estimates on what we hope the impact would be, but obviously we would have to wait for some time for that to work its way through the system.

**Hon. Judy Sgro:** On this issue of the MBM, housing has a huge impact. You referred to it as cities of 500,000 or more. Where do these numbers come into effect when you're dealing with rural communities and people who don't live in cities?



**Mr. Doug Murphy:** We were talking about the size of communities being 500,000 or more. That's the way the LICO is constructed. It has a standard low-income threshold no matter what the city. This is why, for example, Montreal had the same low-income threshold as Toronto when we knew that housing costs were much lower. The MBM actually breaks it down on a community level.

I will go back to an earlier question. When we look at the shelter costs within a community for the MBM, the heating costs are a component there of how that is factored in, so in that respect it's much more sensitive. If you look back to the StatsCan presentation, looking at the difference between a low-income threshold between the LICO and the MBM, particularly for Montreal, really is proof positive about how much housing costs affect that.

**Mr. Frank Fedyk:** There are 48 cities or communities for which the MBM has been developed. We'll provide a report, through the researchers, that will describe in more detail each of the elements of the basket.

**Hon. Judy Sgro:** Thank you very much.

**The Vice-Chair (Mr. Michael Savage):** Thank you, Ms. Sgro.

I remind everybody that any information to the committee should go through the clerk so that everybody gets the information.

Thank you very much.

We'll move to the Conservatives.

Monsieur Gourde.

[*Translation*]

**Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC):** Thank you, Mr. Chairman.

I'd like to thank the witnesses. I am very pleased with the quality of your testimony and with the information that you have provided.

I have a question for Ms. Michaud, from Statistics Canada. I took a lot of notes because we are proceeding quite quickly.

According to Statistics, Quebec has one of the lowest poverty rates in Canada. If that is true, then what is different in the way that the province manages to lower the cost of its basket of food so as to affect the level of poverty there, and make it one of the lowest in Canada?

**Mrs. Sylvie Michaud:** That is a good question, and somewhat complicated. It involves two separate methodologies. I will explain the main differences with Quebec. First, there are the thresholds, which along with the basket of food, as I explained, represent the housing cost. We know that housing is less expensive in Montreal and in Quebec city. If we use the low income cutoff, or LICO methodology, the threshold in Quebec would be about \$7,000 lower.

I refer you to slide no 10 in our handout. Using the basket of food method, a family of four living in Montreal would need \$24,325 while the low income threshold is \$31,865. Therefore, if we use the basket of food measurement, which is based on the cost of living, the required threshold is much lower. There is obviously a difference there.

Another reason why Quebec is in a somewhat different position is because of the way in which we account for disposable income. Disposable income is after tax earnings, from which are deducted childcare expenses, out of pocket medical costs, social contribution and contribution to pension plans. Many families in Quebec benefit from subsidies daycare programs. The child care costs in that province are much lower than in most other provinces.

In a similar context, when it comes to disposable income, the difference with Quebec families is smaller as compared to families and other provinces where their out of pocket child care expenses are higher. Those are two factors.

Then there is the cost of transportation. In Quebec, urban transit costs about \$1,000 less than it does in Toronto. There are a number of factors that come into play, but I would say that the difference is due mostly to the methodology that is used.

• (1040)

**Mr. Jacques Gourde:** We could probably compare each sector to the rest of Canada. This would allow us to benefit from some of the measures that have helped Quebec to come out ahead of the other provinces. It would be interesting. I would be happy to hear any other suggestion that you might have.

**Mrs. Sylvie Michaud:** The committee might be interested to know that Quebec has a law to measure social exclusion and poverty. Information on this legislation can be found on the CEPE, the Centre d'étude sur la pauvreté et l'exclusion du Québec Website. The Centre compared Quebec and Belgium. Committee members might find this strategy quite interesting.

**Mr. Jacques Gourde:** Do you have any Emploi-Québec statistics on the advanced programs that they have for getting people back to work? For example, people who are on social assistance are provided with more help and encouraged to find a job.

**Mrs. Sylvie Michaud:** I don't have that type of information.

[*English*]

**Mr. Doug Murphy:** No. I think Quebec officials would be best placed to provide that type of information on their programming.

**The Vice-Chair (Mr. Michael Savage):** Thank you, Mr. Gourde.

We're going to move to Monsieur Ménard.

[*Translation*]

**Mr. Réal Ménard (Hochelaga, BQ):** I am delighted to share this information, particularly since, for the last 10 years now, I have been tabling an antipoverty bill in the House of Commons. I am confident that this time it will work. I am no. 123 on the list; I am sure that my time has finally come.

I have three questions and a request. I would like you to give us an outline. We might have to join the statistics with your service. There would be two columns on the chart. Ms. Collin has already given us food for thought, but I think it might be interesting to hear the pros and cons for each one of the measures. For example, I know that the national council uses low income thresholds in its documents, but that you are very critical of these thresholds because one type of measurement takes into account one's real income while the other one only represents what people require to meet their needs.

My position is closely related to that of Mr. Gourde. For example, Quebec has adopted a rather special and ground-breaking approach. The two provinces with legislative strategies to combat poverty have dropped the low income thresholds. Report after report, the United Nations criticize Canada, which has signed the two comprehensive treaties relating to economic and cultural rights, because no measures have been forthcoming. It would be nice to have a chart to demonstrate the pros and cons, not only as they relate to policies, but rather to the statistical point of view. I think that would be useful.

Secondly, I liked what Ms. Sheila Regehr had to say when describing how the people who study income security are unable to explain how one arrives at the amount of \$3,000 for a single person living in British Columbia and \$6,000 for the same person living in Quebec, or vice versa.

In a document, you were able to determine how much it would cost to raise everyone above the poverty threshold. I remember reading a figure, and I would like you to remind me of what the amount is. I do not want to hazard a guess, even if one does come to mind. I would like you to repeat it before the members of this committee.

How are we going to solve this problem? For example, could we use the federal government's Canada Social Transfer — to which, of course, all taxpayers contribute — and make the transfer conditional on it being used specifically for income security? We are very jealous of the prerogatives that Quebec enjoys. With respect to the effort that will have to be made to raise workers above the low income threshold, could you provide us with the figure and tell us what you think would have to be done?

I will now move on to my second question, so that I will not have to come back to it later. I would like to ask either the people from HRDC or from the council to answer it. Two provinces have adopted legislation, and a third one is in the process of doing so. I would like you to tell us how you feel about these measures. It is my understanding that what has truly helped people to rise above the poverty level in recent years...

Canada has improved its lot. For example, in the 1980s, whenever we spoke of poverty, we thought of the elderly. In fact, that is what was on the first page of the Senate report. Now, the people who are having the hardest time are the heads of single-parent families. We also say that things are better for children in Canada now, mainly because of the Canada child tax benefit which has increased every year. I would like you to tell us if there is really a correlation between the increase in the Canada Child Tax Credit and the improved conditions for children.

Those are my three questions, and I would like to see that chart. Of course, I am not expecting it before we finish our work.

• (1045)

[English]

**The Vice-Chair (Mr. Michael Savage):** Would the National Council of Welfare like to go first?

**Ms. Sheila Regehr:** On how much it would take to raise people to the poverty line, I can't give you the figure, but it is regularly published in *Poverty Profile*. That's one of the things we do, and it's based on LICOs. I'm not sure if it's based on pre- and post-tax.... It's

also important to look at both pre- and post-tax LICOs, because that gives you different information so you can see the effect of the tax system versus the labour market and some other things. It gives you additional information.

Your second question was more around delivery mechanisms, and if there were ever a political decision to give people enough money to get them up over the poverty line, how we would do that. That's interesting, because in a sense that is exactly what has happened for seniors. There is something that guarantees that they get up to a certain level no matter what. There are lots of debates about why that can't happen for working-age adults. It's much more complex, but it has worked for seniors.

You mentioned the issue of the child benefit. That's another element that's going in the same direction and seems to be having similar kinds of positive results. But I would stress again that part of that whole thing is not just the amount of money; it's the security of it. You know you're going to get a cheque this month, next month, and next year. It's predictable and stable. You can plan.

**The Vice-Chair (Mr. Michael Savage):** I'm going to stop you at that. We're trying to see if we can get Mr. Brown a question—he's the only member who hasn't had a question in the first two rounds.

I'm sorry, but we have to move to Mr. Cuzner, followed by Mr. Lake and Mr. Martin. Then we'll assess the time.

[Translation]

**Mr. Réal Ménard:** You did not answer my question on the Child Tax Benefit. I would have liked to hear the department's answer. I would like a brief answer on the Child Tax Benefit.

[English]

**The Vice-Chair (Mr. Michael Savage):** Does somebody have a quick answer?

**Mr. Doug Murphy:** In 2004 alone, the NCB reduced the low-income rate for children by 125,000 children. So we do have analysis of its impact on the low-income rate for children.

**The Vice-Chair (Mr. Michael Savage):** Thank you.

Roger.

**Mr. Rodger Cuzner:** Thank you very much.

Mr. Fedyk, I'd like to go to one of the questions that was posed by my colleague, Mrs. Sgro, on the number of GIS recipients who participated in the workforce in past years. Can we get some kind of information around that? I'm sure you have projections from before this measure was taken. If we can get access to something like that, it would be helpful.

Mr. Picot, it's very important that you mentioned the broad measurements we refer to. We talk about people who are below the low-income thresholds, but there's a gap there. I imagine that a much more intensive measurement instrument is necessary to delve into that. Is that information out there, or don't we factor it in?

•(1050)

**Mr. Garnett Picot:** I think we've become so accustomed to talking about the low-income rate that we just sort of forget about the low-income gap and the depth. The data is there and is actually in publications coming out of Stats Canada, so it would be very easy to put that together for you.

**Mr. Rodger Cuzner:** I'd appreciate that.

**Mr. Doug Murphy:** May I add one thing about the low-income gap? When we get an estimate of the aggregate low-income gap in Canada, I would exercise a bit of caution in equating that with the cost of eliminating low income in Canada. It's just an approximation of the overall distance, on average, between low-income people and that low-income line. So it would be very hard to just "fill that gap" and eliminate low income.

**Mr. Rodger Cuzner:** I'm going to ask two questions. First, the factors that impact on poverty in rural areas and urban centres vary. Are there statistics on that?

My final question is about your position on aboriginal poverty. You state that you believe it should be part of the broader go-forward strategy on poverty, and we agree. But the committee has said that is sort of a monster on its own. There are some very specific impacts on first nations poverty. Could you share with us your take on some of the factors on reserve and off reserve, and how we might be able to deal with that as a committee as we move forward?

**Mrs. Sylvie Michaud:** For the urban-rural, we can provide some numbers, but you'll see a big difference whether you use the LICO and the MBM. Part of it is because of transportation, which has a different component. There is also the cost of food—for example, in Newfoundland, the basket is higher than the LICO. We can provide you with numbers under the two measures to study.

**The Vice-Chair (Mr. Michael Savage):** Ms. Regehr.

**Ms. Sheila Regehr:** Very quickly, on the aboriginal issue—and I think it also gives me a chance to come back to Lynne's question, because they're linked—the recent report we did, *Time to Act*, shows there is a lot of positive development happening.

There is an incredible hunger in this country. I mean, we're small, and we're just touching the iceberg in trying to connect with people and find out what's going on. But there's an incredible hunger for learning from other people's experiences: developing, leveraging whatever they can from different levels of government and community sources, and growing what they're doing. When we looked at a lot of the aboriginal projects, for example, they said they're hugely successful, but with the resources they have, they're only serving about 10% or 20% of the population.

If we have examples of success, let's leverage them. Let's grow. Let's not reinvent the wheel. Let's learn from each other and build on those things.

You're right, there's no easy answer to the aboriginal question. But I think with all the populations that are at high, high risk, we need to have a clearer, more nuanced position and look to them for solutions.

**The Vice-Chair (Mr. Michael Savage):** Thank you very much.

Mr. Lake.

**Mr. Mike Lake:** I want to start by commenting on the LICO. Someone asked the question about how much it would cost to get everybody up to the poverty line. If I'm not mistaken, one of the challenges with LICO is that if you get everybody to that line, the line actually moves up, because it's a relative measure. In theory, getting up to the line is difficult.

**Mrs. Sylvie Michaud:** Actually, it used to be more of a relative measure. However, the last time we rebased the basket was in 1992, and now we index it to inflation. So it's starting to look more—

•(1055)

**Mr. Mike Lake:** With LICO?

**Mrs. Sylvie Michaud:** Yes, in 1992. So it's starting to look a bit more like an absolute measure than a relative measure.

**Mr. Mike Lake:** Okay.

I want to clarify something that Mr. Picot said earlier.

I think I heard you say that in terms of absolute purchasing power, people who are below the poverty line in North America are roughly the same as the Nordic countries.

**Mr. Garnett Picot:** It isn't people who are below the poverty line; it's people who are at the tenth percentile in income distribution. That is, 10% of the population are below them and 90% are above them, in terms of their income.

If you look at that particular group... This is from a research paper by Tim Smeeding. Your researchers probably know who he is already, but you may want to look at his international work. Using purchasing power parity numbers, he tried to compare the purchasing power in different countries. He concluded that the purchasing power—that tenth percentile—was about the same in the United States as in Europe. Canada was marginally above it—about 15% above it in terms of purchasing power.

**Mr. Mike Lake:** Okay, so we're actually better than both.

**Mr. Garnett Picot:** According to that particular study.

Now, I should really stress that there are all sorts of difficulties in doing this. Deriving those purchasing power parity numbers is extremely difficult, so I would take this as a rough-and-ready guide.

The main point is that the relative low-income measures, such as half the median income, demonstrate a very high low-income rate in the United States relative to European countries. When you look at some form of purchasing power parity numbers, that disappears. That's the main point.

**Mr. Mike Lake:** I have a question for Ms. Regehr. I know that John Richards, who is a former NDP MLA, I believe, from Saskatchewan, and he is now a member on the board of your organization, did a report recently called *Reducing Poverty: What has Worked and What Should Come Next*.

Thinking about federal responsibility, he refers to the EI program and the Chrétien government steps, and he states:

Changes to the program increased work requirements and penalized frequent users. One result of reform has been a decline in the percent of the unemployed receiving EI benefits, from roughly 80 percent in the late 1980s to 40 percent a decade later.

Then he goes on a bit later, in that same section, to say:

...changes in EI eligibility and benefits were among the shifting incentives that contributed to the rise in the Canadian employment rate and consequent decline in aggregate Canadian poverty rate.

I'm wondering if you agree with that thinking.

**Ms. Sheila Regehr:** Thank you.

That's an interesting question, and it's interesting that you refer to that paper, because he talks about some trends for which other explanations have been offered by Mr. Picot this morning as well. I think that emphasizes that a lot of these matters are quite complicated.

Yes, Mr. Richards has just joined the council. We haven't had any decision-making meetings yet with our new board, so what he has published is under his own right, and it's fair to ask him those questions, I think. This isn't necessarily the council's view at this point, so I can't comment on his particular research, unfortunately.

**Mr. Mike Lake:** Are we going to have time for Gord to ask a question afterwards?

**The Vice-Chair (Mr. Michael Savage):** I'm going to go to Mr. Martin at the end of five, and then I'll allow Mr. Brown to have a question after that, with the indulgence of the committee.

**Mr. Mike Lake:** Okay. Then I'll just move to one more question I have here.

Mr. Fedyk, in your statement you talked about persistent poverty. I was struck when I read that you said, "That is, they have a cumulative income over a six-year period that is below the cumulative low-income threshold for that six-year period". If I read that, I would think, for example, about someone who might have zero income, someone who is homeless and might be dealing with some substance abuse issues for three or four years, and then overcomes those issues and goes out and makes an income for the last two years, significantly over the amount required to be above the poverty line. Yet they would still be considered within the "persistent poor". Is that accurate?

**Mr. Frank Fedyk:** Could Mr. Murphy elaborate?

**Mr. Doug Murphy:** Based on that definition of persistent poverty, that would be the case. There are a few ways of measuring persistent poverty. One is, for example, over six consecutive years. They all show roughly similar trends, so certainly if you have a very high income one year and zero the next, you could have a cumulative income over six years, but if you look at the range of different definitions, those groups certainly show themselves to be at particular risk of persistent poverty.

• (1100)

**Mr. Mike Lake:** It could be different people who shift in and out of that category?

**Mr. Doug Murphy:** It's pretty small, yes.

**The Vice-Chair (Mr. Michael Savage):** We're almost at 11 o'clock, but we're going to finish up. I know that members are busy and everybody else is busy, and nobody likes to miss House duty,

but I'm going to allow Mr. Martin his five minutes, and then I'm going to go to Mr. Brown, if people are okay with that. There's nobody in this room after us.

Mr. Martin.

**Mr. Tony Martin:** There are just a couple of things. Regarding the presentation this morning on the stats, it makes it look as though our poverty rate has been fairly consistent in terms of percentage. The numbers, though, would speak to a different reality, in that numbers have gone up as the population has grown. So poverty has grown significantly in the country in terms of real numbers, real people, in poverty. Is that correct?

**Mrs. Sylvie Michaud:** Yes, and we can provide you the actual numbers.

**Mr. Tony Martin:** Okay.

The Canada Pension Plan, CPP, has been heralded this morning as one program that we put in place that lifted all the boats, lifted everybody to a certain level. In fact, out there you really can't see the difference, although we're beginning to chip away at it a little bit now, with the cost of living and whether it matches....

We had EI, which was a program that did somewhat the same sort of thing, but we've changed the rules now, based on a perception, I think, that the EI program was too rich and it got in the way of people actually going out and getting work. There was a sense that some people were living on EI as opposed to going to work.

Also, when it comes to welfare and social assistance, there's this concept of the welfare wall that often gets in the way of any movement and progress. In fact, it was used as the reason, for example, to cut welfare in Ontario by 21.6% in 1995.

I wanted some comments from people as to the impact and how we should be looking at this, and that kind of thinking where EI or social assistance is concerned.

I have a comment on the WITB, which was talked about. It actually accrues to only a small number of people, because, for example, somebody working for minimum wage, full-time, all year, doesn't qualify for the individual allotment. We did the analysis here. A family, a couple, working full-time all year would not qualify either, so there are a whole bunch of people who, really, are living in poverty, who just are not able to take advantage of that.

Anyway, those are just a few issues I'd like comments on, particularly on the concept of the welfare wall and this notion that somehow EI gets in the way of people actually wanting to go out to find some work.

**Mr. Doug Murphy:** I can answer a few of those. I can't speak to EI. It's not my area of expertise.

In terms of the welfare wall, it depends on how you look at it. There is an issue of equity between low-income working people and people on social assistance, and there was a feeling in the mid-1990s that programs should offer incentives so that it actually makes financial sense to take a job. It wasn't just the dollars; it was that social assistance had a lot of ancillary benefits and services—dental, health, and supplementary health benefits. If you left social assistance and went into low-paid work, you wouldn't get those benefits. So that's the diagnostic around the welfare wall.

I think it has been reduced. I do think low-income working people have more benefits now. Our work on the working poor shows that there are still some gaps in terms of what low-income workers get, in terms of the supplementary health benefits and that, but it's much more comparable, and a lot of provinces have provided those types of benefits based on a test of income rather than tying them specifically to the receipt of social assistance.

In terms of the working income tax benefit, you're absolutely right that if you're working full time, the full year, for example, in Ontario, with minimum wage, your income would be over the threshold. One of the objectives of the WITB was to provide an incentive to get back to.... Its explicit rationale was to address the welfare wall. It was an incentive to get people from social assistance to help them make work pay. So it has dual objectives, to provide an incentive for people to enter the labour force from social assistance and for some people in the labour force. I think about 1.2 million low-income working Canadians actually get some benefits from WITB.

• (1105)

**The Vice-Chair (Mr. Michael Savage):** Thank you, Mr. Murphy. We're going to have to cut it there.

I'm going to give Mr. Brown a chance to ask some questions. He's been waiting patiently.

**Mr. Gord Brown (Leeds—Grenville, CPC):** Thank you very much, Mr. Chairman, and thanks for the opportunity to get in a question or two.

In the province of Ontario, the national child benefit supplement is clawed back. Are there any comments around the table on that and the impact that might have?

**Mr. Doug Murphy:** Actually, when Ontario introduced their Ontario child benefit, they stopped recovering the national child benefit from social assistance. They overhauled their social assistance system to take the child benefit portion out and create an Ontario child benefit. People who receive the Ontario child benefit—and that's based on a test of income, so it's no longer tied to Ontario social assistance—don't see a clawback of the national child benefit supplement. That's as of last year, so it's a fairly recent development.

**Mr. Gord Brown:** Okay, because I had heard about this quite a bit from my constituents. They were asking me to see what we could do. Of course, I headed them in the provincial direction to do that.

I have one last question for Ms. Regehr. You said that when women have children, it puts them more at risk of falling into

poverty. We all know the reasons for that, but maybe you can quickly give us a little expansion on that.

**Ms. Sheila Regehr:** Thank you very much.

It's also a good opportunity to come back to Tony's questions about CPP.

One of the really neat things about CPP is that it has a child-rearing dropout provision that recognizes the time and effort it takes for women to raise children where they can't be in the labour force. Unfortunately, you don't get the benefit of that until you're 65. When you're 25 or 30, it is a huge economic risk for women to have children, if you look at the rate of divorce, the rate of default on child support payments, all those things. That's why you have lone-parent poverty rates that are as high as they are.

You might again want to look at other countries to see different examples of how they do it. I don't know the details from Sweden, but I understand that a lot of their efforts to address lone parenthood are done through the tax system and that their lone parent rate of really serious poverty is extremely low compared to Canada. I think we have a lot of work to do on that. Some of the EI reforms around parental benefits were incredibly well done, but could have been done so much better and much more flexibly to allow all new parents to have some benefit of something that is a human benefit to the whole country.

**Mr. Gord Brown:** Okay. Thank you.

**The Vice-Chair (Mr. Michael Savage):** Thank you, Ms. Regehr.

**Hon. Judy Sgro:** There are reports we have asked for. If possible, just in the interest of trying to save the environment, rather than having them all printed for all of us, could they go to the researcher, through the clerk, to have an overview of them done? Then if we want the whole report, we could contact the researcher.

**The Vice-Chair (Mr. Michael Savage):** Yes. We'll ask them to consider that.

Any specific requests that come out of a meeting, I'm reminded, quite often get forgotten if there isn't a time limit. So we're suggesting that you get back to us within two weeks on anything that has come directly from this meeting. It would be very helpful for us to circulate either the reports or a summary.

Any updates that come out after that we'd certainly appreciate having. We encourage you all to keep an eye on the committee as we go forward on this study and to get in touch with us either individually or in whatever way you can to let us know how you think it's going. I think it's very important.

Thank you. And I know my colleagues will thank you for taking the time. We've gone slightly over, but this is a good start for our poverty study.

We'll resume next Tuesday with Monsieur Lessard, probably, in the chair.

The meeting is adjourned.











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