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and Social Development and the Status of
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Chair

Mr. Dean Allison

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•(1110)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): I'd like to call this meeting to order.

As we continue with our study on the federal contribution towards reducing poverty in Canada, I want to welcome the witnesses and thank them for making themselves available today. I know there always seems to be a “hurry up and let's wait” type of attitude up here in Parliament, but we started this study last year and we're back into it now. We appreciate your making your schedules available for today.

I do believe we have the Caledon Institute of Social Policy today, so we have Mr. Battle and Ms. Torjman. We have Mr. Sharpe from the Centre for the Study of Living Standards.

Welcome today.

As well, we have Mr. Roberts from the Canadian Policy Research Networks. We also have with us Mr. Williamson and Ms. Pollack.

Thank you very much for being here today.

I believe you each have some statements to begin with. If you could keep them to about 10 minutes, that would be great. I know there will be some questions that come out of those afterwards.

We'll start with the rounds. We'll start with the Caledon Institute.

You have 10 minutes, and once again, thank you for being here. We look forward to your comments.

Mr. Ken Battle (President, Caledon Institute of Social Policy): Thank you, Mr. Chair, and thank you for the invitation to appear.

Sherri and I are both going to speak, so we'll have to skip the wonderful introduction we wrote and just jump right into the meat of it.

Our basic argument is that the federal government has the dominant role to play in tackling poverty reduction in Canada. It can reduce poverty, it does reduce poverty, and it should reduce poverty a lot more.

Unlike some jurisdictions, both provincial and abroad, the federal government does not have a formal poverty reduction strategy replete with analysis evaluation, reform initiatives, and targets. However, the federal government does have at its disposal some

potentially powerful instruments to help reduce poverty, which can service key elements of the full-blown poverty reduction strategy.

This morning we want to briefly discuss a few examples of federal programs that can help reduce poverty and offer some suggestions for improving their poverty reduction capacity. We distinguish here between incremental improvements to existing programs and deeper changes to the architecture or structure of social policy.

While the federal role in poverty reduction takes mainly the form of income security programs, it also has roles to play in supporting the services provided by provinces and territories. Ottawa can also help create an enabling environment that supports community interventions to reduce poverty.

Let me start with the biggest success story in poverty reduction at the federal level, and that's with seniors. As you may or may not know, Canada has made enormous progress in reducing poverty among the elderly. The rate went from 29% in 1976 to 5.4% in 2006. In fact, Canada ranks third-lowest among 23 industrialized nations in the poverty rate for seniors.

This huge reduction in poverty is due largely to improvements in public pension programs such as old age security, the guaranteed income supplement, and the Canada and Quebec pension plans, as well as the historic rise in the labour force participation of women. They are increasingly becoming eligible for pensions in their own right from the Canada and Quebec pension plans and, for a minority, employer-sponsored plans.

There are two ways we could make further progress against reducing poverty among seniors. I should point out that when we look at unattached seniors, there is a higher poverty rate than for seniors overall. It's 16.1% for elderly women and 14% for elderly men, and many more live just above the poverty line.

The most obvious program to further reduce poverty among seniors is the guaranteed income supplement. This received a few improvements a couple of years ago—the first ones in a generation. If we want to make further progress with poverty for seniors, we could make further increases in this program.

Another possibility is to take the age credit, which is a non-refundable credit, and make it a refundable credit. Then it would serve seniors who have income so low that they're below the taxpaying threshold.

Another area of progress against poverty in Canada is in child benefits. The Canada child tax benefit, which was the federal government's part of the federal-provincial-territorial national child benefit reform, has seen very large increases in recent years. Maximum payments for the first child went from \$1,520 in July 1996 to \$3,416 in July 2009. That's a very large increase. Caledon and a number of other groups have set a maximum of a \$5,000 Canada child tax benefit as a target for a mature child benefit system.

Child benefits take a hefty whack out of the poverty statistics. If there were no federal child benefits, the low-income rate for families with children would be 15%. Under the current system of federal child benefits, the low-income rate for families with kids is 9.3%, and under Caledon's proposal for a \$5,000 maximum CCTB we would reduce that further, to 8.3%. We'd see similar reductions in the numbers of low-income families and the depth of poverty.

• (1115)

The answer to further progress against child poverty in terms of child benefits is a simple one: the Canada child tax benefit is there. All we need to do is make further incremental improvements and we can reach the \$5,000 target.

A new program that came in a couple of years ago is the working income tax benefit. This is support for Canada's working poor. This filled a big hole in the architecture of income security, because prior to this the working poor had no support from the federal government.

WITB has two major objectives: to reduce disincentives to work for Canadians who are stuck behind the welfare wall, and to enhance incentives to work among the working poor. The initial WITB program was extremely small—very modest. It was so modest in fact that it wouldn't even serve people working full-time at low wages.

Thanks in part to emphasis from our organization and others, the finance minister saw fit in the most recent budget to substantially improve the working income tax benefit by increasing the maximum benefit and also pushing the income level eligibility higher up for this program. This is an extremely new program, but it's potentially very important in terms of reducing poverty among the working poor, who make up about half of low-income Canadians.

Employment insurance is a troubled program, to say the least. As you may or may not know, virtually all employees pay EI premiums but only a minority are able to draw upon the program's income benefits and employment services when they become unemployed. In fact, coverage of the unemployed fell from 83% in 1990 to 43% in 2008, which is the lowest number since 1976.

There is a gender gap in EI. Only 39% of unemployed women received EI at last count, compared to 46% of men. And that gender gap has widened over the years.

Benefits are by no means generous. The maximum benefit has declined from \$595, in inflation-adjusted terms, in the mid-nineties, down to \$447 in 2009. Average benefits for women amount to \$4,544 below the poverty line. Even if you manage to qualify for EI, which most unemployed people don't, you don't get a very generous benefit.

What should we do? Most progressive organizations have called for an end to the variable entrance requirement. This is the regional aspect of EI whereby your eligibility for benefits and the length of time you get benefits varies by the regional unemployment rate. Groups have called for that to be substantially reduced and indeed removed. The earnings replacement rate could be increased. It's only 55% of insurable earnings; this could be up to 60% or 75%. And extend the duration of benefits.

We have supported these kinds of changes as a stopgap measure because of the recession. As you know, all the budget did was increase the maximum duration of benefits by five weeks. This doesn't help the majority of unemployed who don't even qualify for benefits.

Groups are asking for a restoration of EI. We have done that, but we don't think that's enough. We think we need more major structural changes in EI so that it can better meet the needs of the non-standard workforce, which now makes up about 40% of all workers.

We have been working on a new architecture of benefits over the last couple of years that would see changes to welfare and unemployment insurance. With unemployment insurance, we would end the regional aspect; increase the earnings for replacement capacity of EI; and create a new program, a temporary income program, which would be an income-tested program funded out of general revenues. It would be a federal program, which would meet the needs of unemployed Canadians who are never going to be eligible for EI. We would actually create a two-part EI system.

I'll now turn it over to Sherri, who will talk about disability income.

• (1120)

Ms. Sherri Torjman (Vice-President, Caledon Institute of Social Policy): Thank you.

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

Welfare is a program of last resort. It never was intended to provide a guaranteed income for so many Canadians. One of our proposals has to do with the possibility of taking people who have a disability off welfare to create a new basic income program that would be supported by the federal government. It would be similar to the kinds of configurations that we have for seniors, particularly the guaranteed income supplement, which is an income-tested program. The combined old age security and guaranteed income supplement provide about \$13,700 a year, so we're looking at that configuration as a model for how we might reform income security.

Now, if we did that, if in fact we removed people from welfare and had a new income security program, there would be considerable savings to the provinces and territories. One of our proposals is that under a negotiated agreement with the federal government there would be a reinvestment in disability supports. These include technical aids and equipment and personal supports like home care and homemakers' services. This is really a significant area that we've overlooked, not just for the 16% of Canadians considered to be disabled from a formal definition perspective, but also from the viewpoint that we have an aging population in Canada, and we have to pay attention to that issue.

Another core component of a poverty strategy has to do with a set of services. The federal government really has an important role to play in terms of financial support for these services. One of them, the core area that we have been looking at over the years, is child care. Child care is significant because of its social policy value and its economic policy value. In terms of social policy, we know from a burgeoning literature, a very vast literature, about the value of investing in early childhood development, from the perspective of readiness to learn and support for good mental health and development over the years. But we also know that high-quality, affordable child care is essential to economic policy because it enables families to pursue education and to participate in the labour market.

One of our concerns has to do with the fact that a good-quality, early childhood development system requires an investment of funding. The federal government had played a major role in this regard in the federal-provincial-territorial agreements it had signed, both in the year 2000 and in the year 2003, which really enabled the development of this system across the country. There have been some new measures and a real retrenchment from that commitment, and we're concerned that within a major poverty reduction policy we should be investing significantly in high-quality, affordable child care.

Another core component of a poverty reduction strategy is decent affordable housing. This is significant because it's both a safety net and a springboard. It's a safety net in terms of providing support for people who are not able to pay their rent—and we have a lot of Canadians who are in very precarious positions right now—but having them in stable environments is also a springboard, because it contributes to healthy development of children, and it also allows people to participate in education and training.

We were very pleased to see the investment in affordable housing in the last budget: the \$1 billion for social housing, the \$1.9 billion to the affordable housing agreements, the additional billions that were spent for housing on reserves and in the north and for seniors, and the \$75 million for housing for disability. All those are very significant, and we have supported that and said this is an essential part of our social infrastructure. Our concern has to do with the fact that we don't really have in the country a strategy for affordable housing. It really has been more hit and miss. It's been from one agreement to the next, but there is a real role federally for leadership in meeting the affordable housing needs, as well as for continued investment, and the security of that investment. It's very difficult to have an affordable housing plan unless you're assured of the financing.

• (1125)

Just very, very briefly, there are two more areas we have written about, and those are social infrastructure and the enabling environment. In our view, to reduce poverty, it's not enough just to have affordable housing. Four walls and a roof are obviously critical, but equally important are healthy communities, which allow citizens to participate and allow children to have opportunities to participate in recreational and artistic programs. We have argued that the infrastructure financing should go equally to social infrastructure, such as repairing our schools, our community centres, our libraries, all the places that make for healthy communities.

We were pleased to see that the last budget made investments in recreational centres. We had argued that rather than put money into individual tax credits, which benefit higher-income families, you really have to invest in the actual places and neighbourhoods and communities where people are living and raising their children.

One last point we'd like to make in terms of a federal role—because we talked about a direct federal role with respect to income security, and a shared federal role in terms of financing some of the social programs, like child care and housing and social infrastructure—is that we would also like to see the federal government play a role in terms of the enabling environment for community groups, who are trying to find local solutions to reduce poverty.

There's a tremendous amount of activity under way in the country, in which local groups are working with business and labour unions and the voluntary sector, and people living in poverty are coming together and trying to find their own solutions. Oftentimes they find they're up against the rules and policies of governments and other funders, which make it difficult for them to do their work.

So there are a number of areas where we would like to see these barriers and policy difficulties removed to enable the work of local groups. The other aspect of that, of course, is providing some support for them to be able to help each other and to learn from each other.

I will stop here. Thank you, again, for the opportunity to share our views.

The Chair: Thank you very much.

We're going to move on to the Centre for the Study of Living Standards.

Mr. Sharpe, you have the floor, sir.

Dr. Andrew Sharpe (Executive Director, Centre for the Study of Living Standards): Thank you very much.

I greatly appreciate the invitation to appear before you today.

The Centre for the Study of Living Standards is an Ottawa-based, non-profit economic research institution, focusing particularly on productivity, living standards, and economic well-being. Linked to economic well-being, of course, is poverty. We've done a number of studies on poverty.

My remarks today focus on two particular sections. First, I want to provide some insight into the nature of poverty, because if we want to reduce poverty, we have to understand its dynamics. Second, I'll go through some federal policies that could alleviate the poverty situation.

Before beginning, I want to make two points in terms of the poverty debate. The first relates to the measure of poverty and whether it's a relative or an absolute measure. There's a lot of literature on this, which I'm sure you're familiar with. But I think it's important to note that in the international context, when we talk about poverty in Canada using OECD numbers, we're looking at poverty in relative terms. By that, I mean the percentage of the population that would be, say, below one-half of the median income. This means that if you would double the real income of everybody, you would have no effect on poverty, because you'd still have the same percentage of the population below that threshold. You can't grow yourself out of poverty.

However, in Canada we use more of an absolute approach called the LICO, the low-income cut-off, and there we have a particular income threshold. In fact, you can, through economic growth, grow the country out of poverty. Therefore, there's a lot of confusion in the debate about international comparisons and whether you're using one or the other.

My discussion today will be based on the Canadian measures, the official Statistics Canada low-income cut-offs, which are not an official poverty measure but which many people do refer to as poverty measures.

The second point in terms of understanding poverty is that there are two fundamental drivers to poverty rates. One is the state of the economy. The second, of course, is public policies. I'll be talking about those. It's important to differentiate, where possible, the effect of those two influences.

Turning to the nature of poverty, in 2006 our poverty rate was 10.5% in Canada. That's for all persons. That's 3.4 million people living in poverty, after tax. There are measures before tax and they are slightly higher, but I'll focus on the after-tax measure.

It's important to differentiate the poverty by different groups. As Ken mentioned, the poverty rate for the elderly is very low. It's around 5%. The poverty rate for children is about 12%. The poverty rate for ages 18 to 64 is about 11%.

So in that sense, the child poverty rate is higher than that of those other two age groups. Of course, for the elderly, we basically have virtually no poverty in terms of the elderly families, at around 1%, whereas for elderly unattached, as Ken mentioned, it's much higher, at 15%. Also, of course, if you break it down by family type, you see that female single parents have a very high poverty rate of about 32%, and unattached individuals under 65 also have a poverty rate of around 31%. Again, it's very important to look at the different family types.

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

Of course, poverty rates vary by particular groups. We have very high poverty rates for aboriginals, for recent immigrants, and, as Sherri pointed out, for the disabled.

There's a regional dimension to poverty in Canada. You get somewhat funny results from the LICO series, but it's interesting to look at. British Columbia actually has the highest poverty rate at 13%. The province that has the lowest poverty rate is Prince Edward Island, at 5%. That's linked to the relatively low cost of living in Prince Edward Island, according to... There are a lot of problems with our measures, and I won't get into the details on that.

Another issue, of course, is the persistence of poverty. I mentioned that the poverty rate is around 10%. Over a three-year period, about 4% of the population is in poverty for three consecutive years. Over that three-year period, about 16% of all Canadians experienced a bout of poverty. So there's a certain persistence to poverty, but also, a lot of people go in and out of poverty.

It's interesting to compare how Canada does internationally. We don't do that well. For example, on median income, we're about fifth in the OECD in terms of the level of real median income. In terms of the top decile, we're actually a little bit better, at around 6%. However, if you look at just the bottom decile, the population—that's the tenth of the people who are in poverty—we're number 14. So the poor don't do well in Canada, not as well as the average or median, compared to other countries.

● (1130)

What's been happening to poverty? Well, basically, there's been good news on the poverty front in recent years. We went from 4.5 million people defined as being in low income in 1976 down to 3.4 million, or the poverty rate went from 15.7% down to 10.6%. However, we still were not as good as we were in 1989, when the poverty rate was 10.2%. The poverty rate went up a lot in the first half of the 1990s, and then it has taken us a long time to get it down to where it was before the recession of the early 1990s.

Again, the key group, in terms of the age groups, has been children; they have done the best. Their poverty rate has fallen six percentage points, from around 18% to 12%. As Ken mentioned, a lot of this is due to the child benefit, and then the overall poverty rate for both the elderly and the adults has fallen four percentage points in the last decade.

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

Now, what's been happening recently? The problem with poverty statistics is they're not current. The latest data from Statistics Canada on LICOs is for 2006. We expect the SLID data for 2007 probably in April. So a month from now, hopefully, we can have data for 2007, but it's going to take over a year to get data for 2008, which we're through. But by looking at the historical trends we can pretty well say what we think happened to poverty.

In 2007 the unemployment rate fell to 6.0% from 6.3%, and real incomes in Canada increased. I would expect the data will show a slight fall in poverty for 2007. We might be 10.2% or 10% instead of 10.5%. That would be my forecast. In 2008, the year that just ended, the unemployment rate actually went up a little bit. It went up a lot at the end of the year, but on an average annual basis it increased only from 6% to 6.1%. So poverty was stable in 2008 probably.

An increasing question is, what's going to happen to poverty now that we've fallen off the cliff in terms of the economy? Well, if you look at the historical experience of the early 1990s, from 1989 to 1993 the unemployment rate went from 7.5% to 11.4%. So the unemployment rate rose four percentage points, and the poverty rate, well, it rose from 10.2% to 14.3%, four percentage points. That's a one-to-one relationship between the percentage point change in the unemployment rate and the poverty rate, and I predict that's what will happen in 2009. For example, if in 2009 the unemployment rate is 8%...and given how the economy is going now, I wouldn't be surprised if we make that. Most people say it's around 7.5%, but I think we've been underestimating the severity of the recession. That means the unemployment rate is going to go from 6% to 8%; the poverty rate in 2009 is probably going to go from 10.5% to about 12.5%.

For every unemployed person there will be two people in poverty. The labour force is around 15 million and the number of Canadians is around 30 million, so basically if we see an increase in unemployment of maybe 300,000, we're going to see an increase in poverty of around 600,000. There's basically a two-to-one relationship for the number of people involved. So it doesn't look good in terms of policies.

What should the federal government do? Well, as I mentioned, there have been two drivers of poverty, and both of those drivers in the last decade have been very positive. The economy has been doing very well, and we've been putting policies in place. Now, of course, we've seen the opposite, basically. The economy is doing very poorly; therefore, we have to take new policies.

• (1135)

In terms of what would not be effective, I would argue that, overall, raising the federal minimum wage is basically not a particularly effective policy because there are very few workers in the federal jurisdiction who receive minimum wage. You also want to have some regional sensitivity there. Overall, minimum wage is a very crude instrument to reduce poverty. It has its role, but it's not always effective because a lot of people who receive the minimum wage may not be poor.

Another, I would say, non-starter in the debate is the whole idea of a guaranteed annual income. A lot of that debate, in my view, is counterproductive. Basically, one glove does not fit all hands. You have to tailor poverty reduction programs to the needs of the

particular client. If you had a guaranteed annual income that put all people out of poverty, it would be extremely expensive.

What works? Well, again, long term, it's education. We all know that. That's really the key to poverty reduction. But we're thinking more here in terms of short term or medium term. And of course we should continue the structural policies that Ken mentioned. I concur entirely with him about raising the child benefit over time. I think the working income tax benefit has been very positive. It has been very small. It has been enriched and it should be further enriched.

I would argue that the most important policy we should have in the short term, if we're serious as a government, is to expand unemployment insurance to all potential exhaustees for up to a year. Instead of 50 weeks, people could get unemployment insurance for 100 weeks. This would be temporary. It wouldn't be a permanent change to the program. I think we have to make structural changes to EI, as Sherri was mentioning, but this is just a temporary measure.

There are two reasons for that policy. One is that it's a very effective stimulus. If you give money to low-income persons who are unemployed, they're going to spend that money. It's going to be automatic. It's not like a tax cut where a certain amount of that money is not spent. It's a very effective stimulus. It also will prevent the poverty rate from rising.

That would be my key recommendation. Encourage the federal government to basically extend EI benefits for much longer than they are now.

I'll stop there.

Thank you very much.

• (1140)

The Chair: Thank you, Mr. Sharpe.

We're now going to move to the Canadian Policy Research Networks.

Mr. Roberts, you have 10 minutes, sir.

Dr. Glen Roberts (Vice-President, Research and Development, Canadian Policy Research Networks): I appreciate the opportunity, honourable members.

Mr. Chair, thank you for the opportunity as well.

As I sit here looking at the picture of the Fathers of Confederation, I think it's a rather interesting time to be talking about poverty. Andrew talked about the state of our economy and the impact it will have, invariably, on poverty.

With the permission of the chair, I have some slides that I would love to pass out, although they're not translated. There are some slides in here that are frankly about trends. If you could disregard the text, it's about the pictures. I'd love if people could at least look at them while I'm giving my presentation. I'll look to the chair on that.

While you're thinking about that, I'm going to start. If we choose otherwise, I'll just continue as though we're okay with at least looking at the pictures.

The title of my presentation is “Dissecting the Line on Poverty”. The question posed to the three of us was: What was or what could be the federal contribution to reducing poverty in Canada? I will take a slightly different approach from that of Ken and Sherri. Rather than looking at the incremental side, my focus will be more on the transformational side, respecting, of course, Andrew's thoughts around how one would push through the issues to bring about transformational change.

This is a synthesis of the CPRN research. We've been doing research in the public space for about 15 years. My presentation will focus on our research but also will bring in a couple of slides from Ipsos Reid and Statistics Canada.

I'll begin very briefly by giving a couple of the key facts on poverty, just to reiterate in order to make my points as I go through here.

First of all, there's been a fair bit of interest internationally on the importance of goals on poverty....

Mr. Chair?

[Translation]

The Vice-Chair (Mr. Yves Lessard (Chambly—Borduas, BQ)): Excuse me, Mr. Roberts. You wanted a document to be distributed to members, but we have a policy that says that documents must be in both languages. I think you were made aware of this. I understand that you would only like to refer to some graphs, but there is also some text. I believe the text is as important for French-speaking members as for English-speaking members. We will therefore keep this document, have it translated and disseminated afterwards. I just wanted to inform you of this and ask you to take it into account during your presentation.

You may continue.

[English]

Dr. Glen Roberts: I'm sorry, Mr. Chair, should I just continue?

[Translation]

The Vice-Chair (Mr. Yves Lessard): Continue.

[English]

Dr. Glen Roberts: Key facts are related to poverty.

First, the goals on poverty. UNICEF released some poverty goals, about 25% reductions in five years. It appears this is going to be adopted by the Ontario government.

Second, the federal government, as all of you know, approved a goal back in November of 1989 to eliminate child poverty by 2000.

Third is an issue that Andrew raised around defining and measuring. There are a number of measures: the LICO before and after tax, the market basket measures, and a litany of measures. So there's a real issue around how one defines poverty.

Finally, to indicate the major risk groups—I think Sherri and Ken did a nice job on that: single parents, typically females, unattached, between 45 and 64; disabled, primarily those disabled who are work-limited; recent immigrants, primarily refugees, aboriginals; and those at risk to employment generally.

Right now we have four provinces with a plan on poverty, and we only have one province with a piece of legislation on poverty, and that is Quebec. In Quebec, in 2002, under Bernard Landry, they passed some legislation, and the plan that came about under Charest came out in April 2004. We did a report based on that. Two really important messages came out of the importance of that legislation. Putting aside the importance of legislation generally, there were two major pieces behind the introduction of that legislation, and that was major political motivation and political support. The government had lost a lot of its citizens' satisfaction—it had some of the lowest ratings at that time—and there was major public support; fully a third of Quebec citizens were supportive of poverty reduction.

I'm going to turn to the slides on trends in poverty to raise a number of points. This is all to get at the issue, some of which Andrew and Sherri talked about, and to make a few additional points.

First, interestingly, some of our highest poverty rates across the country were in about 1997, and since that time, we've had a pretty steady decline in poverty. Interestingly—and I think Andrew touched on this briefly—during times of economic growth we seem to have reductions in poverty and during times of economic downturns we seem to have increases in growth in poverty. This is a general statement. I'm not going to say we've done any randomized clinical trials or statistical analysis, but it is fairly indicative that as economies grow there's less poverty and as economies contract there is more poverty.

The question that was posed was, if I look at the line on poverty, what is the federal contribution to that? I haven't done the research to do that, but I want to indicate to you how to answer that question.

My next slide is around economic growth. This really does make the case that if you look at the trends around our economy, in particular the recessions in the eighties and nineties—and unfortunately the data doesn't track forward at this stage—you can see how recessions and subsequent recoveries line up very nicely with the lines around poverty.

The next point is around the trends in Canadian priorities. This is a very recent chart from Ipsos Reid, which looks at Canadians' priorities on a range of public policy issues. No surprise that the economy is Canadians' number one concern. Number two is health care, number three is the environment, and unfortunately, poverty is only in the top 10.

On my next slide I show you the levels of poverty, and right now the level of poverty as a priority for Canadians: the first choice is 2% and total choices are 4%. I want to raise whether or not we have the political context right now to bring about transformational change on this issue of poverty. Clearly the numbers we saw in the Quebec context, the importance of poverty put on that is significantly lower than the Canadian-at-large at this point.

•(1145)

In my slide on political motivation—I don't know that everybody has a copy—you can see that the trends around what sort of support various governments have raise a question about whether or not there clearly is a political context to deal with the transformational piece around poverty, such as thinking about legislation, for example.

Focused areas to reduce poverty—

[*Translation*]

The Vice-Chair (Mr. Yves Lessard): Just a minute please, Mr. Roberts.

It is on a point of order, I believe.

Ms. Raymonde Folco (Laval—Les Îles, Lib.): Yes.

[*English*]

I don't think Mr. Roberts understands that we do not have the slides, and I would appreciate if he would make his remarks with the understanding that we do not have the slides.

Dr. Glen Roberts: Thank you. I'll be happy to clarify that.

Shall I go forward? Thank you.

There are four areas that we've suggested to focus on with regard to poverty. The first is income support and living wages. The evidence would suggest that a living wage should be in the \$10-an-hour range, but of course adjusted for inflation, which typically it is not.

Second, we recommend making sure that we have compliance with our employment standards.

Third, there should be sufficient capacity for affordable housing and, fourth, early childhood education and child care generally.

Just to dig a little bit into that, the issue of poverty and housing, our evidence and the research we've done suggest that there are two issues with respect to housing. The first is actually the dwelling and the second is the neighbourhood in which it is located. There are environmental health issues. There are psychological health effects that relate to socio-economic status, which really come about from endocrine immunological compromise from people who are under stress. It actually makes them susceptible to disease. So there are some pretty major issues with respect to the housing, and of course the location of the building, the reduced life chances, and the access to public services are very consistent with affordable housing, where it's located and the actual quality of the housing itself.

In a report that we will be releasing shortly, we talk about a couple of models for affordable housing. One is the U.S.-based Housing First model that originated in New York in 1992, and the other is the more recent Canadian version of that, which is the Toronto Streets to Homes model, also known as S to H. What we talk about in the report is the importance of the use of a Housing First model as a way to get people in there, and in fact the evaluation on the Housing First model is very good. The evaluations of them suggest fairly strongly that they reduce hospitalization and generally keep people located in homes for much longer.

So there are a couple of solutions to think about. First of all, an integrated policy framework through the use of joined-up policy-making.... I think if you look at the European countries, at why they are so much stronger at investing in social programs, it is because they take a much more holistic approach to such things as poverty. Second, we need to think about poverty in terms of income and assets. It's not just about incomes; it's also about assets, because we know that assets actually are the things that trap people into poverty. So we need to think again a bit more holistically rather than focusing on the income side. Thirdly, we need to think about alternatives to legislation. I would argue that in fact just coming together and agreeing upon standard definitions and goals and then measuring and delivering on those goals would be fundamental to the success of poverty reduction in Canada. I know there has been some interest in renewing the discussion around the SUFA agreement, although I struggle with that because I'm not convinced that it was that successful as a piece of legislation. Finally, we need to invest in social innovation.

Now I'm going to come back to the question around what the federal contribution is. What I've got is a picture of what poverty in Canada looks like using the LICO measure, before tax. When you look at it you can see it's a pretty flat line. It has a little bit of a downward trend, but ultimately it is a trend line over time from about 1980 to 2006, and as a policy thinker who has been involved with economics for as long as I have—one minute, I'll wrap it up—I think what you need to do is dissect that line in order to resolve it. What I mean by that is you need to take that line and figure out what part of that is provincial, what part of that line relates to federal, what part of that relates to housing, what part of that relates to education and child care. Only when you can answer those questions can you properly determine how you go forward.

I think about two debates. First of all, there's the debate that occurred around the Romanow commission regarding the percentage of the federal contribution to health care, and I don't think anybody knew what the answer was; and second, the impact of econometric modelling such things. It's a very simple thing to take this data and actually turn it into a model to actually ask questions about poverty and find out what the outcomes would be. So I would argue that in fact one of the major impacts you could have is creating some econometric modelling directly around poverty.

I leave you with three quotes. One, from the European Union, is “social expenditures are positively correlated with levels of productivity everywhere in the developed world.”

Second, “Children are kept in poverty not by a padlock to which there is a single key but by a combination lock that requires an alignment of factors if it is to be released.” This is from UNICEF. I think that emphasizes the complexity of this issue.

•(1150)

Last is something that was cited, actually, by a member of Parliament, and it was picked up in our research: “Why not a law against the rain?”

What I would suggest is that if you're really going to resolve the issue of poverty, we need strong leadership. As I stand in front of the Fathers of Confederation, I congratulate you on doing this.

•(1155)

[Translation]

The Vice-Chair (Mr. Yves Lessard): Thank you very much for your presentations, and especially for staying within the time allowed.

We will now open the question period. We will have a first round of seven minutes for each party, which will be followed by five-minute rounds. We will begin with Ms. Folco, from the Liberal Party.

Ms. Raymonde Folco: Thank you, Mr. Chairman.

It is a pleasure to address you as Chairman. It is not the first time we exchange chairs.

The Vice-Chair (Mr. Yves Lessard): It is a sweet reversal of fortune.

Ms. Raymonde Folco: I would like to congratulate each of you for this presentation which has been very much to the point and suggested some avenues for action. Several members here, on this side of the House and especially those of my party, have met with people outside of this Committee. I am sure you are aware of this. The goal was to try to find not one — since there is no single solution to this problem — but a number of practical solutions to the tangible issues that you brought up.

[English]

I'd like to refer specifically to the Canada social transfer. One of the big problems with it—and I come from Quebec—is that in the relationship between the provinces and territories and the federal government, once the provinces or territories get the money, they pretty well spend the money as they wish. There is no *reddition de compte*. There's no accountability to the federal government. They can just say that they've spent the money in that general area, but they do not have to say in what area, specifically, they have spent the money. This is a big problem, generally, and I think it's an even bigger problem in terms of poverty and in terms of all the different factors you have mentioned here this morning.

My first question is whether you have changes to suggest, if that could ever come about, to the Canada social transfer in terms of the relationship and in terms of accountability to the federal government, which holds the purse. How can we make sure that this money is spent in these specific envelopes, so to speak, rather than in the general one?

I'd like to make a comment before I hear your answers. I particularly appreciate Madam Torjman's suggestion about social policy structure. One of the things that struck us about the Conservative government's budget, Bill C-10, was the fact that as regards infrastructure—the money is welcome, of course—that infrastructure money really addresses men in the workplace, mostly. Women in the workplace don't seem to be addressed in Bill C-10. Your suggestion, Madam Torjman, and the others as well, is where I could see women in the workplace receiving money through this particular budget. So thank you very much for that suggestion. I wanted to make that remark, because that is something that, to some of us here, is very important.

My question is this. With respect to the Canada social transfer, what do you suggest be done to make it more responsive to the situation of poverty in Canada? I address that to anyone who wishes to answer.

Ms. Sherri Torjman: Thank you for your question.

It's a concern we've had for years, since the Canada Assistance Plan was changed. Originally, it was transformed into the Canada health and social transfer. We wrote a paper, back in the mid-nineties, called “The Dangers of Block Funding”, which identified precisely the kinds of issues you're raising.

We saw some positive developments in the country around, for example, the national child benefit. What is of interest, and what I think is helpful in this regard, as a model, is that it's a negotiated federal-provincial-territorial agreement. So the federal investment comes with an associated set of criteria or principles that have to be addressed with respect to receipt of the money. So it sets up, in a sense, an accountability mechanism.

I know there are opting-out provisions, and these always have been addressed. But when you do have these kinds of principles in place, everybody looks to those principles and those barometers as a means of measuring performance. I think it is one of the ways we can respond to this open funding. We tie it in more to a negotiated agreement.

Similarly, with respect to the child care agreements and the early childhood development framework we had in the year 2000 and then in 2003, we had an associated set of principles for that investment. It's, again, at least one way of looking at tying the money, to the extent we can, in a federation.

I don't know, Ken, if you want to add to that.

•(1200)

Mr. Ken Battle: The short answer to your question is no. I think federalism has moved on from the days of federal cost-sharing, when the federal government was the senior partner because federal money really drove social policy. That's no longer the case. The provinces have equal weight when it comes to social policy. I think we have to view it policy by policy, as Sherri mentioned.

We've used the term “framework federalism”. With child care the notion of a set of principles, not unlike the medicare principles in the Canada Health Act, doesn't give you the kind of accountability you might want, because you can never really know where the money goes. But one gets a sort of policy consensus as to what's going on, and we can get provinces, territories, and the federal government working together.

The national child benefit, for example, is interesting from an historic and social policy point of view because it's one of the few times I know of when the federal government and the provincial and territorial governments made changes to their programs that required a change in the other order of government. In other words, they didn't just say, "We're cooperating because we're going to get together and have a meeting every so often." They actually made changes to their policy that wouldn't have worked unless they had done it together. The provinces took child benefits out of welfare and moved it into other income-tested programs. The federal government pushed more money into what had been provincial territory. There was a reinvestment agreement, as Sherri said.

Another example of this kind of friendly, less formal federalism is the working income tax benefit—the new program that came in two years ago. One of its features is that the provincial and territorial governments can vary the configuration of the federal program to meet their own income security priorities and needs. Quebec, B.C., and Nunavut so far have done that. We analyzed this in the paper we did commenting on the budget. There are quite remarkable differences in the design of those programs, but the federal government has allowed this as long as the cost isn't any more than it is now. It's another example of how the federal and provincial governments can work together in common policy principles.

[Translation]

The Vice-Chair (Mr. Yves Lessard): Thank you. I would ask you to keep your answers as short as possible in order to allow each party the same amount of time to get their answers.

I will ask for your patience for maybe 30 seconds. In the absence of our chairman, I will now leave the chair to our first vice-chair who will preside over the rest of this meeting.

[English]

The Vice-Chair (Ms. Raymonde Folco): Thank you, Mr. Lessard.

Mr. Sharp and Mr. Roberts, I would like to hear from you another time, because I understand that you didn't get much of a chance to answer my question. Perhaps after the meeting, or if one of the other members wishes to ask the same question, you might get a chance to answer. If not, I would like to talk to you after the meeting.

Thank you very much.

Our next speaker is Mr. Lessard.

[Translation]

Mr. Yves Lessard: Thank you, Madam Chair. If we are playing musical chairs here this morning, in the absence of Mr. Allison, it is to allow each of us to ask our questions.

Thank you for coming here this morning. The information you provided is very useful. I would like to start by discussing the situation of women. We know that certain groups are especially at risk of poverty. They are, of course, aboriginals, the disabled, immigrants, newcomers, unattached people, single-parent families and then women. Ms. Torjman mentioned them specifically.

Do we presently have a program that is specifically effective to deal with women's poverty? Now, we know that generally speaking,

when women are poor, their children are poor also, as well as the rest of the family, obviously, but children are affected the most.

● (1205)

[English]

Mr. Ken Battle: Any program that deals with poor people is going to disproportionately deal with women, as you've said. To give you a concrete example of the importance of this, I'll go back to child benefits. Because of the federal and provincial reform of child benefits in recent years, their role in helping low-income families has increased quite a bit.

To give you some dollar amounts, if you look at a single parent in Ontario with one child under six, and if her earned income was \$15,000, which is quite modest, not much above minimum wage, federal child benefits rose from 15% of that woman's income in 1993, to 15.8% in 1998, 22% in 2005, and just under 30% in 2007. This is an enormous boost to the income of that low-income, single-parent family. It's not the whole answer, but certainly one of the important answers to poverty is to improve incomes.

That's one example of how a federal program can disproportionately help low-income women.

Ms. Sherri Torjman: The related investment would be in the associated services of high-quality, affordable child care. It's impossible for women—or a family, generally, but you're asking about women in particular—to pursue education and training, or even remain in employment, unless they have access to high-quality, affordable child care. It is absolutely crucial.

By the way, the other aspect of investing in child care is that it does create a lot of jobs for women too. We were talking before about the infrastructure money not being particularly valuable for women with respect to employment. Well, women are disproportionately involved in terms of the caregivers in early childhood centres, and investing in child care creates employment for women as well. There are both support and employment opportunities for women through that kind of investment.

Dr. Andrew Sharpe: I would concur with that assessment. The child benefit has been a great boon for poverty reduction for women. I mentioned in my presentation that the poverty rate for lone female parents has fallen from 53% to around 32% over the last 10 years. That is largely linked to both the stronger economy, which means there are more of the lone parents who can enter the labour force, and of course the child benefit. I think that program has been very effective in reducing the overall poverty rate of women.

Dr. Glen Roberts: I don't have anything to add at this point.

[Translation]

Mr. Yves Lessard: In 1989, the House of Commons passed unanimously a resolution to eliminate poverty, more specifically child poverty, by 2000. We know today this has not happened. We also know the opinion of the UN Social Development Commission which has been very critical of Canada three years ago. I think we all recognize that a global strategy is required to eliminate poverty.

In your mind, since you looked at this situation in your work, what would be the main components to include in a global Canadian strategy to combat poverty?

•(1210)

[English]

Dr. Andrew Sharpe: Again, as I mentioned in my presentation, the key strategy for a policy to reduce or eliminate child poverty, first, is a strong economy. The lower the unemployment rate, the lower the poverty rate will be for parents and therefore for children. Second, it's the targeting of benefits towards children. We've done that very successfully through the national child benefit strategy, where both the federal and provincial governments have developed particular support systems and income support for children.

We have to do more in that regard. As I mentioned earlier, the poverty rate of children has fallen more than it has for other age groups. There's still a lot more to do. The key is that there has to be a strong economy so there are employment opportunities for families, and then target the benefits towards the children.

Dr. Glen Roberts: I'm going to pick up the question that was raised at the same time that I touch on that.

I tried to outline what that the strategy might look like. First of all, it has to have some clear, agreed upon goals. I think there is an appetite right now in Canada, and you see across the provinces that there is a movement towards poverty strategies at the provincial level. I think there is an opportunity for some federal leadership to try to bring the various players to the table and come up with some common goals. We need a common definition of that and the indicators that support it. There's a big measurement piece that I think the federal government could very easily lead on.

Second, there are the investments in those key areas that we've all described, such as early childhood education, child care, housing, and making sure that we're actually reinforcing and enforcing our employment standards. Finally, we need to make sure that we're delivering on those goals.

The question was raised about how we rally with the existing funding models. If we start thinking in terms of performance agreements around those goals, there is an appetite, and it already occurs at the sub-provincial level. I think there has to be some firmness behind that, but once we have some agreed upon goals, I would think that the performance agreements that relate to those are.... There would be some level of willingness as long as we're willing to stand firm.

[Translation]

The Vice-Chair (Ms. Raymonde Folco): I am sorry, Mr. Lessard, but your time is up.

[English]

I'll now ask Mr. Martin to ask his questions.

Mr. Tony Martin (Sault Ste. Marie, NDP): Thank you very much, Chair.

I thank all the witnesses today for preparing and presenting to us some constructive and positive suggestions as to the role of the federal government.

I've heard all of you agree that the federal government has a pretty major role to play and that we should get ourselves engaged and involved, and that there should be a strategy of some sort. We've

talked to a couple of the provincial ministers who are working at implementing their own strategy. They're saying that it will be very difficult for them without the federal contribution, particularly in these economic times.

I was pleased with the commonalities that I heard, that we need definitions and indicators; we need to be able to do analysis, evaluations, and set targets. We need to put in place an architecture and a structure that will work. I think there was certainly agreement on focusing on the disabled and women, and there's support for child care and early learning across the board, as well as affordable housing and social infrastructure. I was particularly intrigued by that. Also, we need to develop an enabling environment so that people can actually participate.

My question is in terms of trying to do that. As Mr. Battle has told us, we do have some programs that we put in place, the Canada Pension Plan and the unemployment insurance system, as it used to be called, that was more universally available to people. The universality of some of these programs.... I hear provinces now talking about 25% and 5%. I always worry about the 75% that don't get to live out of poverty because we decided we're going to do 25% and 5%.

It seems that when we did the Canada Pension Plan, and I don't have the history of that, we didn't say we'll do 25% in the first five years and then we'll do everybody else later. We decided that we were going to put in place a program that was going to be universally available to everybody. We later added the GIS, I believe, to make sure that those who were falling below the poverty line would not live in desperate poverty. We have seniors in the country now who used to live in some pretty difficult circumstances who are relatively better off.

The question is on the universality of programs. Is that an important consideration as we go forward, or do we hived off pieces as we go along?

•(1215)

Mr. Ken Battle: I can pick up on part of what you said, Tony.

You've heard from all of us that there's been progress for seniors and there's been progress for kids. The area where we've made no progress—in fact it's gone backwards—is for working-age adults. This gets us back to employment insurance, which is, both in a political sense and in a policy sense, a dog's breakfast. It's incredibly difficult to reform employment insurance, as we've found through experience. Yet, to me, one of the absolutely crucial parts of any kind of poverty reduction strategy is income support for the unemployed. This is one of the basic fundamentals of a modern social security system. As you just said, it's so far from universal, it's hard to believe.

The shrinkage in coverage of employment insurance is the most extraordinarily negative event in the modern history of Canadian social policy. I mean, if you think of it in terms of a social insurance contract between working Canadians and their federal government, everybody pays for this program, everybody who's an employed person—it doesn't cover the self-employed, of course—and a small percentage of them, when they need the program, get the program. It's not only income benefits; it's also the related training and employment development services that are connected with eligibility for EI.

It's a controversial program. It's very, very difficult politically for any government of the day to make rational changes to that program, but that doesn't change the fact that it's an horrifically inequitable program. The variable entrance requirement that I mentioned means that employment insurance is like a three-dimensional chess game. Whether you get benefits and the amount of benefits that you get and how long you get them for depends on which of the 58 regional unemployment regions you live in. You can have two people who are unemployed, who had the same earnings pattern before they fell unemployed, and one of them could end up with a maximum benefit and the other could not even receive benefits. They're two unemployed Canadians and our federal program is treating them differently depending on the unemployment region where they live.

I just find that unbelievable. Between that and the fact that whether you get EI or not is a long shot, it seems to me that's the weakest link federally in our poverty reduction strategy.

Now, we've made some proposals, as I said, and I agree with what Andrew said about the need to bolster that program as part of the fiscal stimulus. The Americans are doing that. A traditional role of employment insurance during a recession is to be counter-cyclical. But even when the economy improves, which it will, that program will still be inadequate. It's still going to miss a huge chunk of Canadians whose work patterns will disqualify them from employment insurance. That's what has driven us to start to think in more architectural terms that maybe employment insurance will never be adequate to the modern labour market; maybe we do have to add a second kind of a program, an income-tested program, which would provide unemployment benefits to people who simply will never fit into a social insurance program.

We've also connected the work we're doing to the reform of welfare. Welfare is another terrible, archaic program that is not working. I know it's not a federal program, but you can't talk about poverty reduction in Canada without talking about one of the main programs that keeps people poor, which is welfare.

I'm saying all of that not to be grim about it all, but just to say that there is a huge challenge in front of us and we have to take that challenge on. Employment insurance simply cannot go on the way it is now. It's a program that doesn't work.

• (1220)

The Vice-Chair (Ms. Raymonde Folco): Thank you, Mr. Battle.

We'll now come to Mr. Komarnicki. I pronounced it correctly, Mr. Komarnicki.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Yes, thank you, Madam Chair. It's good to see you occupying the chair.

Mr. Tony Martin: [*Inaudible—Editor*]

The Vice-Chair (Ms. Raymonde Folco): Excuse me, Mr. Komarnicki.

Your time has run out, Mr. Martin. You're way over.

Mr. Tony Martin: I was just saying that it wasn't me. It was Sherri who had something to—

The Vice-Chair (Ms. Raymonde Folco): Let Mr. Komarnicki ask his questions.

We're going to have a second round. You'll get a chance then, Madam Torjman.

Mr. Komarnicki.

Mr. Ed Komarnicki: Thank you, Madam Chair.

I'll direct most of my comments to Mr. Ken Battle.

Thank you very much for your presentation.

From what I'm hearing, as the economy worsens, poverty tends to increase. I heard Madam Chair indicate that simply transferring money to provinces may not be the answer if you're not directing it specifically. At the same time, unless you're boosting some other areas, the last thing you want to see is a cut to transfer payments to the provinces, as was done in the nineties or earlier to the tune of about \$25 billion.

Would you agree with me? You may want to redirect the funding, but you certainly wouldn't want to reduce funding.

Mr. Ken Battle: Absolutely.

Mr. Ed Komarnicki: But there are tools to work with. I notice the working income tax benefit as I read your material. In the case of a family of three, I believe, earning between \$9,720 and \$14,500, they would receive an additional \$1,680. In your terms, would you describe that as fairly substantial?

Mr. Ken Battle: Yes. As we mentioned, when WITB was brought in, it was a very small benefit. The maximum benefit for singles was \$500 for the year and \$1,000 for families or single parents.

Mr. Ed Komarnicki: But you would agree with me that the way the working income tax benefit has been broadened and the way it's been applied has done a substantial amount of good towards the direction of reducing poverty.

Mr. Ken Battle: Yes. Although it started small, this budget substantially increases the maximum benefit and pushes it higher up.

The other problem was that when it was brought in it was very much targeted towards part-time, low-income workers, and now we're moving higher up the income scale to get into the main population of working poor.

Mr. Ed Komarnicki: In your report, you then talk about the Canada child tax benefit, the universal child care benefit. In reference to that, you have indicated that a significant number of families receive that benefit. You conclude by saying that these are powerful instruments, “not only in terms of reducing child poverty and supplementing the incomes of families with children, but also in its ability to deliver fiscal stimulus”.

Would you agree with me that those kinds of tools are critical in addressing the issue of poverty and reducing poverty?

Mr. Ken Battle: I would agree with you when it comes to income-tested programs like the Canada child tax benefit and the GST credit. I don't agree with you when it comes to the other two federal child benefits that were brought back: the universal child care benefit and the non-refundable child care credit. Those are not geared-to-income programs. They go to all families who receive them.... They have some inequities built into them. The amount of money you end up with varies from one province to another.

Our argument is that we want a single program, geared to income, that provides its largest benefit to low-income families and then a gradual benefit to higher-income families.

Mr. Ed Komarnicki: So two of the powerful tools would be the Canada child tax credit and the working income tax benefit. Those two, you say, are pretty critical and are powerful instruments.

Mr. Ken Battle: Yes.

Mr. Ed Komarnicki: When you look at what happened in Budget 2009, as you say in your report, two things stand out. You say that "WITB will pay significantly more to most of its beneficiaries". You also say that "the program will add more recipients, namely workers earning between" \$13,000 and \$16,000.

• (1225)

Mr. Ken Battle: That's right.

Mr. Ed Komarnicki: It broadens and deepens this. You're a great fan of that aspect of the budget, I take it?

Mr. Ken Battle: Yes.

Mr. Ed Komarnicki: The other aspect was the housing issue. That, too, is an instrument. Addressing housing and social housing is an instrument that can be used towards the war on poverty. I think the words you used are that "it at least provides support for a critical weapon in the wider war on poverty".

So on the initiatives that you've seen us take in the budget, such as \$1 billion to support much needed repairs to social housing, \$600 million for new housing repairs on reserve and in the north, \$400 million to build more seniors housing, and \$75 million for new housing for people with disabilities, it's exactly the point you're making in terms of saying that it's a critical weapon in the wider war on poverty.

Ms. Sherri Torjman: Yes, indeed, but the—

Mr. Ed Komarnicki: Mr. Battle, I see you shaking your head. For the record, you have to speak your agreement. Did you agree with that comment? The amounts in the budget that I quoted relating to housing specifically are broken down. Would you agree with me that it is a part of the wider war on poverty and a critical weapon in that war?

Mr. Ken Battle: Yes.

The Vice-Chair (Ms. Raymonde Folco): There are a few minutes left.

Do you wish, Madam Torjman, to add something?

Mr. Komarnicki, Madam Torjman would like to add something. You have a minute left.

Mr. Ed Komarnicki: I had more questions for Mr. Battle.

The Vice-Chair (Ms. Raymonde Folco): She usually has some very interesting answers, Mr. Komarnicki. It might be well worthwhile.

Mr. Ed Komarnicki: I'm sure she does, but maybe on someone else's time. I have some other questions for Mr. Battle. I'm sure she'll have an opportunity to raise that somewhere else if that's okay.

The Vice-Chair (Ms. Raymonde Folco): Okay. You still have one minute, Mr. Komarnicki.

Mr. Ed Komarnicki: I've blown a minute dealing with this issue.

With respect to employment insurance—and I realize it is another tool to be used, specifically with respect to access to that—as I understand it from the statistics, those who pay into employment insurance, almost 82%, qualify for that now. Others who haven't entered the system, who don't pay, may not qualify, and that's fair. When you indicated it was 40%, where did you get those figures from, and how do you rationalize against what I'm saying?

Mr. Ken Battle: What we're looking at is the coverage of unemployed Canadians. In other words, the denominator is the unemployed; the numerator is people getting regular EI.

Mr. Ed Komarnicki: Are you dealing just with those who pay into EI?

Mr. Ken Battle: No, the majority of people who pay into EI when they're unemployed do not qualify for EI.

Mr. Ed Komarnicki: The second point was with the variable entrance. The underpinning of that is that those who have the highest rate of unemployment require fewer hours to qualify and the benefits are extended longer. What do you have against that proposition?

Mr. Ken Battle: What I have against it is that two unemployed Canadians who happen to live in different unemployment areas should not be treated differently. If you're unemployed, you're unemployed. It doesn't necessarily mean—

Mr. Ed Komarnicki: Even if the employment rate is—

The Vice-Chair (Ms. Raymonde Folco): Mr. Komarnicki, you're over your time now. Please allow an answer.

Mr. Ken Battle: An unemployed person living in a low unemployment area does not ipso facto mean that it is easier for them to find a job than an unemployed person in a high unemployment area. That's the argument we're making.

The Vice-Chair (Ms. Raymonde Folco): I'm sorry. I'm giving you extra time.

Vous avez cinq minutes, Monsieur Savage.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Thank you very much.

Thank you to all of you for coming and giving us this information. We want to determine through the study how the federal government can play a role in developing an anti-poverty strategy for Canada. It seems to me that there are two key things in determining what role the government can have in assisting people living in poverty. One is, what are we directly spending to assist those people? The other is also negative in that the question is, what is the ability of the federal government to assist those who live in poverty? What I mean is the fiscal spending ability of the federal government. When we, for example, reduced the GST by two points, we reduced the fiscal capacity of the federal government to spend on those who need it the most.

Is that a fair statement?

• (1230)

Mr. Ken Battle: Yes.

Mr. Michael Savage: So we are reducing the ability of the federal government. I'm looking at a table from a very distinguished public policy analyst by the name of Ken Battle, which indicates that from the most recent federal budget a two-earner couple with two children, which would be me, who earned \$150,000, which would be me, will get a \$483 tax savings from this budget, whereas a two-earner couple with two children making \$20,000 will get nothing. That inequity just seems to me to be quite striking. That's not the way we should be doing it.

I would like to ask each of you if you agree with my statement that this does nothing to alleviate poverty. Briefly tell me what measures would you use with the money that went into these tax cuts that would most assist people who are living in poverty in Canada.

I'll start with Ken.

The Vice-Chair (Ms. Raymonde Folco): To allow some time for the others to answer, please make it a short answer. We want to hear from you, but please make it short. Thank you.

Mr. Ken Battle: I share your concern about the GST tax. This has taken an enormous whack out of federal fiscal capacity. It couldn't have been at a worse time.

The income tax cuts announced in Budget 2009.... By the way, I created the graphs, but the numbers came from the budget, in case people are worrying about where the numbers came from.

In fact, the selling in the budget of the income tax changes as being for low- and middle-income families is sheer nonsense. The largest amount goes to high-income families. Whenever you do broad-based changes in the income tax system, it's going to affect everybody in the income tax system—high, medium, or low.

In the context of the fiscal stimulus budget, our argument was that we should be pumping money into the hands of low- and modest-income families, who will go out and spend that money to stimulate the economy. Our counter-proposal to the use of income tax cuts was to double the refundable GST credit, which would have pumped a lot of money through the economy in a targeted, focused way.

I'll stop there.

Dr. Andrew Sharpe: I agree with you, obviously, that there was an inequity in the budget, in the sense that people at the top, or

certain groups, did receive more than those at the bottom. In that sense, it was not a progressive budget.

However, there were a number of measures in the budget that were progressive from the point of view of people at the bottom of the income distribution. Again, we've already talked about the working income tax benefit. That certainly focuses on the bottom and is very good for equity. Also, the increased spending on the national child benefit, again, is very good for equity. Of course, there's the five-week extension of EI benefits, which I think should be even longer, but that's certainly better than nothing—although it doesn't go far enough. Then there were also a large number of measures for training in the budget. And those I think are very, very positive for the underprivileged.

Mr. Michael Savage: If I could just interrupt, as I have limited time, I noticed that in the paper you did on the budget, you specifically talked about income tax. I think the WITB is a good investment. I think we should do more.

Dr. Andrew Sharpe: Right.

Mr. Michael Savage: The child tax benefit could also be tinkered around with a little bit.

Dr. Andrew Sharpe: Right.

Mr. Michael Savage: But on the income tax measures, you did specifically indicate that it's not stimulative to reduce the income tax of those who make \$150,000 versus those who make \$20,000.

Dr. Andrew Sharpe: It is stimulative because some of those savings in taxes will be spent by the person; it's just less stimulative than it would be if you gave it to someone with low income, who would probably spend 100% of it. So it's certainly stimulative, but just not quite as stimulative.

I guess you can't have a budget that focuses exclusively on one set of Canadians. You have to have a budget that has policies for all Canadians, and I guess the government made a trade-off and decided to provide some tax cuts for the people at the top. It also benefits people at the bottom as well.

• (1235)

The Vice-Chair (Ms. Raymonde Folco): Dr. Sharpe, I really will have to cut you off. I'm so sorry, but I'd like to give Mr. Roberts a chance to say something.

Mr. Roberts, do you wish to add something?

Dr. Glen Roberts: I'm not sure I have much more to add. I think that rather than looking at the history and what the budget is right now, if we look at our numbers on poverty, we still have a long way to go regardless of the budget just presented. I think there are some positive measures, but there is a lot more that needs to be done. So rather than trying to dig up the skeletons around previous budgets, my sense is, what do we need to do to go forward? I think we've outlined that there is still some work that needs to be done on the issues of social housing, child care, early childhood education, and then making sure that we're reinforcing our employment standards.

The Vice-Chair (Ms. Raymonde Folco): Thank you.

Mr. Vellacott, you have the floor.

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): Thank you, Madam Chair.

Statistics Canada's low-income cut-offs are widely used by people. We made reference to those today as a measure of poverty, but Statistics Canada insists that the LICO not be used for that purpose, that it's not an official poverty measure. They are talking more in terms of a social consensus, not the statistical LICO.

So I guess my question is—and maybe we'll go down the line here, and perhaps you can just give a quick yes or no, and maybe a sentence of two of explanation or gloss that way—do you believe that LICO itself overstates the measure of poverty in Canada?

Do you agree with that, starting with Ken?

Mr. Ken Battle: Actually, it's interesting you'd raise that. Some years ago when I was working at the National Council of Welfare, there was controversy over LICO. That was 25 years ago. It's always been a controversial measure. At the time, the Gallup organization used to publish a poll every year, and the question was something like “What is absolutely the least amount of money that a family of four or five”—a couple with two kids or whatever—“needs to just get by in our society?” They asked people. They averaged. They got a very precise number. When I compare that number to the LICO—the low-income cut-off, which is a very complicated and kind of strange, weird measure—it was so close it was eerie. It was as if the LICO were very close to—

Mr. Maurice Vellacott: I need to move along here quickly because I have some other questions to ask you. I take it, then, that you don't agree that the LICO overstates the measure of poverty in Canada.

Mr. Ken Battle: No.

Dr. Andrew Sharpe: I would concur with that. I don't think it does.

My key point, though, is that if you transfer resources to the underprivileged, all measures of poverty will show the decline in poverty in Canada. In that sense, the measures are all very robust through a transfer of resources. In that sense, a lot of the debate about poverty I think is really counterproductive, because really, the key debate should be on the policies to transfer resources to the underprivileged and to help them develop themselves. That's really essential for the poverty debate, and the measure is not so much.

Dr. Glen Roberts: I would say that in some instances it overstates and in some instances it understates. I'd be more interested in focusing on what the change over time is according to whatever measure you decide on. The critical measure is whether we are improving over time. Once you go to the improvement measure, you actually do away with the concern about the actual level.

Mr. Maurice Vellacott: Right.

We'll maybe just run down the line again, if we can, to some degree, in terms of proposals. Mr. Savage referred to some of the written stuff that Ken had done before as well. Could each group respond? I don't think we have a fix on that in terms of the numbers. We talk about the wonderful things that could and should be done, and I think a lot of us don't have differences all around the table here on that, but it would be great to do these things. What are the dollar tags, the dollar costs with respect to some of these things? Governments, whatever they state at times, don't have inexhaustible revenues. You can always increase taxes significantly. If you reduce

those, as was done with the GST, the money gets back into the hands of some people, but then you have less government revenue too. What costs are we looking at in terms of your proposals, Ken and Sherri, and along the line here?

Mr. Ken Battle: Can you wait just a second? I literally have it here in my briefcase.

The Vice-Chair (Ms. Raymonde Folco): Let's ask someone else while we're waiting for Mr. Battle.

Mr. Maurice Vellacott: Okay. I'll go to Andrew. What do we have?

Dr. Glen Roberts: I'm happy to go first.

The Vice-Chair (Ms. Raymonde Folco): Mr. Roberts, go ahead.

Dr. Glen Roberts: We don't have a price tag associated with our numbers. Part of my argument here was that I think, frankly, there's an opportunity here to create those numbers by developing some kind of econometric model. I'm reflecting on some of the experiences I had with previous organizations, and I do believe the federal government is the place where leadership could be. Create an econometric model that you can actually do scenario work on, on which you can ask such questions as what the impact will be if we invest in affordable housing. I think that's really the value that could be added.

• (1240)

Dr. Andrew Sharpe: I don't have specific estimates of the cost. Obviously, it would depend on how much you want to spend. It's very sensitive to how much you want to spend. I think you have to focus also, more importantly, on the benefits of reducing poverty, not just the short-term benefits but the long-term benefits. Take the aboriginal community. If we can reduce poverty there, there will be fewer health problems, there will be less crime, and there will also be additional revenues for the government through additional tax revenues. I think you have to look at it from both the cost and the benefit perspective.

Most studies show that, for example, investing in education, over the long term, results in significant benefits, long-term benefits that greatly exceed the cost.

Mr. Maurice Vellacott: Are we out of time now?

The Vice-Chair (Ms. Raymonde Folco): Well, I'm being very flexible on time.

Mr. Battle, you have a short time to answer.

Mr. Ken Battle: Sorry, I guess I left it back.... I just wanted to give you a price tag of one of our major proposals. Our proposal is that the Canada child tax benefit be increased. It's around \$3,400 to \$3,500 now per child, maximum. We propose that it go up to \$5,000.

Our proposal would take existing federal spending—so that's the universal child care benefit, the non-refundable child tax credit, and the Canada child tax benefit—and go back to a single program, a larger Canada child tax benefit. That would cost about \$4 billion. That would be the incremental cost.

Mr. Maurice Vellacott: An additional \$4 billion?

Mr. Ken Battle: Over what we're spending now.

Ms. Sherri Torjman: That's to increase it to \$5,000 per child.

Mr. Ken Battle: Yes.

The Vice-Chair (Ms. Raymonde Folco): Thank you.

[Translation]

Madam Beaudin, you have the floor.

Mrs. Josée Beaudin (Saint-Lambert, BQ): Thank you very much.

You suggest increasing the tax benefit to \$5,000. You just mentioned a figure of \$100 a month per child.

[English]

Mr. Ken Battle: Sorry, perhaps I can clarify that. The \$100 a month is the universal child care benefit. I would get rid of that.

[Translation]

Mrs. Josée Beaudin: You would get rid of that?

My question was on the universal child care benefit. I spent the last five years of my life working in the field with so-called underprivileged families with three, four or five children. I even spent the day yesterday with them in order to find out if this amount of \$100 was helpful and pulled them out of poverty.

First of all, these people continue to bear children. Next, the money is used for housing. Housing is still more or less affordable. Therefore, this income allows them to pay for housing that is still much too expensive for that family. It is also used to cover other costs. These mothers are not in the labour force and their spouses work at low wages, so that these families are not much better off. They could even be prone to take on debt, since that small additional income can lead them to buy some stuff.

If we want to assist parents, we have to do it with some other measures, for example a housing program. You said it is difficult to imagine a national housing strategy. Why? We should also improve employment insurance and provide access to education through community organizations that work in the field with those families, while providing also child care for those children.

We must look at the benefit within the framework of a global strategy that includes a national housing strategy. Yesterday, at the UN, Canada was again fingered out in the discussion on housing because we are the only country to not have a national housing strategy. Why?

The Vice-Chair (Ms. Raymonde Folco): Is your question directed to a specific witness?

Mrs. Josée Beaudin: Ms. Torjman talked about a national housing strategy, but others could answer also.

Ms. Raymonde Folco: Madam Torjman.

[English]

Ms. Sherri Torjman: Thank you for your question.

We agree entirely about a strategy on poverty that would include a number of components. In fact, we've prepared a report, called *Poverty Policy*, that talks about ten major components of a strategy. They are related and interlinked. So we agree entirely with what you have identified as a problem.

In terms of housing, this is one area in which there has always been a question around whether it is federal or provincial. You know, how much should the federal government get involved in an area that is potentially seen as a provincial jurisdiction? There have been problems around that aspect.

The other point, of course, is that housing is a big expenditure. It comes with a big price tag. If you're going to build new housing, or even retrofit or repair existing housing, it does cost a lot of money. That's why, as I said, we were pleased to see the investment in affordable housing in this budget. What we were concerned about, and what Mr. Battle was not able to say when asked if he supports these measures, was that there wasn't reference to the need for a national strategy. Rather, there was almost a reference again to the fact that this was only for infrastructure, for immediate investment in infrastructure, for economic stimulus purposes. This was instead of saying, "This is part of a leadership role that we are taking to meet a major problem in our country."

So that really was our objection. While we were pleased to see the money, we were concerned about that aspect. We think it should really be revisited.

● (1245)

[Translation]

The Vice-Chair (Ms. Raymonde Folco): Thank you, Madam Torjman.

Mrs. Josée Beaudin: You could answer in writing, if required.

You said first of all that the situation of seniors has improved in recent years. In the new budget, there is mention of housing for seniors and First Nations, but not for families. Are there new social housing units being built for low income families with young children, for unattached people or single-parent families? These are said to be the groups at risk. But there is nothing in the most recent budget that talks about building social housing for these groups.

The Vice-Chair (Ms. Raymonde Folco): I think that was mostly a comment.

Mrs. Josée Beaudin: No, I asked a question.

Ms. Raymonde Folco: I cannot allow you more time, I am sorry.

Mr. Lobb, you are next.

[English]

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you.

Mr. Roberts, I noticed in your presentation you spoke about a holistic approach. You talked about income but also assets. I found that interesting. I wonder if you could elaborate on the types of assets or how assets are going to help those in need.

Dr. Glen Roberts: In fact, we did a presentation a few years ago, which I'd be happy to send you, if that is appropriate. It talked about the issue of assets, and the assets are quite broadly defined. They are financial assets, obviously, but they are also human assets, the things one needs over time. We think about that in terms of a life perspective. You need to have assets to actually help you get out of poverty, but it doesn't necessarily mean at any one point in time. You need these assets over time in order to transition either out of poverty or over time.

Mr. Ben Lobb: In your proposal, does that come in the form of a loan or a micro loan? How would one obtain those?

Dr. Glen Roberts: We didn't go into that level of detail. What we're suggesting is that rather than just focusing on poverty from simply an income perspective, you need to think about that also in terms of assets. Maybe you're short on income at any point in time, but you might have assets that allow you to overcome that and transition at an appropriate time. It's not just about income.

Mr. Ben Lobb: We've discussed a lot as well with the committee so far on how best to measure poverty. Does the panel have a preference? Do they prefer the market basket approach, or is there a particular measurement your group prefers or recommends?

Mr. Roberts, I guess you can start, since the mike is on.

Dr. Glen Roberts: I'm not sure I want to. I'm a little bit risk resistant to say, because we haven't done any clear research on this. From being around economists for the past decade and a half, my sense is that taking the LICO, but making sure you're modifying it for actual cost of living, is the right way to go. It might be the market basket, but I really think it is about LICO and then revising it.

Dr. Andrew Sharpe: I don't think there would be any change in the overall trends if we came up with another measure.

You need different measures for different purposes. Some people like to focus on inequality in our society. If you want to focus on inequality, then what is called the low-income measure, the international measure of percentage of the population at less than one-half median income, is the way to go. If you want to focus on the effect of whether economic growth can actually help reduce poverty, then you would want to have some type of absolute component to it. Then the LICO is the way to go.

We should have all these measures. Right now we're focusing on the after-tax LICO. Let's agree to that and let's focus all our energies on policies to reduce the number of Canadians below that line. That really should be the focus for the measure.

We've been debating measurement for decades, and I don't think there's going to be a lot more progress to be made.

I do agree, though, that there are a lot of problems with the LICO, not at the national level. People are well aware of it. The main problem, for example, is that the cost of living is related to the size of the community, which is fine because smaller communities do tend to have a lower cost of living, but that would mean all cities above one million have the same cost of living. We know housing costs a lot less in Montreal than in Vancouver or Toronto, yet we're using the same level of prices for both those communities. That creates a real bias in the numbers, giving Montreal a poverty rate that's really too high.

Those types of things should be corrected. There is work to do there, but I don't think that should be the focus of the debate about poverty.

• (1250)

Ms. Sherri Torjman: I would like to respond briefly to your question about assets, because there are a lot of community-based groups across the country that are trying to help low-income families to build assets to have their own personal safety net. The problem is

that these organizations get themselves caught in the charitable act trap. There needs to be a new legal framework, and that is clearly federal. A lot of organizations are doing research right now and are asking for a change to the framework we have, which places them as charities, and they are not really charities. They are saying they are community enterprises. In the U.K. and the U.S., their work is recognized as community enterprise, but there is a legal status problem in Canada that we really need to look at, and that is something the federal government clearly could do to enable that kind of work throughout the country.

The Vice-Chair (Ms. Raymonde Folco): That's good timing.

Madam Minna, you have five minutes.

Hon. Maria Minna (Beaches—East York, Lib.): Thank you, Madam Chair.

First, I want to say that what most of you, in particular the Caledon Institute, have said are things that the Liberal women's caucus had in the pink books—a lot of the same major pieces in terms of child care, education, \$5,000 for the child benefit, affordable housing, and so on. From my perspective, obviously, it affects women's income very much.

I want to focus on a couple of areas, if I may. Mr. Battle, Ms. Torjman, you both mentioned two things. In the child benefit as currently structured, the \$1,200 is not taxable. My understanding is that the government is receiving about \$300 million of income tax on that, so that's not really worth the full \$1,200. My suspicion is that the \$300 million is coming from lower income, because it's taxed in the hands of the lower-income family. So that's a negative.

Just to be clear, you're suggesting that we would take the \$1,200, which I agree with you on, add it to the child benefit, and take the child tax credits—both the non-refundable and the other—and add it to the child benefit, beefing that up to at least \$5,000. Am I right?

Very quickly, please. I have a couple of other questions.

Mr. Ken Battle: Basically, we had one program, the Canada child tax benefit. It took about 30 years to finally get one rational, sensible program that worked. The current government came in and brought back a version of the old family allowances, which became the \$100-a-month universal child care benefit. One budget after that, it revived the old non-refundable child credit that we got rid of ten years ago. We got rid of those programs for good reason: they had built-in inequities. By adding them back in we've created a more inequitable system. Not only is the universal child care benefit a taxable benefit—and therefore what you see is not what you get—but what you get depends on what province you live in, because it's also taxed through provincial and territorial income tax. If we gave examples, in some places high-income families would end up with more money than low-income families in another province. It made for a very irrational system.

All we're saying is let's go back to the single income-tested program, the Canada child tax benefit, fold the money that we're spending on those other two programs into it, and we'd just boost that into a larger, more effective program.

One final thing that's important. The proposal that we made is fairly expensive—\$4 billion is not inexpensive, although it's a long-term target—but one of the reasons for the proposal is that we would increase benefits for modest- and middle-income families as well. They have not seen an increase in their child benefits for 20 or 30 years, virtually. We don't want a child benefit system where most of the money goes on the bottom end and then you get a steep dog leg like that, and if you become of modest income, you end up with a huge reduction in your child benefit. So we created a smoother descending curve so that the large majority of Canadian families would see an improvement in their benefits. The low-income would see the largest improvement, but modest- and middle-income families would see an improvement too, and that's important.

• (1255)

Hon. Maria Minna: Thank you.

There are actually two questions, so I apologize, but if you can get to them, the other piece is about the blending of EI and welfare. I understand what you're telling us, that in reforming EI, ultimately there will always be someone left behind, because of part-time work, because of all kinds of things, especially with respect to women in particular, and maybe immigrants, who have not had a history of work when they started out or were students or what have you. To catch everybody is very difficult.

So you're looking at blending EI and welfare as an income. You're talking about a guaranteed income of some kind, essentially. Would you blend in the WITB as well then, if you're looking at a guaranteed income for adults? That's one piece.

The other piece is the issue of equity, which affects adult women in terms of their poverty levels, and doing proper gender analysis to see how our spending affects women, the poverty of certain women in this country.

I'm looking at a bigger puzzle with bigger elements. They're all really interrelated. You can't just take one out. So I just wondered if you could comment on that.

Ms. Sherri Torjman: You're absolutely right. All the parts are interrelated. That's why we've designed what we've called a new architecture for the adult benefits with all the linked pieces. Now, it doesn't call for blending employment insurance and welfare, as you've described it. We still would keep an employment insurance system. To that we would add a temporary income system. What I had described with respect to taking people off welfare was in particular for people with severe disabilities, who would be taken off welfare and put into a new income-tested program.

So it wasn't a total across-the-board guaranteed income program for everybody. It keeps in place several of the key components, like the working income tax benefit, the child tax benefit, employment insurance, a small welfare program, and a new blended program for people with disabilities.

The Vice-Chair (Ms. Raymonde Folco): Thank you.

Mr. Cannan.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Madam Chair

And thank you to our witnesses who are here this afternoon.

I want to comment on a couple of things. I'm not sure how much time I have; it's almost near the end of the meeting.

Before we wrap it up, I appreciate the facts about single seniors. I represent a constituency in the Okanagan Valley, and in the last census it had the highest percentage of seniors in metropolitan areas. The GIS increase, as you said, was the first in a generation, and it was well received.

I was looking at other ways that we can work with our provincial and municipal partners. Many of these issues need all three levels of government working together. I spent nine years on city council and the social planning committee.

Sherri, I think you mentioned decent, affordable housing. Can you define what you mean by decent, affordable housing?

Ms. Sherri Torjman: I don't have it with me, but the Canada Mortgage and Housing Corporation does have definitions of core housing need in terms of affordability. If you're spending 30% or more of your income on housing, it would be unaffordable. They also have some guidelines with respect to the number of people in your household and how many people have to share rooms for sleeping purposes. So there are some very clear guidelines that we've set, as a country.

The one area we really need to be looking at in terms of decent, affordable housing is a new dimension, which is only now being talked about, and that is called "visitability". That means your home is accessible and it can be visited by people with disabilities. Again, with an aging population, we're far more concerned about ensuring the whole population has access to housing and that housing is built in an accessible way.

There is an affordability and a space constraint, and now there is an accessibility component being added to that.

• (1300)

Mr. Ron Cannan: I'm well aware.

The other component is with the province in British Columbia, which I'm most familiar with. In 2006, we signed a B.C.-Canada social housing transfer agreement, for 30 years, which is working very well. Minister Coleman, who is the provincial minister, is being labelled as the housing czar, and Premier Campbell is working on an initiative to help low-income seniors and families find affordable housing. A lot of this is about mental health issues as well, with people in the streets. It's a complex issue and mostly within the provincial mandate.

The other comment was on the GST. It is the tax reduction that benefits those who are least well off, as they have to use the highest percentage of their income to buy necessities. One cannot underestimate the value of lowering the GST and also the economic stimulus to help us get through. We're now entering this global economic recession. As I say, hopefully the late persons to the party are the first ones to leave. If we can get through this, the quicker the better.

There was one comment by Mr. Roberts that I think the committee really needs to take a look at.

You commented on an econometric model and focus on the cost benefits. Do you have a model we could work with? One of the things with this committee is that you can talk about poverty for 100 years, and that's what happens; you look at all the studies. Whether it's in this room or in the Senate committee, there have been numerous studies, but it's trying to find out the cost-benefit analysis and how to proceed.

As Maurice alluded to, there's a significant cost to each one of these. There's \$4 billion for the child tax credit. If you wanted to raise EI from 50 weeks to 100 weeks, you can double the system.... It's unlimited, if you want to be like the U.S. and keep printing money. But we have to be fiscally responsible and realistic.

Mr. Roberts, do you have some kind of model we could work with on our committee?

Dr. Glen Roberts: I don't have the model, but it's actually not that complicated to create. I've done it in two different areas.

One was looking at health expenditures. We broke it out into inflation and demographics and volume changes. We then broke it into federal-provincial-territorial breakdowns. We broke it into components. Basically, that's the model.

I did a similar one looking at the number of doctors we needed in Ontario. We looked at how many we could create, through the diseases, the risk factors, the demographics of the population.

It's quite straightforward, but it's also quite an expensive proposition to undertake. The benefits are that ultimately the conversation changes from how many we have to what we can do about making those changes.

Mr. Ron Cannan: I think it would be a good use of our committee's time, once we focus on what we want to accomplish from this.

One last comment is the aspect of helping people with disabilities. I know that our registered disability savings plan—

The Vice-Chair (Ms. Raymonde Folco): I'm very sorry, I have to cut you off.

Before we end this meeting, I do have a question coming from our research team. It is addressed to Mr. Battle and it has to do with the variable entrance that you've talked about so much, the fact that you would like to see it uniform across Canada as opposed to what it is.

I'll be with you in a moment, Mr. Martin.

Do you believe that benefits also should vary across Canada, or do you think they should be the same?

Mr. Ken Battle: The same.

The Vice-Chair (Ms. Raymonde Folco): The same, okay.

Mr. Martin, there is no more time, and I have a little bit of business to take care of.

I would like to mention to Mr. Roberts, you....

On a point of order, Mr. Martin.

Mr. Tony Martin: On a point of order, Madam Chair, I would like to suggest that we didn't start this meeting until it was late. It was about ten after before we got going. Also, when we had the discussion amongst ourselves here, in terms of how we would run the questioning of witnesses, I agreed to a formula with the proviso that I would get my shot at the end, that the time would be managed such that I would get my questions at the end. I just want you to know that I'm not happy with that having happened and I don't think it's fair.

The Vice-Chair (Ms. Raymonde Folco): Mr. Komarnicki.

Mr. Ed Komarnicki: I think the way it was meant to work was that Mr. Martin would speak and then we would go to ours last. If there was a falling off, then ours would fall off rather than Mr. Martin's. Today, maybe, was somewhat unusual because of the delayed start, but I have no objections. I know that our side wouldn't have any objections to him going for five minutes.

The Vice-Chair (Ms. Raymonde Folco): Do we have any objections, Mr. Savage?

Mr. Michael Savage: No.

The Vice-Chair (Ms. Raymonde Folco): Okay.

I don't have any objections, and I apologize to you. Obviously there's been a change in the chair and I wasn't aware of this understanding.

May I, before I give you your time, Mr. Martin, mention a couple of things?

One is, Mr. Roberts, you said that you would possibly be sending a document. I would just remind you that any document that is sent to this committee should really be sent to the clerk.

Also, this list that you've received—and I'm speaking to the members of the committee here—of the potential witnesses on the poverty study, is a consolidation of the two lists that we received last week. It's all put together, and this is the one list that we will be working with.

Lastly, I remind everyone that the meeting next Thursday will begin at 10 a.m. and not at 11 a.m.

Now, Mr. Martin, you have the floor.

● (1305)

Mr. Tony Martin: Thank you very much.

My question is for any of you, but particularly Mr. Battle. I've been at this for a long time. I've noted over the last 10 to 15 years that the driver in all of these anti-poverty strategies has been more a labour market strategy, getting people into the workforce, lowering the welfare wall, and that kind of thing, which leaves a lot of people out, such as the unemployable, a lot of them with mental health issues, and lots of families with single-parent families.

I know you designed a program, the child tax benefit and the supplement that was clawed back initially from families that weren't in the workforce. If we're trying to take children out of the welfare system, that didn't do it. It shoved them back in, in a way that I don't think they ever anticipated or expected.

Do you foresee us moving towards a national poverty strategy that isn't so readily tied to a labour market strategy?

Mr. Ken Battle: If we go right back to the beginning of our discussion, Andrew was talking about how poverty among female-headed single-parent families has been almost halved over the last 10 years or so. Part of the explanation is improvements in child benefits; the other part is the increasing employment rate among women.

We often get criticized for not paying enough attention to the labour market from this side of things. I think it's really important, but it doesn't mean we should only focus on the labour market, by any means. All the work we're doing on this new architecture of adult benefits looks very much at not just employable people but so-called unemployable people—those with disabilities, people who are unable to work in any regular manner—and how we can improve support for them. We certainly are not advocating for a labour market policy over an income security policy; we think we need both.

On the child benefit, I disagree with you. We increased child benefits only for working poor families, and families on social assistance saw no real increase in their child benefits, because they used to get double the amount of child benefits compared to working poor families. It was patently unfair that one group of poor families got a certain amount of child benefits and another group of families got a different amount of child benefits. We wanted to take income benefits for kids out of welfare and put them into income-tested programs that treated all low-income families equally. So at the end of the day, whether you're working poor, welfare poor, or somewhere in between—as families often move in and out—you have a source of child benefits that is portable. It goes with you no matter what your labour market situation, and it treats all low-income families the same. We have been able to do that over the years, and now even families on social assistance are seeing a real increase in their child benefits thanks to continuing federal investment in child benefits.

The Vice-Chair (Ms. Raymonde Folco): Ladies and gentlemen, I know how frustrated you must feel. Believe me, we feel just as frustrated as you do. This is such an important topic and you've had so very little time, individually and as a group, to answer our questions. If you wish to add to your comments in writing, please send us the documents through our clerk.

Once again, I think the frustration is equal all around the room, particularly for you, Madam Torjman. I've cut you off so often this morning.

Ladies and gentlemen, thank you very much for coming.

The meeting is adjourned.

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