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

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**Chair**

Mr. Dean Allison

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

Tuesday, June 2, 2009

• (0935)

[English]

**The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)):** Pursuant to Standing Order 108(2) and our study of the federal contribution to reducing poverty in Canada, I want to welcome our witnesses. Thank you for taking time out of your busy schedules to be here today.

As you're probably aware, we've come from the east and are moving our way west to hear from people on the front lines and people involved with poverty, making recommendations as to what we can do in the government to do a better job of tackling this issue. We once again thank you for being here today.

I'll start with Barbara Gosse from the Social and Enterprise Development Innovations. I'm going to work my way across the table, if that's all right. Please do your best to stay within the five-minute timeframe.

Barbara, welcome. The floor is yours.

**Mrs. Barbara A. Gosse (Director, Asset-Building Initiatives, Social and Enterprise Development Innovations (SEDI)):** Thank you very much.

On behalf of SEDI, I'm extremely pleased to be invited here to speak before you. We appreciate this opportunity to address an innovative area of socio-economic policy that has been used as a poverty alleviation strategy around the world and across this country.

If you've ever had the opportunity to open up a savings account, save within it, enter into and/or achieve post-secondary education, obtain job training, start a small business, save for first and last month's rent, buy a home, save for your child's education in an RESP, or save for your own pension within an RRSP, congratulations, you're an asset builder.

Saving and asset building for the poor through inclusive policy-making can, with the right incentives, allow the poor to save, build assets, and transition out of poverty. This is about social and financial inclusion in Canada. Low-income individuals who have the incentives to accumulate assets will do so. Asset accumulation has the effect of altering specific behaviours that can lead to self-sufficiency, thereby allowing individuals to exit poverty.

Research and development in this area has led to several innovative demonstrations and research projects that have provided thousands of low-income Canadians the means to build assets. I want to detail two of these for you today.

First is learn\$ave. In 2000, HRSDC invested \$34 million into learn\$ave, an innovative asset building project that tested whether financial incentives and supports could help the poor build assets and transition out of poverty. The intermediate research results have shown that incentivized savings and related support can cause the poor to save. Learn\$ave positively affected financial goal-setting and budgeting and positively contributed to an improvement in attitude toward education. The project showed that incentivized savings can impact the take-up of university or college education and improve labour market outcomes. Changes in investments in learn\$ave did not create undue hardships, and the program was particularly attractive to newcomers and younger participants.

These are encouraging results, but I can tell you that we've even tested this program in shelters across the country. The independent living accounts project has been designed in collaboration with people living in shelter systems, with input from agency representatives working with the at-risk population. In this project, asset building was modified to enable account holders to use their own and matching savings for costs related to affordable, sustainable rental housing. These included rent deposits, savings to cover rent for multiple months in subsidized housing, deposits for utility hookup, and the cost of setting up a household.

The result of this public, private, and non-profit project was that 57% of the participants who opened bank accounts successfully saved and moved out of the shelter system. Many participants retained their bank accounts and saved beyond what was required by the project; 95% of these participants were still housed independently eight to 15 months out of the project; and 82% of the participants indicated that they felt secure and would remain housed independently for the rest of their lives.

We've done a return on investment on this project, and after the first year of graduation this project will provide society with a \$2.19 investment rate of return for every dollar invested. That's a conservative calculation.

On asset building, the federal government could first create the legislative framework to set these policies and programs in place. For example, the federal government could create a national strategy on asset building for the poor. This would entail research- and policy-related actions that would allow asset building for the purposes of accessing post-secondary education, job training, micro-enterprise capitalization, home ownership, supports to learning and employment, and access to affordable and appropriate housing as eligible goals for participants. This would also include a national program of independent living accounts for persons living within shelters.

Second, the government could contribute financially to asset-based measures in the form of matched funds, grants, or bonds. Provincial, territorial, and municipal governments could be encouraged to match these as well. The private sector could also be encouraged to match funds and contribute in kind. Tax incentives could encourage financial institutions to contribute to these accounts and their opening.

Third, the federal government could encourage the exemption of the value of these assets in the determination of initial and continued eligibility for provincial social assistance and other income-tested programs, such as the child tax benefit. As asset-based measures are intended to improve the quality of life, counting them as income and subsequent disqualification from other benefits would negate their very purpose.

The Canada learning bond is an asset-building measure that has been implemented for low-income families that are accessing the national child benefit supplement. Today this benefit has only a 13.3% take-up among eligible Canadians. That is extremely low. We would like to suggest that the federal government establish three methods to increase take-up of this benefit.

First is that you establish a voucher system in which parents or guardians of children eligible for the CLB—and we know who's eligible because they are accessing the national child benefit supplement—would receive documentation proving their eligibility and outlining the steps necessary to set up an RESP account.

We would also like to suggest that automatic enrolment be established for those who do not respond to the voucher system before its expiry. Anyone accessing this benefit should get a no-frills RESP product that is simple, low-risk, and has a reasonable annual cap on fees.

On pension reform—and I think you've heard a lot about that in the last little while—matched savings would encourage people to actively save for their retirement.

The research exists. The political will exists. You can be bold and act with certainty on these measures to assist thousands of Canadians to move from poverty.

I would like to end with a quote from one of our participants in our project:

This project was a springboard and it caught me on the way down. I never thought about banking or even how important saving really is. No one ever invested in me before and that is what really made the difference. Everyone living like me should have the same opportunity.

Two words in that paragraph are really significant: invested and opportunity. I'd like to leave that with you today. Thank you.

• (0940)

**The Chair:** Thank you very much. It's always nice to hear something a little different. I love that concept of asset building, which I don't believe we've heard about in our other meetings.

Barbara Burkette from the Elementary Teachers' Federation of Ontario is next.

Welcome. The floor is yours.

**Mrs. Barbara Burkett (Vice-President, Elementary Teachers' Federation of Ontario):** Thank you very much.

I'd like to begin by extending our appreciation for including us in this event today. We're looking forward to having the opportunity to highlight some of the work we've been doing to assist with poverty, particularly poverty and education, and also to offer some practical, positive recommendations.

The Elementary Teachers' Federation of Ontario represents 73,000 teachers, occasional teachers, and education workers in public elementary schools from junior kindergarten to grade 8. ETFO provides programs and services that both protect and enhance the working lives of members in 67 locals across the province.

The main objective of our federation is to foster a climate of social justice and provide leadership in areas such as anti-poverty, non-violence, and equity. For a decade, ETFO has been leading the way in the province of Ontario by lobbying for social change at the provincial level and developing resources and professional development to share with educators across the country.

Poverty in Ontario and across Canada is increasing, not decreasing. The gap between the haves and the have-nots has never been wider. Canada's child poverty rates are no better today than they were in 1989, when parliamentarians of every political stripe declared child poverty was a national disgrace and needed to be eliminated. In times of economic decline, those living in poverty have even less flexibility to withstand the hardships they face every day.

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

Two years ago, with funding from the Ontario Ministry of Education, ETFO began an intensive program of addressing poverty and education. The goal of ETFO's work was to help teachers understand the impact of poverty in the classroom and to develop strategies to address some of these impacts.

ETFO's approach was multi-pronged. Our starting point was a literature review to learn what school communities were doing that worked in Ontario and Canada. Through this, we determined that we needed better information about community supports and detailed information on lives of people who were living in poverty.

ETFO began by producing a community resource poster for every board of education across the province that identifies community supports. I brought one along to share with you. It's one based in the Ottawa community, and you see that it offers contact information for educators to use in the four areas of health, food and nutrition, housing/shelter, and financial supports. I'm sorry, I forgot one more—of course a very important one from my perspective—education and recreation. We have these for every local in our province.

Research has shown that successful schools have strategies to address the non-academic needs of students: their health, social, and emotional needs. Schools need to become hubs within the community. Programs with community partners and agencies, including ESL for parents and access to social workers and health care professionals, would centralize supports for families. There needs to be support for school boards and relevant community agencies in their attempts to coordinate health, social services, and recreation at school sites.

Teachers and schools must focus on building relationships with children and families. Parental involvement is an important factor in student success. To assist teachers to understand the reality their students live outside the classroom, ETFO produced an educational DVD entitled *One in Six*. This DVD features the stories of traditionally marginalized groups of people who live in poverty, and it was distributed to every elementary school in the province. I have brought a copy along to share as well.

The DVD shares the stories of individuals who represent some of the groups most affected by poverty: immigrants, people with disabilities, single women, and aboriginal peoples. *One in Six* was designed as a tool to generate discussion and awareness of poverty.

As part of ETFO's education and poverty project, one school in each board across the province was nominated to receive a performance of the award-winning play *Danny, King of the Basement*. This piece of theatre about a single mother and her imaginative son became a catalyst for ETFO's education and poverty projects.

● (0945)

Each school also received a \$10,000 grant to develop a school-based project of their design and to release days for professional development. These projects valued teachers' knowledge and promoted teacher inquiry and reflection, while empowering teachers to act as change agents for their students and communities.

While schools can't do it all, giving schools the resources and programs that specifically benefit the children and families living in poverty makes a significant difference. For example, ensuring that all schools in Canada have funded school nutrition programs similar to what our American neighbours have in place would be a critical step. ETFO has initiated a pilot project, in partnership with the Grocery Foundation, to assist with nutrition needs in Ontario

elementary schools. These programs are so important that they should not rely solely on partnerships, but should be available to all.

Pivotal to creating a more just and caring society is the need to address the education of children living in poverty. If all schools, including post-secondary schools, are not adequately funded to ensure success for all students, members of the public who do not support public schooling will use those failures to erode support for public schools.

How can the federal government help? The federal government has a large role to play in addressing poverty in education by implementing a living wage across Canada that would cover basic annual expenses. The federal government would ensure families have the essentials for their children's school and learning.

Changes to the tax system that increase benefits to low-wage Canadians and increase payments through the Canada social transfer would be positive steps, as would a major investment in social housing. So would expanding eligibility to employment insurance to assist individuals who have been the victims of the recent economic crisis to avoid joining the ranks of those who live in poverty, and having a national child care program that includes services to support parents who work, are engaged in training, retraining, or education, or need parenting resources.

International research from a wide range of countries shows that early intervention contributes significantly to putting children from low-income families on the path to development and success at school.

Another positive step would be improving coordination between provincial and federal governments to address aboriginal poverty and education. In Ontario, one-third of off-reserve aboriginal children live in poverty.

Today's students are the workforce and citizens of tomorrow. Closing the gap is essential for a country that wants to leverage the skills and talents of all its young citizens and make them into the most productive, caring members of society they can be. Schools are an essential partner in any government strategy to end child poverty. A strong public education system is the cornerstone of Canadian democracy, with democracy and education inextricably mixed.

Support programs for women and immigrant populations and ESL for adults will only ensure that every citizen in Canada, including children, have a quality life. We need to develop a well-rounded citizenship of the future, who will move our province and our nation forward.

The federal government has to make the healthy development and education of young children its number one priority. Achieving this priority will demand political courage and financial resources to establish quality child care, medical services, and parenting supports. A change in attitude and shift in thinking will be critical for success, so that the working and non-working poor of Canada are not blamed any more for their desperate situation or status.

Thank you very much.

● (0950)

**The Chair:** Thank you very much, Barbara.

We're now going to move to Reno Melatti from the Ontario Teachers' Federation. Welcome, sir. The floor is yours.

**Mr. Reno Melatti (First Vice-President, Ontario Teachers' Federation):** Thank you.

My name is Reno Melatti, first vice-president of the Ontario Teachers' Federation. We welcome the opportunity to address the standing committee today.

The Ontario Teachers' Federation is the advocate for the teaching profession in Ontario and for its 155,000 teachers. OTF members are full-time, part-time, and occasional teachers in all the publicly funded schools in the province of Ontario. That includes elementary, secondary, public, Catholic, and francophone.

As educators in Ontario, we are dedicated to the education of all students, regardless of their background or their financial or social circumstances, with the goal of making a difference. There are many external factors and conditions that affect a child's ability to learn and a teacher's ability to support that learning, but none as critical or complex as child poverty.

Children who come to school hungry, dressed poorly, or ill cannot concentrate in class. This is the beginning of a vicious cycle where children are not successful in school, become disengaged, and often years later leave school without graduating. Poverty and income inequality affect all members of society, but have much longer-lasting effects on children.

Ontario is both the largest economy in Canada and one of the most prosperous jurisdictions in the world. Unfortunately, however, almost one out of every six children is growing up in poverty. That translates to over 478,000 children under the age of 18 living in poverty.

The poverty in Ontario has not dropped below the 1989 rate of 11.6%. In fact, it has increased to almost 18% in 2004. This does not bode well for the 1989 unanimous resolution in the House of Commons to end child poverty. Other alarming statistics include the fact that almost half of the children living in poverty across Canada live in Ontario. The income gap between rich and poor families has reached a record high, and 132,000 rely on food banks every month, representing 40% of the food bank users.

Poverty among immigrants has steadily increased to 60% over the past 20 years. Seventy per cent of children living in poverty live in families with at least one working parent. The average one-parent low-income family is living \$9,500 below the poverty line. The average two-parent low-income family is living \$11,000 below the poverty line. The poverty rates for children from aboriginal, racialized immigrant, and one-parent mother families are double the average rate.

There are many reasons for the increase in child poverty, including the duration in social assistance programs, sky-rocketing inflation rates, and severe limits imposed on the national child benefit

supplement. Additionally, immigrants often end up in lower-paying jobs due to barriers they face relating to international credentialing.

In Canada, the ongoing lack of coordination between federal and provincial governments has resulted in severe underfunding for many social programs that would ordinarily support marginalized groups.

Campaign 2000 released a discussion paper in 2007 outlining a poverty reduction strategy developed specifically for Ontario. Solid government leadership is required. However, in these uncertain economic times, the Government of Ontario appears to be focused on other pressing issues. Ontario could expand upon the programs from other jurisdictions—for example, Quebec and Newfoundland and Labrador—by developing measures to assist families. These include raising the minimum wage and ensuring that there are good jobs paying more than poverty wages. They could also strengthen the social safety net with income support programs, and invest in affordable child care, housing, and post-secondary tuition.

Educators in schools are very influential partners in increasing students' chances of living productive lives as responsible citizens. Every day classroom teachers and support staff see the impact that poverty has on the lives of these children. Some characteristics of poverty that teachers see and have reported include students who move and change schools frequently because there isn't sufficient money for rent; students who withdraw from the shame or lash out in anger; students who suffer from low self-esteem and lack of confidence, especially in high school; and students who demonstrate an attitude of hopelessness.

Children who live in poverty are marginalized both in and out of school. All children deserve to live and learn with dignity, free from poverty, and socially and economically secure. When they are no longer victims of poverty, only then will factors other than socio-economic status be the important determinants of educational and social outcomes.

● (0955)

In 2007, Campaign 2000, in its Ontario discussion paper, pointed out that the strong economy of the day was not solving the child poverty problem. It is inevitable that unless governments act, the current economic situation will make the issue of child poverty even more dire.

The Ontario Teachers' Federation is supportive of the goals of the National Council of Welfare and Campaign 2000 in working to eradicate child poverty. We look to the federal government to do its part in addressing its responsibilities in the areas of employment insurance, child care, and appropriate minimum wage across this country.

Thank you very much.

**The Chair:** Thank you, Reno.

We'll go to the Toronto City Summit Alliance, John Stapleton.

Hi, John. Long time no see.

**Mr. John Stapleton (Research Director, Toronto City Summit Alliance):** Thank you, Mr. Chairman, members of the committee, and fellow presenters. Good morning.

I'm representing the Toronto City Summit Alliance, which is an alliance of civic leaders in the city of Toronto, and today I'll concentrate on the alliance's resolutions and recommendations on the employment insurance program.

Changes to employment insurance can be implemented quickly and would deliver significant short-term stimulus, including increased spending and workforce participation, but also longer-term benefits for Canada's labour force and economy, particularly as the federal government considers strategies to respond to current economic conditions.

The Toronto City Summit Alliance recommends that EI reform is an important opportunity to both reduce poverty and provide stimulus. It was in May 2006, 37 months ago, that the Task Force on Modernizing Income Security for Working-Age Adults, which we call MISWAA, a broad coalition of community leaders led by the Toronto City Summit Alliance and St. Christopher House, a settlement house in Parkdale, part of Toronto west, recommended a comprehensive strategy for income security reform and the alleviation of poverty in its report entitled *Time for a Fair Deal*.

That report recommended that the federal government create a working income tax benefit for low-income earners, reform EI coverage to address the significant decline in coverage of the unemployed, and improve access to employment supports and training. It further recommended increasing the Canada child tax benefit and providing and administering a national disability income support program for persons whose disabilities prevent them from entering the workforce.

Additional reports by Toronto Dominion, or TD Economics, other economists and social policy experts have explored the work disincentives and high marginal effective tax rates faced by working-age adults on social assistance and other issues inhibiting poverty reduction in Canada. Both the federal and Ontario governments have acted on these reports in a number of positive ways, including through the working income tax benefit, which was expanded in the recent federal budget, and through the Ontario child benefit and a dental plan for the working poor. At this critical juncture, however, there is still much to do to ensure that all individuals have adequate opportunities to work and become more self-reliant.

Looking at the GTA, as the current recession continues, rising unemployment is evident and will continue substantially. As noted in the MISWAA report, again from three years ago, EI in recent years has not provided coverage to most of those who have become unemployed in Ontario, particularly in Toronto. The report noted that only 22% of those in Toronto who became unemployed received EI benefits and only 27% for Ontario as a whole, as compared to a national average of over 40%. Of course, going back before 1993, it was over 80%.

The low rates of eligibility in Ontario and Toronto are driven primarily by benefit qualification requirements, which are signifi-

cantly higher than they were before the 1996 and 1993 EI rule changes and are especially high for new entrants and re-entrants to the workforce.

Given the high immigration levels in the GTA and the large and growing part-time workforce—regular part-time jobs are lower than 50% in the GTA—EI is increasingly only a program for a minority of workers who have stable long-term jobs. For those who do not qualify for employment insurance, provincial asset tests on social assistance are at a very low level—in fact, the lowest in history—requiring those without income to liquidate virtually all their resources to go on social assistance. Of course, having liquidated most of their assets, they will find getting back into the workforce that much more difficult.

Among the suite of options for federal income security reforms, we strongly recommend EI reform as a readily available, modestly priced opportunity to both address human needs and generate immediate economic stimulus. The specific changes suggested are as follows: suspend the two-week waiting period temporarily; standardize the variable entrance requirement, or VER, at 360 hours until a more extensive review is completed to determine whether the VER is the appropriate metric and, if so, to what rate this will be calibrated.

Don Drummond of TD Economics, who is a member of the Toronto City Summit Alliance, has estimated that these first two measures would cost \$1 billion in fiscal 2009. He's also on record as saying that the VER might be the wrong metric for the EI benefit structure, so he fixed the 2010 EI contribution rate at the 2009 level.

● (1000)

At a minimum, do not raise the 2010 premium to cover the cost of any policy-induced increases and benefits. This would be a major drag on employment creation. A smoothing mechanism needs to be put in place to enable EI to be truly counter-cyclical in its effects.

In addition to addressing the human cost of this recession, these proposed EI reforms will generate short-term stimulus by putting money and increased job potential in the hands of the people most likely to use them. Experience has shown that temporary sales tax cuts generally lead to higher savings or accelerated purchases, much of it of foreign goods and services that may later dampen economic recovery. Recent analysis of the U.S. tax rebates last year indicate that 80% of the rebates were saved. Of the remaining 20% of the rebates, half were spent on imports. Thus the U.S. received only 10¢ of stimulus for each \$1 spent.

Immediate EI reforms will ensure that economic stimulus money is spent in 2009-10, that the human costs of this recession are being addressed, and that the federal government is continuing to implement structural advances critical to Canada's long-term prosperity.

Thank you.

**The Chair:** Thank you.

Ms. Minna.

**Hon. Maria Minna (Beaches—East York, Lib.):** My thanks to all of you for coming today.

I may not get into questions with respect to EI. From everything we've heard, and from what I believe, there are a cluster of things that need to be done: reforming EI, increasing child benefits, putting into effect a national housing strategy, improving education and literacy, ensuring an income for disabled people, and instituting a liberal minimum wage. We need to look at a national minimum wage. Today I want to get into understanding some of these things a little bit more deeply.

Ms. Gosse, I'm trying to understand the program you mentioned and how it works. I'm also interested in finding out more about the voucher system for the RESP. Could you be a little more specific about the saving? I keep thinking of people who would stay on welfare or the working poor who are going to food banks. How would you help them to save? I am just trying to understand. After that, please explain the voucher.

**Mrs. Barbara A. Gosse:** LearnSave, the asset building project, or the independent living accounts project—actually, this is a concept that has been around for 15 years or so. It has been implemented in the United States and the U.K.

**Hon. Maria Minna:** I only have seven minutes. I need to know how you would do this.

**Mrs. Barbara A. Gosse:** Matched savings accounts are not unlike the RESP model. They are devised so low-income Canadians can set up savings accounts with the assistance of trained community-based organizations working directly with financial institutions to combat ID requirements. For people living in shelters, that was one of our most significant hurdles. There are matched savings incentives that are allocated virtually, while the participant saves in her account. Some of you here may have had the old Ontario home ownership savings plan, where you were actually allocated a matched savings incentive virtually while you saved.

Once you reach your savings period or you meet the requirements of the program, you can cash out. But the matched savings are never placed in the participant's hand. They are used as an incentive measure throughout the program, but the cheque is actually written directly to the vendor, that is, the educational institute or job training facility where the person will be taking the course or the training. Or it is written directly to the vendor who would be supplying the computer or tools of the trade to support education or employment.

For the independent living project, we have had a high success rate of helping people move into independent living from the shelter system. We've been able to help them with their savings for the first and last month's rent. We found through our studies and our research that this was one of the hurdles that were stopping individuals and

families from moving out of the shelter system. They couldn't pull together that rent.

There is a behavioural change that happens when you have the ability to connect with the financial mainstream, when you are respected at the banking institution, when you're given hope for your future. Most of us have had mentors who helped us open up our first bank account.

• (1005)

**Hon. Maria Minna:** And the voucher system?

**Mrs. Barbara A. Gosse:** What we're looking at is the Canada learning bond. This is not unlike how the U.K. Treasury incentivizes the child trust fund in the U.K.

Basically what this would be is a voucher that would be similar to the personalized statutory letter of entitlement that HRSDC recently sent to over 36,000 families across Canada who are eligible for the Canada learning bond.

**Hon. Maria Minna:** I'm sorry, the what?

**Mrs. Barbara A. Gosse:** The Canada learning bond. The Canada learning bond is actually a—

**Hon. Maria Minna:** Yes, I'm familiar with it.

**Mrs. Barbara A. Gosse:** The letter would include a SIN application form with a stamped, self-addressed envelope. It should also direct parents who need additional help to a community-based organization that is funded to support parents through this process. HRSDC funds an outreach program now that does that for community-based organizations.

**Hon. Maria Minna:** I'm not clear on how this would be a voucher. I think of a voucher as something—

**Mrs. Barbara A. Gosse:** It's a voucher that they would take to the financial institution, which would allow them to open up a Canada learning bond and a registered education savings plan directly.

**Hon. Maria Minna:** Thank you so much. I wanted to understand the concept.

I want to go to both of the teachers' federations, both the Elementary Teachers' Federation and the Ontario Teachers' Federation. I don't think we have any disagreement—not me, anyway—on your overall poverty thrust in terms of the issue I mentioned earlier, nor with Mr. Stapleton, for that matter, from the Toronto City Summit Alliance.

I wanted to ask the two teachers' federations this. We heard this morning, and I was part of a media outreach last night, about the racialized issue in schools and the problems with a lot of children being, because of poverty, discriminated against and, for all kinds of reasons, marginalized in many ways. In Toronto, as you know, we've actually gone as far as establishing an Afrocentric school, but that doesn't really address the problem as a whole. That is just a specific Afrocentric one; there's also the South Asian, and others for other kids.



Given all of that, to what extent do we have community organizations involved with schools or with intercultural, interracial mentorship programs? I'm just trying to see what links there are within the school system to the organization we heard this morning, OCASI, and others trying to help the schools help kids and solve that problem, especially in hardest-hit areas.

**Mr. Reno Melatti:** I'm going to refer it back to Barbara, because OTF is the umbrella organization; we coordinate this. A lot of the organizations are much more involved in their respective communities, although I know some of the projects I was involved with when I was teaching.

**Mrs. Barbara Burkett:** Just to clarify, you're looking more for actually linking up with some of the community organizations—

• (1010)

**Hon. Maria Minna:** I'm just saying there's a problem; we hear it from both sides. What is the school system doing to help solve that problem?

We have an organization saying that the Government of Canada should help with Pathways to Education. But that's high school; we have a whole other problem at the other levels, which was also raised by other organizations—OCASI and others—about racialization, equality, and so on.

I guess what I'm asking is how the school system is dealing with this. Who are they hooking up with to bring answers, to get at the core problem?

**Mrs. Barbara Burkett:** Certainly we see the racialization of poverty in our schools in terms of poverty impacting student self-esteem. The impact is exacerbated if you're blending the two challenges of racialization and poverty.

Toronto has been quite well identified and recognized for the parenting centres it has established in the city. These are places in which we bring in immigrant parents as well, in an informal setting that makes them feel much more comfortable with the school setting. Then we find educators who are embracing that concept, including cultural teachings, so that students learn to value one another.

Then, of course, we are much more aware of school safety because of some of the challenges we've been encountering in this province. We have some very pointed programming—in fact, OTF has also—to deal with safety in the schools and address bullying through building positive relationships, respectful relationships, and teaching children about how to be tolerant and respectful of one another.

Another great program that's in place in Ontario is called the Roots of Empathy. This transcends racialization but brings mother and baby into the classroom, so that the children learn to identify with all the needs of that child and then learn skills of empathy that translate. Apparently the results in the school, in terms of building positive relationships between students, is quite outstanding.

**Hon. Maria Minna:** How broad is that program?

**Mrs. Barbara Burkett:** The program is privately based but is supported by funding from the Minister of Education in Ontario. It's across Canada. Some provinces, I think, support it even more solidly financially than we do in Ontario. The founder of that program is

Mary Gordon, and she has been quite well recognized across Canada—in fact internationally as well. It's a program worth looking at.

**The Chair:** Thank you.

Mr. Ouellet, the floor is yours, sir.

[*Translation*]

**Mr. Christian Ouellet (Brome—Missisquoi, BQ):** Thank you, Mr. Chair.

Mr. Stapleton, I would like to thank you personally for your testimony in regards to employment insurance reform. According to the figures you supplied us, 22% of Toronto residents receive EI benefits. These figures are dramatic. How can we call this an insurance? It is a measure that only protects a few people. I did not have a specific question to ask you. I wanted only to thank you for having said this, because it is very important. These are figures that I did not previously have.

Mr. Melatti, I did not quite understand when you said that there was a big difference between the provincial and the federal assistance schemes. If I am not mistaken, there would be less money to alleviate poverty among children because of duplication and other problems between the two jurisdictions.

Could you explain in greater detail your comments regarding relations between the federal and the provincial governments? Obviously, what we are interested in, is what the federal input might be. Perhaps you could clarify for us the role of the federal government in regards to your ideas to lift children out of their poverty.

[*English*]

**Mr. Reno Melatti:** The point I was trying to indicate is that the Ontario government appears to be focused on other issues. It's not to say that they're not.... Our organization receives quite a deal of funding from the Ontario government for the bullying and the safe schools projects that we are involved with, to do some professional development of our teachers and make them aware of those areas that are poverty-stricken. Mainly it's for the idea of the safe schools, the racialized aspect.

What I'm suggesting concerning the federal government is from the standpoint of immigrant children. I think the federal government may not recognize the children as it more or less recognizes the parents. There are children who need some sort of assistance to bring them back into society. Because of the aspect of citizenship, I guess the stress may be put mainly on the parents, but I know, as an immigrant myself, that the school system is just not enough. There need to be programs in the community.

I come from Leamington, Ontario, where there are a lot of immigrants in the area. There are social services being provided both by the school boards and by the parishes to ameliorate bringing immigrant children as well into the community, not just from the school standpoint—because in some cases the schools become a sort of danger zone for racialization—but even in terms of the community, because that's key; that's where the importance is. From that standpoint, I guess I'm looking for the federal government to become aware of this and work in partnership with the provinces.

Thank you.

•(1015)

[*Translation*]

**Mr. Christian Ouellet:** Thank you.

The following question is for Ms. Gosse.

I would like you to give me some more details about your perspective. You mentioned a private pension. You are saying that the government would give people vouchers, money in one way or another to invest this money and see it grow. If I am not mistaken, you speak of this in contrast to a universal pension scheme provided by the government.

If we gave to the banks the money that people could get themselves through a universal pension plan—I am thinking of the Caisse de dépôt et placement du Québec whose mandate is to grow pension funds—are you not concerned that, in the end, it will be the banks that will benefit from this money? I think that it might be dangerous.

At this time, we asking Parliament to increase the Guaranteed Income Supplement, that we call SRG in French, by \$110 a month. Do you not think that we have a better chance of generating wealth if the government looks after the pensions? Let us take a country like Japan where the emphasis has been entirely on private pensions. It is a total failure: people who arrive at the end of their lives have nothing.

Why do you think that a private pension would be better than a government sponsored one? Might it not be a better idea to improve, to increase the current federal pension plan rather than creating something new?

[*English*]

**Mrs. Barbara A. Gosse:** Absolutely, and I agree with you. But I think there needs to be incentive to allow Canadians to think more positively about their pensions, to actually actively participate in saving for their future, in putting that nest egg away. We need to change the thinking and actually have them think about their pensions, have them think about that time period in their lives in their future by incentivizing, not replacing the collective pension at all, but by perhaps instituting a more progressive universal system where there would be additional advantages for lower-income Canadians to save for their future. And perhaps we could provide a matched savings incentive for lower-income Canadians so that they would have a greater reason to save for their future, to actually turn their heads into thinking about saving for their future.

Nowadays there's a very different way of thinking. When you are in your twenties or thirties, you're now thinking about financing debt. You are never thinking about saving for your future. Matched savings incentives give people an incentivized way of putting money away or a nest egg away. We can look at the debt rates today in this country, and they're escalating.

If we're looking at pensions in the future. I saw a statistic recently that says that 25% of Canadians have absolutely no savings for their retirement. That's incredible. That's shocking.

This might be a way to actually provide some sort of incentivized saving mechanism to allow people to start thinking about their retirement and start being actively involved in saving for their

retirement. It doesn't mean getting rid of the collective system at all, but it means instituting more of a progressive universal system where people with lower incomes would actually gain a greater benefit.

•(1020)

[*Translation*]

**Mr. Christian Ouellet:** [*Technical difficulties: the Editor*]

[*English*]

**The Chair:** Mr. Martin.

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

I'm certainly intrigued with this notion of capacity building. However, I know from work that I've done and from reading and listening that there are already built-in disincentives.

Maybe the two of you can help me. When you fall off the EI wagon and you're now on social assistance, the first thing that has to happen is that your assets get spent. You're poor, but then you become desperately poor, because you have nothing.

How does that work now?

**Mrs. Barbara A. Gosse:** John, you go ahead.

**Mr. John Stapleton:** What we have now in Ontario, and I think we have this in other provinces, is that when...especially what we might term the "new poor". The only difference between the old poor and the new poor is that the new poor come to a social assistance office with maybe a little bit of money. We know that through Statistics Canada, that they have small amounts of savings—\$5,000 or \$6,000 in an RRSP, let's say, something very modest. For someone in Ontario, for example, their asset limit on social assistance is only \$572. It's very low all the way across Canada, as the National Council of Welfare report shows. What an office will do, especially a tightly run office, is tell them, "You have \$6,000 in an RRSP, and our asset limit is \$572. For the next 10 months, you should live on that \$6,000 or so. We'll make a notation in the file, and you can come back after that 10-month period and apply for assistance again."

Of course, what happens is that the person cashes out their RRSP at a low point in the market, and the next year they have to pay a tax liability. They have a much higher tax bill at a time when they're on public assistance.

That's the sort of thing we're seeing that doesn't make sense. In terms of the recommendations we've both made—at the Toronto City Summit Alliance, and Barbara can speak to this as well—we're hopefully looking at social assistance programs that, especially during a recession, would allow somebody not to become completely destitute in order to just get some help, especially when the EI program provides so little.

I think we've both recommended that these draconian asset limits be lifted, especially during the recession.

**Mr. Tony Martin:** Actually—I'm sure you know this, but I want to put it on the table—it's not just when you're living in poverty, as a person with children or whatever; it's also when you get to retire. If you have RRSPs and you start cashing them out, it then becomes an obstacle to your getting assisted housing, getting assistance with a nursing home, and all those kinds of things.

Richard Shillington makes this case very well—better than I would—that up to a certain point of income, people need to really look at this. Those who encourage people to save need to be honest with people: if you're not going to have over \$100,000 or \$150,000 in an RRSP, you're probably better off not doing that at all and maybe paying down your mortgage instead, or doing something where it's not going to be counted as income when you finally retire.

Again, it's a disincentive.

**Mrs. Barbara A. Gosse:** Absolutely.

Richard, obviously, is the expert in that area, but I should say that there is political will to look at the situation. In terms of asset building and these specific projects, we have received a decision from the Canada Revenue Agency that has determined that the matched savings incentives in these projects should not be determined as income in the calculations that are utilized for income tax and benefits.

We actually have approval now. Six provinces have incorporated amendments to the regulations to allow people to participate in these specific asset building programs without having their benefits compromised at all.

The Ontario government has been looking at this with us specifically on a project-by-project basis, but they haven't taken the step whereby they would look at ensuring that people wouldn't have to spend down their assets, such as their RESPs for their kids, or their RRSPs, before they get social assistance benefits.

So I think there is a role that the federal government can play here in encouraging the provinces to be looking at this. This is really significant. It is very detrimental to the wealth building of lower-income Canadians.

• (1025)

**Mr. Tony Martin:** I want to talk to the Teachers' Federations about the long-term poor.

In a recession you get a whole bunch of new people coming in who are poor, but there's a different dynamic. They're trying to get back into the workforce. I think some of this is in the study that John's group has done around labour market improvement and that kind of thing. A large number of people are stuck in poverty and don't seem to be able to get out of it. It seems to me we need to come at it from a far broader perspective than some of the really good work that's being done out there to try to target particular individuals and come up with new programs, and that is to look at this from a human rights perspective. We as Canadians have signed on to international covenants that we don't live up to.

Has your association done anything to look at that and how we might encourage government to bring in programs that would help people simply because they're human beings, simply because they're

deserving of dignity and to live a quality of life that reflects the wealth within this country?

**Mr. Reno Melatti:** The continued advocacy for child poverty is important because that's our future. You can fix the problem at some end, but if you don't fix the problem at the beginning, which is the self-esteem and preparedness of students to come and learn and not be worried that they don't have any sleep or don't know what they're going to be eating today, then they're not going to be prepared. That's a never-ending story that has to be dealt with.

There are two aspects we have to look at. Our organization, OTF, through its affiliates and its national organization, CTF, will continually bring that forward both at the provincial level and at the national level. There's the idea of providing some sort of assistance in terms of a transition into school and providing some organization where there's food in the morning. Breakfast organizations are being developed in some of the school boards. That's something that should be promoted, because for the most part, that is critical to our future.

Other aspects have to be dealt with too, and I think Barbara could add how her organization is involved.

**Mrs. Barbara Burkett:** I'll be a little more specific and repeat that an investment in early years education has statistical proof to support the fact that it is one of the greatest determinants of moving children out of poverty, and hence generations out of poverty.

I know that education is a provincial designation in terms of responsibility, but some of the ways the federal government could help is to target specific funding to support aboriginal students in their success. We certainly have seen some successful programs in partnerships we have initiated in Ontario and one the previous lieutenant-governor, James Bartleman, began in terms of the summer of hope literacy programs for summer camps in the north. Our organization has supported one, as OTF has, over the past three years to support the success of those programs.

We're also beginning a new initiative working with the Red Cross to bring in anti-violence work in aboriginal communities. It's called Walking the Prevention Circle, and it trains aboriginal facilitators to bring the programs into those communities. Clearly aboriginal education is a place where the federal government does have responsibility.

I pulled a news report out of the *Timmins Daily Press* that was published on Saturday, May 30. It references a parliamentary budget report by Kevin Page, who indicates that Indian and Northern Affairs Canada is currently drastically underfunding infrastructure for first nations schools. His report recommends \$287 million to \$308 million annually, while the current amount being expended is only \$118 million to \$123 million.

I come from northern Ontario. I live just on the edge of Charlie Angus's riding. I'm directly aware of the struggle that's been going on in the community of Atawapaskat to try to have a new school built. That school was condemned in 1979 because of a diesel spill. That's a long time ago, but those students are still sitting in portables waiting for a school to be built. That's a place where the federal government could certainly move. If you talk about it being a human rights issue, I think there is no better example than the plight of our aboriginal students.

• (1030)

**The Chair:** Thank you very much.

We're now going to move over to Mr. Lobb. Sir, you have the floor for seven minutes.

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

The first question is for Mr. Melatti. Do you know of any programs within the provincial ministry of education for high school students around financial literacy?

**Mr. Reno Melatti:** I'm not aware of financial literacy programs, but there are some programs being provided to keep students in school up to age 18. One of them is an apprenticeship program that moves them from actually working in school and into the workforce and, eventually, landing a job. This is not strictly academic, but it is being pushed even more so than before. Pathways is part of it, along with co-op organizations.

My understanding is that in some cases you can engage in an apprenticeship program that provides some funding for transportation. Access to co-op and apprenticeship programs seems to be the biggest problem, because the students can't travel. First of all, most of them can't drive. So there is some funding to provide transportation in those areas to access these programs.

But that's about all I'm aware of.

**Mr. Ben Lobb:** Fair enough.

Now, it hasn't been too, too many years since I graduated from high school. I took the full suite of Ontario academic credit courses: physics, chemistry, biology, math, and the like. They were pretty interesting courses. However, in practical life, despite the fact that I took physics, my career was in business. The only time physics came into play was when I climbed the ladder and I needed to know what gravity was, right? So it became pretty helpful there.

But most of my experience in life is actually around fiscal or financial literacy, and a lot of my friends and colleagues would probably feel the same way. I see Mrs. Gosse, who I believe is in the right direction, but I just wonder if the federation feels that it should lobby the government or ministry more to provide our high school students with that fundamental core.

I know that the Canadian Teachers' Federation talked about the Royal Bank or big banks providing that. And that's well and good, and it's great that they do it, but when we talk about that core component of education that you can use for the rest of your life—and again, the co-op programs, OYAP, and so on are excellent programs—do you have any thoughts about maybe coming up with some new ideas to provide financial literacy for high school students?

I'm asking this because if we did a general poll of students, I'm suggesting that none would know what a tax-free savings account was, and possibly a few would know what an RRSP was, and certainly a mutual fund would likely knock the lights out of them.

So what are your thoughts on that?

**Mr. Reno Melatti:** I think there are some programs coming up. What has happened is that the business aspect of high school is gone, and that was probably one of the important things for dealing with finances.

It's in the process of coming back. I was just reading the paper the other day, which said that new programs are going to be brought back, in terms of dealing with finances or educating students in financial concerns. But in terms of the financial side, I don't think we've looked at that.

We are supportive of what the CTF has done. Our mandate in terms of what we work on is to support our affiliates. But if you're talking about providing some sort of financial incentives, the only one I know of—because my son is still in university and has taken out a loan—is the educational aspect that the government matches. That was used up in the first two years, actually. There's really not much there.

That's about all I know, unless there are any others here who do.

• (1035)

**Mr. Ben Lobb:** Well, it's good to hear there possibly are some programs in the works or in the hopper in the near future to provide some guidance here.

**Mr. Reno Melatti:** What has happened over the past 10 years, I would say, is that the business aspect has gone and the focus has instead gone strongly into maths and sciences.

One other thing is that I'm a history teacher by trade—and they are a rare breed now, because there's not much demand for them—and I see that the business aspect has gone away, but it is now starting to come back in terms of financial literacy for students, and so forth. So that's a plus, because the economic times mean that students have to deal with finance. I know that 15 years ago, one of the grade 10s was in careers, and what I was saying then was, “Bring us your income tax and let's go through it.” Some of the kids said, “Why do I have to do this?” And I said, “Well, for the rest of your life, you're going to be doing it.”

**Mr. Ben Lobb:** For sure. I think that's great.

I wanted to ask Ms. Gosse a question to get back to the Canada learning bond or an idea about the registered education savings plan. Sometimes in agricultural programming they put a kickstart in to get the account set up and to get it rolling. Is that coupon or voucher what you're talking about? For someone who was receiving the child benefit, for example, for the RESP account, would the government maybe kickstart \$500 or \$1,000 in to get that account started? Is that what you'd propose?

**Mrs. Barbara A. Gosse:** The Canada learning bond is a grant program, so there is a \$500 initial kickstart into the account. Then there are contributions also made at specific points in the child's life as well. There's a total contribution grant, ultimately, that comes from the federal government to the family for their children that would amount to \$2,000.

**Mr. Ben Lobb:** Okay. That's great.

On the flip side, at the other end of life, let's say when we head into our fifties, do you see a possible mechanism that could be in place whereby the government sees someone in their fifties and they have no RRSP accounts set up, they have no tax-free savings account, so the very same mechanism triggers, which says, "Okay, Fred, you have a problem here, because you have maybe 10 years left in your life to work, and you have nothing set up here except your Canada Pension Plan." Do you foresee a possible mechanism that could be in place so that it's not too late at 50 to start saving, but there would be a plan to kickstart that?

**Mrs. Barbara A. Gosse:** Absolutely. Having the incentives to save toward your future makes you feel different about your future. I would bet that everybody in this room has done that. That's what happens. At 50, it's possible to institute that. I've actually talked to friends around the dinner table about this. I've been in shelters. We've talked to kids in shelters, and you wouldn't believe how many of them have actually mentioned their retirement funds. We've been very surprised.

There can be lifetime savings accounts set up that can actually incentivize savings for different periods of lives. Even the tax-free savings plan is a mechanism that could be used if there were matched savings incentives for lower-income Canadians as well. That's a mechanism that's already in place.

If people have some sort of assets at 50, they've already thought about those investments. If they have a home but don't have retirement funds, it's a possibility. I know we're talking about poverty here, so we may not be talking about people who have substantial assets, but there are ways to incentivize savings through very effective and efficient means. There are mechanisms in place across this country today that could be utilized to do that—definitely.

• (1040)

**Mr. Ben Lobb:** Just to conclude—I know my time is up—the 50 factor is what I talk about, because my riding is a retirement destination. We see retiree after retiree coming into our office who has no savings. They're 65 or they're in their seventies, and it's a shame.

**Mrs. Barbara A. Gosse:** The other thing is that you can provide support to those incentivized savings accounts as well, such as financial literacy, which you mentioned earlier. Financial literacy is actually a key component to these asset-building accounts as well. We have actually found that the matched savings incentives seem to attract people to these accounts and get them involved in the accounts, but it's the financial literacy that can actually be moulded to fit individual groups of people's circumstances, their age limits, and where they're going in their lives, while supporting their goal choices as well, that actually makes them successful when they complete these courses.

I should mention as well that the Financial Consumer Agency of Canada has created a program for high school students on financial literacy—it's called The City—and it is out there. I don't know if they've been working together with the school boards yet or not, but I know they have the program out there now. I just thought I'd mention that as well.

**The Chair:** Thanks for that.

We have time for another question.

Maria, you have five minutes.

**Hon. Maria Minna:** Thank you.

Just very quickly, I'm actually invited to my local high school to talk about savings and that sort of thing once in a while.

**Mr. Reno Melatti:** There is the VIP program.

**Hon. Maria Minna:** Yes.

I just have two quick questions.

In my riding, one of the reasons the kids weren't going to school was that they didn't have money for bus fare. Do you know if the schools are identifying within their catchment area, especially for the high schools, or do they have to go much further in identifying kids who may or may not have enough money to actually go to school, and whether that's why absenteeism is....

**Mr. Reno Melatti:** There is now shared transportation between school boards, so there should be no reason why a student cannot go from one area to another. The problem of finances comes up when students want to engage in co-op programs within their rural area. They cannot have access to those programs because they may be 30 or 40 kilometres away. The school board does not provide that transportation. That's where the lack is.

**Hon. Maria Minna:** What about going to regular high school?

**Mr. Reno Melatti:** That should be no problem. There's shared transportation between school boards. If you're enrolled in school, they'll pick you up wherever you are.

**Hon. Maria Minna:** I'll check it out. I think I know of an area that has no bus service.

Mr. Stapleton, we've talked a great deal about all of the pieces up to a limit, but we haven't talked much about the pension aspect of things. We throw it in there and make the assumption that seniors have been taken care of since the time of Pearson. But that was a long time ago, and there's a lot of stress and poverty among seniors today. We also know that our pension structure isn't working as well as it could. RRSP is not working for the average Canadian and CPP needs to be maybe....

Has your group looked at pension reform in relation to housing and what have you?

**Mr. John Stapleton:** There have been a number of studies on pension reform, and I know there's going to be another one dealing with the viability of CPP and RPPs. I think there's a general recognition that the portion of people who have a defined benefit pension plan, the type we call good pensions, is somewhere around 11%. Generally, these are only safe in the public sector. So the amount of savings that people have is insufficient.

We are concerned about the premise of the registered retirement savings plan—that you have higher income in your working age years and then when you become a senior you have lower income and take money out of your RRSP. But poor people often have a lower incomes in their working years and higher incomes when they go into retirement. So the type of investment vehicles we have are insufficient for people who are in that position. Often people have RRSPs that they start to dip into, and it reduces their entitlement to a guaranteed income supplement. When that happens, you start to see seniors who cannot meet the cost of their dentures, their home repair bills, or their assistive devices. We need to be rethinking programs that provide—

• (1045)

**Hon. Maria Minna:** Would you reconsider the CPP with a view to enhancing it in some way? Would that be one vehicle?

**Mr. John Stapleton:** Maybe, but you have to remember that the CPP is taxable and old age security is taxable. The CPP payments diminish the GIS component by 50%. So it may be that we should not be looking at reforming the CPP itself. Instead, we should be looking at how the CPP reduces other income forms, especially for people who have needs.

**Hon. Maria Minna:** I see.

**The Chair:** Thank you, Ms. Minna.

I want to thank our witnesses once again for taking time out of their busy schedules to be here.

This meeting is adjourned.

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