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Chair

Mr. Dean Allison

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● (1110)

[*English*]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Pursuant to Standing Order 108(2), our study on factors aggravating poverty will now commence.

I would like to take this time to thank all of the witnesses for taking time out of their schedules to be here today.

I'll tell you the way things will work. We have opening statements of seven minutes each. If you can try to hold them to that, I'll give you a two-minute and one-minute warning, if you care. If not, I'll try to get your attention when you're close to seven minutes. The statements will be followed by a first round of seven minutes of questions and answers, followed by a second round of five minutes of questions and answers.

I want to welcome everybody.

I want to welcome you, Mr. Sarlo. You are up north.

Prof. Chris Sarlo (Professor, Department of Economics, Nipissing University, As an Individual): I'm in North Bay.

The Chair: You're in North Bay. We want to welcome you by video conference, and we'll certainly work you into the opening round as well. I'll let you know when it's your time.

Mr. Stapleton, would you care to start, for seven minutes, please?

Mr. John Stapleton (Research Director and St. Christopher House Research Fellow, Task Force on Modernizing Income Security for Working-Age Adults): Thank you, Mr. Chairman.

I'm here today to talk about the findings of the Task Force on Modernizing Income Security for Working-Age Adults, or MISWAA, which was formed in September 2004 by the Toronto City Summit Alliance,or TCSA, and St. Christopher House.

The TCSA is a broad-based coalition of civic leaders that has launched a number of initiatives dealing with issues facing the Toronto region. The TCSA's 2003 “Enough Talk: An Action Plan for the Toronto Region” highlighted the issue of income security as critical to the future of major cities. St. Christopher House is a multi-service neighbourhood centre in Toronto that has extensive experience involving the community in formulating policies and programs to improve the situations of people living with low income.

The task force was made up of a steering group of about 50 leaders from business, labour, community organizations, advocacy groups, academia, policy institutes, foundations, and governments. Working with St. Christopher House, we put together a community reference group of low-income people who were directly involved in developing the recommendations, as well as an extensive community consultation process with over 200 low-income adults and a similar number of front-line staff of community agencies. Finally, we had a working group that included policy analysts from the Conference Board of Canada, C.D. Howe, TD Economics and Scotia Economics, the Caledon Institute, CPRN, and the Canadian Labour Congress, and from a number of community and advocacy groups such as the Daily Bread Food Bank and the Workers' Action Centre.

We believe the task force was unprecedented in a number of respects, first in terms of getting leaders from many sectors, including business, together to discuss income security reform, then in terms of having the relevant think tanks involved and involving people directly affected by the problems with the system. Everyone agreed on the issues and the numbers, and members are united in the belief that all orders of government must come to the table to secure needed reforms. Our submission sets out the task force's recommendations, which may be accessed at http://www.torontoalliance.ca, in our report, “Time for a Fair Deal”.

Many members of the task force believe that the federal government needs to be accountable and play a more prominent role in the income security of working-age adults, much as it does today with seniors and children. Let me take this a bit further.

A resident of Ontario who turns 65 with no savings, no Canada Pension, and no other income of any sort receives a basic guarantee of $15,200 a year through old age security, the GIS, and provincial credits of various sorts. This base guarantee has been kept up to date for decades. Benefits to seniors represent 49% of all income security expenditures in Canada, and this portion will soon rise to more than 50%. It will grow much larger post-2011, when those in the baby boom generation start turning 65. Our ongoing support for seniors represents good policy, and our income security program should be kept up to date. We should ensure that benefits don't erode with inflation. What is bad is that the programs and policies for working-age adults are not similarly kept up to date, not even for those who are not capable of working.

Consider the following facts. Single welfare recipients can receive less than $6,500 a year, down 45% in real terms since 1993. The rates have now fallen to pre-centennial levels—that's 1967—again in inflation-adjusted or real terms. Welfare costs now represent just 5% of the overall expenditures in the income security system in Ontario. A single disabled recipient obtaining a disability allowance in Ontario receives just under $11,500 a year, down more than 20% in real terms from the early 1990s, and now $3,700 a year less than the neediest senior. Minimum wages, despite increases, are much lower in real terms than they were in the 1970s, and less than they were in the 1990s. EI benefits have decreased in real terms for 22% of the unemployed in Toronto who are eligible for them. At the same time, the EI fund has accumulated a surplus of over $48 billion. As a result, low-income wage earners increasingly cannot afford to live in our cities where the work is, and there is no sign of redress.

Income security programs for seniors continue to be protected through indexation, while no benefits or policy measure for working-age adults are protected in any way. This very different trajectory of benefits and policies for seniors versus working-age adults will widen as we race toward a period when more seniors will be depending on working-age adults to bankroll their benefits. As the National Council of Welfare recently noted, “if there is no long-term vision, no plan, no one identified to lead or carry out the plan, no resources assigned and no accepted measure of results, we will be mired in the consequences of poverty for generations to come”.

We call for the commencement of a dialogue and a debate on the economy and the meaning of civil society that stands as the precursor to a real change to present realities.

Our collective bottom line is that changes can and must take place immediately, not only to make work pay but to reverse the trend, and increase and make a more decent standard of living available to all low-income individuals. In doing so, we will enhance the economic security of all Canadians and preserve the social fabric of our communities. The federal government needs to play a more prominent role in the income security of working-age adults, much as it does today with seniors and children. Now is the time to reform income security before we face an economic downturn.

We cannot achieve a just society or a fully productive economy if we do not do a better job of supporting the needs of low-income adults and families as they attempt to lift themselves out of poverty. Canada has been blessed with an uninterrupted decade of economic growth, but we cannot assume that the laws of economics have been repealed. When the next recession hits, the flaws in our system will become clearly evident.

Our prosperity in Canada depends on having a labour force operating at its full potential. We need to ensure that all working-age adults are contributing to our economy. Immigration can provide a source of new workers, but we should ensure that at all times we have enabled individuals already resident in Canada to achieve their full potential and contribute to our economy and society.

We need a bold agenda of a working income supplement and a new refundable tax credit so that low-income parents can aspire to provide their children with a better future. Many significant issues that affect the economic security of working-age adults are outside the income security system. Some of these issues, such as lack of affordable housing and limited access to quality child care, have had long-standing advocacy campaigns.

We also call for a federal presence that encourages serious reflection of Canadian values for the care of children who are not living with their parents and who find themselves in the care of government. MISWAA considered this very important aspect of adult poverty and presented it earlier this week in Vancouver at World Forum 2006, in concert with the University of Victoria, and through Andrée Cazabon's film, *Wards of the Crown*, being shown on CBC's Newsworld on *The Lens* this week.

In many ways it is currently no federal department's business. Unlike both education and corrections, where there are varying levels of federal presence, in the area of child welfare the standards we might otherwise expect are missing. We need to focus not only on those who are lucky enough to survive the system and go on to post-secondary education. We need to send the message to all children in care that the investment will be there for them; that they can expect to be supported to achieve, succeed in school, graduate, and have career aspirations, and that funds will be there to support them to achieve their goals.

We need federal leadership on the issue—an office, a website, a mail box—something similar to what we routinely see in the areas of health and justice. One option here that goes beyond RESPs, the Canada learning bond, and Canada education savings grants could be a national scholarship plan for youth leaving care

I'll leave it at that.

● (1115)

The Chair: Thank you, Mr. Stapleton.

We'll move now to Mr. Calderhead.

Mr. Vincent Calderhead (Senior Staff Lawyer, Nova Scotia Legal Aid, National Anti-Poverty Organization): Thank you very much.

Good morning. I am a human rights lawyer from Halifax. I practise exclusively in the area of poverty law. I do that domestically and through international human rights litigation.

[*Translation*]

Good morning. My name is Vincent Calderhead, and I live in Halifax, Nova Scotia.

I submitted a copy of my presentation to you this morning. I'm sorry, but I didn't have enough time to have it translated. I also submitted a copy of a UN report to you.

[*English*]

My presentation is essentially around the principle that Canada must comply with its international human rights obligation by establishing conditions that will underline the Canada social transfer. My message is that these conditions should not be national standards, Ottawa-imposed standards. The Canada social transfer should be revisited and renovated so as to incorporate the standards that are in the International Covenant on Economic, Social, and Cultural Rights. Those are the standards that should condition Canada's social transfers to the provinces.

As a signatory to the International Covenant on Economic, Social, and Cultural Rights, Canada has fundamental legal obligations in the field of social and economic rights, including the right to social assistance—and including the right to adequate social assistance.

For two decades Canada reported both to Parliament and to the United Nations that the Canada assistance plan was the method, the cornerstone of its implementation—a big part of the implementation—of the International Covenant on Economic, Social, and Cultural Rights. The Canada assistance plan, it may be recalled, structured federal transfers to ensure that people in need were eligible for assistance and that they were entitled to their basic requirements.

In 1996 Parliament repealed the Canada assistance plan, thereby stripping low-income people of their right to social assistance, their right to their basic requirements. What was crucial at the time, but hardly a word was said in Parliament, is that while rights were stripped away from poor people, they were obviously maintained for the health transfers. You had an anomalous position whereby health transfers, then and now, are rigorously maintained so that people's fundamental right to health is maintained. In terms of low-income people's rights to assistance when in need, there are no longer any rights.

The Committee on Economic, Social, and Cultural Rights, which reviews Canada's implementation, has repeatedly, in 1998 and again in 2006, stated that the standards that would permit Canada to ensure that all provinces are maintaining the basic human rights—and I'm talking about human rights here—to adequate social assistance must be re-established. The committee asked why it is that health care standards are maintained, but in the area of social assistance for the poor nothing is in place. In May 2006, when Canada's performance was reviewed, the committee was extremely critical of Canada for a lack of redress, a lack of remedy available to low-income people for inadequate social assistance, the lack of a poverty line, and the lack of federal standards.

I'll refer you to the back side of my presentation. About halfway down, there's a bulleted paragraph in bold noting that the committee said Canada should remedy the fact that "federal transfers for social assistance and social services still do not include standards" in relation to the rights in the covenant.

What was very important during this last review of Canada was that anti-poverty groups from Quebec and anti-poverty groups from the rest of Canada grappled with this problem of national standards—Ottawa standards—and said this is unacceptable. What all groups representing low-income people at the United Nations agreed to was that this historic problem can be resolved by saying these standards won't be national, won't be Ottawa standards; they will be the standards that pervade the International Covenant on Economic, Social, and Cultural Rights, which Canada has agreed to. In other words, these will be worldwide norms, standards that 150 other countries have agreed to.

Constitutionally, not that many people are familiar with subsection 36(1) of the Constitution Act 1982. Subsection 36(1) is interesting. Subsection 36(2) is one a lot of people will be familiar with; it's the one that enshrines the constitutional obligations to the principle of equalization.

● (1120)

Subsection 36(1) is a joint federal and provincial constitutional commitment to three things, the third of which is the provision of essential public services of reasonable quality for all Canadians. Accordingly, subsection 36(1), together with Canada's international human rights obligations, can be seen as both a source of and a vehicle for the Government of Canada to revisit the Canada social transfer to re-establish meaningful conditions to the Canada social transfer.

In conclusion, Canada prides itself in being a human rights respecting country. This government has recently said that their domestic obligations will be honoured and they will fight for human rights internationally. As a human rights respecting country, it is incumbent on Canada to revisit the Canada social transfer and, in the course of doing so, embrace and adopt the international human rights norm in the International Covenant on Economic, Social and Cultural Rights.

Thank you. *Merci bien.*

The Chair: Thank you, Mr. Calderhead.

We'll now move to Mr. deGroot-Maggetti.

Thank you very much. Seven minutes, sir.

Mr. Greg deGroot-Maggetti (Member, National Council of Welfare): Thank you, Mr. Chair, and thank you, members of the committee.

The National Council of Welfare is pleased to have the opportunity to appear before this committee on an issue that's central to the council's mandate. I hope the committee will also refer to our written brief.

For over 25 years the council has published detailed statistics on poverty in Canada, with its most recent reports released in July and August this year. Over that time, poverty rates among seniors have improved dramatically. However, poverty rates for all other age groups, including children, are about the same as they were almost a quarter century ago.

Many people living in poverty are employed. Almost a million poor families and working-age singles earn half or more of their income from paid jobs. In one-quarter of families living in poverty, the major income earner works all year long at a full-time job, but their average earnings are only $9,500.

Many jobs simply pay too little to allow people to pull themselves and their families out of poverty. More people live in the deepest poverty than ever before. Most notably, the number of working-age singles living on incomes of less than half the amount of the poverty line tripled from 162,000 in 1989 to 552,000 in 2003.

Why have we not made any sustained progress against poverty? A woman from Nova Scotia recently contacted the council after hearing of our questionnaire about poverty, which I will explain a little bit more about later. She reflected upon the supports available to Canadians in the past compared to those available today. This is what she wrote:

> I was raised by a single mother. The combination of lower tuition, easier access to student loans, affordable housing and job availability made it possible for my sister and me to go to university and become professionals. We met our husbands at university, both who are now professionals. Our children, who are being raised by parents who work as professionals, have a good standard of living, good health, and are likely to have good jobs themselves. If my mother had raised us in this climate, we would not have had access to the same opportunities and it is doubtful that we would have had the opportunity to complete our university education or meet our future spouses. My children would not have had the same standard of living or health that they enjoy now.

We know that things were not perfect in the past. Many groups, such as aboriginal peoples, people belonging to visible minority groups, and mothers in need of child care, were left far behind. However, as this person has noted, things are far from perfect today.

Today our challenge is to build on or restore our damaged social infrastructure and move beyond it to confront new challenges of the 21st century. In the past, the welfare wall has been a key issue, meaning that many people who are trapped in welfare do not have opportunities to get off social assistance.

The council would suggest that there's also a low-wage wall behind which hundreds of thousands of workers are trapped in poorly paying jobs. These jobs usually do not come with benefits, such as workplace pension, health, or dental benefits. These jobs offer almost no opportunities for education, training, or advancement, and even act as barriers to those objectives. Many workers who occupy these jobs are working long or irregular hours, and many are also working far below their level of education and training.

In order to deal with this issue, we have to identify and overcome both the barriers to getting an entry-level job and the barriers to moving beyond low-wage jobs. Another issue facing low-income workers is the inadequacy of minimum wages. It used to be that a person working full-time at a minimum-wage job would earn enough to keep them above the poverty line. That's no longer the case. The meagre increases in minimum wages over the years have not kept pace with the cost of living. Families and individuals dependent on minimum-wage jobs work hard, but still live below the poverty line.

We're pleased to see that a recent report reviewing Canada's federal labour standards recommended that the federal government reinstitute a national minimum wage. In addition, the report recommended that the new national minimum wage should be benchmarked to the low-income cut-off index or some similar standard and should be adjusted automatically at intervals of one or two years.

Changes to employment insurance present another challenge to workers in Canada. Employment insurance now provides coverage for only 40% of unemployed Canadians compared to 80% in 1990. For those few low-wage workers who are eligible for EI, their EI payments will cover only 55% of their average income, which leaves most below the poverty line. We need better EI coverage for those in precarious work, as well as increased rates to assure that being unemployed or sick or caring for a newborn or a sick relative does not mean you live below the poverty line.

● (1125)

Other factors that are important when talking about poverty include the inadequate number of affordable and high-quality early learning and child care spaces in every province and territory in Canada. Child care is especially vital to allowing women, particularly lone parents, to hold paid jobs instead of being forced to rely on welfare.

The decline in welfare rates over the last 20 years in terms of real purchasing power, coupled with increasing barriers to access to welfare, is another major problem. And then there's the decided lack of investment in affordable housing in Canada over the past years. Waiting lists for housing are long, and many families struggle to find housing that they can afford.

The council feels that the issues just discussed are important factors that have aggravated poverty in this country. However, the overall policy measure that we think is crucial is the lack of a national anti-poverty strategy. Without a national strategy, we do not have the targets or timetables for reducing poverty, we don't have mechanisms for poverty reduction in partnership with other levels of government, and we do not coordinate programs within and across all levels of government.

Other countries such as Ireland and the United Kingdom have anti-poverty strategies. In Canada, both Quebec and Newfoundland and Labrador have their own anti-poverty strategies. The goal of the plan in Quebec is to progressively make Quebec one of the industrial nations having the least number of persons living in poverty by 2013, and the goal in Newfoundland and Labrador is to become the province with the least poverty in this country.

The council believes that a made-in-Canada national anti-poverty strategy is one of the most important new initiatives that the federal government could undertake to reduce poverty in Canada.

This fall the council launched a Canada-wide online questionnaire about the issue of poverty and the need for a national strategy. Any individual or organization can participate by simply accessing our website at www.ncwcnbes.net, or by filling out a paper version of the questionnaire.

Over 2,000 people and organizations have already filled out a questionnaire. The results will be tabulated, analyzed, and presented to the Minister of Human Resources and Social Development, as well as made public. We would hope that committee members themselves would answer the questionnaire and encourage your colleagues and constituents to do the same.

Thanks very much.

● (1130)

The Chair: Thank you, Mr. deGroot-Maggetti.

We're going to move to Mr. Finnie. You have seven minutes, sir. Thank you very much.

[*Translation*]

Prof. Ross Finnie (Professor, School of Policy Studies, Queen's University, As an Individual): My presentation will be in English, but I'll be pleased to answer questions in French.

[*English*]

I've enjoyed this very much.

I am going to give a slightly different perspective. I think I've been invited because of my work on studying the aspects of poverty in an empirical manner, that is to say, to look at the data—what does poverty look like?—and then extending to poverty discussions, and that will be the focus of my remarks. I would have been glad to jump in and participate in these others, but....

First of all, measurement, the measurement issue. I'm sure Professor Sarlo will talk about that. I'm not going to talk about that. It's a difficult issue. You can measure poverty in lots of different ways. Should it be relative, should it be absolute, should it be a mix of the two? These are important issues, but one way or the other, at the end of the day we're going to be left with a number of people who are poor. We can discuss whether it's 15% or 12% or 20%, but there are the poor.

What is the nature of the poor? First of all, one of the things I've been able to do...and I might say my research was financed by the Department of Human Resources Development Canada over the years, and I'm very grateful for that. It's been a delight to work with those people, actually.

About half the poor in any given year in Canada are long-term poor, the other half are quite short-term poor. That is to say they move in for a year or two, and then they move out. That's an important statistic.

Also, if we look at it another way, about 40% of the poor in any year are very long-term poor, who comprise only about 6% of the population. That is to say we have a very small core of the population in this country who comprise a great percentage of the poor in any given year and over time. That suggests a sort of strategy where, yes, there are short-term poor, and we might have certain kinds of policies for them, but we also have the long-term poor, and we would have a different set of policies for them.

The best set of policies, of course, is to prevent them from ever getting there in the first place. It's enticing from a policy perspective because there's just this very small group of individuals we need to get at, and if we can fix it for them, we'll slice the poverty rate in half forever, every year. The problem, of course, is that it's a tough nut to crack.

Also, of course we can talk about certain groups—single mothers have high rates—but I was pleased to hear the mention of single and unattached individuals, for example. Most people, when they think of the poverty problem in Canada...a large percentage of it is unattached individuals. A lot of it is couples, families with children. While I'm of course in favour of helping those groups that suffer particularly high rates, single mothers, elderly women, we need some sort of policy that's going to get at those large groups, because that's where most of the poor are.

I might also say some of my own more recent research suggests that if we get that small group out of poverty in a given year, there are important intergenerational effects. There's a strong link from one generation to another. So if we get those people out of poverty, not only will the long-term poor be out forever, but also their children are much less likely to be poor. We can get them out of poverty, prevent them from ever entering.

What do we do? First of all, as I say, the best strategy is to prevent them from ever getting there. That's a post-secondary education strategy, and it's access to post-secondary education, which happens to be the other area in which I do quite a lot of research. What are the issues there? I won't go into those in depth—I have other research, other papers in that area—but it's an issue of access. Who doesn't go to post-secondary education? It's people from lower-income families, lower-education families.

Most important, it's a cultural issue, I would say, more than a money issue. The student financial aid system is important, the cost is important. I've written on that. But the most important aspect, I think, is the culture of going on to PSE or not. That's what their problem is. That's what our policies need to address, I think. It's not a guarantee that if someone goes on to college or university they will avoid poverty or long-term poverty, but it's a very good chance that they will be able to. It's a great place to start.

Other programs. Once they're into the labour market, the task is to identify in particular those long-term poor and target specific programs on them. When I was doing this research, one of the most profound experiences I had was going to a place in Montreal called Renaissance Montréal. It's an anti-poverty organization, and what they do is take people at the social assistance level, marginally even at the social assistance level, they bring them into their organization, and they give them jobs. Most important, right from the top, is the question of *responsabilisation*, which is a beautiful word in French. We don't have it in English, but it is more or less making people responsible.

● (1135)

So they give them opportunities with the one hand. Those people can walk in practically off the street. They have nothing. They don't know how to bathe, necessarily. They don't know how to show up for work, and they don't have the clothes. On the first day they're told, “This is what you need to do. Here are some clothes. And by the way, they're on your account; you will pay those off as you make some money.”

They help them with their psychological problems or sociological problems, and they have a relatively high success rate. A success is, say, a floor-level job at Zellers, which can then lead to an assistant manager position at Zellers, which can then get them into society. Again, it's a question of culture.

What do you need for that? A combination of programs, I think, to make it worth working and to give support for those individuals who need it. With the psychological and sociological problems they have, they're not tuned in the way the rest of the mainstream is. You have to make work pay, but you have to give them a chance, with the support they need, to get into the labour market.

So we need a suite of programs that are basically tailored to individuals who identify these problem individuals. And you can do that; you can identify, based on people's characteristics and past records, who is likely to be a long-term poor person. You need to target these policies on these individuals so that, again, work pays and so that the individual gets the level of support they need to develop the culture, to know what it is to work, to know what it is to show up on time for a job. We need a mix of policies like that.

I will leave my remarks at that. It's very exciting to be here, and I thank you very much.

The Chair: Thank you, Mr. Finnie, for being here.

We're going to our teleconference now, starting with Mr. Sarlo. Seven minutes, sir, please.

Prof. Chris Sarlo: Thank you very much for the invitation to speak to the committee today. I very much appreciate this opportunity to discuss some really critical issues with you.

The federal government spends billions of dollars every year on policies and programs directed toward poverty, and I include here transfers to the provinces, some of which is used for social assistance and housing and other programs. If someone, let's say a reporter or a citizen, were to ask a member of the government, let's say the Prime Minister, about accountability for the funds spent, what could the government say?

Let's be more specific. Suppose someone asked the Prime Minister how many poor people we have in Canada at this time. What would his answer be? And let's suppose he were asked whether the government policies have been effective in reducing poverty over the years. What would his response be? In both cases, he would have to honestly say he doesn't know. And those of us in the research community, if we were being honest, would have to say we don't know either.

There are two main reasons for this unfortunate situation. There's no official poverty line, or even generally accepted measure in Canada. That's number one. Number two, the indicator that we use to tell us how well off people are, which is income, is so badly flawed that we couldn't estimate poverty accurately even if we all could agree on a poverty line.

Let me look at the second reason first. Income is used in almost all studies that estimate the number of poor people. However, the income data that we all use for estimates comes from Statistics Canada and is actually drawn from surveys in which households are asked to reveal their income for the previous year. So the data we all use is reported income, which may not be the same as actual income. For a variety of reasons, people do not always accurately report their income.

One of the reasons for this may be linked to the deliberate hiding of income as part of tax avoidance. The 1999 Auditor General's report focused some attention on this issue, and estimated that the legal part of the hidden economy was about 4.5% of GDP. The illegal part, things like gambling, prostitution, drug dealing, theft and so on, would be very significant as well. The report suggested that the hidden income problem would grow over time due to the growth in self-employment and electronic commerce.

Permit me to give you a little peek at the 2004 distribution of reported income drawn from the Survey of Household Spending micro-data file. We'll start with slide one.

At the top end of the distribution, we had more than 1,000 households with a reported income of $3.7 million. Because the survey is a random sample, every record in the file represents a certain number of households in the country. At the bottom of the distribution, we have almost 2,000 households with negative reported incomes. That's due largely to small-business losses. The average reported income in 2004 was $63,400.

Now, we're interested in poverty, so let's take a closer look at the very bottom of the income distribution. That is all households with incomes of $5,000 or less. If you'll turn to slide two, that will give you that bottom part of the distribution.

I used $5,000 as an arbitrary point, simply for this illustration, because a household or even a single person cannot survive in Canada on less than $5,000. They simply can't purchase all the basic necessities. Yet in 2004, we had 185,000 households that apparently did so.

What is puzzling is that our last-resort program, social assistance, provides in every province more than $5,000 per year for households in need. So there are some real questions about the reliability of the data that tell us that 185,000 households had incomes this low. And I should mention that 41,000 of these household had zero reported income. Overall, this group at the bottom of the distribution, which is to say $5,000 or below, had average reported income of just $1,951, below $2,000. By anyone's standards, this group would be the poorest of the poor in Canada.

● (1140)

However, the same Statistics Canada database provides additional information about these households. The average reported spending by this low-income group of households was over $20,000, which is more than 10 times their average reported income. The significant discrepancy between reported income and reported spending at the lower end of the distribution calls into question the basic data that we all use to measure poverty. We will never be able to estimate the extent of poverty with any accuracy until we deal with the issue of reported incomes. In all my writings on poverty, I have pointed out this problem and I've urged Statistics Canada and government policy-makers to address this issue of poor data.

The other reason we cannot answer the question of how many poor we have in Canada is that there is no accepted poverty definition that we can use as a basis for a measure. There are two broad approaches, as Mr. Finnie mentioned, to defining and measuring poverty. The relative approach identifies someone as poor if they have substantially less than most others in the society or the community. A commonly used relative measure is half the average income. This approach is popular within the social welfare community. It views poverty as a problem of inequality. The absolute approach views poverty as a problem of insufficiency. According to this approach, you are poor if you lack or cannot acquire any of the basic necessities. Clearly, even this has a relative component. The basic necessities have to be those that are accepted within your own society or community.

An example of a relative line, which is frequently used in Canada, is Statistics Canada's low-income cut-off, known as LICO. There are some concerns with this measure besides the fact that it has a very complex construction and it's very difficult to explain to Canadians. One concern expressed by the provinces, which has prompted the development of the market basket measure, is the fact that the lines are too high to represent “poverty” as most people understand that term. The provinces were quite clear that they were tired of having their social assistance rates compared to the LICO lines as if LICO represented poverty.

Another concern is that Statistics Canada does not support the use of LICO as a measure of poverty. Chief Statistician Ivan Fellegi has made the following statement. This was in 1997:

> For many years, Statistics Canada has published a set of measures called the low income cut-offs. We regularly and consistently emphasize that these are quite different from measures of poverty. They reflect a well-defined methodology which identifies those who are substantially worse off than the average. Of course, being significantly worse off than the average does not necessarily mean that one is poor.

This is a direct quote from the Chief Statistician of Canada.

If we were to use the LICO measure, which is used by the National Council of Welfare, the poverty rate for Canada is now exactly where it was in 1981, 15.9%. There has been no improvement over that period.

An example of an absolute measure of poverty is the one that I've developed. It's called the “basic needs poverty line”. One often-heard criticism of this measure is that it is too low, that it's even mean-spirited. I've always been puzzled by this critique. Why wouldn't we want, as part of our need to understand poverty, to have a measure that could tell us how many of our fellow citizens simply cannot afford the basic necessities of life? The lines are low, of course, because they represent the cost of basic needs in the various parts of Canada. I should tell you, the basic needs poverty rate has declined by about 31% between 1981 and 2004, from 7.1% to 4.9%. This estimate, of course, uses reported incomes, and we know that's flawed.

Just to conclude, I have been consistent in my recommendation that Canada adopt a small number of measures, perhaps two or three, that would give us a clear picture of the prevalence of poverty in Canada. One single measure may not tell us everything we need to know. This was, in fact, a recommendation of the Copenhagen agreement in 1995, to which Canada was a signatory. However, we simply cannot make any progress in determining the extent of poverty until we get the data question settled. I cannot stress enough the importance of this step.

Thank you.

● (1145)

The Chair: Thank you, Mr. Sarlo.

We're now going to start our first round of questions. Mr. D'Amours, you have seven minutes.

[*Translation*]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Thank you, Mr. Chair.

I'd like to thank all those who've come to make a presentation to us here in Ottawa, as well as Mr. Sarlo, for his evidence by video link.

When we look at the situation regarding poverty and everything you mentioned earlier, we see that it's a vicious circle. It's not necessarily children who are poor; it's families that are poor and the children in those families are poor as well.

I understand that there may be differences of opinion on this point, but the statistics nevertheless show that single people are the most vulnerable and the most affected by poverty in Canada.

Most of you talked about education. If we want to be able to avoid poverty, we have to take into account the fact that the education level has an impact on people's standard of living. It's not a guarantee. Some people may have a master's degree or a doctorate — let's take the concrete example of immigrants arriving in Canada who have a profession or even some people who are studying in Canada — but they can't manage to find a suitable job and are therefore poor.

Do you agree that education is important in eliminating poverty in Canada?

● (1150)

Prof. Ross Finnie: Yes, it definitely plays a very important role. We know there is a correlation between education and poverty level.

Mr. Jean-Claude D'Amours: That's exactly what I thought.

Single people are most often poor, but that doesn't necessarily mean they have less education. They may have a certain amount of education, but let's take it for granted that their level of education is lower than that of others.

Let's talk about parents. If a mother and father can't read or write adequately, when children do their homework at home, their parents would like to help, but they have trouble understanding, reading and writing the children's homework. If they can't help their children, the children will go back to school the next day and have to face their classmates whose parents are perhaps a little more fortunate and who may have had a little more help at home. Those children will have trouble making progress and may not try to acquire a postsecondary education. Those children risk being caught in the vicious circle of poverty.

Consequently, if we want to be able to help children, we also have to be able to offer parents the opportunity to improve their reading and writing. This is the literacy aspect.

Do you think that literacy is an important factor, among many others, in helping children get ahead? I'm mainly talking about parents' literacy.

[*English*]

Mr. Greg deGroot-Maggetti: Thank you for the comments and the question.

From my perspective, the situation you've laid out underscores the reason why we need to take an integrated and strategic approach to reducing poverty. It doesn't just reside within the household and with the parents and the children.

I'll give you an example from my own community. We had large group of immigrants from the Sudan arrive in the past few years. When the children and their parents came, of course, they were not able to speak, read, or write English. Faced with that problem, how does a community respond? Well, it responds in a number of ways. First, work with English as a second language for the parents and try to enable them to get into the workforce. The school boards in my community realized that they had to put something together that could bring the families together into the schools and help the children succeed in the class, because if we just relied on their parents, given their situation, it wasn't going to work. It required a community-wide initiative.

We need these kinds of strategic approaches. I think Mr. Finnie's point was very good about people being in poverty for different reasons, and we have to address those multiple reasons. Unless we do it in an integrated approach, not just within one level of government but across levels of government and in community programs, we're going to keep running up against problems.

So yes, literacy is very important. Then the question is, how do we achieve that for both the parents and their children?

[*Translation*]

Mr. Jean-Claude D'Amours: Thank you for your comment.

You mentioned literacy and community groups. When you say community groups, you also mean immigrant volunteers who assist in integrating new people in community groups. This is a clear demonstration of the fact that, when the federal government announced cuts on September 25, it was the most vulnerable people in our society who were affected.

I agree with you that poverty isn't attributable to just one factor, but rather to a set of factors, but those cuts won't help young and older people break out of poverty. There are other tools and other factors, which you clearly indicated in your various presentations, but literacy is a very important factor. If you can't read or write well, it's virtually impossible to get by in life. You need to read or write every day.

If I hadn't been able to do so, it would have been impossible for me to function. I would never have been able to make any progress if I hadn't been able to read. Young people and parents in our society are unable to read and write, and we leave them to their own devices.

● (1155)

Prof. Ross Finnie: This is a complex question. I agree with you when you say that child poverty stems from the parents. I use the term "postsecondary education culture". Family plays an important role in that, but there are other aspects. They don't know what postsecondary education is and they don't understand how it pays. They don't believe they're able to get a postsecondary education. So it's very complex, but perhaps we can do something. Statistics Canada has just published some very interesting data that will give us a better understanding of this situation. I hope in a few years I'll be able to come back here to explain these factors to you better.

[*English*]

The Chair: Thank you, Mr. Moore.

Madame Bonsant.

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): Thank you, Mr. Chair.

Thank you for being here.

I believe Mr. Sarlo was talking about solving the poverty problem at the national level, but I'm going to contradict him. The minimum wage isn't the same from province to province, and expenses aren't the same. A house in Calgary costs a lot more than a house in Quebec, in my riding. How can you assess poverty from one province to the other?

I agree with Mr. Calderhead that the money should be transferred to the provinces so they can transfer it to the regions. Who knows more about the poverty in a region than the people responsible for that region?

Managing poverty is no easy matter. It's not easy for the organizations, which are becoming increasingly poor, to manage poverty. As Mr. D'Amours said, in view of the 25% cuts to funding for the organizations, how can literacy and other organizations manage to get people out of poverty?

Early childhood centres have been established in Quebec. That's one way of helping young people in poor environments go to kindergarten and grade one with the same knowledge as slightly more fortunate children. Seven years after they were created, we realize that these centres are effective because children who arrive in kindergarten aren't out of their element.

Do you think that the taxable amount of $1,200 for child care expenses can help single mothers return to the labour market or go back and register in school and get out of poverty? Do you think that's a good idea?

[*English*]

Mr. Greg deGroot-Maggetti: It's an adequate amount of money to be able to have a child in high-quality early-learning child care, or to create and build up a system of high-quality early-learning child care that every child can participate in. It's quite simply not adequate.

Mr. John Stapleton: I think the other important point is that the design of the universal child care benefit is one that looks at the income in the hands of the lowest-earning parent. It creates a real problem in the sense that you have families with one person who is working and another person who may stay at home, and people who are actually better off would receive the higher amount than where both spouses have to work. Usually, families who aren't able to make those choices may receive less of a benefit. That also disallows that benefit from being integrated with the larger Canada child tax benefit. Therefore, you get a lot of confusion in terms of how the benefits work.

● (1200)

[*Translation*]

Ms. France Bonsant: Yes, there's a labour shortage in the west, in British Columbia and Alberta. Don't you think that, instead of cutting assistance to literacy and skills development organizations, we should increase that assistance instead so that we can train people to become self-sufficient sooner, particularly where there's a big economic boom? We're not helping them, because we're cutting funding for literacy, youth and early childhood centres. Don't you think that's a bad way to reduce poverty? In my opinion, these kinds of cuts deprive people of the means to improve their situation.

[*English*]

Mr. Vincent Calderhead: Absolutely it's a bad idea. When we think of the tools that are available to the federal government, I've tried to stress that one of the main vehicles or instruments available is the social transfers as well as the spending power more generally.

One simple but very powerful step they could take is for the federal government to structure its transfers in the social transfer field in the way we are all familiar with in the health field, to say that under the International Covenant on Economic, Social and Cultural Rights, particularly with women with young children, you have the right to dignity, the right to an adequate income, the right to work, and so on. The federal government needs to revisit that and to respect the norms that we have obligated ourselves to internationally, in the way of being accountable to the world community but also to low-income people, to people in poverty, to ensure that their rights, not only to literacy but to child care more generally, could be respected in an accountable and enforceable way.

[*Translation*]

Ms. France Bonsant: You also know that a lot of people 65 and over who don't receive old age pension benefits don't even know they're poor. A lot of seniors are living in run-down places and are quite happy to get $500 or $600 a month. Are you promoting the guaranteed income supplement, which is intended for people 65 and over who have incomes of less than $13,000 a year? That belongs to them, because those people built our villages, our provinces. You could let these people know about the guaranteed income supplement in order to get them out of poverty and give them the dignity they deserve.

[*English*]

Mr. Greg deGroot-Maggetti: That is the issue of seniors who are eligible for the guaranteed income supplement but aren't accessing it. It is something that has been a concern for the National Council of Welfare, and we have advised previous ministers about that issue. If that continues to be a problem, we will make sure to raise the issue again to ensure that the government tries to put in place strategies that will effectively enable people to access the guaranteed income supplement that they're eligible for.

I will bring that back to the council.

The Chair: That's all the time we have. We'll have to catch that on the second round.

Mr. Martin, seven minutes please.

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

I want to thank the committee for having this brief review today, and I want to thank the members for coming.

We've heard quite a bit of very valuable information this morning. I've been dealing with and looking at this question of poverty for quite some time—as a member of the Ontario parliament and now at the federal level—and it's difficult to find one particular answer. I get frustrated when we get into a panel like this one, where some say poverty exists and is growing, and others, it seems, have spent a lot of time trying to define poverty. At one point I thought they were actually going to define it right out of existence, but that hasn't quite happened yet. Other people are trying to come up with labour market strategies to deal with poverty. It seems to me there's an underbelly to this that is challenging and problematic.

To Mr. Stapleton, Mr. Calderhead, and Mr. deGroot-Maggetti, obviously you've all done studies indicating that poverty exists in Canada and is growing. That's what the National Council of Welfare said, that it was deeper and more pervasive than ever before. We have Mr. Sarlo saying that we can't measure poverty, that we don't have the vehicle to measure poverty; it's a data question. What we have, I guess, is a problem with data, not poverty.

Maybe you could comment on that.

● (1205)

Mr. John Stapleton: I'll start by saying that in looking at Professor Sarlo's material, he has managed to persevere through what he considers to be bad data in order to come up with a poverty standard for a single person. If I've read it correctly, that standard is over $10,000 a year.

Just to arrive at this $10,000 amount, looking at Professor Sarlo's absolute poverty line, would require in Ontario a 51% rate increase in social assistance. That's just to arrive at that poverty standard. Looking at the amount that people actually live on, we can guarantee you that, yes, about 100,000 single individuals in Ontario, for example, live on $6,500 a year. That's the maximum you can get. So you would need a 50% increase just to get to Professor Sarlo's line.

This is certainly not the case if you go back to 1992, when the social assistance rate for a single person was $8,000 a year in Ontario. The Fraser Institute poverty line at that time was also $8,000. So as just one very simple measure, you'd need to raise rates in Ontario by 50% just to get back to where they were 14 years ago.

It seems to me that, various statistics aside, Mr. Sarlo has provided us with a very good set of measures. We're glad he's persevered in order to allow us to make this point.

Mr. Vincent Calderhead: Perhaps I can add to that.

The sense one gets from the Professor Sarlo approach—he stressed this in his conclusion—is that we shouldn't take any steps before we've agreed on statistical methodologies and so on.

The effect of this would be to induce a kind of paralysis: “Oh, this is complicated. Oh, this is controversial. Hmm, we can't do anything until we've figured out how to do it.” Meanwhile, people are homeless. People are living in hunger. Those are the realities, in this paralysis-inducing approach, that Professor Sarlo begs us to hold off on.

The second thing is that we're talking about fundamental human rights—fundamental, worldwide, shared human rights. Do we ask ourselves how we can minimally avoid those, how we can prevent ourselves from engaging and respecting them? The Prime Minister was abroad recently saying that human rights are so important and we have to live up to them and fully respect them. That won't happen if we sit around asking how we measure it. We look at the realities of poverty and say that people have a right to dignity and a right to an adequate income.

The Chair: Mr. Sarlo, did you have any comments?

Mr. Tony Martin: Actually, if you don't mind, it's my round. I would like to hear from Mr. deGroot-Maggetti first—

The Chair: I'm sorry, I thought he had his hand up.

Mr. Tony Martin: —and then perhaps Mr. Sarlo.

Mr. Greg deGroot-Maggetti: The one thing I would observe or add is that it's not entirely true to say we've not made any success in reducing poverty. When you look at seniors, the rate and depth of poverty since 1980 has come down, and come down dramatically. It reflects, in part, public programs that have been put in place specifically to address poverty among seniors.

So the lesson is, even if one were to say that the low-income cut-off is not the perfect measure of poverty, it nonetheless can show us that we've made substantial success in reducing poverty among seniors. But there are other groups in society—children with families, lone-parent families, working-age adults—where we haven't made success.

We have to decide. Let's have the government chose what is going to be the official target measure or benchmark, and then put in place a strategy to reduce poverty. We've had success in reducing poverty among seniors; we can do it among other members of the population.

● (1210)

Prof. Ross Finnie: Could I make two quick points in response to Professor Sarlo?

First of all, on the measurement issue, I think he's wrong. I think there are good data out there. I've used them myself. You can go and read my report, published by the C.D. Howe Institute, on anti-poverty policies. I can give you the precise reference.

There are different kinds of data. He referred to one data set that was based on surveys. That's how data used to be collected, because that was the only way we could do it. There are now other ways to collect data, in particular, and it's done very carefully, very confidentially. All individual identifiers are eliminated. But referring to tax data, where we can get it, many of the issues he's talking about.... Most of the income data now coming out of Statistics Canada use those data because they are available, because they're able to use them, and because they provide better measures. So many of the problems that Professor Sarlo was talking about are history. It's not like that anymore. There is a variety of data sets. That's basically what Statistics Canada is generally doing.

Secondly, should there be an official line? First of all, I don't speak for Statistics Canada; I'm a visiting fellow there, as an academic, but I'm not an employee. The issue there is that they don't think it's the job of Statistics Canada to define the measure of poverty, precisely because it is subjective. It's not a statistical exercise, it's not a scientific exercise; it's a subjective exercise. So it is the job of other organizations, and individuals such as Professor Sarlo himself, to come up with a measure, which is a good one, among many. I believe that is why Statistics Canada has done that over the years.

If the government wished to define poverty itself, that would be the job of the government, I think, not the job of Statistics Canada. In fact, I think one of the advantages of studying poverty in Canada is that we now have a suite of measures. None is right; they're all reasonably good and have their advantages and their disadvantages. So we can use Professor Sarlo's measure; we can use the LICO; we can use the LIM; we can use the market basket income.

In the end, though, we're still going to have Renaissance Montréal, which sees that there are things you can do to help people who are poor get back into the mainstream. So we can still do it; we can still adopt measures.

The Chair: Okay, that's all the time we have.

Mr. Sarlo, did you want to make a comment?

Prof. Chris Sarlo: Yes, thank you.

Very briefly, first of all, I'm not here to disagree with anybody. I really appreciate the comments that are made. I am not in favour of any kind of paralysis. I think we need to take poverty seriously. There are people who are really disadvantaged in Canada. So I want to make that clear.

The issue of data, I think, is a serious one. I think we have to take a closer look at it. I'm not convinced that databases drawn from tax data or any other kind of source that we have conventionally are going to do it. I don't know that that's accurate, but I think it needs to be looked at.

Finally, I think one way to do that is to take a suggestion that was made earlier today, and that is a national anti-poverty strategy. In such a strategy, all researchers could take a closer look and have a good debate about what is and what is not valid. The ultimate goal is to help those people who are in difficulty, and I think we're all on the same side on that one.

The Chair: Thank you, Mr. Sarlo.

We're going to move to the final individual. Mr. Lake, for seven minutes, please.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thank you, Mr. Chair.

Thank you all for coming here today. I think this is a very important issue. There are a lot of people who need help.

Part of the problem I have centres around a lot of the discussion I've heard already about definitions. For example, I heard Mr. Calderhead, I think, referring to “adequate social assistance” and “basic requirements” and “poor” and “poverty”, and yet I don't know what the definitions are for some of the terms I hear there.

I think Mr. Finnie was the only person I heard so far who used the term “responsible” in conjunction with the term “rights”, and I appreciate that. I think that any time we're talking about rights we should be also using the word “responsibilities” in conjunction with that.

Mr. deGroot-Maggetti, I noticed that you have a definition of poverty, a poverty line that you referred to throughout your document and through your talk. Really quickly, I'd like you to tell me what is the definition of poverty line, as you've used it. You're putting some statistics in there, so there must be a specific definition for poverty line. Could you please comment?

● (1215)

Mr. Greg deGroot-Maggetti: Simply, to answer, it's pretty straightforward. The National Council of Welfare has consistently used the low-income cut-off measures as the measure for poverty in its studies.

Mr. Mike Lake: Can you briefly—maybe it's not a brief thing—explain what the low-income cut-off is? Is it relative or is it absolute? I guess that's the first part of the question.

Mr. Greg deGroot-Maggetti: Those terms, "relative" and "absolute"—and Professor Sarlo too has pointed this out—are not very good descriptors of the different choices among poverty lines. There are consumption basket measures, and there are income basket measures.

I think Statistics Canada refers to the low-income cut-offs as the point below which people are in straitened circumstances or...I forget the other descriptors that they use for low-income cut-offs. Certain studies have been done looking at, for example, functional health of children who live in families with certain income levels. When I have compared that to the low-income cut-offs, in families whose incomes are below the low-income cut-off, the children have a much higher percentage of poor functional health. So I think it's a relevant indicator.

Mr. Mike Lake: Okay, I'll stop you there now, because I want to move to Mr. Sarlo.

Mr. Sarlo, what do you think of the use of the low-income cut-off as a measure of the poverty line?

Prof. Chris Sarlo: I've written about that consistently over the years. I do have some difficulties with it. I think that it was designed in the sixties as a measure of low income. It is complicated. It's very difficult to explain. I would say that there are only a few people who could explain it articulately in Canada.

I would say it's in the realm of an umbrella of relative measures because it is connected intimately to average living standards. I know what the provinces have said about it. It was clear. I've been at meetings where the provinces have been strongly against it.

I'll just repeat what I said. I think we do need alternative measures. I think we should measure inequality. We should also measure the number of people who just don't have all the basics covered.

Mr. Mike Lake: Right.

Mr. Finnie, you were talking a little bit about the data. I think it's important for us as a government to have a target to shoot for, something that we're trying to accomplish. We are spending, as Mr. Sarlo said, billions of dollars on this, and for us it seems as if there's conversation around a whole bunch of.... You talk to different groups across the country, and we're talking in a whole different language about what we're trying to accomplish. I think it's important that we get a little more focused in terms of where we're going.

I'd like to hear your thoughts on what the role of the federal government is, and then I'd like to hear Mr. Sarlo's thoughts, as well, on the role of the federal government in reducing poverty in Canada and what specific actions we should take.

Prof. Ross Finnie: The LICO is historically rooted, but basically they estimated how much families spend on necessities: food, shelter, clothing. They calculated that and then said, let's have a line. If a family, by their income level, spends more than a certain percentage of their income on these necessities, we'll call them poor. That's how they find that line. It's partly relative because that package they decided on back in the 1960s was an arbitrary decision the same as these other sorts of measurements that measure what is actually spent and what is poor in an absolute sense—it's always there.

In terms of measures, we need them, and again, I would emphasize that any of these measures are useful for measuring progress or movement in poverty over time. Whether you use the LICO, the LIM, the Sarlo measure, or the market basket, they are all useful. You put them all together and you can get a good idea of what you want to do and what you're measuring.

In terms of the government's role, I'm all over the map. What I mean by that is that I believe in strong government action when government action can be effective. I think the role of government—and I can talk to people from the furthest right to the furthest left in Canada, and they can agree on this—is that we identify what works best and then put our resources there. It requires one thing: identifying what works best.

I'd say there actually is more research than people have suggested up here. It's an ongoing process profiting from our improved data over the years, and that should continue to put resources into identifying what works, what doesn't. That's basically a research question. That's being undertaken by your department, in fact.

Secondly, identify what works best and put the resources there. I don't think Canadians want money thrown down a well, but I think most Canadians will support measures that are effective in terms of spending money to help individuals, even if those programs are expensive, because if you can bring one of these long-term people out of poverty into the economic mainstream and you fix that person's problem for their lifetime, you remove that person from the government rolls.

● (1220)

Mr. Mike Lake: It sounds like you're talking about value for money.

Prof. Ross Finnie: Absolutely.

Mr. Mike Lake: I just want to quickly hear Mr. Sarlo's comments on that.

Prof. Chris Sarlo: You asked me about the role of government, and I actually haven't written a lot about that. I don't presume to talk about policy too much.

I would say that I don't disagree at all with Ross Finnie. I think there are policy experts out there. There are people who do research on what works and what doesn't work. As long as we have a framework that is accountable, that measures before and after the policy, and works towards things that would get people out of poverty, I don't disagree at all.

Mr. Vincent Calderhead: Maybe I could jump in.

Adequacy was referred to by Mr. Lake, and how do we know adequacy. I ask my poverty law students each winter, what do you think the eligibility rate is for a single person; and in terms of adequacy, how much would a single person on assistance get? They always overestimate by $300 or $400. They always give a rent figure that is $300 or $400 more than what they get on assistance.

In terms of what the federal government can do, in terms of the Canada social transfer now, it transfers money, but in terms of accountability and value for money it asks nothing. There are no standards. Unlike the Canada Health Act, where we know what we're going to be getting, the Canada social transfer asks nothing.

The Chair: We'll move on now to the second round. We'll start with Mr. Regan, for five minutes please.

Hon. Geoff Regan (Halifax West, Lib.): Thank you, Mr. Chairman.

I want to thank the witnesses for coming today and for being present elsewhere.

My recollection of the LICO...and Professor Finnie, you talked about it being a percentage, that if a family spends a certain percentage on necessities, then under the LICO.... They were trying to define what the LICO was and setting it at certain levels in terms of dollar amounts. Was it 56%? Do you recall? I've forgotten the number—60%, 62%?

Mr. John Stapleton: It was 62% originally.

Hon. Geoff Regan: It strikes me that the LICO is the most widely accepted measure. There's perhaps no perfect measure of this, but that's the most widely accepted, so we might as well use it, in my view, as the best measure we have at the moment.

It strikes me also, as we've seen from the Statistics Canada report earlier this year about the reduction in families below the low-income cut-off between 1996 and 2004, that there is an extent to which a strong economy can reduce poverty. But I don't think it does the whole job. I'd like you to talk more about the extent to which it can't do that and therefore what the strategy should be in terms of policies we have for people who are short-term and long-term low-income people.

In relation to the question of people who are on welfare, I think Mr. Calderhead can correct me if I'm wrong, but it's my impression that in Nova Scotia, for example, the welfare levels and the amount they provide are well below the low-income cut-off.

I invite the panellists to comment.

Mr. Vincent Calderhead: On that point, the National Council of Welfare is absolutely amazing in terms of providing and publishing authoritative, reliable, and recent information about social assistance adequacy. What it says is that the state of social assistance in Canada, in terms of adequacy, is outrageous. And the single most important thing the federal government could do would be to say, when we give you money, we want adequacy along the lines that we've agreed to in the International Covenant on Economic, Social and Cultural Rights.

Mr. John Stapleton: I'd like to mention that in the report I was involved in, called the MISWAA report, we recommended that two measures be undertaken.

One is to take our various refundable tax credits that we have now—for example, between the federal government and the Province of Ontario, you have a property tax rebate, a sales tax refund, and federally we have a GST refund—and put all those credits together into one overall sustainable credit, which would speak to some of the things that Professor Sarlo said in terms of unreported income.

One of the real problems is that people's federal account is actually an account where they provide money to government in the form of taxes, or they have employment insurance deductions they must make, but at the same time they are not actually eligible for any benefits.

We recommended the idea of a very substantial refundable credit that would go to all low-income Canadians. But as part of that, we also recommended a working-income benefit. It's very interesting to see, for the idea of a working-income benefit, we had in the earlier economic statement of Mr. Goodale last year the introduction of the working-income tax benefit, and this same working-income tax benefit was taken up in the budget of the present government. So we have quite a convergence in terms of the acceptance of the idea that people who are working, and especially at low and minimum wages, need some form of income supplementation, and that's what we're recommending.

● (1225)

Mr. Greg deGroot-Maggetti: The research that the National Council of Welfare has put together on welfare rates and their inadequacy across the country is pretty clear. Frankly, no matter what poverty measures we want to use, as Mr. Stapleton pointed out, welfare rates don't add up under any of them.

I want to come back to underscore the fact that if we want to have accountability, if we want to be able to track progress, we have to take a strategic approach.

I'll give you a couple of quick examples of how that is so helpful and crucial.

The United Kingdom has a strategy to reduce poverty. In 1999 they increased the minimum wage and they set up a low-wage commission to actually study and track what impact the introduction of the minimum wage and raising it would have, both on poverty reduction and employment for low-income workers, as well as the impact on small business and stuff like that. So it's a very concerted effort to address poverty within the context of the whole economy.

One other example: Newfoundland and Labrador has a poverty reduction strategy, integrated across ministries, that involves addressing what each ministry can do to help contribute to reducing poverty in Newfoundland and Labrador. In their last budget, they raised social assistance rates and indexed them to the cost of living.

Another interesting thing they did, because they had this poverty reduction lens and strategy, was to realize that school fees were excluding many students from being able to participate fully in school. So they put in a special measure to reduce school fees, a special measure in the education budget which would not necessarily have made it into the budget if the education ministry had asked, what are the educational priorities we have to do? But because they took that inter-ministerial and integrated and strategic approach, they were able to identify that as one element in what they needed to do to achieve their goal of making poverty in Newfoundland and Labrador the lowest in Canada.

It addresses this issue of accountability too. If we have a strategy, choose what our measures are going to be, and then track what the outcomes of policy are, that will help us to address questions about the impact of discrete budget measures and things like that. We judge them through the lens of the effect they're going to have on reducing poverty and inequality in Canada.

The Chair: Thank you, Mr. deGroot-Maggetti. That's all the time we have for that.

We'll have Mr. Lessard for five minutes, please.

[*Translation*]

Mr. Yves Lessard (Chambly—Borduas, BQ): Thank you, Mr. Chair.

I in turn want to thank you for coming and sharing your thoughts with us.

I've tried to see how we can go about taking effective action on poverty. In committee, for two and a half years, nearly all the files we've studied have led us to think about poverty, because all social measures of interest to the committee on human resources, social development and the status of persons with disabilities have a direct or indirect impact on the quality of life of the citizens who rely on them.

You seem to be saying that we should establish a comprehensive anti-poverty strategy. I think the National Anti-Poverty Organization is simply talking about a comprehensive strategy and saying that our national standards currently don't make it possible to establish that kind of strategy and that we would do better to rely on international standards in particular.

I took the liberty of trying to see which of those measures could be included in the national strategy with, of course, international elements. There's the employment insurance issue. I believe Mr. Finnie and others spoke about that. There's also the situation that we've put our programs in. There's the issue of affordable housing. There's also the minimum wage issue and, consequently, the unionization issue. We realize that wages are lower where there's no unionization.

Incidentally, the committee has just completed a tour to look into the employability issue. We see that a lot of people who receive a wage and who even work full time don't have enough money to make ends meet. They have to rely on food banks. There's a deficiency there. It depends on the regions, of course. In Alberta, the cost of living has increased sharply. That poses a major problem for low wage earners.

There's also the matter of a good child care system, as well as the literacy issue, which my colleague spoke about.

Mr. Finnie said that this didn't call for a single measure, but rather a set of measures. If I understand correctly, there is that set of measures I referred to. Are there others?

I'm trying to take a look at everything there is. Have I correctly summed up the measures that each of you has outlined in your own way? I think that a genuine fight against poverty depends on a firm will to remove the poor from their situation. The cause of poverty isn't always illiteracy. Some people who aren't illiterate are poor.

Our work is to try to convince the government to have that will and to subject itself to international standards. It's quite embarrassing when the UN points its finger at us regarding our social measures, when people say we're not even meeting our own standards.

Are there any other elements that we should include in this national strategy?

● (1230)

[*English*]

Mr. Greg deGroot-Maggetti: Thank you for the question.

The National Council of Welfare feels that it's important that Canada, the federal government, establish a national anti-poverty strategy, like the Province of Quebec has done, like the Province of Newfoundland and Labrador has done. We've indicated some measures that, from our research, we think need to be part of that, and you've named those.

It's not our role, though, to lay out the complete strategy. That's the task the government has to do in consultation with people who are living in poverty and with community groups, as well as with other orders of government, because it needs to truly be an integrated approach. And I'm sure that other measures that are going to be needed will surface in that process. What's important is to make that commitment.

It really, I think, resides on Canada's human rights obligations. This is the basis of why we need a national anti-poverty strategy. It has to underlie the Canada social transfer, for sure, but it should be the lens through which we evaluate all public policies. What effect are they going to have on making sure we reduce poverty and make sure people can be prevented from falling into poverty?

The Chair: That's all the time we have.

Mr. Finnie, just quickly.

[*Translation*]

Prof. Ross Finnie: First, in Quebec, the postsecondary education rate is lower than in Canada. Why don't those people get an education? Is it because of cost? No. It's because they aren't interested in doing it. People have to be informed, interested and equipped to reach the postsecondary level so that they can enter society and the economy.

● (1235)

[*English*]

The Chair: Thank you very much.

Mr. Martin, five minutes, please.

Mr. Tony Martin: Thank you very much.

Certainly so far this morning we've had the kind of discussion that is actually frustrating for a lot of people out there who want some action now to help them in their circumstances. I was in Calgary a week and a half ago. They now have between 3,500 and 4,000 people who are homeless in one of the richest cities. The economy is booming there, and I had over 100 people in a room wanting me to do something, to bring a message back here, to get some kind of strategy on the road.

They're tired of hearing which poverty level is going to picked. They're saying we should just pick one, any one, because that will be better than what's there now. Take the one that Mr. Sarlo suggested; it would increase the welfare rates in Ontario by almost 50%. We should just pick a level and do it, because that would be better.

The challenge is that somehow out there we have begun this conversation about poverty that circles around the deserving and the undeserving, around rights and responsibilities. How do we get back to a conversation about human dignity, about the right of every Canadian citizen to a dignified life and all that entails?

When people get together—for instance, the MISWAA group, or the study that happened in Ontario in the eighties with the Thomson report, the social assistance review—they come to the realization that we have to do something, and that we can. We have the resources. But when we put the plan forward, the political will isn't there to push it further.

That seems to be where we are at the moment. We're okay with talking about a labour market strategy to deal with that. We're okay with talking about post-secondary education. And I agree that's part of it, but we're not okay when we begin to talk about actually even using the word "poverty" and the right of every citizen in Canada and their children to a life that's dignified.

What happened? In the seventies and the eighties we used to talk about that. I use the example sometimes that if you walked into a room to talk about poverty and started to blame the victim, you'd be thrown out of the room. Now it's the first thing that happens, almost, when you go into the room.

I guess I'm just asking what happened here. What can we do to turn that around?

Mr. Vincent Calderhead: I'd like to pick up on a couple of the points.

I've appeared on many occasions before the UN committee that monitors our implementation of social and economic rights. In May of this year they looked at the delegation from Canada, looked at Canadian NGOs, and pointed out that we have something like a $12 billion surplus; we are a very wealthy country, with corporate profits at their highest in 30 years. They asked us, why on earth is there poverty in Canada? Why is there homelessness?

There is no reason for it. There is no necessity for it. This is not something that has to happen.

I agree with your point, Mr. Martin, that when we start talking about poverty, code happens, and it's code about responsibility. You're exactly right; the code means for many poor people that it's their own fault. We need to examine that language and examine our own assumptions.

On your last point, about what it is we can do, well, we had national standards around adequacy for 20 years. We repealed them in 1995. This committee should recommend to Parliament that we revisit the present conditionless transfer under the Canada social transfer and say that from now on, we want accountability when we transfer for social purposes, social welfare. We want our international obligations complied with provincially.

Mr. John Stapleton: Another important point is that we have in Canada started to take terms such as "child poverty" for granted. They have become entrenched; child poverty has become entrenched in our culture. Also, words like "the working poor"; we accept that there are going to be people who are working poor.

I'm here to tell you that especially in northern European countries, "working poverty" is considered an oxymoron; child poverty is something you should eradicate, not just deal with in some small measure.

The real point here, when we start looking at the continued erosion of our income security programs, is that there surely is an important role for responsibility, and individual responsibility; no one is denying that, and I can't imagine anyone being against individual responsibility.

At the same time, as we watch social assistance and employment insurance and the money being taken out of those programs consistently each year when compared with inflation, we're seeing those programs consistently eroding year after year without any kind of redress. So at the same time as we ask individuals to take responsibility, we have to be talking about governments taking responsibility, not just to measure but to stop that continual erosion.

● (1240)

The Chair: Thank you, Mr. Stapleton. That's all the time we have.

We are going to move to our last questioner, Mr. Hiebert, for five minutes please.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Mr. Chair, it is a pleasure to join this committee. It is an interesting topic. I would like to say that I think something is working in a society where somebody like me, the youngest of four children in a single-parent home, can make it to the place behind this table in a very short period of time, and in a society when at the time there were not social programs as available as they are today.

That said, my first question is for Mr. Sarlo. It deals with the issue of homelessness, which typically comes up when we discuss poverty. I am particularly referring to the national homelessness initiative. I note, Mr. Sarlo, that in the past you've made some interesting comments. I would like to quote from your work and then have you follow up with a comment on this particular quote.

You wrote in January 2004:

> Homelessness is a national tragedy. Human beings are dying or risking death every year because, for whatever reason, they have no shelter. Yet, we have apparently made no serious attempt to determine how many people are in this predicament and why. And, without this information we really cannot develop a credible policy for resolving the problem. Without it, we cannot even determine whether the problem is capable of resolution.

You said, "We have a program"—the NHI—"that is very heavy on social development jargon and very light on problem solving, specific deliverables, and value-for-money analysis." It's an axiom in economics that if you can't measure it, you can't manage it, and I think that's what is at the core of your comments here.

I am wondering if you would like to elaborate on that particular statement.

Mr. Chris Sarlo: Not to any extent; I think I chose those words carefully and obviously meant them. I'm a scientist. I'm interested in measuring things. I think it's an important precondition to any kind of intelligent policy, so I'll stand by those words.

Mr. Russ Hiebert: All right.

Mr. Finnie, in his comments, suggested that 50% of the poor, by your definition—I'm not sure which definition you were using, and perhaps you can let us know about that—were a transitory element; that is, they were there for a given year, but they weren't there the following year.

I'm wondering, Mr. Sarlo, whether you could.... According to your basic needs poverty line definition, 4.9% of Canadians, you say, are under that limit. How many of those people do you think would be in a situation where it's a transitory state for them: they would not have been there the previous year, but they're there at the present time, and they likely won't be there in the future?

Prof. Chris Sarlo: I'll have to say a couple of things about that. One is that I don't study the dynamics of poverty. Other individuals have done that; I don't have the database resources to do it. My understanding is, from U.S. studies and studies in other countries—and also in Canada, although using the LICO, which I have difficulties with—that the majority of poverty is transitory. In other words, it doesn't last in the long term.

Beyond that, I'm not qualified to talk.

Mr. Russ Hiebert: Perhaps, Mr. Finnie, you could elaborate for us. I found this comment particularly interesting, the suggestion that when we talk about the poor—I am not sure what definition you were using—there's a dynamic to the term. It is not a static group of individuals in society who are stuck in that particular place, but it is actually an evolving or a changing circumstance for some people.

Could you elaborate for us what you were referring to?

Prof. Ross Finnie: Yes, I will.

First of all, on my results, I got about the same results whether I used the LICO or the LIM, which is the half median income adjusted for family size. And then I fix it over time. Again, on that basic result, about half of it is transitory, and half of it is long-term. That is only, I might say, because of some interesting data sets that Statistics Canada has put together that are able to contribute to our understanding of this. It's very important, because you would have very different policy measures if, say, you thought that most of the poor dipped into poverty for a year and then moved out a year or two later.

What you would want to do there is put most of your eggs in the income support basket, to the degree you wanted to do it; that is to say, they're poor for a year, but they're going to move out, so you just top up their income to the degree that you think is appropriate, and they'll get along in life themselves. If there are more long-term poor, that means there's a need for greater intervention to help those people get a foot back into the labour market, ideally. You say you can't do anything about it; then you need a long-term income support plan. Identifying those two different kinds of poor is integral to identifying the kinds of programs and the policy initiatives that you should then bring to bear.

● (1245)

Mr. Russ Hiebert: A number of the presenters this afternoon have mentioned that we want to use Canadians' dollars effectively.

Mr. Finnie, you used the phrase, "I don't think Canadians want money thrown down a well".

Mr. deGroot-Maggetti, you called for a strategic approach. I think that's the same idea, something that's focused on getting results.

I'm wondering if we can have all the presenters comment on whether or not they think it would be worthwhile for this committee to seek consensus as to a definition of what poverty actually is. Some of you have said we can use all the measures; let's work together; let's not get bogged down with that. Would it not be beneficial if, as a government, we were able to establish some guidelines that would say yes, this is the consensus? It might be a combination of all the formulas. I'm not sure what it would be. Would you agree that having a consensus on what poverty is would help us focus our policies and our initiatives to actually see if they're effective, to actually see if we're making progress?

From year to year, without being able to recognize the problem, we're not able to solve the problem. We can't provide the policies that are necessary to see if they're actually effective.

Mr. Chair, I know I have little time.

The Chair: You're out of time. Just address it to one individual, Mr. Hiebert.

Mr. Russ Hiebert: We can ask them to say yes or no.

The Chair: Mr. deGroot.

Mr. Greg deGroot-Maggetti: As a first step, I would encourage you to come to consensus on the fact that we need a poverty reduction strategy. That's the first step, in those places that have introduced them. The next step is you decide on your indicators. That's what the European Union has done with their anti-poverty and social exclusion strategies. That's what Quebec has done with its law to eradicate poverty. First is consensus on a commitment for a plan to reduce it, and then the next step is to choose what indicator or indicators you're going to have.

The Chair: Okay. That's all the time we have.

I want to thank all the witnesses for being here today. This is obviously a topic we could talk about for many meetings, but we appreciate all of you taking the time to be here and to contribute to the discussion today.

What we're going to do now is go in camera to discuss some other things.

[*Proceedings continue in camera*]

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