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Chair

Mr. Dean Allison

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

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● (0910)

[*English*]

The Vice-Chair (Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.)): Good morning. I'll call the meeting to order.

Pursuant to Standing Order 108(2), we will resume our study of the federal contribution to reducing poverty in Canada.

Can our witnesses hear us in the U.K.?

A voice: Yes, I can hear you from London.

A voice: I can hear you from Bristol.

The Vice-Chair (Mr. Michael Savage): Thanks. That's great. We very much appreciate the fact that you've taken time to talk with us today.

This is, as you know, the human resources, social development, and status of persons with disabilities committee of the House of Commons of the Canadian Parliament, and we are doing a study on the federal contribution to reducing poverty in Canada.

We heard last week from some colleagues in Ireland about the work they are doing in this area, and we're delighted that you are here with us today.

We're going to ask you each to perhaps give us about ten minutes, and then we will have questions. The way it works here is that we have the four parties of Canada—the governing Conservatives, the opposition Liberals, the Bloc Québécois, and the NDP—who will take turns asking you questions after you have given us your presentation.

I want to thank you both; we received a copy of some of the highlights of your presentation. Canada is proudly a dual-linguistic nation, and we can't pass these out to members until we have them translated. I would ask you, if you would, to speak slowly, because we will be translating your comments into both official languages.

With that, I want to thank you again for coming.

Perhaps we'll start with Professor David Gordon, director of the Townsend Centre for International Poverty Research at the School of Policy Studies of the University of Bristol.

Professor Gordon, you'll have ten minutes, please.

Professor David Gordon (Director, Townsend Centre for International Poverty Research, School of Policy Studies, University of Bristol): Good morning.

I'd like to thank you for giving me this opportunity to talk to the Parliament of Canada and this very important committee in its important inquiry.

I had hoped to be able to show you slides, but unfortunately, the powerpoint system where I am at the moment is not working. You have a copy in English available, and I'm sorry I didn't have time to get them translated into French.

When talking about a U.K. strategy, it's important to realize that a lot of the details are devolved to the four countries that make up the United Kingdom: England, Wales, Scotland, and Northern Ireland. Peter and I are currently on the advisory committee for the National Assembly for Wales, which is designed to help implement the eradication of child poverty by 2020. It is, however, a U.K. government policy, which is agreed to by all four components of the U.K., to attempt to eradicate child poverty by 2020.

The main plank the U.K. government has pursued to do this has been a policy of full employment via active labour market interventions, by trying to get people into work they have not been in before. Attached to this is a policy of trying to make work pay through a whole tranche of mechanisms, such as a minimum wage, tax credits, a form of negative income tax, child care vouchers, and training and education of people who need it in order to be able to get paid work.

These policies have been pursued very rigorously since about 2000. By about 2005-2006, they succeeded in reducing child poverty as measured by low income by about a quarter, which was quite an achievement, given the high levels of children in poverty we had in 1999.

You'll see on one of the slides I've given you that in the 1980s and early 1990s, child poverty as measured by low income increased threefold. Since about 2000, it has gone back by about a quarter. However, recently, in the past year, those policies have stalled. In fact, by some measures child poverty has been increasing for the past year, and maybe in the previous year as well.

It is unlikely, given the academic research we have in this area, that pursuing full employment policies alone will be sufficient to eradicate child poverty forever. There will always be some people who need to receive welfare benefits because they cannot work because of caring responsibilities for children and adults.

In order for the government to make its target, it needs to do more than it is currently doing to increase the levels of incomes of families who for various reasons cannot work. The simulation models that have been done by some of my colleagues at the University of Cambridge and the London School of Economics and Political Science have shown that full employment and active labour market intervention policies alone would at best reduce child poverty by about half. To get the other half, you would need to do something about the welfare benefits.

The U.K. government had a wide-ranging consultation a few years ago about how child poverty should be measured. Much of the debate and a lot of meeting of targets depends crucially on the way you measure these things. After this extensive consultation, they came up with a three-tiered approach. There are now officially three measures of child poverty. The government argues that it will know it's meeting its targets if all these measures are going in the same direction. They all need to be declining, not only one or two.

The first one is an EU relative income measure, which is children and families below 60% of the median income across all 27 member states of the European Union.

The second measure is a fixed measure that takes the level of income that would have been needed in the mid-nineties and upgrades it only for inflation rather than for changes to income in society as a whole.

The third measure is one that comes out of academic research by my colleagues Peter Townsend, Joanna Mack, Stewart Lansley, and others, and is very similar in concept to that measure used in Ireland—consistent poverty. It is low income and multiple deprivation combined. So you measure both the resources that people and families have and also the outcome of low resources in terms of material deprivation.

All those measures need to be declining for the government's policies to be effective, and they are targets for the first and the third measure.

There are also European Union-level measures of poverty. The first is the one I talked about, the 60% of median, and the second is the number of children in households where no one is working—workless households.

It's important to understand that this is just the broad picture of how it is being measured in terms of income poverty and low resources. But the U.K. government also has other policies, which I was told you are interested in, to do with fuel poverty. These use slightly different definitions, and unfortunately the measures of income poverty used for the targets for eradicating child poverty and the measures of income used in fuel poverty are not currently aligned. Basically, the idea of fuel poverty is that households should not have to spend a disproportionate amount of their income in order to adequately heat their houses.

This is important in a country like the U.K., and also I guess in a country like Canada, where heating your house, particularly in winter, can have long-term health consequences, and short-term health consequences if it's not adequately done. And it's particularly important at the moment with the rapid increase in fuel prices.

The government's main policy for eradicating fuel poverty, which it has a statutory obligation to do—and is very likely not going to meet because of the recent rises—has been to deregulate the market in an attempt to reduce the cost of electricity and gas. That was effective in the past but is not effective at the moment. But it was also to identify a vulnerable group of population—the elderly people receiving welfare benefits—and to then provide free energy efficiency measures to improve the energy efficiency of their houses, i.e., lagging the lofts, providing new boilers, and improving central heating systems.

The government has also, every winter, given an increasing amount of money as a one-off payment to pensioners in order to help them meet the cost of their fuel bill over winter. That's equivalent to about £200 U.K., depending on various criteria.

So there are these central government planks, but the details of how the anti-poverty policy and to a greater degree social exclusion and social inclusion policy are implemented with regard to service delivery and health, education, and housing depends crucially on which country you live in within the U.K. So like Canada's federal system and provincial system, we have a U.K. government system and then a lot of responsibilities devolved to the individual country level.

The details of how this has been done vary from country to country, and I'll be happy to answer questions about the individual details. But that's just to give you a kind of overview.

Thank you very much.

● (0915)

The Vice-Chair (Mr. Michael Savage): Thank you very much, Dr. Gordon. We appreciate that.

We'll move to Dr. Peter Kenway, director of the New Policy Institute in London.

Dr. Kenway.

Dr. Peter Kenway (Director, New Policy Institute (London, U.K.)): Thank you very much.

I will just say a little bit about what the New Policy Institute is, since we're not within academia. We are an independent think-tank that has been around for more than ten years now. Over that time we have worked a lot, not exclusively, on poverty and social exclusion, usually funded in this work by the Joseph Rowntree Foundation.

In the first instance, our role here has been monitoring progress, using almost exclusively the official data sets, and I think this has meant we've probably done two useful things. One thing we have done slightly is to contribute to keeping the public discourse honest, and the other thing we have been able to do through that is to shape the way in which certain issues are seen, sometimes in advance of them becoming mainstream.

One thing I would particularly mention, because I think it's central —I imagine it's central to you too—is the point that while most people in work are not in poverty, in the U.K. at least half the people in poverty belong to working households. So the simple story that work is the route out of poverty is not in accordance with the facts.

Let me briefly divide my contribution into two parts. Firstly, going over some of the history, I don't in any way disagree with anything that Professor Gordon has said, though I perhaps might be colouring it slightly differently. I then want to make one or two remarks about where I think the U.K. is at with its anti-poverty policy that I hope may be relevant to you too.

As David said, really the first significant act in this move to deal with poverty took place in about 1999. There was an explicit focus on children and an implicit focus on pensioners. Since children live with adults, the adults who live with children also in some sense were both the object of the policy and also the beneficiaries. The great group that was left out and remains left out is those working-age adults without dependent children, and we would say that is important.

As David told you, really for the first five or six years of the government's policy, child poverty measured on the low-income measure was falling steadily, perhaps not quite as quickly as was wanted, but it was certainly coming down. I think at that stage the target was expressed in terms of a desire to remove a million children —that's about a quarter of the children in poverty—from poverty by 2004-05.

In the best year, which was 2004-05, I think something like 800,000 children had been removed from poverty, moved above that income poverty line. That was short of the target but was nevertheless a substantial achievement. We now have two more years' worth of data, and I think they show a very different story. It's not always clear that these things are statistically significant, but the headline figure is that since then, child poverty has slipped back up again by about 300,000. That means, compared with the objective two years ago of reducing child poverty by a million, we have actually now reduced it by only 500,000. We are only halfway to a target of two or three years ago.

The way we sum that up, and I think it is very important to get both parts in, is that this was a policy that clearly was working. The polices that have been pursued have not in any sense been a failure. But it's a policy that, having worked, has now stalled. Perhaps it's exhausted. It certainly seems to have very little momentum. Why is this, and where does this leave the U.K.?

David also very clearly explained that this policy, of course, is heavily dependent upon increasing employment, particularly among lone parents, where there are very high levels of worklessness in the U.K., and that was deemed to be a significant concern.

● (0920)

In the early years of the Labour government, post-1997, the employment rate was rising. It rose by about 1% in three years, which is quite significant, I think. Since then, it has struggled to rise very much further. I think that is part of the difficulty of a strategy that emphasizes work so much.

Nevertheless, I think what you can see there—an employment policy, income supplements to people in work through tax credits—was a policy wherein the instruments were well matched to the target. I think the difficulty with it, however, certainly as far as the tax credits and the use of the tax and benefit system is concerned, is that it was not addressing the deep causes, if you like, of poverty, whether that be in the labour market, whether it be to do with the levels of human capital, qualifications, and so forth, or whether it be to do with discrimination.

It also singularly failed to recognize, never mind address, this problem of in-work poverty. As I say, it is now the case that half the children in poverty belong to working families. Almost all the working families are paying tax. There are all sorts of areas that have not perhaps been addressed that might have been if in-work poverty had been recognized as a problem in its own right.

So where have we reached? I think the conclusion we draw is that the way the Labour government of Mr. Blair began its anti-poverty policy in the late 1990s was arguably the only way to begin, which was by focusing on children and by using very direct measures to try to boost incomes. It did work. It continued to work for several years, but it seems to have run out of steam. I think we've therefore reached the point at which you can't assume that these direct measures, these direct income transfers from the state to individuals and families, can go on working forever, unless you address wider problems. They have always been part of the anti-poverty policy here, but I don't think they've been a coherent part of it. I don't think they've been integrated within it properly.

Our challenge now is to ask how many of these other things are intended and are supposed, exactly, to affect poverty. I think the going from now on will be much harder. It will be much harder to see evidence on a year-by-year basis. Nevertheless, it is almost certainly the case that you have to, in the end, engineer fairly deep changes in society if you want to end poverty. You can't eradicate it. Perhaps you can't even reduce it substantially while in some sense the rest of society carries on the way it has and the way it does.

I think there are very big challenges ahead. I think the fundamental distinction that now lies with other policies is whether you are going to have policies that are targeted at low-income households or other disadvantaged groups—you've had a number of those suggested to you—or whether you are going to try to do things that perhaps alter society as a whole. I noticed in your list the suggestion someone put to you of having universal child care. I think that falls into that category, and I think there could be an interesting discussion about that if it's something that is of interest to you.

Thank you.

● (0925)

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

We appreciate both of those presentations.

We're going to move to questions from members. The first round will be seven-minute questions, then we'll have a round of five-minute questions. Then we will see where we are.

We'll start off with the opposition, the Liberal Party, and the Honourable Judy Sgro.

Hon. Judy Sgro (York West, Lib.): Thank you both very much, Professor Gordon and Mr. Kenway, for being with us this morning as we continue to work to find answers to our role in government, in society, when it comes to dealing with poverty in our countries.

You talked about altering society as a whole. One of the goals from my perspective is to start at zero in making sure that our children are prepared right at the very beginning, so that they have exposure to the things that stimulate their young minds and flow right into our education system. We keep trying to deal with what we're having to deal with today, which is the working poor or those who, for many reasons, are never going to get beyond the numbers required, as you said earlier.

So given the fact we would have to have two approaches, one from zero on and the other trying to deal with the people who we're all trying to deal with today, at least we should have a long-term vision as to where we need to be going and where we're going to start. If we had started in 1999, making sure we were all investing in the right things at that time, maybe we wouldn't be dealing with the numbers we have today.

But turning to the specific instruments the government is using to try to eradicate poverty now, we're talking about child care, increased minimum wages, and guaranteed income. All of those are ideas. What should the government have done differently and what should it do differently now?

● (0930)

Dr. Peter Kenway: Shall I take that one?

Hon. Judy Sgro: Either one of you.

The Vice-Chair (Mr. Michael Savage): Why don't we start with Mr. Gordon.

Prof. David Gordon: Right.

You've asked some very key questions there. The U.K. government's focus on child poverty was in part due to an ideological shift within the Labour Party from a socialist focus on equality of outcome based on need to one more concerned with equality of opportunity.

If you're interested in equality of opportunity, you have to invest heavily in children from year zero in order to try to level the playing field and increase the chances of social mobility. The government invested a large amount of money and is still investing a large amount of money into children from the very earliest ages. It made free nursery places available to four-year-olds in school. It introduced vouchers for children for nursery care under three for two and a half days a week and introduced a whole range of new benefits in order to try to raise the incomes of families with very young children.

This was based on good scientific research as well. The families who had the deepest poverty were those with the youngest children. This was in contrast to what the statistics showed at the time. They showed it was older children, but that was an artifact of those statistics. So the government responded to the idea that you need to start at zero, and maybe those policies will work in 10 to 20 years' time, but they are long-term policies.

There is also a crucial need to deal with the problems of today, and the government, as I said, tried to do that through active labour market intervention. It needed, really, to try also to raise the benefits that are available to families with children. Britain is half-way in the European league in the generosity of the tax and benefits system to families with children. Britain does not have as much redistribution across individuals' life forces as, say, the French system or the Swedish system, where money is taken from people when they're middle-aged and given to them when they're children or when they're pensioners, in terms of family benefit or pension benefit. In Sweden, 80% of the redistribution is like that, not from rich to poor. That is a very effective way of ending child poverty.

The system in the U.K. and Ireland is a much more means-tested one, where money is targeted at the poor, the pensioners, and children. It means it spends less, is able to spend less because it has more specific targeting. But if you want to eradicate child poverty forever, there's a limit to the effectiveness of means-testing.

The Vice-Chair (Mr. Michael Savage): Dr. Kenway.

Dr. Peter Kenway: Thank you very much.

It may very well be that in 20 years' time we'll look back and decide that the greatest contribution our government has made to fighting child poverty was the measures that it took, which David has just referred to, to help children from zero, as you were saying. I think our program assures staff at children's centres of the education for three- and four-year-olds. It might very well be that when you take the long view these little income supplements seem to have been the second order of importance.

However, let me draw your attention to another very important gap in what the U.K. government has done or not done. It has quite rightly looked at children from zero, but the group that has been ignored in practice and where there is no sign of any progress is late teenagers and young adults. To give you a specific example, we look particularly at measures to do with the number of 19-year-olds without what's called a level two qualification. In some sense for these purposes the precise level doesn't matter; the key point with this statistic is that about a quarter of 19-year-olds fail to reach that minimum level. That was the case a decade ago, and it is still the case.

The number of young adults who are out of work, the number of young adults who are in poverty, remains a real blot, if you like, and a gap in what's been done.

The point about those people is that when we first pledged to do something about child poverty these people were children. I don't think that's just a piece of empty rhetoric. It's very important, if we're going to say we're going to have a child poverty strategy, that we have a strategy that addresses the interests of all children, not just those at zero, even though they are very important, but all the way up.

I think the reason why we might have to wait a long time to see second-stage effects, if you like, from the government's strategy is precisely that it has not succeeded, possibly not even really tried, to come to grips with the oldest children, who then become the youngest workers. So that cycle of deprivation is in grave danger of being repeated, at least for the next generation, even if the stuff for very small children does something about it for the generation hence.

● (0935)

Hon. Judy Sgro: To follow up on the late teens, what work is being done today with that group of late teens to prevent them or their families from being the working poor later on? Is anything being done specifically now for the late teens?

The Vice-Chair (Mr. Michael Savage): I'm going to have to ask you to hold that thought and come back to it in answer to another question. We're a bit over time.

I'm going to go to Monsieur Yves Lessard of the Bloc Québécois for seven minutes.

[*Translation*]

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

I would also like to thank Professor Gordon and Dr. Kenway for sharing their experience and expertise with us this morning. I find your experience very interesting and helpful, in the sense that the approach you take to fighting poverty is employment first. Create employment and make sure that people who are able to work have a job to go to.

My question is in two parts. First, I would like to know what causes the optimism that allows you to set the goal of eradicating poverty by 2020. I understand that the results obtained in the first five years are quite extraordinary. But, as you said yourselves, the point has come where you have reached a plateau, and, for some groups, such as single-parent families and the elderly, the figures are heading in the other direction. That is my first question.

Second, Mr. Gordon tells us that your experience is showing you that about 50% of people in poverty are going to stay poor if we do not change our approach completely, because that 50% is working. That is what I think you are saying.

I would like to know what steps you have taken to support the working poor. Are there government initiatives that require businesses to provide better working conditions, or, for those that cannot, to support them so that they can? How do you handle that?

I also understand—correct me if I am wrong—that all labour issues are matters for Parliament. Are the other three Parliaments, those in Scotland, Wales and Northern Ireland, committed to the same extent as the Parliament of the UK as such?

● (0940)

[*English*]

The Vice-Chair (Mr. Michael Savage): That was directed to Professor Gordon?

[*Translation*]

Mr. Yves Lessard: Yes. I was talking to both of them. They can both have a turn.

[*English*]

The Vice-Chair (Mr. Michael Savage): Professor Gordon.

Prof. David Gordon: Thank you very much for those intelligent questions.

First, I want to deal with the late teens. The government has done much less for this group and for working-age adults than it has done for younger children and the elderly. To a certain extent, the ideology of the poor law still prevails, in that it is easier politically to consider the young and the old as deserving and maybe late teenagers and young people as undeserving, and therefore the government is much more cautious about investing more money in that group.

However, it has made some investment in improving training, particularly for the group it calls “NETE” in British terms—not in education training or employment. It has a minimum wage policy that is very important for this group, but unfortunately for the age group under 25 the minimum wage is less than it is for over 25, so again, there's a limit to the effectiveness of that policy.

One idea it is thinking of pursuing is to raise the school leaving age from 16 to 18, so there are not 16-year-olds or 17-year-olds who are not in school but not in jobs, and are not even in training. Those are the kinds of policies it's pursuing, but there is a whole range of policies under which they tend to have only limited investment compared with the policies for younger children.

One of the reasons the government is optimistic that it can eradicate child poverty is that if you look at the costs of eradicating child poverty in terms of the amount of income that would need to be transferred from people who aren't below the poverty income line to those who are below the low income line, it's a little less than 1% of gross national product.

The U.K. has a very large economy, so that means that relatively small income transfers in terms of the size of the economy would effectively eradicate child poverty, if you can pursue policies that allow these income transfers. That's not an insignificant amount, 1% of GNP, but nevertheless it is a feasible amount. It does not mean restructuring the whole of society as we know it.

The government's policies for the working poor, as Peter rightly points out, have not been as effective as the government hoped. Again, minimum wage is on tax credits that support people on low incomes. There have been problems with integrating the tax benefits systems. Tax authorities are used to taking money; they are not always effective, especially at first, at giving money back to people, so there has been a lot of confusion with those policies. They are working a bit better now, but more needs to be done.

The policies the government has pursued have been effective, but they haven't been effective enough, particularly for the working poor. There have been other trends in society, such as a declining family wage. In the 1950s, one person worked, usually the man, and could afford to support his family. Now you have a big working rich and working poor household divide, in which you have families where two people are working, and that tends to protect against poverty almost universally. But if only one person is working, particularly in a low-wage job, then that family falls beneath the poverty threshold. It may not be a long way beneath it, but nevertheless, even with the benefits available, they tend to fall below the poverty threshold.

There are policies in place that, if invested in more and if they were more effectively delivered, could deal with the problem of the working poor and still relieve those who have so much care and responsibility that it's not really feasible for both parents to go to work. It would not necessarily even be desirable from other policy objective points of view, and certainly not desirable from that family's point of view, for both adults to go to work. That problem the government hasn't really tackled yet.

● (0945)

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

Thank you, Mr. Lessard.

For the information of our witnesses, we would normally go to our third opposition party, which is the New Democratic Party. Our representative on this committee from the NDP is in Ireland now, meeting with some officials and getting ready for the basic income conference later this week, so we'll go to the government party.

We'll start off with the Parliamentary Secretary to the Minister of Human Resources and Skills Development, Lynne Yelich, and she may be splitting her time with Mr. Gordon Brown.

You have seven minutes.

Mrs. Lynne Yelich (Blackstrap, CPC): Thank you very much for being with us here today.

I'm sharing my time with Mr. Brown. We'll go back and forth because we find there is never enough time to ask questions when we're trying to make some comparisons.

My main question is to David Gordon. How did your government come up with the definition of fuel poverty? We've heard about a lot of poverty, but that interests me. Tell us a bit about it, please.

The Vice-Chair (Mr. Michael Savage): Professor Gordon.

Prof. David Gordon: The definition of fuel poverty is fairly non-contentious, in that families should not have to spend disproportionate amounts of their resources to adequately heat their homes. The contentious bit is how that is measured. It was done based on some work a very long time ago, in the 1970s, by an academic called Brenda Boardman. She identified that families who spent more than 10% of their income on fuel tended to also be income poor. That has been taken as the definition ever since, although it is reworked as better data comes forth.

However, the measurement isn't based on the actual amount people spend. It's based on how much they would need to spend to adequately heat their homes, given the energy efficiency of their homes and the average fuel prices in the area of the country in which they live. So it's quite a complex calculation. How well it works is a matter of some considerable debate.

It overlaps to a reasonable extent with the poor elderly in terms of income, but it has a much greater rural bias. So in city areas like London, where there are high housing costs, people often have high incomes in order to pay for their housing. But because that's not taken into account in the definition, they appear to not be fuel poor, whereas we know from objective social scientific measures that they often have difficulties heating their homes. So my personal belief is that the idea of fuel poverty is very important, particularly in a cold country.

The current way fuel poverty is measured in the U.K. has caused difficulties in both targeting those in greatest need and in the government meeting those targets. The policies the government is pursuing of identifying vulnerable populations and improving the energy efficiency of their homes is good in terms of also reducing carbon dioxide emissions from people's homes. But the amount of money invested in tackling fuel poverty has been woefully inadequate in trying to eradicate it. The government is not only not going to eradicate it; fuel poverty is likely to increase by 2010.

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

We will move to Mr. Brown. You have three minutes left.

Mr. Gord Brown (Leeds—Grenville, CPC): Thank you, Mr. Chair.

Thanks to the witnesses for joining us today from the U.K.

I'd like to explore this fuel poverty issue more with Professor Gordon. Who is likely to be fuel poor? What solutions do you have to offer? What kind of impact do you think additional fuel taxes might have on fuel poverty?

● (0950)

Prof. David Gordon: The people likely to be fuel-poor are those who have very low incomes and those who live in older dwellings, particularly houses built before 1919, or in housing that is in disrepair and has not been modernized. You get two overlapping groups: the poor in terms of income, and those who are in housing that is substandard and inadequate. That is quite a large group of households.

There are also effects.... Obviously it's warmer in the middle of a city than in the rural areas. What you tend to get is a group of people in rural small towns and villages in poor housing on the periphery of those towns, but also people living in the inner cities who are very income poor. That's particularly the case among the elderly, those over 75; large families, those with many children; and also people who are unemployed.

There are very high rates of poverty among the unemployed, and it's particularly a problem for single young women who are unemployed. This group is not recognized by governments in many of the policies. Single women in general—lone-woman households—tend to have high rates of fuel poverty. Normally the policy is targeted to elderly single women over 75, but younger single women, particularly those in the 19- to 29-year age range also suffer from very high rates of fuel poverty.

Mr. Gord Brown: I'd like to get Peter Kenway in for a moment, if possible.

He mentioned there was significant impact on poverty in the U.K. starting with some of the policies of the Labour government, but then it had run out of steam. Maybe we could hear a little on why it ran out of steam.

The Vice-Chair (Mr. Michael Savage): Dr. Kenway, I'm going to ask for a fairly quick answer on that one. We have about 30 seconds or so.

Dr. Peter Kenway: In answer to that, the main policy involving tax credits is a major labour market intervention. It essentially favours adults with children relative to adults without. Also, arguably one of its criticisms is the subsidy to employers as well as employees.

One thing we notice is that while the number of children taken out of poverty has gone up quite substantially, the number of children who seem to need support from the state to escape poverty has also gone up. To sum it up in a sentence, I think the difficulty is that after a while the policy starts to undermine itself. It's a good tactic, but it's not adequate as a strategy.

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

We're going to move to a second round of questions.

Members are aware of this, but for the benefit of the 30 million Canadians who will be watching this at home, these gentlemen are not officials from the government of the U.K.; they are observers and experts giving us their expert opinion on what's been happening on poverty in the U.K. We do hope to have officials from the U.K. and from the poverty program in the fall.

We'll move to the second round. We'll go to Mr. Cuzner for five minutes.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): I want to say on behalf of the committee how fortunate we are to have these two gentlemen. On behalf of CPAC, I'd like to express my thanks, because this is sweeps week, and I know our numbers will go through the ceiling.

Gentlemen, the focus of poverty reduction has been through employment. Could you give us an overview of where the unemployment rate was and where it is now? We've certainly seen that here in Canada it was at 12% ten years ago, and we're down to about 6.5%, so the yardsticks have been moved. Could you give us a profile of your own situation?

The Vice-Chair (Mr. Michael Savage): Who wants to go first?

Mr. Rodger Cuzner: That's since first coming up with the strategy in 1999.

● (0955)

Dr. Peter Kenway: This time I'll have a go at it first; save David for a change.

I think it's very important that you look at not only what is counted officially as unemployment, even if you take the ILO measure. Unemployment has fallen substantially. However, the number of people who are economically inactive has fallen much more slowly; indeed, it's a much larger number. These are people who are basically lone parents or who are entitled to disability benefits but who nevertheless indicate that they would like to work.

The figures I have to hand are the opposite of your unemployment ones: they're the employment ones. And the employment rate rose from, I believe, just under 73% in 1997, when Mr. Blair's government came to office, to about 74% pretty quickly. Since then, in the remaining eight years, it's still never risen by more than a percent. It is fluctuating between 74% and 75%. I can't remember the number off the top of my head, but I can say comfortably that several million people have indicated that they would like to work.

So you have people who want to respond to the government strategy, but at some level, I think, you have to say that we just don't, at the moment, have the number of jobs that people want.

Prof. David Gordon: Perhaps I can also respond to that.

Unemployment has fallen tremendously since the early nineties, when it was over 3 million. It fell to half a million and it's now at about 800,000. That's using consistent definitions, and of course it depends on the definitions.

For all intents and purposes, the unemployment figures of 3% to 4% show full employment. But that only tells part of the story. There has been tremendous growth in the number of people working, and in many parts of the U.K. there are labour market shortages. Britain, like Ireland, has absorbed several million migrant workers from Poland and the former eastern European countries that are part of the European Union. I think in Ireland, one in ten people working now are from Poland or the Baltic States.

That really does tell part of the story, because there are many people who, although not officially unemployed, have become disillusioned. They're not unemployed; they're not seeking work. As well, there has been a tremendous growth in the number of people on sickness benefits, who possibly, if there were suitable jobs for them, would want to take those jobs up. Or at least that's what the government believes. However—

Mr. Rodger Cuzner: Mr. Gordon, I appreciate that; I'd just like to get one other question in, if I might.

I'd like to go back to heating costs and the rebates for seniors in need. Are these distributed per country? Does it vary from country to country, or is it a U.K. template that's used? What mechanism do you use? Do seniors put in a claim afterward, or is it just a list that you take the supplement from?

I'm just wondering how you administer that bit of relief for those seniors.

Prof. David Gordon: A large part of the relief comes through the pension system. It goes to all seniors as a payment just before Christmas. That's universal. Then there's more targeted relief for seniors claiming various benefits where there are supplements to those benefits. So that does vary a little bit with different programs as well.

Most of the variation comes in the applications needed and in who gets improvements to their dwelling. There's not much variation in the cash payments that are made direct to people that they can spend on fuel, but evidence shows that those households often have higher priorities. They still remain living in cold dwellings and use the money to buy food and pay for other expenses.

So there are hypothecated improvements to improve the warmth of the house. The cash payment is meant to be used to help meet the costs of heating, but it's often used for other things that are of greater priority to those elderly people.

● (1000)

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

We're going to move back to the Conservatives for five minutes, to Mr. Mike Lake.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): I want to start by following up on a question that one of my colleagues was asking regarding fuel tax. We have talked a little bit about the concept of fuel poverty. Here in Canada there are some people who are musing about a new tax on carbon, a new tax on fuel that would impact home heating fuel, for example. It has not been very well articulated yet, but we're trying to determine what the impact of it would be.

Maybe you could speak to that a little bit. Are there some perhaps unintended consequences that we might be wary of in terms of that type of discussion, specifically upon some of the low-income people we're talking about here?

The Vice-Chair (Mr. Michael Savage) : Who wants to take that one? Professor Gordon?

Prof. David Gordon: I'm at a slight difficulty here, because we recently did some work for the government on what the likely distributional effect would be if the government brought in an individual carbon level of six tonnes per person and then made people buy carbon credits above that. Our material hasn't been released, so I have to respect its confidentiality.

There are a number of problems and bad distributional effects of bringing in fuel tax, particularly flat rate taxes. If it is not progressive, then obviously it impacts more as a portion of income on the poor who need to use that fuel than on richer people, who may often use a lot more fuel but can afford to pay it. Particularly there is a group in the middle, who are often the very poorest but close to the poverty line. With some groups, particularly those living in rural areas, if it's on transport and heating oil, which can be more expensive than gas and often than electricity to heat the house in the U.K., you will have to look carefully at who will be winners and losers.

There are always winners and losers, and it is quite complex. I'm not sure the Canadian and U.K. situations are comparable enough to begin to guess who would be the winners and losers in Canada, but within the U.K. there are certainly some impacts that you would want to look at closely before pursuing those policies.

Mr. Mike Lake: Did Mr. Kenway want to comment on that at all?

Dr. Peter Kenway: Let me add very briefly that from an economic perspective you might want to introduce that type of thing to seek to incentivize people to use less and make more efficient use of energy.

What we have to recognize, though, and perhaps this is where having a comprehensive anti-poverty strategy comes in, is that if we going to do this, we have to be prepared to find other ways of compensating those on low incomes for this system, which might make very good sense from the point of view of society as a whole. People are suffering, as you will know, substantial real impacts on their real incomes as a result of fuel and food increases at the moment. In some sense, the tax is just another issue on the top of that.

I think one has to perhaps look again at certain questions, which David Gordon has spoken about—the value of benefits and so forth, but also perhaps the value of income taxes to people at the bottom—to see whether there are ways. If one's going to be radical in that fashion with carbon taxes, I think you have to do these other things as well to make sure that those at the bottom do not suffer in any sense disproportionately.

Mr. Mike Lake: Moving to a different area here, I'm curious about the numbers. You had a lot of focus on lone-parent families. Can you maybe tell me what percentage of children in the U.K. would live in lone-parent families? Do you have any idea of that?

Dr. Peter Kenway: The answer to that is a quarter. A quarter of children now live in lone-parent families. This has been the result of a very long, steady rise, from I think about 10% back in the late 1970s.

Mr. Mike Lake: In terms of some of things you've talked about, one of the things that has been discussed is this concept of more income support being needed.

I've referred many times here to a study by a fellow named John Richards, who is a former provincial cabinet minister here in Canada who has done a study talking about the unintended consequences of increasing accessibility to welfare, almost in terms of its impact in increasing poverty. Actually, he more spoke of some of the cuts that have been made to the welfare system in some provinces in our country by various governments of different stripes and the impact those cuts in the welfare role had in actually decreasing poverty. What he referred to was this idea that for people who were able to work, once it was harder for them to get welfare, it encouraged them to go out and find work that was actually better than what they were receiving on welfare. In fact, the welfare dollars that they were receiving basically locked them into poverty in a sense; therefore, this concept of welfare had this unintended consequence of increasing poverty.

Can you maybe speak to that a little bit in terms of the potential unintended consequence of going down that road for that other 50% you were talking about?

● (1005)

The Vice-Chair (Mr. Michael Savage) : Gentlemen, I'm going to have to get you to hold your thoughts on that. We're well over time. There will be more time to come back to that perhaps in our next round, but I'm going to try to stick to the time limits as much as possible.

We're going to move to the Bloc, and Monsieur Lessard, for five minutes.

[*Translation*]

Mr. Yves Lessard: Thank you, Mr. Chair.

My question goes to both Mr. Kenway and Mr. Gordon. Has any of these measures shown itself to be particularly effective? If so, are you able to tell us by how much it has reduced poverty?

[*English*]

The Vice-Chair (Mr. Michael Savage) : Who wants to take that?

Dr. Kenway.

Dr. Peter Kenway: I think the government here has been very successful in raising the lone-parent employment rate, and its tax credit system, which is designed to deliver a significant increase in income to a lone parent if they are working 16 hours a week, is definitely a part of that, a scenario where the incentives that they've designed seem to have worked. Lone-parent employment, particularly among non-disabled lone parents, is, I believe, now overall at about 58%, a little under 60%. Among non-disabled lone parents, it is now up into the middle 60% range, which compares, from my point of view, pretty favourably with the overall employment rate for women in the U.K. economy. So that has certainly been a success.

There are, however, some unintended consequences of that—and I won't take up any more time, but perhaps you'd want to come back to that.

The Vice-Chair (Mr. Michael Savage) : Professor Gordon.

Prof. David Gordon: On the broader picture, we know from comparative studies across Europe that welfare states redistribute money from the rich to poor and from men to women, mainly, but also across the life course, taking money away from the middle-aged and giving it to the elderly, in terms of pensions, and to the young, in terms of family and child benefits. We know those universal pensions and those universal family benefits are universally shown to be effective at reducing poverty across individuals' life courses.

By doing that, it reduces the poverty rates tremendously. For specific targeted groups, obviously education is a route out of poverty, and investing in education has been helpful, but an adequate minimum social safety net that's effective has also universally been shown, in every country that has introduced it, to be an effective and efficient way of reducing poverty.

[*Translation*]

Mr. Yves Lessard: You now have a universal day care system. Can you tell us how the system works and what impact it has on poverty, specifically as it allows women to work, particularly single mothers? Could you tell us a little about that?

● (1010)

[*English*]

The Vice-Chair (Mr. Michael Savage): Professor Gordon.

Prof. David Gordon: One of the central barriers to women going back into the labour force has been the gross inadequacy of affordable child care in the past. The government has pursued a number of policies to try to make child care more affordable, including a national day care network, but also vouchers for nurseries, and a range of other policies.

These have been effective as far as they go, but are a very expensive way of getting people into work, particularly if there are only low-paid jobs available. At some point, you get to a point where you're paying one group of relatively poor women to look after the children of another group of relatively poor women. This is because of the way economics works, as it seems to increase the GDP. If you look after your own children, it has no economic benefit; if you look after someone else's children, the GDP of the country increases. So it increases economic productivity, but it has some negative policy consequences.

There can be problems with some children if they spend a lot of time in day care from a very young age and both parents are working very long hours. The family tends to be under stress, both the parents and the children. There is a need to see the value of unpaid work and caring work, which is not really recognized in the current government's social exclusion policies in all parts of the U.K. It is recognized more in some parts of the U.K. than others.

This is a big issue that ministers often only address tangentially: who should care for children, how should they be cared for, and for how much time, and who's going to pay for it?

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

Thank you, Mr. Lessard.

We're going to move to Judy Sgro.

Hon. Judy Sgro: The more we hear from you, the more questions come up on a variety of things.

I was interested to know if, as part of this anti-poverty strategy, the issue of mental health has been raised, and how big an issue is it when you're talking about families living in poverty?

Dr. Peter Kenway: Shall I answer that one?

The Vice-Chair (Mr. Michael Savage): Yes, please, Dr. Kenway.

Dr. Peter Kenway: The answer is that it's a very big part. And the answer to your other question, I think, is no, it has not in any sense been properly raised.

Something we have not really discussed around our tables with you today is the whole situation of disabled people, many of whom have work-related disabilities to do with mental illness. In some sense, there's a kind of picture that these people are, as it were, former miners or men with bad backs, which I think is still the popular image in this country. Those people, of course, exist within the statistics, but they're not a majority.

The key point is that we find that the poverty rate for working-age adults with disabilities is pretty much twice the rate for adults without them. It is quite clearly a major source of economic disadvantage, and it has not been addressed. I think the mental illness angle is particularly difficult and needs very close attention.

Until one get to grips with this, people have very simplistic ideas about the situations disabled people may be in, and with the idea that they might be fit for work or not, and that this status might almost vary at times from day to day. So it's a very important issue, and I don't think the U.K. has a great deal to teach about it.

The Vice-Chair (Mr. Michael Savage): Go ahead, Professor Gordon.

Prof. David Gordon: I would just answer that I agree with Peter. Mental health is a big issue, and there has been a massive increase in the prescribing of anti-depression drugs. There has been, and continues to be, major discrimination by employers against employing people who have a history of mental health problems. The government's policies in the Disability Discrimination Act are good, but they have not been rigorously enforced, so there is a major issue there.

Hon. Judy Sgro: The U.K. recently introduced the Sustainable Communities Act. Can you elaborate a bit about what that is, and how that is going to fit into the overall goal of eliminating poverty? Either of you can answer.

● (1015)

Prof. David Gordon: This comes back to the valuing of unpaid work to a certain degree, in that in the past, particularly in smaller towns and urban villages, there were women who had time to support people in the community, caring for their neighbours and helping by volunteering. With the need for women, as well as men, to go into the labour force to maintain their families, people do not have the time to do the level of voluntary activities in helping their neighbours as they have in the past. So one of the underlying problems that has arisen is that these communities are no longer sustainable. You have commuting villages, where the elderly do not have the social support networks they may have had 20, 30, or 40 years ago.

So the Sustainable Communities Act and a number of rural government policies are attempts at trying to find mechanisms with which to make communities more self-supporting—and also in terms of ecological objectives, which I won't go into, because they are not pertinent to your inquiries at the moment, I suspect.

Hon. Judy Sgro: At the end of the day, we will probably have to recommend some measurement tool that helps to deal with the poverty issue.

Now, in the U.K. they use a tiered approach to measuring child poverty. Can you give us more details on that? Either individual could.

Prof. David Gordon: The tiered approach, as I said, came out of the consultation.

The first tier is a European Union-wide one, used in all 27 countries, and it refers to income below 60% of the median equivalized income. That is an EU-wide measure. The equivalization scale would probably not be appropriate to Canada, but as a relative income and equality measure, it's as good as many—although Canada has equally good measures with its low-income cut-offs, the market-based budget standards, and other methods I know you're developing.

The next tier is a kind of fixed poverty line, which is termed absolute, but it really is just a fixed relative line.

The last is a combined income and deprivation measure, which has high scientific validity and is very much closer to being a good operationalization of the European Union definition of poverty, which is households and families whose resources are so low as to exclude them from the acceptable way of life in the country in which they live. So the last tier is an attempt to look at how people are living, as well as how much income they have. That has been used in many countries, not just in Europe, but outside Europe.

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

We're going to move back to the Conservatives.

[*Translation*]

Mr. Jacques Gourde, you have five minutes.

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

I would like to thank the witnesses for everything they are sharing with us today. We are learning a great deal about the approach to poverty in the United Kingdom.

Mr. Gordon, Mr. Kenway, please correct me if I am wrong in my introductory remarks. The United Kingdom is one of the first countries in the world to address the problem of fuel poverty and to take steps to deal with it. Households are deemed to be fuel poor when they spend more than 10% of their income to buy fuel for the home. The estimate is that, in 2005, about 2.5 million households in the United Kingdom were fuel poor. The goal of the government of the United Kingdom and the regional assemblies is to put an end to fuel poverty by 2018.

Given the global rise in the price of energy, it will surely be more difficult for you to reach your goal by 2018. Since your strategy describes fuel poverty as one of the factors that can harm young families, would you recommend that others include fuel poverty in their efforts to fight poverty. My question goes to both witnesses? I would like to hear your comments, please.

● (1020)

[*English*]

The Vice-Chair (Mr. Michael Savage): Who wants to go first on this one?

Dr. Peter Kenway: Shall I go first on that, David?

Let me make almost a political observation, not a party political observation.

I find that there's a lot more public support for the idea of doing something about fuel poverty than perhaps there is about doing something about the wider forms of poverty to do with income and the type we are concerned with. We are holding a seminar on the subject in a couple of weeks, and it's always, I think, a measure of these things. We're having no difficulty getting people to come along. So I think you certainly should. I think people recognize fuel poverty as being something quite tangible, so it should be part of it.

Perhaps I may make one technical point. David did make this point, but I want to elaborate on it just slightly. It is very much to do with single people. Crudely, it's that a single person has half the income of a two-adult household but something around three-quarters only of the fuel cost. And it also is very much related to disability. The people who are really vulnerable on this, I think, are the people who are at home all day. Obviously the disabled out of work are likely to be in that group, but they are equally well reachable through the benefit system, which delivers benefits to them.

The Vice-Chair (Mr. Michael Savage): Mr. Gordon.

Prof. David Gordon: Again, to directly address your question, I think fuel poverty should be an integral part of any anti-poverty strategy in all countries. Even in Africa we know that one of the big problems African households in the poorest parts of Africa have is they don't have enough money for cooking fuels. So it's not just heating.

There is obviously some careful policy planning if the government is trying to reduce carbon dioxide emissions overall in the domestic sector, while at the same time many fuel-poor people need to increase their fuel consumption and therefore increase their carbon dioxide output. So there really does need to be some mechanism to reduce the fuel consumption of people who are using a very great deal, but it needs to be done on the basis of need. You need to make sure that things like fuel taxes don't impact on the poorest and make them even poorer and make them even colder. Therefore fuel poverty is not part of your anti-poverty policy. That will be missed. And other policies to reduce carbon dioxide will have very bad consequences for the poor and for your anti-poverty strategy.

[*Translation*]

The Chair: Mr. Gourde.

Mr. Jacques Gourde: Thank you very much, Mr. Chair.

I would like the committee to take note of what the witnesses have said and to add fuel poverty to our agenda. The committee could then work on it later. I feel that this is important for our committee and for all Canadians. Thank you, Mr. Chair.

[*English*]

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

We're going to go to our next round.

We'll start off with Mr. Cuzner, from Cape Breton—Canso, Nova Scotia, halfway to England.

Mr. Rodger Cuzner: Thank you, Mr. Chairman. You're doing an adequate job in filling in for our regular chairman.

I'd like to ask a question of each of our witnesses today. We really appreciate the discussion around this today. I'll ask the questions, then I'll step back and allow you to answer.

Mr. Gordon, you had talked about the supports going to the seniors. The cheques go to the seniors, especially those who are living in older accommodations, older houses, and that money is not necessarily going toward retrofitting or refurbishing and bringing down the costs, the heating costs, the heating demands for that particular unit. So really what we're doing is feeding a cycle. We're throwing good money after bad. So I'd like your comments.

Can the U.K. be doing a better job of that? I think we do a fairly good job of it here in Canada as far as initiatives are concerned, where we can encourage seniors to help with the roofing and the windows and furnaces. Do you see some kind of initiative having to be undertaken in order to make sure that those heating costs are brought down?

I'll leave that with Mr. Gordon.

Mr. Kenway, you expressed a concern about putting a price on carbon and the potential hardships it might cause if other measures are not enacted, if other measures aren't taken to offset any kind of increase in a price on carbon. Perhaps you could expand on that.

I'll ask Mr. Gordon to go first, and then Mr. Kenway. Thank you.

● (1025)

Prof. David Gordon: As Peter said, and as has been said before, the policy to eradicate fuel poverty by 2018 is looking unlikely to be met; certainly the interim targets are. At the moment, about 4,000 people are employed to go into houses and implement the energy-efficiency measures of improving the windows, insulating the walls and the roofs, changing the light bulbs to more energy-efficient ones, and carrying out other such policies. But that's nowhere near enough, given the age of the U.K. housing stock, and the very low rate of building at the moment. We replace about 1% of the U.K. housing stock a year, so it will take them probably longer than 100 years to replace all of the stock. That's far too long in order to meet a 2018 target, given the very low thermal efficiency of much of the older stock.

There are new building regulations that should make the new stock much more efficient, but these still have not all entirely come into force. So the policies, to a certain extent, are effective in dealing with the problems of the housing, although nowhere near enough is being done. There are at least a million dwellings at the moment that are not really fit for habitation in some way or another. But also there is not enough for those whose income is so low that, even if they have efficient housing, they can't afford to meet the fuel needs.

Mr. Rodger Cuzner: Mr. Gordon, could I just clarify a point, please? You had said earlier that the cheques do come to the seniors to help with the fuel costs, but sometimes their household priorities are such that they don't necessarily go towards that; they might go to something else. We certainly understand that, but is there some way we should be getting them to reinvest in their housing to bring those costs down? Is there some way we can encourage that sort of outcome?

Prof. David Gordon: There are two planks to that. There are some authorities, like local government authorities—you need local government involved in these policies—who are trying to start what we call "investing to save", so giving people the information on how they can invest their money in energy efficiency and therefore save in the long term. The problem they have is that often these are low-income households, and it's coming up to Christmas, and they have the choice of investing in energy efficiency to save down the line, or buying Christmas presents for their grandchildren.

Stopping people who don't have enough money from buying Christmas presents for their grandchildren is not necessarily a good policy choice to make. So you need a multi-tier approach, not just a one-off payment once a year close to Christmas, to deal with these problems.

The Vice-Chair (Mr. Michael Savage): Thank you, Professor Gordon.

I'm going to give Dr. Kenway a chance to give us a quick thought on the question Mr. Cuzner posed to him.

Dr. Peter Kenway: Thank you.

I assume that we are moving now into a new era in terms of permanently higher energy costs, and then the consequent actions that we, as scientists, want to take to reduce our energy consumption. And it seems to me, really, with the way we do things in Britain, the change will be piecemeal. I suspect that this is a situation in which you don't need piecemeal change. You need an integrated look, a coherent look perhaps at all your energy taxes, and also at your income taxes and your benefits system.

I think the one thing that poverty really has put on the agenda in Britain in the last ten years is that when one comes to look at this, the whole question of what the distributional impacts are and how a change affects low-income households compared with middle-income or high-income households is now something that is routinely done. I think that's actually a very useful step forward. So in some sense, it's an integrated look and you have to make sure you pay attention to the distributional implications, particularly at the bottom.

● (1030)

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

We'll move to the Conservatives, with Mr. Mike Lake, for five minutes.

Mr. Mike Lake: I guess I'll start this one by just thanking you for helping us out with our study and taking the time out of your day to do this.

I want to go back again to the lone-parent scenario that you bring up. I think you rightly suggest that we need to pay special attention to children in these situations. But there are a few things, in terms of thinking about this as we've had the discussion, that kind of come to mind. First, we know that the poverty rate in single-parent families is higher, and we know that the number of single-parent families is increasing—I think you mentioned that, Mr. Gordon. We also know that the number one cause of family breakup is financial stress. I guess when you put those three things together, common sense would dictate—to me anyway—that if we can take measures to decrease that amount of financial stress on families, we might be able to actually, in some way, solve this problem in the long term. Maybe you can comment; I don't know if there's been any study in that regard.

Dr. Peter Kenway: I'll say a couple of things, then give David a chance.

The first point to emphasize is that this rise in the number of lone-parent families, up to about a quarter, has been a very long-term trend. It's tempting to imagine that it is accelerated under the new Labour government here, which has produced a tax-credit system that in some ways is quite favourable to lone parents. But the truth of the matter is that, as in fact with most things in Britain, the era of revolution, the era of great change, was actually in the late 1980s under the premiership of Mrs. Thatcher, after the recessions of the early years. It's almost that period of great growth in the late 1980s that seems to have been when so many things changed, and I think there was a substantial rise in lone parenthood then.

Should the systems be adjusted to provide greater support for two-parent families? I think it's a very reasonable question. A point that is worth making is that most of the in-work poverty for children is among two-parent families; most of the out-of-work poverty is among lone-parent families. I think it's partly a question of how far one wants to sort of socially engineer in this way, or whether perhaps we need to look more basically at the way in which we recognize and reward the caring responsibilities. David has talked about this; we are a society in which unpaid caring is poorly recognized, including financially.

Perhaps the answer to the problem that you raise needs a slightly oblique response, rather than a direct one. But it's certainly a legitimate question.

Mr. Mike Lake: Go ahead, Mr. Gordon.

Prof. David Gordon: I was going to agree with Peter. The growth in lone-parent families is a long-term trend, not just in the U.K., but across Europe. You're absolutely right that one of the leading causes is financial stress. But I'm also dubious that reducing financial stress would reduce the rate at which lone-parent families form, because they form for a whole range of reasons.

One of the things that runs counter to that is that financial independence for women sometimes means that women who are dissatisfied in a relationship now become lone-parent households because they're not so economically dependent.

It's a complex issue. I don't think reducing financial stress would reduce the numbers of lone-parent households by a significant degree, although again it's a legitimate question.

● (1035)

Mr. Mike Lake: I talked a little earlier about the unintended consequences of some of these income support strategies. It's a no-brainer that we should help, as governments, the people who truly can't help themselves, through income support programs. There aren't many other ways you can do this, other than through income support.

I have a son with autism who's 12 years old now, and I've seen adults with autism or other disabilities who clearly need some help with income and other supports. But when we allocate too many resources to people who can help themselves, we shortchange, in the resources we have left to help, those who truly can't.

With respect to that 50% you were talking about earlier, that hard-to-reach 50%, it seems that what has happened is that we've put our attention on the 50% who can help themselves. We throw a lot of resources and money towards this, with a focus on income support. Maybe we should be focusing on less money-intensive opportunity creation. This would in many cases serve these people better in the long term. We have nothing left to support the people, the hard-to-reach 50%, with the real help that they need.

Maybe you could comment.

The Vice-Chair (Mr. Michael Savage): This is the second time that Mr. Lake has raised this, so I do want to get an answer.

Prof. David Gordon: The U.K. government hasn't always, now or in the past, spent a lot of money policing the welfare system. With any welfare system, there will be people who try to get around it, cheat it, and use it when they don't really have a need. But that tends to be a very small percentage. Arguably, the U.K. system and many other systems are over-policed, in that the cost of prevention, of catching people getting the benefits who should be working, far outweighs the actual gains derived from stopping those people. For the overwhelming majority, if the welfare system is inadequate to prevent poverty, increasing the amount of benefits available will have a major impact on alleviating poverty. It will have a minor impact on increasing a very small number of people who'd beat the system and cheat it. This is true not just for the U.K.; it has been demonstrated in many comparative studies in many countries.

The figures just don't stack up when you look at objective social science research, whatever the underlying political beliefs of those researchers. In most systems, increasing the welfare benefits for an adequate system will have an impact.

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

Madame France Bonsant.

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): Thank you very much.

Thank you, gentlemen.

A little while ago, you mentioned single-parent families where the children are poor. I assume that the heads of those single-parent families are, in most cases, women.

Do you have a process or legislation providing for equal pay?

[*English*]

Dr. Peter Kenway: Yes, there has been equal pay legislation, but there nevertheless remains a substantial pay gap. David might correct me on this. I think it's possibly a 17% or 18% gender pay gap.

However, while gender pay gap and equal pay legislation is extremely important, I suspect that from the poverty point of view the pay that one really needs to worry about is the pay of part-time workers. Most part-time workers are women workers. However, the men who do the part-time jobs are also poorly paid. It's our view that there is a real prejudice against part-time. I don't know whether this translates very well into French, but in English you almost always get the word “only” in front of part-time—it's “only” part-time.

I think a considerable amount could be done for low-paid women if we did something about the low pay of part-time workers. It has to be said that this is only to some degree caused by market forces. A lot of this is in the public sector. In Britain, for example, many of these people are employed within the public sector, so it should be possible to do something.

It's not just the workings of globalization or international competition. Part-time work, for me, is the key gendered issue in pay. There are, of course, other issues.

● (1040)

Prof. David Gordon: Again, to answer that, the U.K. has had legislation on equal pay and sex discrimination since the early 1970s. This legislation is effective as far as it goes in individual cases, in that if individual cases are taken, they're often won. But it's ineffective in that it hasn't tackled the underlying problem, which is that individuals often can't afford to take the cases or don't have access to the knowledge they would need.

Class actions like in the U.S.—I'm not normally a fan of U.S. social policy—and using statistical evidence rather than individual evidence on comparability would probably be needed in order to close the pay gap we now have. It has closed a long way, but it is still a considerable sum of money over the life course of an individual woman compared to an individual man with equal levels of qualification, doing equal jobs.

[*Translation*]

Ms. France Bonsant: On the subject of qualifications, you are aware that people who are illiterate are to a great extent also poor. Are there partnerships between business, government and voluntary organizations to encourage literacy, so that people can overcome their lack of basic education and get better paying jobs?

[*English*]

Prof. David Gordon: Shall I answer that?

Illiteracy is a major problem—not not being able to read at all, but functional illiteracy. It's quite high in the U.K., although it's hard to get comparative statistics in this field.

There are partnerships between government nationally, locally, and in the voluntary sector, but the partnerships between the governments and the business sector are much reduced. There used to be more in terms of apprenticeships and in-work training, but the U.K. policy in this area is not really a model. In fact, one of the problems with both ordinary poverty and fuel poverty is that the government hasn't really brought the business sector on board. So in terms of fuel poverty, for example, although there are social tariffs, often even poor people on these tariffs end up paying much more for their fuel than people who are richer and can afford direct debits in bank accounts.

So in a whole range of areas, the poor often pay more than richer people in absolute terms for the same service or the same goods. And often in terms of getting an education in order to combat illiteracy, the provisions available through the business sector are ten to one against poor people in terms of their losing wages to take time to train.

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

We'll go back to the Conservatives and Mr. Lake for five minutes.

Mr. Mike Lake: Could I just come back to Mr. Gordon? When you were responding to my question, you were talking about cheating. I wasn't discussing cheating in terms of the situation I was talking about. I was talking more about government policy and programs where I think governments make the mistake of allocating our limited resources towards programs where we set up long-term income support programs for people who would be better served by training or the creation of opportunities.

In some situations it might be counselling services or referral services. In some cases more significant interventions may need to be set up. But the idea is that we can take individuals and help them to eventually be able to help themselves in the long term.

I think sometimes we take the easy default position, which is to create an income support program, and think we've solved the problem. And when we do that, it's my belief that we're using resources we could be using to better serve people who truly are unable to help themselves or have a much more difficult time, let's say, helping themselves and may require some income support for the longer term. And oftentimes in the child poverty situations, where there are real difficulties, we may need to set something up a little bit more in the long term—for example, maybe having people live with people with disabilities who need long-term support.

So just to clarify, I wasn't discussing the concept of people cheating the system. I was actually talking about the concept of the system cheating the people.

● (1045)

Prof. David Gordon: I'm sorry if I misunderstood your question. I wasn't trying to deliberately misunderstand it.

I agree with you entirely. It is obviously far better to help people to help themselves than to give them some kind of minimum income support every week. However, these policies can often be very expensive. It can often be cheaper to give income support every week, at least in the short term. So governments often don't want to invest the money it would require sometimes to help people to help themselves. But even once you have done that—and to a certain extent I think the U.K. government has been pursuing a lot of those kinds of active labour market policies—a significant number of people are still caring for and responsible for disabled adults or disabled children. They really do need income support to have an adequate standard of living, because that care and work really does have to be done.

Dr. Peter Kenway: Mr. Lake, could I just add to that? I certainly think that one thing you could not throw at the government we've had for the past ten years—and I'm not suggesting you are—is that it has in any sense thought it was sufficient to give people income support and leave it at that. They have been very vigorous in their active labour market policies, very much along the lines you were suggesting in your contribution a moment ago.

One can always argue about whether they implemented it properly or whether they had the right priorities, but I think in terms of a strategy they have very much been pursuing the sort of thing you were suggesting should be pursued. It's not altogether bad, but as David said, it's expensive. I think you do have to look at the U.K. as perhaps a sign that there's a limit to that as well.

If I may add one more point, which has come up a number of times—it came up in the previous question—about business, our government has not put any demands on business, nor has it really sought to alter the behaviour of business. I think you probably have to do both—try to equip and enable the individuals, but also alter behaviour in business. I think we have pursued a rather one-sided policy there. If you pursued a two-sided policy you might have a bit more success than we have.

The Vice-Chair (Mr. Michael Savage): Thank you, Dr. Kenway.

Thank you, Mr. Lake.

We would normally go to the NDP, but as I mentioned, Tony Martin is in Ireland doing some work on poverty. Mr. Lessard has offered to take his questions, and I'm afraid I can't allow that. I think Mr. Martin's assistant would like to jump in and ask some questions, and I can't allow that either. So we do have one round left, and I'm going to start with Mrs. Yelich, and perhaps Mr. Brown as well, for five minutes.

Mrs. Lynne Yelich: Thank you.

I wanted to talk a little bit about some of your strategy on the poverty study, because we are embarking on this study. You didn't really talk about a market basket, except you talked about the fuel poverty, and that still interests us. I want to back up what Jacques said, that the emphasis on fuel poverty should probably be a very important part of our study. Is there any other emphasis we should make? Are there other areas you think would make a huge contribution to this market basket?

When I'm thinking of a market basket I'm thinking about looking at different measurements of poverty. We talked about income and medians, but today you never spoke about a market basket. I don't know if you're familiar with that or if you have used it and you just didn't use that as an analogy. I wanted to know if that's something you have used. Earlier you did speak about some families that maybe don't have the same opportunities, given their situations. I'm just wondering if you have any suggestions for that, studying poverty.

● (1050)

The Vice-Chair (Mr. Michael Savage): Who wants that one?

Prof. David Gordon: Do you want me to answer that, Peter, or do you want to?

Dr. Peter Kenway: No, you answer it, David. It's your specialty.

Prof. David Gordon: The U.K. government has rejected the idea of using budget standards in order to test the adequacy of the income support rates. In the past in Britain, with the work of Booth and Rowntree, these kinds of studies were used widely. Rowntree's work in the 1930s was used to set the national assistance rates at the foundation of the welfare state. There was some work done in the 1960s then to test the adequacy of the supplementary benefit rates, the income support rates. That work was classified by the government as an official secret, and I think to this day it still remains an official secret.

Market-based measures, project standard measures, are unlikely to be used by the U.K. government in the foreseeable future. There are a number of good academic studies, both in Britain and Europe, using different levels to set the criteria, such as the minimum income you need to maintain healthy living, using the medical criteria on how much you need in order to have exercise and adequate diets. These are very interesting studies if you compare to our income support rates, particularly when it looks at the amounts of money available for families with disabled members, particularly disabled children.

But I think the U.K. government is not going to pursue those measures. The Australian government did look at them recently and also has not used them, because they believe there are too many matters of opinion on what should be included and what shouldn't be included. I think they saw the example of the Russian Duma, where there were big debates in their parliament about how many bras should be included in the basket for women of various ages, and British civil servants shuddered with horror at that.

I think it is worth pursuing, but I don't think it will be pursued actively at the government level in Europe in the foreseeable future.

Mrs. Lynne Yelich: Good. So the only real recommendation I see coming for a possible accent to our study would be the fuel poverty. That definitely should be a big part of our study. I want to have your comment on that again, because I think it would be a recommendation we should make to the committee to be studying what impact it would have on our people, on our study, and on our attack on poverty. That was my question—if you do think it is very important for us to make it part of our study.

Dr. Peter Kenway: I would add that I think the other big thing in the U.K. context that's really important is housing costs. We have two income measures that are fairly standard, both before and after housing costs. They show quite different things. They have very different geographical impacts.

Maybe we aren't going to get a budget standard basis for benefits, but that doesn't mean one shouldn't look at particular areas of costs. I certainly think that in the U.K. housing as an area of expenditure is probably the highest single item now. It's also worth saying that I think it was always housing costs that made it very difficult all the way through history for the budget standard things, right the way back to the work of Sir William Beveridge in the forties. So it's big, and it's definitely important to very many citizens.

● (1055)

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

Do you want to add something quickly, Professor Gordon?

Prof. David Gordon: I was going to say I personally think the approach that is being taken in Canada is a very good approach. I think fuel poverty is important. Housing is crucial in the U.K., although maybe not so crucial in the Canadian context.

Another basic utility, like the cost of water, is also something that probably needs to be looked at.

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

I'm just going to ask one question, and that will be the last question.

When we discussed this with your Irish colleagues who were working in government departments on poverty issues, they had indicated there was a broad consensus across the political landscape that poverty was a big issue, and Ireland had some pretty significant success since 1997.

Considering the relative volatility of politics in the U.K. right now, is there a significant difference between Labour and the Conservatives? For example, if David Cameron formed the next government, would there be a different approach to poverty? I wouldn't ask a government official that, but I would ask you two learned fellows that question, for a quick answer.

Dr. Peter Kenway: I'll go first and give you a chance, David.

I think the Conservative Party in Britain has only really recognized poverty as an issue since Cameron became leader. Before that they really remained in some sense in denial. It's been an extremely good thing; it's politicized what was previously an apparently technical subject.

I think more than enough noise has been made by the Conservatives in criticizing the Labour government over its failings, so much so that should they get elected in 2009 or 2010, it would not be possible for them to ignore poverty, but I think they will do different things. However, once they get into office—if they get into office—I still think that at quite an early stage they will find that what Labour has done will be largely what the civil service will continue to recommend as being the optimal approach, and it might take them time to do anything radically different.

The Vice-Chair (Mr. Michael Savage): Go ahead, Professor Gordon.

Prof. David Gordon: I agree with Peter. All political parties across the U.K. are signed up to the idea that poverty needs to be reduced and/or eradicated. The Labour government has set its stall out that it should be judged on how well it does, and other parties have responded by taking poverty seriously and testing the government on its claims.

Particularly since David Cameron came in, there has been a dramatic change to the Conservative Party's attitude towards poverty, in that they seem to be willing to pursue rigorous anti-poverty policies, whereas in the past they may not have prioritized that issue.

In the regional assemblies the Welsh nationalists and the Scottish nationalists all give high priority to anti-poverty promises, as do the Northern Ireland parties.

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

I want to thank Professor David Gordon, director of the Townsend Centre for International Poverty Research at the School of Policy Studies, University of Bristol. Thank you, sir. I want to also thank Dr. Peter Kenway, director of the New Policy Institute of London. Thank you both very much for your analysis and expert opinion today. We will be doing some more studies on the U.K. policy towards poverty when we come back in the fall.

I remind committee members of two things: first of all, there is no meeting on Thursday; second, the report on the EI commission was tabled yesterday, and the clerk will be making that available to us in due course.

Since there is no meeting Thursday, I'm sure you would want to join with me in thanking our staff for all the hard work they have done in enabling us to have a good session and doing some good work at this committee.

Mr. Lessard, did you want to say something?

[*Translation*]

Mr. Yves Lessard: Mr. Chair, I am not sure if you are aware, but, tomorrow afternoon, the Standing Committee on Aboriginal Affairs and Northern Development is meeting to watch the film *The Invisible Nation*. I am sure that you received the invitation. It would perhaps be a good opportunity for our committee to go. It is at 3:30 p.m., but I do not remember the room. We had put Richard Desjardins and his group that made the film on our list of guests for our study on poverty. It is tomorrow at 3:30 p.m. It will last an hour or an hour and a half.

● (1100)

[*English*]

The Vice-Chair (Mr. Michael Savage): Thank you very much, Mr. Lessard; so noted. We encourage all members to take note of that.

Thank you to the staff. Thank you, members. Enjoy your summer. We'll come back and get serious again about poverty in the fall. Thank you very much.

Mrs. Lynne Yelich: I want to thank the vice-chair, who did a good job.

The Vice-Chair (Mr. Michael Savage): The meeting is adjourned.

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