

# The Roles of Canada's Federal Government in Reducing Poverty

*A Summary Prepared by the Niagara Poverty Reduction Network*

[www.wipeoutpoverty.ca](http://www.wipeoutpoverty.ca)



## Context of the Roles of Canada's Federal Government in Poverty Reduction

"The rates of family and child poverty are unacceptably high taking into account Canada's high quality of living standard", according to a 2010 report, *Federal Poverty Reduction Plan, Working in Partnership Towards Reducing Poverty in Canada*, by a House of Commons Standing Committee, Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA). This report came as a result of a study on the role of the federal government in reducing poverty in Canada that was chaired by MP Candice Hoepfner.

The 2009 Senate report, *In From the Margins, A Call to Action on Poverty, Housing, and Homelessness*, declared that Canada's system for lifting people out of poverty is substantially broken and must be overhauled. "We began this study by focusing on the most vulnerable city-dwellers in the country, those whose lives are marginalized by poverty, housing challenges and homelessness." stated Senator Art Eggleton, Chair of the Standing Senate Committee on Social Affairs, Science and Technology's Subcommittee on Cities. "As our research evolved, so too did our frustration and concern as we repeatedly heard accounts of policies and programs only making living in poverty more manageable – which essentially entraps people."

*Motion 534 on Child Poverty Reduction* was passed by a near unanimous vote by all parties in the House of Commons in February 2015. The Motion included federal support for the development of a national poverty reduction plan that would include (a) making housing more affordable for lower income Canadians; (b) ensuring accessible and affordable child care; (c) addressing childhood nutrition; (d) improving economic security of families; (e) measures that specifically address the unique needs of First Nations, Inuit and Métis communities; and (f) measurable targets and timelines. This motion comes many years after the 1989 House of Commons all-party resolution to seek to achieve the goal of eliminating poverty among Canadian children by the year 2000.

It is clearly evident by the research and recommendations put forward in these reports and motions that the federal government has an integral leadership role to play in eradicating poverty in Canada. There are policy areas where the federal government has demonstrated on-going investments towards poverty reduction; however, a lack of a comprehensive, coordinated national plan between the federal government, provincial/territorial governments and other partners hinders further progress on an issue of national importance. Canada and all Canadians bear the high costs associated with poverty in many ways, including higher health care expenditures, lower productivity, homelessness, policing costs, and more, as described by the National Council of Welfare in their report *The Dollars and Sense of Solving Poverty*. Canada can and must do better.

What is also clear is that many of Canada's valued social policies and programs have barely changed since the 1960s despite major transformations in our economy and society. The federal government, in partnership with the provinces, led the creation of our social architecture — the suite of programs that includes the Canada Pension Plan (CPP), Medicare, and Employment Insurance (EI), among others. While there have been numerous adjustments, many of the main pillars of Canada's social architecture have not evolved to appropriately address current economic and demographic realities. Canada's social architecture is at a crossroads: fundamental challenges have been neglected for too long in favour of short-term fixes, resulting in large gaps that now threaten the well-being and economic prosperity of Canadians. The renewal of these programs and policies must be a priority.



There are four key areas where the federal government can make an important contribution in reducing, and ultimately, eradicating poverty in Canada:

- 1) **Leadership to create a comprehensive national plan for poverty eradication that works in partnership with other levels of government and sectors, uses a human rights lens, and is enshrined in legislation**
- 2) **Enhanced federal income security programs, including Employment Insurance, Canada Pension Plan, Old Age Security, national child benefits, and Working Income Tax Benefit**
- 3) **Improved support of Canada's social architecture programs and services that are delivered by the provinces, territories and municipalities, such as employment training, health care, early learning/child care, housing, and transportation**
- 4) **Aboriginal programs and supports**

Within each of the areas we have provided credible sources and practical examples of ways these areas can be enhanced and policies can be implemented through a collaborative plan with goals, targets, and timelines.

#### Resources:

- **Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada: 2010 Report of the House of Commons Standing Committee on Human Resources, Skills, and Social Development and the Status of Persons with Disabilities -**  
<http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=4770921>
- **In From the Margins: A Call to Action on Poverty, Housing, and Homelessness – 2009 Senate Report -**  
<http://www.parl.gc.ca/Content/SEN/Committee/402/citi/rep/rep02dec09-e.pdf>
- **Vote #324 on February 4<sup>th</sup>, 2015 – Motion 534 on Child Poverty Reduction -**  
<https://openparliament.ca/votes/41-2/324/>
- **25 years since Canada vowed to end child poverty, where are we now? -**  
<http://globalnews.ca/news/1685376/25-years-since-canada-vowed-to-end-child-poverty-where-are-we-now/>
- **The Dollars and Sense of Solving Poverty: 2011 Report from the National Council of Welfare -**  
[http://vibrantcanada.ca/files/dollars\\_and\\_sense\\_en\\_summary\\_web.pdf](http://vibrantcanada.ca/files/dollars_and_sense_en_summary_web.pdf)
- **Renewing Canada's Social Architecture -** <http://social-architecture.ca/>
- **Dignity for All: A National Anti-Poverty Plan for Canada -** [http://www.cwp-csp.ca/wp-content/uploads/2015/02/DignityForAll\\_Report-English-FINAL.compressed.pdf](http://www.cwp-csp.ca/wp-content/uploads/2015/02/DignityForAll_Report-English-FINAL.compressed.pdf)
- **Poverty Reduction in Canada: The Federal Role -**  
<http://www.parl.gc.ca/Content/LOP/researchpublications/prb0722-e.htm>



## 1. FEDERAL POVERTY ERADICATION ACTION PLAN

Poverty eradication means pursuing the lowest possible levels of poverty in the industrialized world, both in incidence and in depth. It does not mean reaching a level of zero. In Canada, the poverty rate has remained stubbornly high, in the range of 10-14% (depending on which measurement tool is used) and the picture is no different in Niagara. Yet countries such as Denmark have poverty rates below 6%. As many Scandinavian countries have shown, it is possible to have an effective labour market, high productivity, high literacy rates, relatively high public spending, and lower poverty rates. Countries that take a long term perspective, where social spending is valued and seen as investment, see the payback in low poverty rates, better health, and enormous dividends on quality of life.

There were many similarities in the recommendations put forward in both the Senate and House of Commons poverty reports, with **the top recommendation being the immediate commitment of the federal government to the creation of a federal action plan to reduce poverty in Canada developed in collaboration with provincial and territorial governments, municipal governments, the public and private sector, and people living in poverty.** Ideally, such a plan would incorporate a human rights lens and would be enshrined in legislation. A federal anti-poverty plan would place poverty eradication and social inclusion firmly on the public policy agenda. It would be founded on the premise that social and economic development should go hand in hand. Objectives would include increasing the labour market participation of those who are able to work and enhancing income security and supports for those with significant work limitations or barriers or who are not considered to be labour market participants (i.e. children and seniors). To meet these objectives, a multi-dimensional approach would include providing better access to early learning and child care services, affordable housing, health care, essential public services, income supports, high-quality education and training, and jobs that pay a living wage.

Many Canadian provinces now have provincial poverty reduction strategies that include a call for an engaged federal government to complement and reinforce provincial efforts. While provinces are responsible for the delivery of social and health programs, they rely on federal public policy tools, funding investments (such as the Canada Social Transfer), data, and leadership to do so. The challenges of poverty and eradicating poverty are so large and often complex, and have such a significant impact on national prosperity, that strong, collaborative leadership from all levels of government is required. Canada is not simply the sum of its part; it is a nation and solving poverty is a national issue. There is no doubt the federal government cannot tackle poverty on its own. However, it does have a dominant role to play and strong national leadership is needed to bring together lower-tier levels of government, as well as the private and not-for-profit sectors to create a national plan of action. There are many policy tools that must work better together to address poverty as outlined in the federal reports and these need to be implemented.

### Resources:

- **Poverty in Canada infographic: TVO** - <http://tvo.org/whypoverty/info/poverty-in-canada>
- **OECD Poverty Rates** - <https://data.oecd.org/inequality/poverty-rate.htm>
- **A Legacy of Poverty? Addressing Cycles of Poverty and the Impact on Child Health in Niagara Region** - <https://www.niagararegion.ca/social-services/legacy-of-poverty.aspx>



## 2. ENHANCED FEDERAL INCOME SECURITY PROGRAMS

Two notable examples of federal income security public policies that have successfully lifted millions of Canadians out of poverty include public pension plans for seniors (Old Age Security (OAS), the Guaranteed Income Supplement (GIS), and the Canada Pension Plan (CPP)) and national child benefits (Canada Child Tax Benefit (CCTB) and National Child Benefit Supplement (NCBS)). The advancements of seniors' income security programs saw their poverty rates plummet from 29% in 1976 to 5.4% by 2006. Federal child benefits have significantly supported the reduction of child poverty rates in Canada. However, increases to all programs are needed to keep pace with inflation, as well as to include more Canadians who live on low incomes. One notable cause for concern is the impact raising OAS and GIS from 65 to 67 will have on seniors on low incomes, such as those in receipt of social assistance.

CPP enhancement is crucial to helping Canadians save adequately for retirement, according to a new report released David Dodge, the former Governor of the Bank of Canada. Canadians do not save enough to support accustomed standard of living. Two-thirds of Canadians don't have pension plans or access to savings vehicles that would produce the returns needed to secure finances in retirement and this increases the risk of poverty in retirement.

The Employment Insurance (EI) program is meant to be a safety net for Canadians who find themselves suddenly unemployed. Virtually all Canadian employees pay into EI premiums yet many are excluded from ever being able to access this support, if needed, including many lower income and part time workers and the self-employed. Coverage of the unemployed has fallen from 83% in 1990 to less than 40% by 2013. Given the changing employment landscape and rise in precarious, part-time work, it makes good sense to review the current EI program and revamp it to meet Canada's labour market realities.

The Working Income Tax Benefit (WITB) is a useful income support for working Canadians with low earnings. While the benefit has broadened since its inception in 2007 to include more Canadians earning low incomes it still phases out at too low a net income threshold, leaving many working Canadians still struggling and living in poverty. The WITB could be a powerful federal income security lever to reduce poverty by increasing both the amount of the benefit and extending the benefit up the income scale.

Canadians living with disabilities are amongst the poorest of the poor in Canada, face significant barriers to employment and are often marginalized in their communities. The Canada Pension Plan Disability (CPPD) program is an important federal income security measure for people who have been in the labour force but have had to stop working because of a disability. Historically, wait times for CPPD have been prolonged, leaving many Canadians with disabilities without access to this income source. As well, the program, while applicable for people with a mental illness, gears its tests towards persons with a physical ailment, thus making it more difficult to qualify. Provincial/territorial social assistance programs for people living with disabilities provide inadequate income security to live above the poverty line. These programs were not designed to provide long term flexible supports needed by persons with disabilities. A federal basic income program for Canadians with disabilities should be a consideration.



### Some federal public policy recommendations include:

- Increase and annually index the Guaranteed Income Supplement support to a level that ensures all seniors are lifted out of poverty and implement a pro-active enrollment regime to automatically notify and enroll eligible seniors for OAS and GIS
- Review the decision to increase the age of eligibility for OAS and GIS to 67 and consider alternatives, in light of the impacts it will have on seniors living on low incomes
- Enhance CPP
- Increase National Child Benefits (CCTB and NCB) to a minimum of \$5000/year
- Review and discuss with provincial/territorial governments the need to end “clawbacks” of child benefits for families living on social assistance
- A review and revamp of the Employment Insurance program’s eligibility requirements, benefit durations, and benefit rates to better reflect Canada’s current labour market
- Continue to expand eligibility for the WTIB to include more working Canadians with low incomes and raise the amount of the benefit
- Create a federal basic income program for persons with disabilities
- Begin discussions with provincial and territorial governments to explore options for the creation of a universal demogrant, or basic income guarantee, income security model that would support all Canadians

### Resources:

- **Delaying OAS aging people into poverty: CARP** - <http://www.carp.ca/2012/04/03/delayed-oas-aging-people-into-poverty/>
- **David Dodge: “CPP Enhancement Essential”** - <http://www.carp.ca/2014/05/02/david-dodge-publishes-new-report-shows-overwhelming-benefits-cpp-enhancement/>
- **How do families who receive the CCTB and NCB spend the money? Martin Prosperity Institute** - <http://martinprosperity.org/media/CCTB-and-NCB-Family-Spending.pdf>
- **The Clawback of the National Child Benefit Supplement** - <http://hpclearinghouse.ca/alliance/Downloads/CDPAC%20NCBS%20Paper%20%28September102007%29.pdf>
- **Making It Work: Final Recommendations of the Mowat Centre’s Employment Insurance Task Force** - <http://www.mowateitaskforce.ca/sites/default/files/MakingItWork-online.pdf>
- **Enhancing the Working Income Tax Benefit: Caledon Institute** - <http://www.caledoninst.org/Publications/PDF/1001ENG.pdf>
- **Basic Income Canada Network** – <http://biencanada.ca>



### **3. IMPROVED SUPPORT OF PROVINCIAL AND TERRITORIAL EMPLOYMENT, SOCIAL, AND HEALTH PROGRAMS AND SERVICES (CANADA'S SOCIAL ARCHITECTURE)**

#### ***Employment/Labour Market Support***

Canada's economic recovery since the last recession remains modest and the labour market is much more volatile. Youth unemployment rates remain stubbornly high. Aboriginals, newcomers, and persons with disabilities have higher rates of unemployment or underemployment. Canada has more people with a university degree that live in poverty than any other country in the world, according to Benjamin Tal, deputy chief economist with CIBC World Markets.

Since the 1980s, temporary and contract work, and self-employment have grown faster than permanent, full-time employment in Canada. Many of the jobs being created are often defined by insecurity and uncertainty and are considered precarious. As many as 44% of employees in the Toronto and Hamilton area are in jobs with some level of precarity, according to a recent report, *The Precarity Penalty*. Many in precarious employment face significant barriers in getting ahead or in moving into better opportunities. Lack of training and inability to access childcare can trap workers in low-paying, insecure employment. While provincial and territorial governments are responsible for establishing employment standards and labour laws, there are some key supports required from the federal government to ensure Canada builds a dynamic labour market that supports workers in precarious employment and ensure that all jobs are a pathway to income and employment security. Good labour market data is a critical element, with the Canadian Chamber of Commerce calling for considerable improvements to Canada's labour market data and information dissemination.

#### ***Child Care and Early Childhood Education***

A lack of access to quality, regulated, affordable child care can be a significant barrier to parents seeking to acquire or upgrade skills and education, enter and remain in the labour force, and escape low income wages, especially women and new immigrants. Parents working non-standard job hours, common for lower paying jobs, also struggle to find suitable child care.

Craig Alexander of the TD Group writes "Direct public expenditure on early childhood education services in Canada stands at a mere 0.25 per cent of GDP (Gross Domestic Product) – the lowest in comparable European and Anglo-speaking countries. Raising investment in early childhood education would bring long-term benefits. Most studies show that a one dollar investment reaps a long-term return of 1.5-to-3 dollars, and the return on investment for children from low income households can be in the double digits. Investing more in children would help to address Canada's essential skills challenge. Evidence from an international benchmark study on literacy showed that 5-in-10 Canadians have literacy skills below the desired level for a modern knowledge based economy, while 6-in-10 have below desired numeracy skills. Canadian youth scored lower than the average of youth in other industrialized economies. In a knowledge-based economy, we need to do better."

## ***Housing***

Decent and affordable housing is an important foundation for healthy development, social inclusion, and a springboard to exit poverty. It is also a fundamental right. Unfortunately, wait lists for affordable housing across Canada continue to grow. In 2015 in Niagara region alone, there were over 4500 households on the Niagara Regional Housing affordable wait list. One in five Canadian renters pay more than 50% of their income on housing costs. Less than 5% of Canada's overall housing stock is in the social sector, which is much lower than other developed countries.

The House of Commons Committee that studied poverty in Canada strongly believes that action must be taken to help struggling Canadians access and retain safe, decent, and affordable housing. Currently, housing-related funding and programs are delivered across the country by all three levels of government in a system that has been described as a "patchwork". Despite the provinces and territories having primary jurisdiction over housing, there is a very active, coordinating role for the federal government to play. Implementing a national housing strategy would demonstrate the federal government's commitment to housing as a basic right of all Canadians and would represent a key contribution to the fight against poverty in Canada. There is also much more potential to engage the private sector if there is a planned approach.

## ***Transportation***

Public transit is an important service for Canadians living on low incomes, as owning and operating a vehicle can be cost prohibitive. Access to public transit is one of the keys to improving attachment to the labour market for many working age Canadians. Many people with disabilities, as well as a growing number of seniors, also rely on access to public transportation services. While the design and delivery of public transit systems takes place at the provincial and municipal levels, the federal government does have an important role to play in ensuring that Canadians of all abilities can access appropriate transportation, by providing adequate public transit infrastructure investments to lower levels of government.

## ***Health and Health Care***

Poverty must also be looked at through the lens of health and health care costs. Canadians living on low incomes experience poorer physical and mental health than higher income groups. They are more likely to report unmet health care needs, are less likely to have a family doctor, and spend a greater number of nights hospitalized each year. As well, Canadians on low incomes are much less likely to have access to health insurance for costs not covered under the public health care system, including prescription drugs, dental care, and vision care. Canada is the only country with universal medicare that does not have a national pharmacare program.

The 2010 House of Commons Committee that studied poverty in Canada states that "the Committee believes that every Canadian should have an equal opportunity to lead a healthy and fulfilling life and that steps to reduce poverty must be taken if we want to reduce health inequities."





### Some federal public policy recommendations include:

- Increase Canada Social Transfer funding investments by at least \$2 billion, along with the inclusion of improved accountability, measurable goals, timelines, and conditions, planned in conjunction with provincial and territorial governments, to allow for more consistency in delivery of health and social programs across the country
- Develop, in collaboration with all levels of government, labour, employers, education groups, and representatives from groups facing employment barriers, a National Jobs Creation and Training Strategy
- Take a lead in helping all sectors better understand the trends that are impacting the labour market, especially in regards to precarious employment, by increasing funding for Statistics Canada to collect and disseminate better-quality labour market information; a full re-instatement of the original long form census is highly recommended
- Review and reform existing employment training programs to ensure they are better serving the needs of Canadians seeking to upgrade their skills, including those who can't currently access training through EI programs
- Continue to improve credential recognition for newcomers and immigrants
- Work with provincial and territorial governments and stakeholders to develop and implement a national strategy on early childhood education and care, including the creation of a national public child care system
- Raise investment in early learning and child care services from the current 0.25% of GDP to at least 1% of GDP (the international benchmark)
- Develop a comprehensive, long term national housing strategy, in collaboration with provincial and territorial governments, municipalities, service providers, and other stakeholders, with goals, timelines, and accountability measures. Three pillars of such a plan would be to build new housing, renew/maintain existing housing, and supports including rent supplements and Housing First wraparound
- Dedicated federal funding of not less than \$2 billion per year in new money (to be matched by provincial and territorial governments) to implement housing solutions that meet the national strategy targets
- Increase investments in infrastructure funds for accessible and affordable public transportation options
- Adopt a Health Impact Assessment process as part of on-going federal policy-making and evaluation practice in all sectors
- Develop a National Pharmacare Strategy
- Fully implement the recommendations in the National Mental Health Strategy developed by the Mental Health Commission of Canada

## **Resources:**

- **The Precarity Penalty: The impact of employment precarity on individuals, households and communities, and what to do about it** – <http://www.unitedwaytoronto.com/document.doc?id=308>
- **More Canadians Hold University Degrees and Low Paying Jobs** - <http://news.nationalpost.com/news/canada/critics-complain-of-qualification-inflation-as-more-canadians-hold-university-degrees-and-low-paying-jobs>
- **How Good is Canada's Labour Market Information?** - <http://www.chamber.ca/>
- **Investment in Early Childhood Education: TD Report** - <https://www.td.com/document/PDF/economics/special/InvestmentInEarlyChildhoodEducation.pdf>
- **Child Care in Canada: The Federal Role** - <http://www.parl.gc.ca/content/lop/researchpublications/prb0420-e.htm>
- **Affordable Housing Needs in Niagara** - [http://www.onpha.on.ca/onpha/Content/PolicyAndResearch/Waiting\\_Lists\\_Survey\\_2014/Resources/Housing\\_Summaries/Niagara.pdf](http://www.onpha.on.ca/onpha/Content/PolicyAndResearch/Waiting_Lists_Survey_2014/Resources/Housing_Summaries/Niagara.pdf)
- **Ten Things You Should Know About Housing and Homelessness in Canada: Wellesley Institute** - [http://www.wellesleyinstitute.com/wp-content/uploads/2011/11/wimiloon2007\\_0.pdf](http://www.wellesleyinstitute.com/wp-content/uploads/2011/11/wimiloon2007_0.pdf)
- **Strengthening the Foundations of Housing in Canada: Federation of Canadian Municipalities** - [http://www.fcm.ca/Documents/reports/FCM/Built\\_to\\_Last\\_Strengthening\\_the\\_foundations\\_of\\_housing\\_in\\_Canada\\_EN.pdf](http://www.fcm.ca/Documents/reports/FCM/Built_to_Last_Strengthening_the_foundations_of_housing_in_Canada_EN.pdf)
- **Transportation Emerges as Crucial to Escaping Poverty** - <http://www.nytimes.com/2015/05/07/upshot/transportation-emerges-as-crucial-to-escaping-poverty.html?mwrsm=Email&r=0>
- **Health Impact Assessment: World Health Organization** - <http://www.who.int/hia/en/>
- **The Mental Health Strategy for Canada: Mental Health Commission of Canada** - <http://strategy.mentalhealthcommission.ca/>



## 4. ABORIGINAL PROGRAMS AND SUPPORTS

Despite significant funding investments from the federal government, which has constitutional responsibility for Aboriginal programs and supports such as housing, education, and health, the overall prevalence of low income is considerably greater among Aboriginal people than among the non-Aboriginal population. It has been estimated that 40% of Canada's Aboriginal children live in poverty. Given this alarming rate of poverty, a much stronger commitment to understanding of what is working and what is not working is clearly needed, and must be done in an engaged partnership with the Aboriginal community.

### Some federal public policy recommendations include:

- Implement the recommendations in the Truth and Reconciliation report
- Strengthen the commitment to provide high-quality, culturally-relevant elementary and secondary education to Aboriginal students and improve access to post-secondary education
- Further invest in Aboriginal skills training and economic development and ensure on-going monitoring and enhancement of the Aboriginal Skills Employment and Training Strategy
- Ensure adequate funding for social programs that provide early intervention services to the Aboriginal community
- Increased investments and on-going monitoring of food security issues in Northern or remote Aboriginal communities and address barriers
- Ensure a concerted focus on Aboriginal housing requirements (both on and off reserve), planned in partnership with Aboriginal stakeholders, in the creation of an over-arching National Housing Strategy that would include targets and timelines
- Evaluate the Urban Aboriginal Strategy to assess funding adequacy and effectiveness, and enhance as needed
- Fund and support a health and well-being system for the Aboriginal community that ensures the rights of Aboriginals to design, deliver, and administer culturally appropriate health promotion, prevention, and acute care services

### Resources:

- **Aboriginal Poverty Infographic: TVO** - <http://tvo.org/whypoverty/info/aboriginal-poverty>
- **Struggling to Escape a Legacy of Oppression** - <http://www.socialjustice.org/index.php?page=aboriginal-issues>
- **Why Fixing First Nations Education Remains So Far Out of Reach** - <http://www.macleans.ca/news/canada/why-fixing-first-nations-education-remains-so-far-out-of-reach/>
- **Poverty a major barrier to good health for urban aboriginals: St. Michael's Hospital study** - <http://www.cbc.ca/news/canada/hamilton/news/poverty-a-major-barrier-to-good-health-for-urban-aboriginals-study-1.2701497>
- **Truth and Reconciliation Report** - <http://www.trc.ca/websites/trcinstitution/index.php?p=890>
- **A True Reconciliation: Close the Poverty Gap** - <http://www.cwp-csp.ca/2015/06/a-true-reconciliation-close-the-poverty-gap/>

