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Chair

Mr. Bryan May

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

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•(0845)

[English]

The Chair (Mr. Bryan May (Cambridge, Lib.)): Good morning, everybody, and welcome.

We are, again, moving forward on our study of poverty reduction strategies. Today I'm thrilled to welcome, from the Department of Employment and Social Development, Nancy Milroy-Swainson, director general, seniors and pensions policy secretariat, income security and social development branch; as well as Barbara Schwartz, director, program integrity, Canada education savings program. From the Department of Finance, we have Galen Countryman, director, social policy, federal-provincial relations, in the social policy branch; as well as Pierre LeBlanc, director, personal income tax division, tax policy branch. Finally, from Statistics Canada we have with us today Andrew Heisz, assistant director, income statistics division; and Tracey Leesti, director, income statistics division.

Thank you very much, everybody, for being here. We have quite a few of you here today, so without further ado, we're going to get started.

I would like to recognize that Karen is joining us today. Welcome. I understand that you're just filling in.

We have a new member on our committee. Unfortunately, we lost Monsieur Deltell, I believe to finance. He moved over there. Joining us for the foreseeable future is Mr. Pierre Poilievre, who I believe is the new official opposition critic for work and opportunities. We look forward to welcoming him. Is he coming today?

A voice: Yes.

The Chair: Awesome. Fantastic. We'll give him a bit of a hard time when he gets here, for being late on his first day.

We'll get going with the presentations. I believe that, first up, we have Nancy. The floor is yours.

Ms. Nancy Milroy-Swainson (Director General, Seniors and Pensions Policy Secretariat, Income Security and Social Development Branch, Department of Employment and Social Development): Good morning. We're pleased to be here to support you in your study looking at poverty reduction. Collectively my colleagues and I will address all of the income security programs and savings vehicles that were mentioned in the description of pillar three of your poverty reduction study.

As you know, on October 4, Minister Duclos appeared before you and tabled the discussion paper "Towards a Poverty Reduction Strategy", with the intention of opening a conversation across Canada on poverty. The discussion paper highlights a range of areas that effect and are affected by poverty, including housing, income, employment, and health. It also talks about how poverty affects educational opportunities and social mobility.

Income- and asset-based approaches to poverty reduction are widely used, both within Canada and internationally. Income supports provide those living in low income with immediate assistance, while asset-based approaches and programs that encourage people to save help prevent poverty in the future and help prevent the transmission of poverty from one generation to the other.

The programs my colleagues and I will speak to you about are key supports that both contribute to lifting low-income Canadians out of poverty and help them join the middle class.

[Translation]

Let me begin by talking about the first pillar of Canada's public pensions, that is, the old age security program, or OAS for short. The OAS program is a non-contributory, residence-based program financed through general tax revenues. The program's objective is to ensure a minimum income to Canada's seniors and to mitigate income disruptions at retirement.

It has three components: the OAS pension, which is provided to all seniors aged 65 and over who meet the residence requirements; the guaranteed income supplement, or GIS, for low-income seniors; and an allowance to low-income individuals aged 60 to 64 who are the spouses or common-law partners of GIS recipients, or who are widows or widowers. Currently a single senior with no other income receives a maximum of about \$17,300 per year in OAS and GIS benefits. For couples, the maximum amount is about \$26,300 per year.

Budget 2016 introduced two significant changes to the OAS program. First, the government cancelled the increase in the age of eligibility for the OAS pension and the GIS from 65 to 67, which was scheduled to begin in April 2023. Because vulnerable seniors depend heavily on OAS benefits, the increase in the age of eligibility would have otherwise raised the number of seniors aged 65 and 66 living in low income. Budget 2016 also increased the GIS for the most vulnerable single seniors, effective July 2016. Specifically, the GIS top-up was increased by \$947 per year for the lowest-incomes single seniors.

Finally, the government is also committed to ensuring that OAS and GIS benefits keep pace with the cost of living faced by seniors, and is examining ways a seniors price index could be developed.

• (0850)

[English]

The second pillar of Canada's public pensions is the Canada pension plan. It is a contributory social insurance program that replaces a portion of earnings of contributing workers in the event of retirement, disability, or death. The CPP plays an important role in preventing moderate and middle-income households from sliding into poverty in retirement. In combination with the OAS program, it helps lower-income workers achieve high levels of income replacement in retirement.

The plan is particularly beneficial for low-income earners in two ways.

First, as an insurance plan, the CPP pools contributions. This keeps costs low and allows beneficiaries to receive a higher level of income protection than they would if their benefits were based strictly on their own contributions. The disability and survivor benefits reflect the plan's strong social insurance component and help reduce poverty. For example, a 2011 evaluation of the CPP disability program found that while 22% of CPP disability beneficiaries had an income below the low-income cut-off, this would have been 40% without the program.

Second, the CPP benefits low earners by exempting the first \$3,500 of earnings from contributions, even though it provides income replacement from the first dollar of earnings. This means that low earners receive a higher return on their contribution, which is proportionally greater than that received by higher earners.

The enhancement of the CPP, agreed to recently by the federal government and the provinces, can further assist the federal government to reduce poverty. The enhancement will increase the replacement rate provided by the CPP retirement pension from one-quarter of pensionable earnings to one-third of pensionable earnings. This means workers at all income levels will receive more income in retirement. It will also increase the amount of survivor and disability benefits. In this context, the government is also increasing the working income tax benefit for low-income workers. This will help protect the disposable income of low-income families who contribute toward an enhanced CPP during their working years.

Before concluding, let me speak briefly to the registered education and disability savings plans.

[Translation]

The Registered Education Savings Plan, or RESP, assists families to save for their children's post-secondary education. The Government of Canada provides incentives to save in an RESP in the form of the Canada education savings grant and the Canada learning bond.

Canada learning bonds, which are federal contributions that do not require personal savings, are of particular benefit to low-income Canadians. Research shows that it is the presence, rather than the amount, of savings that creates aspirations for post-secondary education. In this context, RESPs play an important role in the Government of Canada's efforts to reduce poverty in Canada. Research shows that students with savings in RESPs are more likely to attend post-secondary education, independent of parental income, parental education, and other factors. Recent studies confirm that post-secondary credentials support the long-term economic success of Canadians in terms of increased earnings, reduced unemployment, and other benefits.

• (0855)

[English]

The registered disability savings plan, or RDSP, similarly is a tax-assisted, long-term savings plan. In this case it helps people with severe and prolonged disabilities and their families to save for retirement. Like the RESP, to help savings grow, the federal government deposits grants and bonds into the RDSPs of eligible Canadians with disabilities. Earnings accumulate tax free until the money is withdrawn.

The government is committed to promoting these savings vehicles and ensuring that they are accessible to all individuals and families who are eligible for these programs. Various outreach activities are undertaken to enhance the take-up.

I will now turn to my colleagues from the Department of Finance.

Thank you.

The Chair: Thank you very much.

First of all, I would like to welcome Mr. Poilievre. I'm sure there's a joke here about arriving late on your first day, but welcome anyway.

Mr. LeBlanc.

Mr. Pierre LeBlanc (Director, Personal Income Tax Division, Tax Policy Branch, Department of Finance): Thank you very much for the invitation to be here. My ESDC colleague just talked about registered education savings plans and registered disability savings plans. I'll focus on registered retirement savings plans and tax-free savings accounts. If you do have any questions about the tax aspects of RESPs or RDSPs, I'd be pleased to answer those.

RRSPs, along with employer-sponsored registered pension plans, provide tax-assisted savings opportunities that encourage and assist Canadians—

The Chair: Sorry, just one second, we're having trouble with the translation.

Thank you. I apologize, please, go on.

Mr. Pierre LeBlanc: No worries.

They assist Canadians to supplement the retirement benefits provided by public pensions—OAS-GIS and CPP-QPP—as Nancy just described, so they may achieve their retirement income goals. RRSPs are voluntary, individual, and essentially a defined contribution savings plans. Savings through RRSPs and pensions are tax deferred. That means the contributions are deductible from income for tax purposes; investment income isn't taxed, as it's earned in the plans; and pension payments and RRSP withdrawals are taxed, but they're included in income and they're taxed at regular rates.

[Translation]

The contribution and benefit limits for pension plans and RRSPs are designed to permit most individuals to save enough over a 35-year career to obtain a pension equal to 70% of pre-retirement earnings, an amount generally considered sufficient to allow individuals to maintain their living standards in retirement.

Annual contributions of 18% of earnings are permitted to be made to an RRSP up to a specified dollar limit. In 2016, that limit is \$25,370. The pension and RRSP limits are integrated in order to provide comparable retirement savings opportunities whether an individual saves in a pension plan, an RRSP, or both. Unused RRSP room may be carried forward to future years.

[English]

If you look at annual contributions through RRSP, there's just about \$40 billion, and there was about \$1.1 trillion in RRSP assets at the end of 2014.

Participation in pension plans and RRSPs tends to increase with earnings, but that's because private savings needs increase as earnings increase.

Nancy told us about OAS-GIS and CPP-QPP. They replace a significant portion of pre-retirement earnings for those with low and modest incomes, meaning that their private savings needs can be small. Often, they can be zero. Middle- and higher-income Canadians, on the other hand, need to save privately to achieve adequate earnings replacement rates in retirement because public pensions replace a smaller portion of pre-retirement earnings, so it's understandable that participation rates in RRSPs and pensions plans are higher for middle- and high-income individuals.

Now we also have the tax-free savings account, which provides tax-assisted savings opportunities. The TFSA is a general purpose savings plan. It can be used for any purpose, including retirement savings, but for lots of other purposes, too. TFSAs first became available in 2009 and they allowed Canadian residents aged 18 and over to earn tax-free investment income throughout their lifetime. Contributions to a TFSA aren't tax deductible, but investment income earned under a TFSA and withdrawals from a TFSA are both tax free.

● (0900)

[Translation]

The TFSA annual contribution limit was \$10,000 for 2015. The government has proposed returning the annual limit to \$5,500 for 2016, indexed to inflation in \$500 increments.

Unused TFSA contribution room is carried forward and accumulates in future years. The full amount of withdrawals from a TFSA can be re-contributed to the TFSA the following tax year.

The TFSA can provide greater savings incentives for low- and modest-income individuals than an RRSP, because, in addition to tax savings, neither the income earned in the TFSA nor withdrawals from it affect eligibility for federal income-tested benefits and credits, such as guaranteed income supplement benefits and the Canada child benefit.

TFSAs have quickly become an important savings tool for Canadians. Nearly 12 million individuals held TFSAs at the end of 2014, with a total fair market value of over \$150 billion. Almost half of TFSA holders in 2014 had total income under \$40,000.

[English]

Those are my remarks. After we're all done, I'd be pleased to answer any questions.

The Chair: Thank you, Monsieur LeBlanc.

Mr. Heisz.

Mr. Andrew Heisz (Assistant Director, Income Statistics Division, Statistics Canada): Thank you.

I have a slide presentation.

[Translation]

It would be useful to consult it. I will let you know which slides I am referring to.

I am going to start with slide number two.

[English]

Poverty is a multi-faceted subject. There's no agreement among experts on a single measure. Having a low income is a dimension of poverty. The media and academic publications often use income as a proxy for poverty. This presentation will discuss low-income trends and examine differences among groups.

Low income happens when a family's after-tax income falls below a specific threshold. All Statistics Canada measures refer to relative low income. They refer to the share of the population that has low income compared to what would be considered an acceptable living standard relative to the societal norm. Relative low income is commonly used for measuring poverty in developed nations. Absolute low income would refer to the share of the population with incomes below what is needed to meet the minimum standards of food, clothing, health care, and shelter. Statistics Canada does not measure absolute low income.

The headline low-income indicator used by Statistics Canada is the low-income measure or LIM. The concept underlying the LIM is that if your family income is below half the median family income in a year, then your family is in low income for that year. Each year the LIM is rebased, so there is a new set of thresholds every year. Thus, the LIM measures whether low incomes are keeping up with contemporary living standards.

An advantage of LIM is that it's easy to understand and always reflects current standards of living. A common criticism of LIM is that because the low-income thresholds change every year, the yardsticks are always moving, making it difficult to use for short-term policy analysis.

A second low-income measure produced by Statistics Canada is the low-income cut-off or LICO. The concept underlying the LICO is that if your family income is below the LICO threshold, it means that you are likely to be spending a significantly larger share of your income on food, shelter, and clothing than the Canadian average. LICO thresholds were last rebased in 1992. Since 1992 the thresholds have been updated for changes in prices using the consumer price index, CPI. Changes in the low-income rate under LICO tell us whether incomes at the lower end of the income distribution are keeping up with or falling behind inflation. An advantage of the LICO is that the thresholds have a stable, real value in constant dollars. They can provide policy-makers with a fixed benchmark to evaluate short-term progress. A common criticism of LICO is that the LICO thresholds no longer reflect an acceptable relative standard of living.

For the purposes of this presentation, I present statistics from both LIM and LICO. I'd like to add that Statistics Canada produces a number of other statistics that reflect upon Canadians in less advantaged situations. Some of these were developed with the involvement of other federal departments.

LICO and LIM can be used together to study trends in low income. This graph shows the low-income rate for all Canadians using both measures. Recent trends for the two measures are quite different. The LIM has been steady or rising slightly since 2000. This means that the income of low-income families has just managed to keep up with overall living standards, which have been rising over this period. For this purpose, I am referring to living standards as median incomes of families. The LICO has fallen steadily. This means that the incomes of low-income families have been rising relative to inflation.

The story is similar for children but not seniors. These graphs show low-income rates for these groups. Incomes for low-income seniors have been keeping up with prices, which can be seen in the

steady LICO low-income rate, but falling behind median living standards, which can be seen by a rising LIM low-income rate. To say it differently, while low-income seniors are not worse off in real terms, the income gap has been rising between low-income seniors and other Canadians.

For the remainder of the presentation, I'll refer to low-income rates calculated using both the LIM and LICO methodologies, but I won't compare the results. While trends in the two indicators are different, as I just showed, they otherwise tell very consistent stories about low income in Canada.

● (0905)

Before returning to trends in low income, I'll talk a little about trends in income overall. Underlying trends in low income are changes in income for low-, medium-, and high-income families. In fact, the 2000s have seen family income growth across the income spectrum, especially at the top. This graph shows after-tax income for families, including unattached persons. Median after-tax income rose by 19% between 2000 and 2014. After-tax income at the 10th percentile rose by 14%, indicating that incomes for low-income families were also rising. The fastest growth was at the top of the income distribution, where after-tax income at the 90th percentile rose by 23%.

Research showed that income growth differed widely by region. The left graph shows the average annual growth in median family income by province from 2000 to 2014. Income growth was especially high in resource-rich provinces: Alberta, Saskatchewan, and Newfoundland and Labrador. The right graph shows the change in the low-income rate over the same period. Low income also fell most in Newfoundland and Labrador, Saskatchewan, and Alberta, and rose most in Ontario.

This graph shows the low-income rate by province in 2014, the last year for which we have data. Low income differs comparatively little across provinces, with only Alberta posting a rate substantially below the Canadian average. The low-income rate in Alberta was 6.9%, while for all other provinces the low-income rate was between 12% and 16%.

The data indicates that low income is concentrated among particular groups. This graph shows low-income rates for specific demographic segments of the population. Recent immigrants and persons in lone-parent families have low-income rates about 2.5 times the average. Aboriginal people off reserve have rates more than twice the average. Women who are unattached seniors are more likely to be low income than women seniors overall. Persons with disabilities have low-income rates that are twice that of others.

It's also important to consider how persistent low-income spells are. This graph shows the number of years a spell of low income is expected to last for spells beginning in each year from 1993 to 2013. The average duration of low-income spells has risen since the 1990s. On average, a spell of low income was expected to last 3.3 years in 2013 compared to 2.9 years in 2003 and 2.2 years in 1993. A graph in the supplementary slide attached to this presentation shows that the low-income spells rose most for seniors and unattached persons.

To gauge the effect of transfers on low income, we can compute the low-income rate before and after transfers are added in. The differences between the two rates is the amount by which the transfer reduces low income. The results do not take into account any behavioural responses to changes in transfers. Rather, they are meant to illustrate the importance of transfers as a component of income for low-income persons. The red bars show the amount that transfers reduce low income.

All government transfers, including federal and provincial transfers overall, reduce low income by 50%. The blue bars show the amount that transfers reduce deep, low income, where deep, low income is defined using a threshold set 40% below the usual one. Transfers reduce deep, low income by more than 70%. Likewise, child benefits reduced low income for families with children and benefits to seniors reduced low income for these Canadians.

• (0910)

A supplementary slide at the end of the presentation describes the importance of progressivity in transfers in reducing low income. In short, progressive transfers that target low-income persons reduce low income by more than transfers that are less progressive.

Finally, on slide 15 we look to see if federal savings programs are used by low-income families. The registered education savings program, registered retirement savings program, and tax-free savings program are three federally run programs that assist savers by making it possible to defer tax or by making interest on savings tax free. The RESP program also makes available the Canada education savings grant. This slide shows the take-up rates for these programs by low-income and non-low-income households. Families with children and senior families are shown. RESPs, RRSPs, and TFSA's are used by low-income families, but to a much lesser degree than they are by higher-income families.

That's the end of my presentation this morning. Thank you.

The Chair: Thank you very much, Mr. Heisz.

We'll move now to our first panel of questions, and I believe MP Zimmer is first up.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): I want to thank you all for coming today. Andrew's presentation was very informative.

I have an initial question for Statistics Canada. Has Statistics Canada considered the impact on the general population of a carbon tax in terms of poverty?

I'll lead into that a bit. We've estimated an impact of \$1,000 to \$2,500 per low-income family. I just want to know whether StatsCan has actually looked into that.

Mr. Andrew Heisz: Not that I'm aware of.

Mr. Bob Zimmer: What is the disposable income of the average low-income family after bills are paid? Do you have that number?

Mr. Andrew Heisz: No, not with me.

Mr. Bob Zimmer: Okay. Would you be willing to make a guess?

Mr. Andrew Heisz: No, I would not.

Mr. Bob Zimmer: Okay, thanks.

• (0915)

The Chair: Is that something you'd be able to get to provide the analyst?

Mr. Bob Zimmer: Maybe I can request it from some of the other panellists who are with Employment or Finance.

Does anybody else have those numbers, the disposable income of a low-income family?

A witness: No.

Mr. Bob Zimmer: Okay, thanks. I'll go on to my next question.

We've heard a lot about the basic income guarantee, especially from the minister, Minister Duclos. As a social economist, it's one of his key interests. I just want to know whether Finance or Employment has considered the cost to the Canadian taxpayer of that particular program if it were initiated in Canada broadly.

A witness: No.

Ms. Nancy Milroy-Swainson: I'm not aware of work on that right now.

Mr. Bob Zimmer: Okay.

The estimate that we've heard, just when even looking at key segments, children aged 15 to 19, and including seniors, is \$500 billion, with the potential across Canadian programs of amounts as high as \$1.4 trillion to run the program if it's initiated. It's surprising to me that none of the panellists have even looked into the costing to the Canadian taxpayer of this program, considering who the minister is.

I know you have to be asked to do that, so I'm not blaming you. To me, it's troubling that we're considering a program and it hasn't even been costed out yet. Anyway, that's just a concern of mine.

I have another question, too. We heard a lot about raising the age of eligibility for OAS from 65 to 67. We knew the cost; that's why we made the changes. It was a significant cost to taxpayers. My parents are seniors and we don't want to impact seniors in a negative way, but we also need to balance the books at the end of the day.

What is the cost per year to the taxpayer of bringing the age of eligibility for OAS back from 67 to 65?

Ms. Nancy Milroy-Swainson: It's the chief actuary of Canada that does estimates for those expenditures.

Restoring the age of eligibility to 65 would increase OAS program costs by \$11.6 billion in 2030, which is the first year it would be fully implemented. That takes into account the increase in July for the lowest-income seniors. It would move the OAS projected expenditures as a percentage of GDP by 0.33%, from 2.73% of the GDP up to 3.06%.

Mr. Bob Zimmer: The number that you said was \$11.6 billion; that would be the increase.

Ms. Nancy Milroy-Swainson: That's correct. That's the estimate from the office of the chief actuary.

Mr. Pierre LeBlanc: I think it's helpful to note that the net fiscal impact would be somewhat less than that because OAS benefits are taxable.

Mr. Bob Zimmer: What would the final cost be?

Mr. Pierre LeBlanc: I don't have the number with me. That's something we can provide.

Mr. Bob Zimmer: What would be the most it would be reduced, though—10%? I'd say it would still be well over \$10 billion.

Ms. Nancy Milroy-Swainson: The estimates are that it would reduce it by \$1.6 billion.

Mr. Bob Zimmer: So \$10 billion exactly, and that would be the cost to the taxpayers.

It's interesting that it is discussed and said that way because often when we were justifying the changes, we heard from the then-opposition Liberals how it was going to be cost neutral and that there was no cost to the taxpayer because it was already paid for, essentially, by the taxpayer. But there are significant costs, as much as we want to take care of our seniors.

I call them Joe and Jane Taxpayer, and they have to pay the bill at the end of the day. I'm concerned about how far we're getting ahead of ourselves in terms of public debt and deficits. When we first started here with this committee our briefing had a statistic on the CPP unfunded liability. Does anybody on the panel know what the unfunded liability of CPP is in Canada currently?

Ms. Nancy Milroy-Swainson: Right now the core of the CPP is funded on a steady-state basis, and the chief actuary has estimated that it is financially sustainable for as long as it does forecasts, which is 75 years.

Mr. Bob Zimmer: That doesn't give it a number, though.

The number actually, as of 2012, is \$829 billion of unfunded liability to the taxpayer.

A concern is that we definitely want to be generous, and as Conservatives the old analogy that I use often is that we have two versions of compassion. We have a compassion of giving the fish, and that's a Liberal compassion, I would say, and sometimes that's necessary. A Conservative version of compassion is helping that person to fish so they're fed for a lifetime.

My concern is that we're continuing to go down the road of planned dependence. That's what my concern is, as a Conservative, and it's a concern for the taxpayers of Canada. Certainly we want to take care of our seniors—

● (0920)

The Chair: That's your time, Bob.

Mr. Bob Zimmer: —and everybody who is attached.

Thank you, Mr. Chair.

The Chair: You're welcome.

Now we'll go over to MP Long.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Good morning to everybody, and thank you very much for your presentations. I found them very interesting.

Counter to my friend across the room, I feel government has a social and moral obligation to help those in need. Certainly from my experience going door to door during the election, there are so many people out there who need our help. If you look at the numbers in poverty—child poverty and poverty, in general—over the past 10 to 20 years, you'll see that they really haven't moved. I believe in my heart that the greatest change will come from federal initiatives and federal programs.

My first question is to Ms. Milroy-Swainson. I just want to talk about innovation and government programs and what you've seen, what you have discussed, and what opportunities you see. Again, our philosophy here is to get from you ideas, thoughts, as to what we can do to help people in need and make things better. I'd be very disappointed if we come up with another poverty study that sits on the shelf, that's just the same old, same old. I'm looking for your expertise, your input.

I want to talk, again, about innovation. What have you seen with respect to innovation, and what opportunities do you see in the future that, as a government, we can do to improve the lives of those who need our help?

Ms. Nancy Milroy-Swainson: I think there are lots of opportunities for innovation, and I actually have colleagues who spend their days working on social innovation, social finance, which are initiatives that the government is undertaking to find creative ways to address really complex problems.

One of the ways that are really important is leveraging resources from various partners, and in particular bringing partners around the table. Many of the complex problems, like poverty, are multi-faceted. They require a number of partners to engage, they require different levels of government, and each partner has a role to play in that. I would say that the driver in a lot of the innovation that we anticipate will be coming and that is being initiated now has to do with partnerships and leveraging the capacity, resources, skill sets, and creativity of all of those partners.

There may be others who have views on that as well, but that would be my initial response.

Mr. Wayne Long: Anything else, Mr. LeBlanc?

Mr. Pierre LeBlanc: That was a good response. I have nothing to add.

Mr. Wayne Long: Mr. Heisz? Okay.

I also want to get from you, Mr. LeBlanc, some thoughts on the tax-free savings account. Obviously, it was quite clear that the Conservative Party wanted to double the limit, and we're going to drop that back. Do you honestly feel, or have you felt, that the tax-free savings account is a good vehicle to reduce poverty and help those in need? Can you talk a bit about that, the potential doubling, and the fact that we're going to bring it back to where it was?

Mr. Pierre LeBlanc: I think the idea behind the tax-free savings account is to provide a flexible savings vehicle that would be a benefit to Canadians at all income levels. As I mentioned in my remarks, I think an important feature is that what does benefit low- and modest-income individuals is the exclusion of both investment income earned in TFSA's and withdrawals from TFSA's for the purpose of calculating income-tested benefits, whether it's the guaranteed income supplement, the CCB, other income, or generally provincial income-tested benefits, as well.

I guess the question that can be asked—with the impact or the ability of low- and modest-income individuals to use it as a savings vehicle—is whether that is sufficient under an annual contribution limit that's now been restored to \$5,500 and indexed, or one that's \$10,000. It could be the case that the lower limit is sufficient for the majority of low- and modest-income individuals to save in that way.

• (0925)

Mr. Wayne Long: Can you tell us what percentage of Canadians maximize the tax-free savings account?

Mr. Pierre LeBlanc: The latest stat I have is from 2013, and it was about 6.7% of adult Canadians. That's not only for those who had a TFSA but also for those who potentially had a TFSA and maximized their TFSA contribution room.

Mr. Wayne Long: Do you have a number in mind of what it would have cost Canadian taxpayers to double it?

Mr. Pierre LeBlanc: I don't have a number with me. The thing I will point out is that it's certainly less than double the revenue cost of a \$5,500 limit, given that only so many Canadians would take advantage of the difference in contribution room. It's also something that the revenue costs of the TFSA's will grow over time under a \$5,500 limit, but that would be also the case, or a bit more of the case, under a \$10,000 limit.

The Chair: Thank you, Mr. Long.

Now, over to MP Sansoucy.

[*Translation*]

Ms. Brigitte Sansoucy (Saint-Hyacinthe—Bagot, NDP): Thank you, Mr. Chair.

I would like to thank the witnesses for their remarks.

Mr. Chair, I have noticed that the constituents who elected us expect a high degree of transparency in the work we do. After years of the government's making use of in camera meetings for a variety of purposes, I think it's important to set some parameters around their use now.

That is why I would like to give notice of the following motion:

That the Committee may only meet in camera for the following purposes:

(a) to consider wages, salaries and other employee benefits;

(b) to consider contracts and contract negotiations;

(c) to consider labour relations and personnel matters;

(d) to consider a draft report or agenda;

(e) for briefings concerning national or parliamentary security;

(f) to consider matters where privacy or the protection of personal information is required;

(g) to receive legal, administrative or procedural advice from the House of Commons' Administration;

(h) for any other reason, with the unanimous consent of the Committee;

That the Chair may schedule all or portions of a meeting to be in camera for the reasons listed above;

That any motion to sit in camera shall be subject to a debate where the mover, and one member from each of the other recognized parties, be given up to three minutes each to speak to the motion; and that the mover shall then be given up to one minute to respond.

Of course, you have the English version as well.

Since I still have some time, I'm going to ask a question about the GIS.

According to the figures provided to us, the situation of seniors living in poverty is troubling. When I go back to my riding, I regularly hear from people that they, themselves, or people they know didn't receive the GIS when they needed it.

I have to tell you I can't understand why the GIS isn't paid out automatically to those who need it.

Mrs. Nancy Milroy-Swainson: Thank you for your question. I'm going to answer in English.

[*English*]

You're absolutely right that we have programs for Canadians and we want to make sure that all eligible Canadians receive their benefits. For this reason, we've recently modified the method of processing guaranteed income supplement benefits and old age security benefits. A large portion of old age security benefits will be paid proactively and automatically. Canadians who meet eligibility requirements, who have 40 years of residence in Canada, and who have 40 years of contributions to the Canada pension plan, will be automatically enrolled in old age security, so they don't need to apply anymore.

Service Canada is working to expand that automatic enrolment to other populations. We're looking at whether or not we can move to automatic enrolment for guaranteed income supplement recipients. At the same time, another initiative we have in place is to take advantage of tax filing information for Canadians. Every year, guaranteed income supplement benefits need to be renewed because they're based on income. As of July 1 of each year, GIS benefits are recalculated based on the prior tax year's income. If the seniors file a tax return or they submit a declaration of income, those benefits are automatically renewed every year. That's not 100% of seniors who are eligible for GIS.

We are looking at ways to improve the take-up of those programs and to make sure that Canadians get their benefits as quickly as they can. We're looking at better understanding why some Canadians don't apply, even though they may be aware of the program. We're looking at ways to make the awareness of the program greater. We're looking at ways to expand automatic enrolment. All of those are absolutely intended to try to make sure all Canadians who are eligible for those benefits are able to receive them.

• (0930)

[Translation]

Ms. Brigitte Sansoucy: Thank you.

I have one last question.

I've worked with people who have a disability. More and more, they are outliving their parents. Those parents are incredibly worried about what will happen to their children later in life. I was dismayed to learn just how underused the registered disability savings plan is and how unaware people are of the program.

In your presentation, you said you wanted to promote the program more. I'd like to know what that means. How are you going to make sure those who need it are aware of the program's benefits?

[English]

Ms. Nancy Milroy-Swainson: That's also a good question, *merci*.

I'll call on my colleague, James Van Raalte, who is the director general of the office for disability issues and is responsible for the delivery of the program.

The Chair: I'm sorry, sir, but I'll give you about 15 to 20 seconds.

Mr. James Van Raalte (Director General, Office for Disability Issues, Income Security and Social Development Branch, Employment and Social Development Canada): Very good. Thank you for the question, Mr. Chair.

With respect to promotion around the registered disability savings program, we have a number of instruments to improve awareness and increase take-up. We use outreach contracts with disability organizations to provide awareness sessions and one-on-one meetings with persons with disabilities to help them enrol in an RDSP. We use various targeted marketing strategies in print, radio, and television. Our most successful tool is targeted mail-outs to disability tax credit recipients with follow-up teleconferences to help them build their awareness and open an RDSP. Finally, we provide RDSP literature and communication tools emphasizing that there is no requirement to make contributions for the beneficiary to receive the Canada disability savings bond.

The Chair: Thank you so much.

We'll go over to Mr. Ruimy, please.

Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.): Thank you very much.

My questions are going to be for Mr. Heisz. These are interesting statistics you have here, and that's what I want to focus on. In order to move forward with any poverty study, we have to understand what it is that we're measuring. When I look at what you've given us, and when I look at the number of seniors who come into my office who are living on \$1,500 a month and who don't have enough to pay rent

because rent is so exorbitant where we are in British Columbia, then I question how we're defining poverty. That's where I'd like to go.

Beyond the low-income measure, what other statistics and data are currently being used to define poverty in Canada?

Mr. Andrew Heisz: The position of Statistics Canada with respect to poverty.... The term "poverty" and the measure of poverty was well articulated by our chief statistician in 1997 when he said that Statistics Canada doesn't measure poverty per se, it measures low income. Poverty is a question of social consensus, and it requires guidance from the government to identify what it is they want measured and how Statistics Canada should measure it. Given that, and given the wide usage of low-income statistics in the media and academic publications, the main measures that Statistics Canada uses that reflect on the situation of poverty would be like the income ones that I showed you today.

We do have other indicators of disadvantaged situations that could also be very useful and illuminating. Some of these were developed with other federal departments. For example, there's the market basket measure, which prices out the cost of a number of goods deemed to be necessary for participation in society from year to year. The price of that basket of goods can be used to determine a threshold. Some 40 or so different thresholds were created for different regions of Canada. I should mention that this is in sponsorship with Employment and Social Development Canada.

With CMHC, the Canada Mortgage and Housing Corporation, we also have a core housing need measure that integrates elements of housing. We also have a food security measure, which is developed with Health Canada to reflect on some of the different elements of nutrition and having enough food to eat.

Finally, I'd mentioned that Statistics Canada has for the Ontario government and for the federal government conducted indicators of a type of low-income measure called "material deprivation". That's also another way, and a non-monetary indicator, that can be used to track whether or not Canadians have access to different goods and services that are deemed necessary.

• (0935)

Mr. Dan Ruimy: Let's go back to housing, because housing has been in the news quite a bit over the last few years. In Vancouver, for instance, it's almost impossible to even rent a place. When you have an income of \$1,500 a month and your rent is in the neighbourhood of \$1,000, it doesn't leave you very much. Do we need to revisit the housing portion of this?

Mr. Andrew Heisz: I wouldn't feel comfortable with saying that we need to revisit it, but I believe that the mandate is to look at all aspects of measurement, and certainly housing could be reflected in this review.

Mr. Dan Ruimy: In relation to how we are collecting the data.... A lot of folks are just living off the street. Where do they fit into this whole mix?

Mr. Andrew Heisz: Statistics Canada doesn't compile statistics on the homeless, unfortunately, so that would have to be a new measure added as well.

Mr. Dan Ruimy: Are you saying we don't collect anything on the homeless and we have no idea how many homeless people are on the streets across Canada?

Mr. Andrew Heisz: I believe that, with every census, we do measure the number of people in—

Mr. Dan Ruimy: If they are on the street, then they are not being counted.

Mr. Andrew Heisz: They would have to be enumerated in shelters, but yes, you're right.

It would be a methodological challenge to measure such a population in a statistically robust way.

Mr. Dan Ruimy: That population could skew the number you have given us here.

Mr. Andrew Heisz: The numbers of low income that I have presented to you today, which are on the order of 8%, 10%, or 12% of the population, amount to millions and millions of people, so whether it could skew it or not.... I don't know how large the homeless population is, but it would have to be very large in order to skew these numbers.

Mr. Dan Ruimy: That's a problem.

What about our indigenous population? How does that figure in here?

Mr. Andrew Heisz: On the indigenous population, the distinction I would like to make is whether they live on reserve or off reserve. The statistics I showed you today for the indigenous population are for the off-reserve indigenous population.

We also compute similar statistics for the indigenous population on reserve with each census. Although I didn't show results on the indigenous population on reserve today, we do prepare results for this group every five years.

Mr. Dan Ruimy: Thank you.

The Chair: Thank you very much.

We'll go to MP Tassi, please.

• (0940)

Ms. Filomena Tassi (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Mr. Chair.

Before I pose my question, I feel compelled to make a statement with respect to our government. It is important to recognize that our government realizes that most people want to be self-sustaining, and that is why we've made investments to create jobs and grow the economy. A number of the measures we've discussed already have been put in place to help people in the interim and to bring them forward.

The question I would like to begin with deals with women in poverty, specifically. The risk of poverty is greatest among women, particularly single mothers, senior women living alone, aboriginal women, and women living with disabilities. Mr. Heisz, your slide 12 demonstrates that.

Can anyone address what is being done with respect to this particular group? Going forward, what analyses or statistics do we have that are going to help us address this issue?

Ms. Nancy Milroy-Swainson: I could start, and others could add. From the point of view of old age security, guaranteed income supplement, we know that the majority of those living in poverty on these benefits are women. We also know that the majority of those women are unattached women, so nearly two-thirds of seniors living in poverty are women. Most are single, so increasing the guaranteed income supplement by \$947 per year for single seniors benefited almost 900,000 Canadians. Two-thirds of those were women living alone. There was a large effort in the context of increasing the guaranteed income supplement to address low income among senior women.

Ms. Filomena Tassi: Would others like to comment?

Another area I'd like to address is child care. I know it is a financial burden for Canadian families, and a number of people are looking for spaces. Can we address how significant a role national child care plays in addressing child poverty in Canada? Is there anyone who can address that?

Ms. Nancy Milroy-Swainson: I'm not able to, but if there's a specific question, I could take that back and we could provide a written response.

Ms. Filomena Tassi: Perhaps I mean costing, what the cost would be. If you have analysis of spaces that are required and the cost for those spaces, that would be appreciated.

As witnesses you bring great experience this morning. Here's just a general question I would have each of you comment on. What have been the shortfalls that you've seen in attempting to address poverty reduction in the past, the lessons, and the direction that you could give us, moving forward, through your own experiences and the successes you've witnessed?

Mr. Heisz, do you want to begin?

Mr. Andrew Heisz: Thank you. I think your question refers to particular policy instruments that have been put in place. I'm afraid I'll have to leave that to my colleagues here to answer those.

Ms. Filomena Tassi: From a statistics point of view, is there anything you've seen, a policy that has been implemented that the statistics have shown has generated a very positive effect with respect to poverty reduction?

Mr. Andrew Heisz: Certainly it's a well-known and well-accepted fact that benefits to seniors have done a remarkable job over the last 30 years in reducing low income among that group.

Ms. Filomena Tassi: Can you comment specifically on the age reduction for entitlement from 67 to 65?

Mr. Andrew Heisz: No, I don't have any specific comments on that.

Ms. Filomena Tassi: Okay.

Ms. Nancy Milroy-Swainson: In terms of the seniors' story, if you measure with LICO, there's a demonstrable positive impact. In 1976, 29% of seniors lived below the LICO. In 2014, it was 3.9%, so that's a very dramatic improvement in the income levels of Canadian seniors over time.

• (0945)

Ms. Filomena Tassi: What specific initiatives do you attribute that to?

Ms. Nancy Milroy-Swainson: Old age security and guaranteed income supplement are significant contributors to that.

Ms. Filomena Tassi: Okay, and is there anything else besides those two things?

Ms. Nancy Milroy-Swainson: Those would be, I would say, the biggest influences. CPP also helps, but I think for low-income seniors the GIS, guaranteed income supplement, which has been increased periodically over the years, has had a significant impact on poverty levels, low-income levels.

Ms. Filomena Tassi: With respect to the distribution of income that is given to seniors, I've had comments made to me that perhaps we could do a better job at giving more to seniors who need more and less to seniors who are not as needy, with respect to the OAS. Do you have any comments on that?

Ms. Nancy Milroy-Swainson: We ask ourselves the same question all the time. I think one of the biggest challenges in income security programs is trying to determine how best to help populations, whether you target or whether you go with universal programs. Right now we have a combination of a quasi-universal old age security program and a targeted guaranteed income supplement, with a further targeted top-up to the guaranteed income supplement for the lowest incomes. I think that remains a challenge, though. We look at it on a case-by-case basis with different programs, depending upon the data and the circumstances at the time.

The Chair: Thank you very much.

Before I forget, Mr. Heisz, in a previous question, you had mentioned a number—I believe you referred to it as a basket—of different types of statistics that are used to measure poverty. Is there any way you can send to the committee some details on those different measures?

Mr. Andrew Heisz: Yes, we can supply details.

The Chair: Thank you.

Without further ado, we'll go over to Monsieur Poilievre.

Hon. Pierre Poilievre (Carleton, CPC): Thank you, Mr. Chair.

Thanks to an excellent roster of witnesses. I had a chance to work with your departments in the past, and I have always been very impressed with the quality of leadership we have in our public service.

I'd like to start with a follow-up question to my colleague's earlier query. He asked Statistics Canada if it had done any study on the impact of a \$50 per tonne carbon tax on the poverty rate. Statistics Canada indicated that it had not done such a study. Has Employment and Social Development Canada done such a study?

Ms. Nancy Milroy-Swainson: I'm sorry, could you repeat your question?

Hon. Pierre Poilievre: Has the social development department done any study on the impact on the poverty rate of a \$50 per tonne carbon tax?

Ms. Nancy Milroy-Swainson: Not that I'm aware of.

Hon. Pierre Poilievre: Two of the measurements that you've pointed to in the deck you provided, Mr. Heisz, measure the incomes of people versus the cost of basic necessities. I refer to the market basket measurement, which takes a whole basket of goods that are required to be part of a society. LICO, low-income cut-off, is based on the 1992 share of income that was required for some basic necessities at that time.

We know that taxes on carbon raise disproportionately the prices of basic necessities—fuel, heat, electricity, food. We also know that low-income people have to spend disproportionately large amounts of money on those basic necessities. When those prices go up, is it not logical to assume that poverty rates go up with them?

Mr. Andrew Heisz: I guess in my view, one can think of this from an accounting perspective, and the accounting perspective in my mind would be that, taking the market basket measure, for example, if anything drove up the prices of goods that were represented in the market basket measure from one year to the next, then that would raise the threshold.

Hon. Pierre Poilievre: It would raise the threshold. Would it raise the rate of people who are considered to be low income as a result?

Mr. Andrew Heisz: If there were no other change in the income distribution, then yes, more people would fall below that threshold and the rate would increase. However, I want to underscore that I'm not making any connection between that arithmetic—

Hon. Pierre Poilievre: You're not making a policy judgment.

Mr. Andrew Heisz: —and the carbon issue.

Hon. Pierre Poilievre: Is food considered as part of the market basket?

• (0950)

Mr. Andrew Heisz: Yes.

Hon. Pierre Poilievre: Is home heating?

Mr. Andrew Heisz: Yes.

Hon. Pierre Poilievre: Is vehicular fuel?

Mr. Andrew Heisz: Yes.

Hon. Pierre Poilievre: All of these things would become more expensive under a carbon tax, and therefore, the threshold would go up and the number of people beneath that threshold would also rise.

I'd like to move on to the question of measurement. I noticed that you spent an inordinate amount of time on the low-income measure, which I felt was ironic given the government we have today. The government has spoken quite a lot about the need to increase middle-class incomes, and of course, we agree with that. We are very proud of the fact that, under the previous government, they rose faster than under the previous seven governments combined. But under the low-income measurement, when median income goes up, if nothing else changes, the number of people considered to be living in low income also rises because low income is measured as 50% of median income.

If the government actually fulfills its objective and raises median income and nothing else changes and people who are lower on the income scale are not falling any further behind—they're doing just as well in four years as they are today—we will actually see an increase in the low-income rate. Do you believe it is logical to use a measurement that paints an ugly picture in the event that median incomes actually rise?

Mr. Andrew Heisz: That's a great question, and it's often raised as a criticism of the low-income measure. I guess I would answer by saying it's multi-faceted. The situation you described, going from year to year, does in fact happen when you look at the statistics on a year-over-year basis. The low-income rate under the LIM doesn't always rise on the onset of a recession such as the 2008 crisis.

From a year-to-year perspective, it's often a good idea to look at other measures as well, such as the LICO, which are fixed in real values over time.

However, over a longer term, the measures that Statistics Canada uses are all relative low-income measures, so it's important to keep in mind that the concept of low income here is a relative one. A person in low income in 2014 should have about the same relative standard of living as a person in low income in 1990, say. Under a low-income rate that's fixed for a long period of time, that would not be the case.

Hon. Pierre Poilievre: In reality, for example, between the years 2006 and 2014, we saw a spectacular decline in the number of people below the LICO rate. But because median incomes were increasing so fast in that decade-long period, the low-income measurement rate did not decline. However, what's measured gets done. If governments were seeking to keep the low-income measure rate low, then they could do that by actually decreasing median incomes.

That would be one way to reduce the LIM rate, which is a perverse incentive for governments, isn't it?

The Chair: That's your time actually. Sorry. Maybe we can come back to that.

We'll go over to Mr. Robillard, please.

[Translation]

Mr. Yves Robillard (Marc-Aurèle-Fortin, Lib.): My questions are for Ms. Milroy-Swainson.

In the context of your work, how do you define poverty?

[English]

Ms. Nancy Milroy-Swainson: I actually don't define poverty in the context of my work. We measure the performance of our old age security and guaranteed income supplement program based on the use of the LICO, the low-income cut-off. The reason we use the low-income cut-off is that we have a longer time series to be able to compare it to. It's the one that's been around for the longest period of time.

[Translation]

Mr. Yves Robillard: Can you tell us what steps have been taken towards developing a national poverty reduction strategy?

Where do seniors and the most vulnerable members of society fit in?

● (0955)

[English]

Ms. Nancy Milroy-Swainson: The government has always recognized the contribution of seniors and has wanted to ensure that income levels, low-income levels, are protected in retirement, as someone moves from employment to what is often a fixed income. Historically, there have been lots of measures to reduce low income among Canadians. I've spoken about old age security and guaranteed income supplement. That said, I do know that the discussion paper that the department has prepared, and which Minister Duclos tabled for supporting the discussion, certainly addresses seniors as one population that may be low income.

While the data about Canadian seniors compared with some other populations is relatively positive, they are a vulnerable population. We are interested in ways in which we can improve low income.

Another measure that I think is very important, but it's long term, is with respect to preventing future seniors from falling into poverty. The increase in the Canadian pension plan that has been tabled at this point is an important measure that, over the long term, would help prevent future seniors from falling into poverty, those who may not be saving enough right now for future retirement.

[Translation]

Mr. Yves Robillard: Mr. Chair, I'm going to share my time with my neighbour.

[English]

The Chair: Go ahead, Mr. Sangha.

Mr. Ramesh Sangha (Brampton Centre, Lib.): Thank you very much. Thank you, Mr. Chair.

Thank you, everyone.

My question is to Nancy Milroy. It's regarding financial security for the seniors, which is essential. We are a developed nation in Canada, yet many seniors face the grave threat of living in poverty. In budget 2016, the Liberal government introduced measures to increase the guaranteed income supplement by 10% and revert the old age back to 65. Can you please now provide us information on how this initiative is having a positive effect on financial security and dignity of the seniors?

Secondly, how many seniors do you think we will have lifted out of poverty?

Ms. Nancy Milroy-Swainson: Thank you for your question.

With respect to the increase in the guaranteed income supplement, the increase was \$947 per year for Canadian single seniors, and that benefits 900,000 single seniors. It will lift about 13,000 of those seniors above the LICO, the low-income cut-off. At the same time, for those seniors who remain below the low-income cut-off, it will reduce the depth of their poverty by approximately \$728, so they are better off as well, notwithstanding the fact that they still may be below the low-income cut-off. That's been a significant policy decision that has already been implemented. It started in July 2016.

With respect to restoring the age of eligibility to age 65 for old age security and guaranteed income supplement benefits, the government did so because it would otherwise have put 65- and 66-year-olds who rely on government pensions into a low-income situation. At this point, for some reason, I don't have the data with me on the number of seniors who will benefit from that or will be prevented from falling into poverty, but I can certainly get you that figure.

Mr. Ramesh Sangha: Thank you.

Another question is this. As per the mandate letter of priorities for the Minister of Families, Children and Social Development, there was a price index. Now we are going to change the new price index, that senior's price index, which was earlier the consumer price index. With this new system, changing from the consumer price index to the new senior's price index, when and how is this plan going to go out? What will be your plan for this one? What changes will it bring and how will the new index help reduce poverty?

• (1000)

The Chair: I'm afraid that's the end of the time. We can come back to that question in another round, but I'm afraid that's the time. Sorry.

Go ahead, Mr. Warawa.

Mr. Mark Warawa (Langley—Aldergrove, CPC): Thank you, Chair.

Thank you to the witnesses.

My questions are going to focus on seniors. Just doing some simple math regarding the targeted GIS for low-income seniors, 900,000 Canadians times a \$947 per year increase is \$852 million. Is that an accurate costing?

Ms. Nancy Milroy-Swainson: Let's see if I have that stat with me.

I don't have that handy.

Mr. Galen Countryman (Director, Social Policy, Federal-Provincial Relations and Social Policy Branch, Department of Finance): I don't have that number with me either, but there was a costing in the budget tables. We can get back to you on that, but you're in the right ballpark.

Mr. Mark Warawa: I think if we just multiply it, and 900,000—

Mr. Galen Countryman: It's in that neighbourhood. I don't have it.

Mr. Mark Warawa: This is targeted at single seniors. I am concerned that we are omitting seniors who are living in poverty and are not single but may be a couple, a couple who may have been living together as a couple for 40, 50, or 60 years. They are at an age now where mobility issues have arisen and one of the couple is helping the other one who is struggling. Instead of going into a health care facility, they're able to live together, still in poverty.

There is an incentive now that the government has created that, if they want to get that benefit, they now have to separate and move into a care facility, so that they are not caring for each other. They are going into a care facility and now are able to get that additional benefit.

What percentage of Canadian seniors living in poverty would be the couples? You have 900,000 Canadians who are going to get this benefit. What would be the number of seniors living in poverty who would not qualify because they're a couple? What's that number?

Ms. Nancy Milroy-Swainson: I would have to get back to you. That's the number of Canadian seniors who are part of a couple and who are not eligible for the GIS?

Mr. Mark Warawa: Yes. For Canadian seniors living in poverty who do not qualify for the GIS, the targeted increase, what is that number? You've given a number of 900,000. I think the number used is that 20% of Canadian seniors in poverty are a couple. I think that's the number the government has used before. Is that an accurate number?

Ms. Nancy Milroy-Swainson: I'm not sure if that's accurate. I know that there are 1.5 million seniors receiving the guaranteed income supplement, both married and single, and of course those who are married receive it at the married rate, which is lower than the rate for seniors. What we do know, though, is that single seniors are more likely to be in low income on GIS, whereas for couples—you're right, there are still some who are in low income—the two sources of income for couples are more likely to raise them above the poverty line, the low-income line.

Mr. Mark Warawa: Yes, but in this scenario, I would like to know the number, and if you do not have it available.... I think it's an important number. What I think is that if you're living in poverty and you need help, if you need targeted assistance, the government announced during the election that you had to be a single senior to qualify for it. That's the direction the government has gone in, but if you're a senior living in poverty, whether you're single or in a couple, if you need help, you need help. I'd like to know how many Canadians will not qualify for that targeted assistance of a bump-up in GIS. If you're in poverty and you need help, you need help.

The stories that I'm hearing are of couples where one of the two is now taking care of the other one. They're not able now to go out and get a job and work to provide that extra, and they end up living in poverty, yet they need that help. I think it's a very small number, and in terms of the \$852 million, if they are a very small number, why would we not provide that? If they're in poverty, they need help. Why would we exclude them? So—

• (1005)

The Chair: Thank you, Mr. Warawa.

Mr. Mark Warawa: Is that my time?

The Chair: Yes. We don't usually get this far down the list. That was the five-minute block, and usually, I know, we're at seven. I apologize. I should have made you aware of that at the beginning.

I will follow up on that and mention to you, MP Sansoucy, that you have three minutes for this question.

[Translation]

Ms. Brigitte Sansoucy: Thank you, Mr. Chair.

You didn't answer the question asked by my colleague Mr. Robillard about the efforts under way to develop a national poverty reduction strategy.

I contributed to those efforts by introducing Bill C-245, which seeks to establish such a strategy. This morning, you went over a range of programs aimed at reducing poverty. In order to truly know how those programs are performing, we need to have clear targets, indicators and mechanisms in place. That's what I'm trying to achieve with my bill. It proposes that an independent commissioner report to the parliamentary budget officer and Auditor General on all of those programs and indicate whether they are truly reducing poverty. It's important not to go this way or that way without delivering concrete results.

The deputy minister told this committee that her department had done an analysis of my bill and found that it was perfectly in line with the government's intentions.

Can you tell us whether any members of your team took part in that analysis? What elements led to the department's determination that the bill was perfectly acceptable?

[English]

Ms. Nancy Milroy-Swainson: I can categorically say that it wasn't a member of my team who did this analysis, so I'm not able to provide a response to that today. I could take that back, but I'm not in a position to respond to that question.

[Translation]

Ms. Brigitte Sansoucy: Very well.

Would you agree that it is, first and foremost, necessary to establish clear targets, mechanisms, and indicators in the effort to reduce poverty? Earlier, you said there was no definition. The department hasn't even established a definition of poverty. Should we not establish mechanisms that are much clearer?

Everyone knows that, in 1989, the House of Commons unanimously pledged to eliminate child poverty by the year 2000. Now, here we are, 16 years later, and the figures clearly show that children continue to live in poverty in Canada, and that is the case for far too many of them.

[English]

Ms. Nancy Milroy-Swainson: I think Minister Duclos' discussion paper that was tabled absolutely indicates that poverty is multi-faceted. It's complicated, as our colleagues from Statistics Canada have said. It really depends on the social consensus around what that means and how someone can be economically and socially included with a low income.

The paper also pays a fair amount of attention to saying we need to make sure we know how to measure, so there is.... Absolutely, the paper is looking for input on that. The discussion paper acknowledges the importance of finding good measures to look at low income and poverty.

The Chair: Thank you very much.

That ends the first round for today.

We're going to take a two or three-minute bio break, and then we'll come back with the second round and see how much of that we can get in.

Thank you very much.

● (1005)

(Pause)

● (1015)

The Chair: Welcome back, everybody. We're going to get started with our second round.

Up first with six minutes is MP Poilievre.

Hon. Pierre Poilievre: Thank you very much.

My question is about METRs, the marginal effective tax rates, which represent the combined effect of benefit clawbacks and taxation for each new dollar earned. Does the Department of Employment and Social Development keep a database of METRs as they apply to Canadians in different regions, economic circumstances, and family compositions?

Ms. Nancy Milroy-Swainson: I can't speak for all programs in the department, but for the old age security program, we pay attention to the marginal effective tax rate. We also pay attention to the interaction between provincial programs, which may also have a reduction rate that creates a marginal effective tax rate.

In fact, when we changed the guaranteed income supplement this year, we did engage with provinces and territories to make sure there were no adverse interactions between the programs whereby a client who receives the guaranteed income supplement would have a reduction rate based on additional income, or similarly, that clients may be receiving a reduction rate for their provincial benefits.

I'm actually quite pleased to say that while there was one jurisdiction where there was a potential negative impact, which was the Yukon, the Yukon indicated a will to change their programming to eliminate the negative impact.

Hon. Pierre Poilievre: That's good news.

Can you tell us the range of METRs applied to seniors who enter the workforce while they're on GIS or OAS?

Ms. Nancy Milroy-Swainson: For the guaranteed income supplement, there are two reduction rates. Those who are on the guaranteed income supplement top-up, which are those with incomes under about \$8,500 of other income, would experience a reduction rate of \$1 for every \$4 of other income they have. For those who receive GIS from that point forward to when they're no longer eligible for GIS, the reduction rate is \$1 per every \$2 of income, so

● (1020)

Hon. Pierre Poilievre: Income tax is on top of that.

Ms. Nancy Milroy-Swainson: It would be on top if they're paying income tax—

Hon. Pierre Poilievre: Right.

Ms. Nancy Milroy-Swainson: —and certainly some of them would be paying income tax.

Hon. Pierre Poilievre: You don't have a range, I guess, is what I'm saying.

Ms. Nancy Milroy-Swainson: I don't have the post-tax rate, no. It's really related to the reduction rates for our programs.

Hon. Pierre Poilievre: I understand. We're short on time, though.

Canadians in certain circumstances have marginal effective tax rates of well over 100%, particularly disabled people who want to work. We know from the statistics that there are hundreds of thousands of disabled Canadians who want to enter the workforce but are punished with METRs of sometimes over 100%. In other words, they lose money by earning money.

Would there be any benefit in ESDC tracking the global METR of Canadians in various different circumstances to ensure that the combined effect of provincial and federal programs and our tax system does not punish people for making the effort to earn a living?

Ms. Nancy Milroy-Swainson: I can't speak to whether the department should monitor it as a whole, but I can say that programs do monitor it on the basis of their own individual programs.

Hon. Pierre Poilievre: Thank you.

Turning my attention now to page 14 of the Stats Canada deck on government programs and the reduction of poverty, I'm curious. This illustrates the per cent reduction in low income due to transfers. Why was taxation not simultaneously added to the bar graph to indicate the effect that it has on income?

Mr. Andrew Heisz: There's no particular reason. When we think of after-tax income, we think of it as having three major components: those from market income, those from government transfers, and those from taxes. Of course, taxes by and large reduce after-tax income. A similar graph could have been made that included the effect of taxes.

Hon. Pierre Poilievre: Why did you say that no "absolute" measures of poverty were considered in this deck?

Mr. Andrew Heisz: Statistics Canada only produces relative measures of poverty. There are other absolute measures of poverty that are often discussed either in the media or in the academic literature, but none have been taken up by Statistics Canada particularly. We do compute these on an on-request basis for users who would like to have us do them, but what I chose to focus on here was our main headline indicators.

Hon. Pierre Poilievre: Finally, for our finance representatives, you spoke about the tax-free savings account. Do you have any data on whether Canadians typically contribute...? What share of tax-free savings account contributions comes from annual or monthly regular contributions, and what share comes from major life events, like a senior downsizing from a home and therefore turning a hard asset into cash or an inheritance resulting typically from a deceased spouse? To simplify, again, what share comes from major life events and what share comes from regularized contributions?

Mr. Pierre LeBlanc: That's a good question, but we don't have a good answer to it.

The Chair: That's your time.

We'll go to Ramesh.

You're up first. I think you're going to share your time with Mr. Robillard.

Mr. Ramesh Sangha: Thank you very much.

My question when we stopped earlier was about the new system for indexing the GIS and OAS. There's the new seniors price index, and before this was done on the consumer price index basis. Could

you provide the committee more details regarding the index plan you've developed and when and how that plan is going to be developed? How will your index help reduce poverty among seniors?

Ms. Nancy Milroy-Swainson: I'll start and StatsCan can weigh in and complement. Thank you for the question.

Absolutely, the government committed to creating an index that more accurately reflects the price increases that seniors face. We're calling it the "seniors price index". It would be used to adjust old age security and guaranteed income supplement benefits, which are currently adjusted quarterly using the consumer price index.

We're working closely with Statistics Canada to undertake work to develop the index. I'm not a statistician, but it's a very complex process and I've been learning a lot in StatsCan on indices on the way through this. It's complex with a number of different elements, and we're working through those elements. Our goal is to provide the government with advice on an index as quickly as possible, but an index that is as useful as possible. It's a question of balancing the precision of the index and its utility with how quickly we can produce it.

I don't have particular timelines on when that will happen. I know that we're working as quickly as we can, and of course ministers are quite interested in this. It will certainly help reduce low incomes among seniors, because seniors who benefit from the guaranteed income supplement have low incomes. In particular, they will be receiving what we believe to be higher indexation factors over time with the new index.

• (1025)

Mr. Ramesh Sangha: Do you think the new index will keep on increasing the GIS and OAS for the seniors whenever there is a fluctuation in the market?

Ms. Nancy Milroy-Swainson: It would reflect the market in the prices that seniors face. If there are price increases, it would definitely increase their OAS and GIS benefits in that context.

Mr. Ramesh Sangha: Okay.

Go ahead, Yves.

[Translation]

Mr. Yves Robillard: My question is for Mr. Heisz.

How should the effectiveness of a Canadian poverty reduction strategy be measured? What objectives should be established to measure progress down the line?

Mr. Andrew Heisz: Thank you for the question.

I don't have a specific answer for you. However, Statistics Canada, in partnership with other departments, is currently working to develop measures for poverty and other areas. That's all I can tell you.

Mr. Yves Robillard: Would you be able to get back to us with an answer at a later date?

Mr. Andrew Heisz: Yes, of course.

As I mentioned, we are currently discussing the issue of poverty with some departments. We are available, and we have considerable expertise when it comes to assessment measures. We are ready and willing to contribute.

Mr. Yves Robillard: Thank you.

[*English*]

Mr. Ramesh Sangha: There is a new scheme between the federal and provincial, and both governments have agreed. The provinces have agreed with the federal government that a new Canada pension plan, a new pension plan for seniors, will be developed and most of the provinces have also agreed. When is this expansion of the pension plan going to start, and in which way will it benefit seniors?

Mr. Galen Countryman: I'll start, and Nancy may want to supplement.

This agreement-in-principle was reached back in June between finance ministers, and legislation was just recently tabled in the House to implement the plan. The plan enhancement would begin in 2019 and would be phased in over seven years. On the benefit side, the income replacement rate would go from 25% to 33%, up to an income at the current year's YMP, the year's maximum pensionable earnings, which is about \$54,900 right now for 2016. Eventually the coverage of the income range would increase by 14% by 2025.

• (1030)

The Chair: Thank you very much.

Now it's over to MP Sansoucy.

[*Translation*]

Ms. Brigitte Sansoucy: Thank you, Mr. Chair.

As I was saying earlier, it's not enough to compare a bunch of potential strategies. I spent part of my career in the health and social services field, and it's quite clear that the silo approach isn't having the desired effect when it comes to poverty reduction.

The effects of poverty are wide-ranging. Poverty is one of the key determinants of health and well-being. Poor people are sicker and take more drugs. The impact of mental health is another consideration, as is the impact of poverty on indigenous peoples.

Has each of your respective departments assessed the total cost of not reducing poverty? Despite the absence of poverty reduction measures and a poverty definition, is it possible to put a number on the overall cost of having one in 10 Canadians live in poverty?

I represent a riding where the dropout rate is still much too high. I realize that education is an area of provincial jurisdiction, but it is tied to poverty, given the connection between dropping out of school and living in poverty. In some sectors, small and medium-sized businesses in my riding are facing a labour shortage, and that gives rise to broader costs, socially and otherwise.

Have you estimated the cost of failing to take poverty reduction measures?

Mr. Andrew Heisz: We, at Statistics Canada, don't have any figures that would make it possible to answer that question.

Mr. Pierre LeBlanc: The same goes for our department. As you explained so well, a number of elements and factors come into play

as far as poverty is concerned. A rather complex study would have to be done in order to answer that.

[*English*]

Ms. Nancy Milroy-Swainson: I don't have that figure either, but I would say two things. Absolutely, government is interested in raising the economic productivity of the country, which will assist all Canadians in theory, and at the same time, the discussion paper that was released two weeks ago recognizes the complexity of poverty and recognizes the need to bring partners together so that we don't have a siloed approach.

Having the study being undertaken by your committee, having Minister Duclos launch his paper, and there being further conversations following your report is a very good indicator of the intent to work together and to bring partners together.

[*Translation*]

Ms. Brigitte Sansoucy: I can appreciate that you don't have any data or facts on that.

It's safe to say that the committee's job is to suggest genuine solutions. As my colleague Mr. Long said, all of us hope that our report won't just wind up sitting on a shelf and that the results of our study will make a veritable difference in reducing poverty. Despite the fact that you don't have any concrete data, I think we can all agree that it's more costly than not if we don't take action to reduce poverty and we don't achieve real results. The proof is in the numbers: allowing Canadians to live in poverty is collectively more expensive than putting effective measures in place.

I see people agreeing with that.

My question is for Mr. LeBlanc. I'd like to better understand what you said about TFSAs being more beneficial to low-income individuals. I must confess I didn't quite understand everything you said about that point. I'd like you to elaborate, if you wouldn't mind.

• (1035)

Mr. Pierre LeBlanc: Okay.

I said they would be more beneficial than RRSPs.

In the case of RRSPs, contributions are deductible. In addition, contributions and investment income are not taxed at the time, but are taxed during retirement. They are also included in the income used to calculate income-tested benefits such as the GIS.

In the case of TFSAs, the opposite is true. The reason they are more appealing to low-income individuals is that neither the investment income earned in a TFSA nor withdrawals from it are included in the calculation of income-tested benefits.

Ms. Brigitte Sansoucy: Do you know what percentage of TFSA holders have low incomes? I have trouble seeing how low-income individuals can manage to save money in a TFSA.

Mr. Pierre LeBlanc: As I mentioned, almost half of TFSA holders had an individual income under \$40,000.

[English]

The Chair: Thank you.

Go ahead, Mr. Long, please.

Mr. Wayne Long: Thank you, Chairman, and thanks again to our witnesses.

I'll be sharing my time with MP Tassi.

Further to the comparison between RRSPs and TFSAs and RESPs, and so on, I can clearly tell you that when going door to door in a priority neighbourhood in Saint John, if you asked people if they invested in a TFSA or maximized their TFSA they'd laugh at you. They don't have any money to put into a TFSA and that's why only 6.7% of Canadians maximize their TFSA.

Further to the programs that you're currently delivering, I'm wondering if there's ever been any thought to sending cheques out at different dates. I don't know if anyone can actually answer that. Often people in priority neighbourhoods would say to me, "It would be very helpful to me if I received my social assistance cheque at the end of the month and maybe the supplement or Canada child benefit in the middle of the month as opposed to all of it at once, just from a budgeting perspective." Has anyone ever considered that? Do you have comments on what the cost would be?

It seems like a very simple thing. Again, a lady just said, "Look, I'm not the best at budgeting. I get it all at once and then I have 30 days to budget it." What if you staggered it by sending cheques out in the middle of the month as opposed to the end? Are there any comments on that from our panel?

Mr. Pierre LeBlanc: That's a good question. One would need to think across the range of federal and provincial benefits and programs. I'm thinking of income-tested benefits delivered through the tax system.

As you mentioned, that's part of the reason that the Canada child benefit is delivered on the 20th of the month. If you look at the GST credit, it's quarterly on the first month of every quarter. I'm not sure how much of a strategy I can claim is behind it, but there is some spacing. I don't know what answer others would have.

Mr. Wayne Long: It seems that it was mentioned to me again and again going through our priority neighbourhoods. It seems like such a simple potential fix, so I just wondered.

Ms. Nancy Milroy-Swainson: Old age security and GIS benefits are paid on the same day of the month. They're intended to be received by the client on the fourth-last day of the month. While you could contemplate staggering those with, for example, provincial benefits, we have a number of provinces for whom we do an integrated payment, so that there's only one payment. There are significant administrative savings associated with that kind of a process. I don't have an estimate of the cost that would be generated by trying to pay on different dates.

Mr. Wayne Long: Mr. Heisz, with respect to some of these government programs, the Canada child benefit, for example, when do you foresee having real good data on that? We certainly hear at times critics say, "That's great that these families are getting cheques, but they're not going to spend them properly", and so on.

Is there a timeline where you would foresee us having hard data on that program?

● (1040)

Mr. Andrew Heisz: A number of years ago, Statistics Canada made the decision to start using Canadian's income tax data in its estimates of income. That has improved the quality of our data quite a lot. As a result, we somewhat rely on the tax system for moving the full suite of income indicators along. Our normal release period dictates that we have to wait for Canadians to file their taxes, and CRA has to put together a complete enough file to provide to us so that we can then use it to produce estimates for populations. Our normal timeline for the full suite of tax indicators is 16 to 18 months, and usually it's on the short side of that.

Having said that, we could have access to child benefit files directly, and that could give us part of the story as we go forward, but perhaps not the complete story. The child benefit files are available on a more regular basis because they're administrative files that are sent out by ESDC rather than by.... It doesn't have to go through the big circle that I just described.

Ms. Filomena Tassi: My question is with respect to pay equity. I don't know if you have stats or data on this. I'd like to pose the question because I think it's an important one. We know that pay equity is a major issue across Canada, and men often get paid more than women for the same work.

Is there any information you can provide us that will outline the progress, if any, that's being made in this area, even with respect to whether it's recognized in a number of cases, the costs in order to get pay equity, or women being paid an equal amount of compensation as men?

Ms. Nancy Milroy-Swainson: I'm not able to answer that question.

Ms. Filomena Tassi: With the number of cases that have gone to the Human Rights Commission, is it recognized as an area that is an issue? Is it on anyone's radar?

No? Okay.

Over the summer, a number of media outlets, such as CBC, reported that some indigenous families living on reserves would have trouble receiving the CCB because they may not have filed an income tax return. I know in my own riding, with other individuals, we had constituents that called and were in the same situation.

Has the federal government done anything with respect to ensuring that everyone who is eligible to receive the benefit is in fact receiving it, particularly those who haven't filed tax returns? Have you taken any initiatives there?

Mr. Pierre LeBlanc: It's been recognized as a very important issue. What I think I can tell you is that quite a few departments, such as Statistics Canada, Employment and Social Development Canada, and Indigenous Affairs are working together on outreach with communities to increase filing rates for people filing T1 returns, so that they can have access to the benefits to which they are entitled.

Yes, it's getting a lot of attention.

Ms. Filomena Tassi: Okay, very good.

Ms. Filomena Tassi: With respect to the child benefit, I'm wondering why it's not being indexed. Could you just comment on the current situation of it not being indexed and the reason why that is?

Mr. Pierre LeBlanc: The government has indicated its intention to index no later than 2020. I think the government wanted to make sure that when the program was first introduced, it was introduced fully and especially at a time of a fair bit of economic and fiscal uncertainty, so that families would have the income support that the CCB is intended to provide.

Ms. Filomena Tassi: Okay, thank you.

The Chair: Thank you very much, everybody. That was incredibly informative, and I want to thank all the panellists today for all the information they brought to us. This is going to be a fairly extensive study, a long study. If there are questions as we move forward that pertain, obviously, to your domains, we may be sending those to you. But, again, I appreciate your getting up early today and being with us.

Thank you, again, obviously, to our clerk, analysts, and translators, and everybody involved in making this work.

The meeting is adjourned.

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