



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

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

HUMA • NUMBER 023 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, October 20, 2016

—
Chair

Mr. Bryan May

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

Thursday, October 20, 2016

• (0845)

[English]

The Chair (Mr. Bryan May (Cambridge, Lib.)): Good morning, everybody. I hope everybody is wide awake today. We're going to get started right away with a continuation of witnesses on the poverty study.

I would like to welcome to the committee the witnesses this morning: Derek Cook, director, Canadian Poverty Institute; Philip Cross, senior fellow, Macdonald-Laurier Institute; Allan Moscovitch, professor emeritus, school of social work, Carleton University; Geranda Notten, associate professor, graduate school of public and international affairs, University of Ottawa; and Richard Shillington, who has degrees in statistics and has conducted 30 years of research on health, social, and economic policy, and who has worked variously for governments, the private sector, and NGOs. Welcome.

This morning we'll be hearing opening statements from each of you.

Again, thank you very much for being here early this morning. We're looking forward to asking you questions.

I will turn it over to Mr. Cook. Welcome, sir.

Mr. Derek Cook (Director, Canadian Poverty Institute): Good morning. Thank you for the opportunity to be here this morning and to share our thoughts about poverty and Canada's income security system.

I'd like to begin by commending the government for their renewed commitments to poverty reduction and for initiating this program review.

As the Government of Canada's discussion paper "Towards a Poverty Reduction Strategy" notes, poverty is a very complex and multidimensional issue. I want to begin by stating that, at the Canadian Poverty Institute, we share that view, and we understand poverty to be a condition of compromised economic, social, and spiritual well-being. By economic poverty, we mean lack of access to income and resources. By social poverty, we mean lack of connection to the social supports that we need to thrive. We think of spiritual poverty in terms of lack of meaning or connection to a spiritual tradition that can sustain us.

As this is a social as well as an economic condition, we believe that poverty reduction must focus as much on strengthening our interdependence as it does on building up our individual independence. Consequently, we understand income security to be a fourfold

responsibility of the individual, the employer, the community, and the state, and we need to discuss income security within that context. As you all know, trends over the past decades have eroded our capacity on all these fronts. Job quality, as reported by the Canadian Imperial Bank of Commerce, has been eroding for some time, and precarious work has been growing. This puts increased pressure on individuals and the state.

The erosion of benefits, the reduced investments in social infrastructure, and the elimination of national standards have all contributed to a compromised social safety net.

As we have worked with and listened to people living in poverty or vulnerable to poverty, we have heard significant concerns regarding Canada's social safety net. They have told us that programs, services, and supports are increasingly difficult to access, particularly by those who need them the most. Services are fragmented, and they suffer from a lack of coordination. Benefits are largely inadequate. Crucial, life-altering decisions often seem arbitrary, and there is a lack of recourse to appeal. The design and delivery of programs and services compromise the dignity of people as human beings.

In 2013, I had the opportunity to work on the mayor's task force on poverty in Calgary. We held a conversation with some residents of a downtown homeless shelter, and we asked them, "What is the most important issue that you face as a person living in extreme poverty?" Surprisingly, to me, the answer was, unanimously, "a violation of my rights."

Increasingly, we are coming to understand and acknowledge that poverty does constitute a violation of rights—economic, social, and cultural rights. Canada is a signatory to the International Covenant on Economic, Social and Cultural Rights, and as such, we bear certain obligations under that covenant. In our recent submission to the UN universal periodic review of Canada's progress on meeting those obligations, the Canadian Poverty Institute, along with a number of other civil society organizations, noted the following: inadequate welfare incomes and punitive welfare regulations, inadequate income support for seniors, inadequate minimum wages and growing employment precarity, rising food insecurity and homelessness, growing health inequalities, persistent gender inequalities, and inequitable access to child care and early childhood education.

In response, the United Nations commission recommended that Canada develop and implement a gender equity policy, strengthen the Employment Equity Act, ensure that minimum wages are raised in all jurisdictions, ensure that social assistance rates are adequate, revise the employment insurance program, and implement a national housing and homelessness strategy. We are pleased to see progress being made on almost all of these fronts. As a national institute with the mandate of addressing and eradicating poverty, we concur with these recommendations, while we also recognize the challenges of making progress in a federal structure like Canada's.

● (0850)

I'd like to propose some principles that we believe may guide a redesign of Canada's income security systems, and then offer some specific recommendations.

It's our position that the following principles should be foundational to Canada's income security programs. In keeping with our understanding of poverty and our international human rights obligations, we believe an effective income security regime must be rights based, based on the international covenant. It must be universal, based on the acknowledgement of our universal human vulnerability. It must be inclusive in its design and implementation, and it must be holistic, respecting the principle of the indivisibility of rights. It must be horizontally integrated, taking a whole-of-government approach. It must be designed to promote human dignity, based on principles of trust. It must also be fair, based on the principles of transparency, accountability, and the right of appeal.

These principles provide some guidance for how we may move forward in rethinking our social safety net. Accordingly, we submit the following approaches to a renewed income security framework. First is reinvesting in critical social infrastructure, such as housing, food security, child care, skills training, and access to health care and prescription medications. Eligibility and benefits under existing income security programs, such as employment insurance, social assistance, and seniors income supports need to be revised to ensure that benefits are sufficient to provide an adequate income.

We believe we need to restore national standards. With the elimination of the Canada assistance plan, the ability to influence the design and delivery of programs across the country was compromised. We believe we need to return to national standards, with some measure of conditionality in programs, such as the Canada social transfer.

We believe we need to work in partnership. While there's a need for national standards and principles, programs, in their design and implementation, must be tailored to local context, working in partnership with other orders of government such as first nations, civil society organizations, the business community, and with people living in poverty.

Last, we believe that we must have an integrated and holistic approach. As we are aware, poverty is complex. It's multi-dimensional, and responses to poverty often tend to be piecemeal as a result, and we end up addressing individual symptoms rather than structural causes.

We believe there are two opportunities that currently present themselves that could be the foundation of such an integrated

approach. The first is the ongoing discussion of basic income, which guarantees rights and provides an adequate standard of living in a dignified manner. The other is to ensure a living wage, recognizing that income security is a partnership and a fourfold responsibility, including the responsibility of individuals and employers.

We believe that we can and need to ensure the provision of quality employment that pays a living wage with benefits. This can be accomplished through re-establishing a federal minimum wage, by providing tax incentives to companies paying living wages, and through the procurement power of the federal government and in its role as an employer.

● (0855)

The Chair: Excuse me, Mr. Cook. I do have to cut you off. I'm sorry. Hopefully, we can get to the rest of your statement, but we have to get through everybody. Do you have one final comment?

Mr. Derek Cook: I was about to conclude.

The Chair: Okay, go ahead.

Mr. Derek Cook: In conclusion, we commend the government once again on its renewed commitment to eradicating poverty and reviewing its income support architecture.

Thank you for the opportunity to present to you. I look forward to our ongoing conversation.

The Chair: It's our pleasure, sir.

We'll go to Mr. Cross. I would like to thank you for appearing today on very short notice.

Mr. Philip Cross (Senior Fellow, Macdonald-Laurier Institute): Not at all. Thank you for the invitation.

Next week I'll be presenting to the pre-budget consultations on economic growth. As an economist, I believe the order should be the other way around. One addresses the fundamental problem of economic growth first and then decides on how to divvy up the pie.

Arthur Okun, the chair of the Council of Economic Advisers under President Johnson, wrote a book entitled *Equality and Efficiency: The Big Tradeoff*. That tradeoff still exists. If we emphasize redistribution issues too much, we neglect the incentives needed for growth.

The risks are heightened in the current environment of chronic slow growth throughout the advanced market economies. The most powerful anti-poverty program is rapid economic growth. This was true of Canada over the last two centuries, as our standard of living reached levels unimaginable in the early 19th century, and remains true for rapidly growing emerging market economies such as India and China, whose development has lifted billions of people out of poverty.

Before getting into the weeds of specific social programs, it's worth taking a look at the overall impact of income redistribution in Canada. Our tax and transfer system has become increasingly progressive over time, as noted in a paper I wrote for the Macdonald-Laurier Institute in April 2015. Without getting into the details, the big conclusion is that the two highest income quintiles fund redistribution to the majority of the low- and middle-income people in this country, with 80% coming from the highest income quintile. Most of this progressivity comes from transfers, not taxes. Several changes in the budget likely increased this progressivity, notably the Canada child benefit and the middle-class tax cuts.

We may be reaching the limits of redistribution via the tax and transfer system. The government had proposed funding its middle-class tax cuts with a tax on higher incomes; however, the Department of Finance calculated that this would not generate anywhere near the money the government had hoped for, which is consistent with findings from academics, such as UBC's Kevin Milligan, that marginal tax rates over 50% yield little additional revenue.

It is also noteworthy that governments have increased transfers and lowered taxes more for the middle-income quintiles than for lower incomes. We are increasingly using the tax and transfer system to enhance the living standard of the middle class, not to prop up the lower income earners. The 2016 budget continued this trend of using the tax and transfer system to boost middle-class incomes instead of creating conditions where it is the growth of income earned in the marketplace that drives middle-class incomes.

Given the limits to the redistribution of incomes, only the latter is a sustainable source of growth. To the degree that reconfiguring the tax and transfer system becomes a crutch for middle-class income growth, instead of adopting policies that would boost economic growth, it may even restrain the long-term growth of incomes.

If we pursue redistribution policies forcefully, we risk further dampening economic growth. In turn, slow growth carries its own risks. It drives down interest rates, which encourages people to make more risky decisions when investing in the stock market and the housing market.

Low income in our society is no longer so prevalent that society-wide measures are needed. Chronic low income is concentrated in specific groups, such as elderly women who never worked, single mothers with children, the disabled, and recent immigrants who lack language skills. These can be targeted by government programs.

Having said that society-wide measures to tackle low income are largely unnecessary, I note that the track record shows that changes to specific programs can be effective tools to reducing low income. Probably the greatest success was in changes to our pension system, which lowered low income among the elderly from 44% in 1961, to less than 10%. However, the reverse is also true. Sharp cuts to social assistance in the mid-1990s did not lead to the increase in low income that many people had predicted.

There are several ideas currently circulating on how to further reduce the incidence of low income in Canada. These include a guaranteed annual income, higher minimum wages, an expanded CPP and other changes to the pension system, and raising the Canada child benefit. I'll comment briefly on a couple of these.

The government is to be congratulated for dismissing hikes to the minimum wage. As Professor Pierre Fortin of UQAM said on Monday, a sharp increase in the minimum wage would be the economic equivalent of detonating "an atomic bomb"—his words, not mine—in the business community, leading to the increasing exclusion of youths and people with low skills whose jobs are already vulnerable to automation.

Higher minimum wages are likely to harm the very groups they're intended to help. Raising minimum wages in an economy that is struggling, such as the Alberta government is doing, will only worsen an already bad situation.

● (0900)

The expanded CPP government agreed to in the summer will do little to address low income. Indeed, this is why Quebec refused to join. The expansion is designed to help a sliver of middle-class workers who are possibly facing a large drop in income—although it's hard to believe forecasts decades ahead—but not large enough to push them into the lower income. The increase in benefits will not occur for years.

Meanwhile, we have clear evidence that there is a group of elderly people who could easily fall through the cracks of the current pension system—old women who have never worked. When their husbands die, the survivor benefits are not enough to live on, and they often do not have other pension or income sources to fall back on. There is no good reason to not expand benefits for this group, especially since the phenomenon of women who never worked will largely pass in the next decade or two.

I look forward to your comments.

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

Now we will go to professor emeritus of the school of social work from Carleton University, Allan Moscovitch. Thank you for being here, sir.

Mr. Allan Moscovitch (Professor Emeritus, School of Social Work, Carleton University, As an Individual): Good morning. Thank you.

What I wanted to do was review briefly some of the different kinds of work I've done on the issue of poverty and poverty reduction. I hope to give the committee an idea of what kinds of areas have been addressed, and if they have questions in those areas, I'm happy to try to respond to them.

My background is a bit different in that I've had the opportunity to work at all levels of government, not only in policy analysis but also in the implementation of programs. In the early 1990s, I chaired a process leading to the redesign of the Ontario welfare social assistance system.

Like Mr. Cook, we found, in one of the many background studies we did in which we asked social assistance recipients what their concerns primarily were, that they were concerned about the lack of human rights and the lack of dignity in the program they had to depend on. We tried in the redesign to focus on human rights, on training and education leading to an escape from poverty, and on job placement and job support ideas, which have been put aside, I think, by other governments since.

I also had the opportunity to work for the Royal Commission on Aboriginal Peoples, where I and a colleague did the background study on social assistance and the role of social assistance in first nations communities. What we found—and I think the results, unfortunately, are still relevant 20 years later—was an extraordinarily high level of dependency on social assistance. There are many communities where social assistance is the primary form of economic support. Even though there was some debate in the 1990s about the numbers, the department, as a result of pressure from the Auditor General of Canada, made some revisions to the data. Nonetheless, the dependency rates in first nations communities remain extraordinarily high, and that remains a significant issue to be addressed.

In the more recent past, I've had the opportunity to do some work on two issues more closely related to your program, as it is outlined in the resolution. The first was on the old age pension. In fact, with some data provided by one of my colleagues on this panel, Richard Shillington, and with some data we prepared ourselves, we found that the previous government's proposal to increase receipt of the old age pension from 65 to 67 years of age would, in fact, have a significant impact on people with low and modest incomes. We then explored a number of alternative ways of finding the same amount of money through, for example, reducing the floor at which the tax back begins or changing the tax-back rate. I can certainly provide a copy of that, which was prepared for "How Ottawa Spends", an annual produced by Carleton University.

Last, I've had the opportunity to do some work on the issue of principles for the Canada social transfer. Members will probably be aware of the history. Between 1966 and 1996, there was a piece of legislation in place called the Canada assistance plan, which had a series of principles associated with it that were meant to provide standardized contexts for the delivery of social assistance and social services across the country.

● (0905)

When that was superseded by the Canada health and social transfer, and then eventually by two separate transfers, the Canada Health Act, which expressed principles for the health part, remained. However, other than the "no residence" requirement, there were no principles established for the Canada social transfer.

In a piece that I wrote recently, I argued in favour of some basic principles similar to the Canada Health Act for the delivery of social services across the country. I have also been a strong proponent of

establishing some basic principles for the social assistance part of the Canada social transfer as well.

That's what I wanted to say this morning. Thank you very much for the opportunity to be here.

● (0910)

The Chair: Thank you for being here. We appreciate that.

We will now move on to Geranda Notten, an associate professor from the graduate school of public and international affairs at the University of Ottawa. Welcome.

Ms. Geranda Notten (Associate Professor, Graduate School of Public and International Affairs, University of Ottawa, As an Individual): Thank you, Mr. Chair. I'm very honoured to be here.

In today's presentation I want to talk about how we measure poverty. I want to make a link to the mandate of this study, and that is about how well the delivery of federal programs works for poverty reduction.

In today's presentation I will make the argument that the way we measure poverty in Canada is not living up to international standards. Our near exclusive focus on low income as an indicator of poverty leads us to exclude a significant number of Canadians who may be experiencing poverty. If their situations improve, it is not counted as poverty reduction. Moreover, because we also don't count these people in our policy evaluations, we tend to underestimate how well our programs perform when it comes to poverty reduction. We're not only misdiagnosing the problem, but at the same time we're underestimating the effect of the solution.

The recommendation I want to make today is that we complement the low-income indicators with an indicator that measures how many people experience poverty level conditions of living. An indicator such as that one exists, and we call it material deprivation. Allow me to elaborate a bit further on this. I've also detailed the argument, together with Michael Mendelson from the Caledon Institute of Social Policy, in a brief that I've already submitted to the clerk.

Policy in Canada means that you cannot afford a very modest but still acceptable standard of living. That means, for instance, that you can't afford a warm winter coat. It may mean that you cannot afford to buy even a small gift for your child's birthday. It may mean that even though your tooth has been hurting for weeks, you cannot afford to go to the dentist, but low-income indicators don't measure that. They measure a family's income, and they compare that to the costs of living that you need to spend in order to finance that acceptable standard of living.

I don't want to say that low-income indicators are bad indicators of poverty, because they're fine, but they do focus on a single financial resource. It's an important one, and it's an important one for Canadians, but it's not the only thing. The indicator has its slots. Low-income indicators focus on income, which means we don't look at other financial resources, such as access to savings and access to credit. Another point which is very important is that families may have higher than average needs. They may have a family member that has a handicap or a severe food allergy, and that means they have to spend more than an otherwise similar family in order to get that minimum acceptable living standard. Families may live in an area where living costs are high, and we try to adjust for that with our low-income indicators, but that doesn't always work.

As another example, a family may have an okay income above the threshold, but they may be spending a large part of it on paying back loans. I could go on further, but I won't.

The consequence, which I mentioned earlier, is that by focusing nearly exclusively on low-income indicators, we miss out on people who have a combination. These types of issues are different ones, and those families are experiencing poverty level conditions. In addition to low income, when we tried to measure outcomes, it suggests that not being able to afford a warm winter coat and not being able to go to the dentist when you really need to means that we tackle that issue right away, and we have a much wider chance of identifying those families. That's what material deprivation indicators do.

I mentioned that the level of misdiagnosis is substantial. My research shows that we might be missing up to two million Canadians by just focusing on low income. That's about 5% of the Canadian population. If you compare that to the number of people who are considered to be in low income according to our normal indicators, which we find to be about 10% to 15%, that's a large number of people.

• (0915)

We misdiagnose the extent of the problem, and on top of that, we underestimate how our programs perform when it comes to poverty reduction. Take, for instance, a program such as the Canada child benefit. A family may have above the low-income level of income but may be having some of the challenges I just mentioned. When we're assessing the effectiveness of the Canada child benefit, which we know has broader goals than just poverty reduction, in light of a federal poverty reduction strategy it might make sense to look at how programs such as the Canada child benefit fare when it comes to reducing poverty.

Imagine that family with a child receiving the Canada child benefit. That family is going to be helped financially. It is going to get more financial support, but that effect is not taken into account when we look at low income, so the program seems to be reducing poverty less, because we're not counting that family as poor, and we're not counting the money that is going to that family as poor. That has an impact on the effectiveness of the program, but at the same time, it has an impact on how we assess the efficiency of that program with respect to poverty reduction, because the fiscal cost for that family is seen as a waste, at least from that perspective.

Material deprivation indicators are not perfect either. They have their challenges in tracking the needs of minority groups. People might under-report because they are ashamed that they cannot afford a small gift for their child.

The key message I want to end with is that by using both low-income and material deprivation indicators, we get a better assessment of economic poverty in Canada. Other countries do this. Ireland, the U.K., and the European Union do this. Statistics Canada has the capacity to do this. They did it for Ontario, but they're not doing it anymore. The costs are relatively modest.

What is needed now is that the government give Statistics Canada the mandate to do this and that the government, in assessing the effects of its policies on poverty reduction, use both types of indicators: low income and material deprivation.

Thank you very much.

The Chair: Thank you very much.

Without further ado, last but not least, Mr. Richard Shillington. Thank you for joining us.

Mr. Richard Shillington (As an Individual): Thank you very much for this opportunity to discuss this important and timely issue.

I'm going to comment mostly on seniors poverty, because it is more clearly in the federal domain than poverty for younger families. Reducing poverty for non-seniors would usually look at things like minimum wage and child care policies, which are more properly in provincial jurisdiction. There is a federal minimum wage, but most people are governed by the provincial minimum wage.

Before I get into other issues, I want to raise one topic that we should be thinking more about. Baby boomers like me are retiring. Many of us are dealing with caregiving for frail parents. In a few years baby boomers are going to be demanding home care and support from available family members. I'm pretty sure our personal and professional support networks are not ready. I think we should be talking about this before my generation starts moving into home care or needing help mowing the lawn.

Before discussing policy, I'll say a few words on measurement. Using the 1992 LICO, low-income cut-off, poverty for seniors is declining. Using the low-income measure, LIM, seniors poverty is increasing. How can this be? LICO reflects an income standard set in 1992. It was set every few years, starting in 1968. The last time it was reset by StatsCan was 1992. LIM, the low-income measure, reflects living standards. It is roughly half of median income. Since 1992 LICO has been increased by about 50% to reflect inflation, and LIM has increased by about 100% in the same time period. They are both income-based poverty measures. Why is that?

The LICO is asking how your standard of living is compared to a standard that was set in 1992. The LIM is saying how you are doing compared to your contemporaries, other people in the same year.

You can have the same standard of living over time but be falling behind. It's a policy decision. What is our measure of poverty? Are we saying there's a basket of goods you should be able to purchase? The number of calories we need to sustain ourselves is probably the same now as it was 50 and 100 years ago. Or are we social animals, and what is a decent standard of living is one that allows people to participate in contemporary society? That policy decision will determine what type of poverty measure you might want to use.

You've asked for comments on a number of tax measures, and I'm going to say them very quickly.

Registered education savings plans are great for higher income families. It's a no-brainer, easy money.

The Canada learning bond was brought in in 2004, and I appeared before a committee like this when that happened. I said I was worried about the take-up rate because the federal government has a terrible track record in ensuring people are getting benefits they're entitled to. The last I saw, the take-up for the learning bonds—it's \$500 free for low-income people with children—was less than 20%. It was \$500 sitting on the table, because we haven't reached those people.

Registered retirement savings plans are toxic for low-income Canadians. The last thing a low-income Canadian wants is an RRSP, because GIS will take back at least 50% of it, sometimes 75%, and when you include a provincial GIS top-up, 100%. Put them in social housing, and it's 130%.

The Canada pension plan is absolutely critical for low-income Canadians. All the data shows that. But it is undermined by the GIS clawback, and the recent CPP increases—I'll take some credit for making this well known—are not going to be very helpful to low-income Canadians.

Again, the guaranteed income supplement helps you up. About 30% of seniors get it. This is not a fringe program. But it holds you back. It gives you an income support that's critical, and then claws back at 50%, 75%, 100% any other income you have.

The last government announced it was going to delay OAS for two years. This was going to create a problem for a lot of people.

• (0920)

I've been thinking more about this. I actually now think—and there's a paper coming out soon about this—that we should move OAS to 67, as it was proposed, but take GIS and leave it at 65, or put GIS back to 60. You can get OAS and GIS now at age 60 if you're a widow or if you're married to somebody over 65. Why don't we just say we're going to delay OAS, and people who are not low income are going to wait two more years? But for GIS, let's go back to 60 or leave it at 65. I think that's a good compromise between these two policies. I'm not a very good politician.

How many seniors are low income? About 25% to 30% of single seniors are low income, using the low-income measure. How can this be? For OAS, old age security, maximum benefits are around

\$7,000 or \$8,000. For CPP, maximum benefits are \$11,000, and the average is, the last I saw, \$7,000, or \$5,000 for women. Add those together and you're in the teens. GIS could give you up to \$6,000 or \$7,000, but for every dollar of CPP, it goes down by 50¢. So the median income of single seniors who don't have an employer pension plan is \$18,000 to \$19,000. We can bring up the statisticians and economists who debate whether they're poor.

I've checked, and it's the same figure in Victoria, Vancouver, and Toronto. It has to be. Look at the design of the program. That is not a lot of money. It's not the money you want your mother living on in Ottawa or Toronto. We can debate whether they're poor, but it's not very much money.

In the last 30 years, OAS has increased by 112% because it's indexed to CPI only. It's inflation adjusted. It hasn't been changed otherwise for 50 years.

GIS is again indexed to inflation, prices only. Occasionally it's incremented a bit by governments. It has increased in the same time period by 150%. Over the same time period, RRSP limits have gone up by 350%. I'm just saying. Are the RRSP limits indexed to prices? No, they're indexed to wages. OAS and GIS are indexed to prices. RRSP limits are indexed to wages.

I'm going to have to jump ahead, very quickly, to a couple of proposals I have.

Index OAS and GIS to wages instead of to prices. It won't have an effect in the short run. In the long run, the people who care about RRSPs and pensions have made sure those are indexed to wages, not prices. The economist at the table will tell you that in the long run, wages exceed prices, which is why the LIM is growing so much more than the LICO.

There are two provisions in the tax system that make sure that pension income is taxed at a lower rate than other income: pension splitting and pension credit. Did you know that CPP income is not pension? The pension plan for everyday Canadians is not eligible for the pension income credit.

RRSP withdrawals are taxed at normal income, regardless of your age. RRIF withdrawals are taxed as pension income if you're over 65. When I walked into my bank at age 65 and said, "I want to take \$50,000 out of my RRSP and put it in the RRIF", they said, "You're not 71; you don't have to do that yet." I said, "No, it's taxed at a lower rate." "Well, isn't that clever?" First of all, I would have expected them to tell me. In 2013, 200,000 seniors over the age of 65 took money out of their RRSPs. If they had received good tax advice, they would have taken it out of their RRIFs. That's \$2.3 billion.

One of the principles of low-income policy is that complexity is inherently regressive, complexity in the tax system, complexity in the eligibility rules for OAS, GIS, and CPP, all of it. It's inherently regressive because low-income people are not going to get professional advice; they can't afford it. So if you want to help low-income people, make it simple. I wrote a report for the task force on financial literacy. It said one of the ways to help low-income people is to make it simple.

●(0925)

One of the things you could do would be to consider RRSP withdrawals as pension income for those over 65, so they wouldn't have to do this little RRSP to RRIF transfer to get an advantage. There are so many of those.

Thank you very much.

The Chair: You're more than welcome, sir. Thank you very much.

Thank you to all the panellists. There was a lot of information there, and I know there will be a number of questions to elaborate on it.

First off, we are going to MP Zimmer.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Thank you to the panellists. I guess you are here today to educate us, and we are definitely getting an education this morning about different factors around poverty.

I have a question for a couple you. First, I want to ask Philip and then Derek, could you define poverty?

Mr. Philip Cross: There are two ways of approaching this. One approach looks at relative poverty, how we are doing compared to other people, and it's a constantly moving target. That's what LICOs and LIMs do.

Then there is poverty in an absolute sense, can you just not afford to put the basics on the table, whereas the relative concept is how are we keeping up with economic growth with the average person in our society.

For current estimates of absolute poverty, there's—help me with the name—Chris...?

A voice: Christopher Sarlo, from the Fraser Institute.

Mr. Philip Cross: He publishes a lot on absolute poverty estimates. Something like 4% of the population is in absolute poverty.

The problem with all these measures, though, which goes back to what Geranda was talking about, is measuring outcomes. It was also the fundamental problem when I worked at Statistics Canada.

How are people really doing? Do you live in poverty or not? How is your standard of living? We can't measure these things very well so we basically cross our fingers and say, "Well, we're going to proxy this with incomes." There are a lot of reasons to think—Geranda touched on some of them—that incomes do not equal outcomes.

●(0930)

Mr. Bob Zimmer: Thank you for that. I just need to keep going. I want to ask you some more questions. I'll move on, because the time is escaping quickly.

I would say that Geranda had the closest definition I can relate to. I remember being done university as a young dad with four kids. We might not have been close to the poverty line, but sometimes Kraft Dinner was all we could eat because we had to make the next payment, even though we had a decent income. The *Concise Oxford English Dictionary* defines "poverty line" as the estimated minimum level of income needed to secure the necessities of life. I think that defines quite well what I think of as poverty or the poverty line.

I want to get back to what I think Mr. Cross was saying. To me, the simplest way out of poverty—and it's not necessarily the absolute way out—is a job. If it's a low-income job, it doesn't always bring you out of there, but without it, you're almost destined to be poor. With a job, you have the opportunity to get out of poverty, or you're not in poverty anymore.

What I'm getting at, which Mr. Cross was referring to, are policies in this country that are hospitable to job creators. On the Conservative side, we see that the people who create jobs create opportunities for people. We see it as opportunities for regular Canadians to have a job.

As part of our conversation, Mr. Cross, what would you say would be the biggest bang for the buck in Canada in terms of tax policy for a government that's looking to help people out of poverty?

Mr. Philip Cross: I don't know that tax policy is the way out of this. Throughout the industrial world, in Europe, North America, and Japan, we're stuck in chronic slow growth. That is the million-dollar question. How do we get out of this mess?

There's an increasing consensus that the traditional tools of monetary and fiscal policy, including tax cuts, may not be the way out of this. We need something that's going to boost productivity—more supply-side issues. This may be tax changes that will keep older people in the labour force and keep them working longer. It may be changes to the pension plan, changes that reduce the incentives for people to retire and leave the labour force, things like that.

Mr. Bob Zimmer: Right, and it goes with the next step. I was listening to Mr. Cook's presentation, and it's nice to have increases to the minimum wage and all those nice things, if it's affordable.

I've been referring to them as Joe and Jane Taxpayer, and I call them the middle-income earners in Canada. They're the ones who are always asked to ante up and pay the bill for all of this.

We have a new thing that was just released by the government of the day, which is the carbon tax. Estimates of the cost are as little as \$1,000 per family up to \$2,500 per family, to Joe and Jane Taxpayer, who are asked to keep paying the bill. They are being asked to pay the bill for the increase in the minimum wage, because they're going to have to pay more for their food at the grocery store. All the way up the line, we're asking them to constantly pay the bill. My concern is that we are overburdening that particular group, and we're pushing them down below the poverty line in doing so.

Mr. Cook, what are your thoughts on the carbon tax and its effect on those closest to poverty?

The Chair: Very briefly please, sir.

Mr. Derek Cook: I'm not an expert on environmental policy, but with the carbon tax, we're concerned about the impact on low-income families, particularly. Our position would be that any carbon tax that would be introduced would need to have some provision to offset the impact of it on low-income families, certainly.

• (0935)

The Chair: Thank you very much.

Over to MP Tassi, please.

Ms. Filomena Tassi (Hamilton West—Ancaster—Dundas, Lib.): Good morning.

I would like to thank you for your presence here this morning, for the amazing, fantastic presentations, and for the work that you do in this area.

My first set of questions targets the effective measurement. That's what I would like to focus on.

Mrs. Notten, you spoke about, and I think it's amazing, the material deprivation indicators as important indicators.

My first question is very simple. Do those indicators define poverty in the same way that Mr. Cook did, where we're taking on economic, social, and spiritual? Does it involve all three?

Ms. Geranda Notten: No, the material deprivation indicator is focused on the material, or the economic aspect of poverty, and so it's the consequences of not having enough financial resources to finance a standard of living.

Ms. Filomena Tassi: I think it's important that these are measured and that they are taken into account together with the low income. You mentioned other countries that now undertake this and it is included.

Is there an easy way to do this? How does it look concretely? How do we move forward so that when we are measuring, we in Canada can include this?

Ms. Geranda Notten: On how it works concretely, I'll link back to what MP Zimmer said about necessities. The first thing you do is track the typical Canadian things that are necessities of life. That's going to be your base. There has been some research done for Ontario already, which ended up with winter coats and needing dentist treatments, and so we have some idea of what would be typical outcomes.

The next step is that we collect not just one of those outcomes, but a series of them, maybe about 10 to 15 indicators maximum. That's

typically 20 survey questions. You ask people if they have a winter coat and if they are able to afford it. It's the affordability that we care about.

We then put that information together in what we call an index. Then we do the same with the lens and the LICOs. Where do you set the threshold? Is it when someone can't afford that winter coat, or do they need to be having multiple issues? Typically, we say multiple issues, and that gives us a certain percentage of the population.

Ms. Filomena Tassi: Do you believe that social and spiritual should also be a part of the measure? Would you be open to adding those as a measure and as an indicator?

Ms. Geranda Notten: The first thing is that we should measure the complexity of poverty in many ways. In my talk, I focused on how we measure the economic dimension. I would argue that there are ways of looking, for instance, at the social dimension and the spiritual dimension. Quebec is experimenting with social inclusion indicators, which might tag into the social dimension.

I would prefer to keep those separate, because they tell you about a different dimension of poverty. Otherwise, we'll mix up economic with social and spiritual. That's what I would say.

Ms. Filomena Tassi: Mr. Cook, could I have your comments, and Mr. Shillington as well, on measures of those two components and how you believe they're important?

Mr. Derek Cook: I'd like to begin by responding to the question about what poverty is, the lead-off question, and I'm going to refer to Bill C-245, which provides a pretty useful definition, from our perspective, in the preamble:

poverty is the condition of a human being who does not have the resources, means, choices and power necessary to acquire and maintain economic self-reliance and to facilitate their integration into and participation in society;

I think you can't separate the economic and the social and the spiritual. They are all bound up together, and we need to be addressing it holistically as well.

Mr. Richard Shillington: Certainly I would include the social. I'm not sure what the spiritual means, but my bias is that we are social animals. Even Adam Smith, the economist, said that poverty is the inability to walk in public in a linen shirt. I think that's the quote.

I've written many reports on poverty measurement. The word "dignity" pops up over and over again. Amartya Sen, a Nobel Prize-winning economist, talked about the capacity to participate in your society in a life that you value.

I'm a mathematician by training, forgive me, so I want to talk about measurement. Yes, we have the LICOs and the LIMs. The only thing you need to know about a family to know whether it is poor using LIMs is its income, either before tax or after tax, compared to a threshold, and the family size. You don't know the number of disability issues. It's an arbitrary measure, but no more arbitrary than the unemployment rate: Did you look for work this week or this month?

A voice: It is this week.

Mr. Richard Shillington: It pushes together full-time, part-time, and whether you've given up looking. StatsCan actually, buried down in it, publishes 12 unemployment rates: long-term, short-term, part-time, all of this. The LICOs and the LIMs, all of these income-based measures, are arbitrary. No thoughtful person would say that they classify each family properly, of course not, but over time, do they measure something useful? I think so.

● (0940)

The Chair: Thank you very much. Sorry, but that's time.

We're moving to MP Sansoucy.

[Translation]

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

My first question is for Mr. Shillington.

This morning you chose, and rightly so in my opinion, to speak to us about seniors. Last Tuesday, Statistics Canada representatives gave us a status report on poverty in Canada. The statistics about seniors were very clear. In my opinion, all of the members around this table cannot go into their ridings without being made glaringly aware of this reality.

You discussed seniors' programs, but I would like to focus on the Guaranteed Income Supplement. This program targets the poorest seniors. There was a 10% increase for single seniors in Budget 2016, which left aside 50,000 seniors living in poverty who do not live alone.

How can we help these low-income seniors who do not live alone?

[English]

Mr. Richard Shillington: If you're interested in improving the circumstances of low-income seniors, the poverty rate for couples is actually quite low. The poverty rate for individuals, males and females, is quite high, so you're really going to be looking at the GIS. There are some things I've mentioned before, that pensions could be helpful, but not really for the lowest income seniors, because they don't have pension income.

The income of somebody who's retired without an employer pension plan is determined by the federal government. It's the old age security plus the CPP, and then GIS is calculated depending on the amount of CPP, and that's it. The federal government has basically determined their income, so if the poverty rate is 25%, that's a federal government decision.

One thing that drives me crazy about the design of the GIS is the clawback. About 30% of seniors on GIS have an RRSP—I looked it up—about \$30 billion, on average about \$70,000. They don't know that every time they take \$1,000 out of their RRSP the federal government says, "Good, we can give you \$500 or \$750 less and it's still taxable, and it might affect your eligibility for prescription drugs and all sorts of other things.

Recently the rules were changed so the first \$3,500 of wages is exempt in determining GIS—that's wages, not self-employment, but wages. That's for bizarre historical reasons. If it were up to me, I would actually say the first \$3,500 of income, regardless of source,

will be ignored for the GIS. In terms of simplicity, all those people with RRSPs don't have to rush out and switch them to TFSA.

The C.D. Howe Institute published a paper that I wrote in 2003 containing the fact that all these seniors with low incomes had RRSPs, which in some people's minds led to one of the reasons for the TFSA.

I work with the financial literacy community. The banks are still telling people, regardless of income source, "Maximize your RRSPs. Do this, do that." They have their cookie-cutter financial advice. All that advice is toxic. It's actually the worst possible advice for somebody who's going to be on GIS when they retire.

● (0945)

[Translation]

Ms. Brigitte Sansoucy: Thank you for your recommendation.

My second question is for Ms. Notten.

To date, the federal government has not adopted any official measure targeting poverty. You described this situation very clearly. The Statistics Canada representatives who appeared before this committee also discussed this matter. People talk about low incomes, which is a rather vague concept.

You say that we mustn't confuse economic and social aspects. I must admit that I have trouble separating the two. To my mind they are closely related. When you talk about taking regional specificities into account, in my opinion these are social aspects. We are talking about social exclusion indicators and deprivation. In my opinion, when you talk about winter coats, you are touching on a social aspect, in this case, deprivation. To my mind these elements are inextricably linked.

You mentioned that Statistics Canada could make changes to data that would not be costly, and that there were some very clear examples in other countries. Mr. Tassi asked a question about this in connection with your presentation.

In light of what is being done in other countries, how could Statistics Canada make these low-cost changes?

[English]

Ms. Geranda Notten: I hear two questions or comments, one with respect to whether you should mix social and economic dimensions of poverty. That's the first part. The second comment you had was about how to implement such a measure. Is that correct?

[Translation]

Ms. Brigitte Sansoucy: Yes.

[English]

Ms. Geranda Notten: Poverty is a complex problem and it has multiple dimensions. In my response to MP Tassi, I meant to say that when it comes to tracking our progress on poverty it makes more sense that we track the economic dimension using economic indicators of poverty and that we track the social dimension with social indicators of poverty. I'm a bit wary of putting all of this in one pile and then generating potentially a single statistic or a statistic that keeps all of those in there, because the two are related but they also have their separate aspects. You can have a lack of financial resources but still be part of a community.

The Chair: Thank you. We do have to move on quickly.

Ms. Geranda Notten: Do we need to—

The Chair: No, that's time, I'm sorry. Maybe we can come back in the second round.

We'll go to MP Ruimy, please.

Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.): Thank you all very much for coming today. They were great presentations.

We're faced with a huge task. In my career I'm an operations guy. I look at a problem, and I want to tear it apart. I want to come up with some potential things that can be acted on and then roll up the sleeves and get it done. One of the challenges we are all alluding to right now is what is poverty, how do we measure poverty, and how do we go about setting goals and executing. When we do talk about the measures that we have, I look around my riding, and it's not enough. I see people, all the seniors, who are getting the max, but it's not enough because housing is too expensive.

Yet my mom, who has lived in Montreal for the last 25 years, lives in the same place, and her rent is probably still at about \$600, whereas in Vancouver that rent is anywhere from \$900 and up. We have subsidies, for sure, but again, the first problem is measuring, and the second problem is how we target the people who actually do need it.

You mentioned that 25% of seniors actually are at that stage. How do we find those people? How do we measure those people and target our programs toward them? The second part of this whole process is the innovation.

My question is for you, Ms. Notten. You have a wealth of experience. Can you highlight some advice on what you think, be it policy or anything of that nature, will help us in actually taking a step forward and not taking any steps backward?

• (0950)

Ms. Geranda Notten: Thank you very much, MP Ruimy.

If you use, for instance, a material deprivation indicator to assess whether people are able to meet their necessities of life or not, you're able to take into account indirectly that living costs might be very different from one place to another. We're not actually trying to correct for it in our measure, but we're focusing on the outcomes that are associated with poverty-level living conditions.

As a researcher, if I want to see which groups we need to target with our policy, I'd be uncomfortable just focusing on low income as a measure of figuring out which group I need to focus on, so I'll

study further what their problems are. If I include people who have issues in terms of material deprivation, of course, that's not where it ends. We have to look further. Why is it that they can't do it? Is that because of housing affordability, is that because of higher needs, or one of other causes? We need to search further.

I would say, by using a range of indicators, you're making sure that you have a better idea of what your potential target group is, and then you can figure out what their issues are and how to address them in the policy sense.

Mr. Dan Ruimy: Okay, thank you.

The other thing that we're not really talking about here is the impact of, for instance, youth mental health and addictions. Those are two things that are probably not even getting measured. We heard from Stats Canada that technically some cities do measure homelessness, but we don't do that as a national standard, so I'm concerned as to what that problem is. How big is that problem? How can we possibly measure that on a national level?

Ms. Geranda Notten: I hear two questions. One is how we measure homelessness, and I think your idea is that a group of people who are homeless are the people who have serious mental health issues. Is that—

Mr. Dan Ruimy: The mental health issues are across the board, and we have youth who are just starting to learn that they have mental health issues, and they're couch surfing right now, so they're not part of any study.

Ms. Geranda Notten: I know that indeed at municipal levels there are a lot of initiatives going on to actually track and measure this. There is quite some knowledge gained as to how to do that. I could connect you to people who would give you a really direct answer on that one, because I know there are advances being made. But couch surfing will be an issue. It's hard because these are the people we don't find with Stats Canada surveys or in administrative databases.

Mr. Dan Ruimy: That's the problem. Would you be able to forward to the clerk those references and contacts? I think it's important that we look at that.

Ms. Geranda Notten: Yes.

Mr. Dan Ruimy: I'm going to extend that to anybody else who may want to jump in and give us your thoughts on the whole mental health issue and how it relates to poverty. It's a tough one, isn't it?

Mr. Allan Moscovitch: You were asking about measurement. There are a series of studies that have been done municipally across the country. It's possible, using that data, to get a broad picture of the number of people who are homeless. It's clear when you're working at the municipal level that there is a major slice of people who are homeless and are dealing with addictions and mental health issues. That's partly because the services that have been provided at the local level have been inadequate to accommodate the mental health issues they present.

•(0955)

Mr. Dan Ruimy: We see a lot of municipalities dealing with this. How do we as a federal government even look at policy if we're not capturing that on a grander scale?

The Chair: Please give us a very brief answer.

Mr. Allan Moscovitch: The federal government has been engaged in a homelessness strategy since the late 1990s. The only way that the federal government could proceed using those funds would be to be more directed in the way those funds are spent, not simply for more shelter but in other directions as well. For example, some of the cities have moved in the direction of housing first. The Mental Health Commission of Canada had an experiment on that and strongly recommended moving more in that direction. That would be one way—using those funds and directing them more to the social services connected to the shelters being built at the local level.

The Chair: Thank you.

Mr. Robillard.

[*Translation*]

Mr. Yves Robillard (Marc-Aurèle-Fortin, Lib.): Thank you, Mr. Chair.

My questions are for Mr. Cook.

When you were the executive director of the Calgary Poverty Reduction Initiative, what were the main lessons you learned regarding developing strategies to reduce poverty?

[*English*]

Mr. Derek Cook: The major lesson we learned about reducing poverty was what I started with. It is more than just an economic condition. We did start with that economic focus and quickly found that it's as much a social condition as an economic condition. As such, the strategy we need to employ is more than just a matter of increasing income. If it was just a matter of increasing income, there are a lot of policy measures that could be taken. They would solve the economic dimension of poverty, perhaps, but they wouldn't solve the broader context of poverty.

More importantly, I don't believe they would get at preventing poverty. As some of the other panellists have mentioned, people fundamentally exist in community, and when we see community breaking down, it leaves us vulnerable to poverty. Poverty reduction from our perspective—and this is one of the key lessons—is as much about strengthening the bonds of community as it is about providing income support. When you do that, you prevent poverty and you tackle income, but it's almost a by-product of a larger strategy.

[*Translation*]

Mr. Yves Robillard: Still in the context of your work on Mayor Nenshi's team, what did you observe about the situation of seniors who struggle with poverty in urban areas?

•(1000)

[*English*]

Mr. Derek Cook: Poverty among seniors. I think our other panellists have spoken about the economic dimension of that poverty. Certainly, many seniors are living in precarious economic circumstances, but to return to my earlier theme, they're in a

precarious social condition. Social isolation is both a cause and the result of poverty. When people are isolated without supports around them, they are more likely to fall into poverty. When they're in poverty, they're also more likely to be isolated because they don't have the ability to interact, to access those social supports and resources around them.

People can become much more vulnerable very quickly because of the social isolation they may experience.

[*Translation*]

Mr. Yves Robillard: Finally, how can the notion of prevention be included in a poverty reduction strategy?

[*English*]

Mr. Derek Cook: When we think about preventing poverty, which is what I really think we need to think about much more than remediating it, we have to look at the sources of vulnerability.

Another key learning, I think, we took away from the mayor's task force is that we're all vulnerable. When we're talking about poverty, it's like talking about cancer. There isn't one cancer. There's lung cancer, leukemia, liver cancer. We use one term as a catch-all, but they're very distinct. Poverty is a spectrum of vulnerability.

To address poverty from a prevention standpoint, we need to look at how we are all vulnerable. We looked at four sources of vulnerability. There's a personal vulnerability, which is about me and the assets or needs that I bring. There's also the vulnerability that comes from life stage, as seniors, as children. There's also the vulnerability that comes from disruptive events. No matter how prepared we are, things happen to us. We may lose a job. We may get sick, or a spouse or a child may get sick. There may be a natural disaster.

Then there's systemic vulnerability, those things about our systems that don't work well: asset limits on preventing people from accessing welfare assistance that make you divest your RESP before you can qualify for welfare.

To address poverty from a prevention standpoint, we have to look at all four of those quadrants of vulnerability, and it really needs to be a universal approach, rather than a targeted approach. Targeted approaches, I believe, really focus on remediating poverty for people experiencing it now, but they don't do very much to prevent it in the long term.

The Chair: Thank you.

Now, we'll move to MP Poilievre.

Hon. Pierre Poilievre (Carleton, CPC): If I might, I will begin with Philip Cross, former economic analyst from Statistics Canada.

Whenever the subject of poverty arises, the question we ask ourselves is what should the government do about it, as though we automatically assume that government is the solution.

At the previous meeting, I looked at the data on inequality in Canada and found that inequality grew most in the province of Ontario over the last 15 years, which might seem surprising to some people, because this is a province where the government has taken an extremely active role, instituting massive so-called stimulative deficits, growing government spending almost without fail faster than the combined rate of inflation and population growth in every year of the last decade, expanding new programs and initiatives, \$36 billion in green subsidies to windmills and solar panels, and so on.

One would think that if an expansive government were a solution to inequality in Ontario, you would have seen a decline, but in this province, we've seen the largest increase of any others.

I wonder if Mr. Cross might comment on things that government is doing to cause poverty in the first place, rather than simply solutions it could offer after the harm has been inflicted.

• (1005)

Mr. Philip Cross: The specific programs that.... Well, I don't want to get into specific programs. I think the general flavour of the response is that government can have the best of intentions.

Governments cannot legislate prosperity. That leads to mistakes like they have in Alberta, where raising the the minimum.... Everyone wants to get rid of low income, and everyone wants to help poor people, but raising the minimum wage to \$15 an hour is unlikely to help. It might even hurt. It could very well be that those people whose minimum wage you want to raise may end up losing their jobs altogether. They can end up being worse off, so I think there's a counsel there for government to be cautious. There are unintended consequences from policies. They may in fact make the situation worse.

I go back to the overall argument, too, that these policies may slow overall growth. I think we've clearly seen that in Ontario. It has been chronically below the national average over the last 10 years. Most of its indicators related to unemployment and incomes have deteriorated. This is going to hurt the very low-income people who I think everybody most wants to help.

Hon. Pierre Poilievre: Thank you.

My next question is for you, Dr. Shillington.

In 2004, you advocated a tax prepaid savings plan. Am I wrong in saying that?

Mr. Richard Shillington: In 2004?

Hon. Pierre Poilievre: It's a long time ago.

Voices: Oh, oh!

Mr. Richard Shillington: I believe that was the issue of the RRSP and GIS clawbacks. Yes, I was in favour of some form of tax prepaid savings plans.

Hon. Pierre Poilievre: Without overburdening us with all the technicalities, how would that differ from tax-free savings accounts?

Mr. Richard Shillington: The C.D. Howe Institute has published articles, and I had—I'm tempted to use unparliamentary language—a

dispute with the C.D. Howe Institute. I wanted a cap on the size of TFSA's.

Hon. Pierre Poilievre: What kind of cap?

Mr. Richard Shillington: A monetary cap.

Hon. Pierre Poilievre: On the contributions or on the market value?

Mr. Richard Shillington: My motivation for a TFSA was simply to find some way that low-income people could save in a tax-advantaged way and not have it all escape into the federal treasury through the GIS. I spent a lot of time talking to seniors who were living on low incomes. They had an average of \$30,000, \$40,000, or \$50,000.

I thought the cap should be \$200,000. Once your TFSA gets to \$200,000, I would say that you shouldn't be allowed to put any more in. It can still grow tax free, but there should be a cap. I actually think—and I've been quoted as saying this—that the TFSA as currently structured cannot survive, because right now we know that you can build up millions in your TFSA and get the GIS, right?

As soon as there's the article on page 3 of the *Report on Business*, there are people doing it. They are planning for this. I could do it. I know the rules well enough that I could easily get the GIS and have a very good income that doesn't show up on my tax return. I just incorporate and leave all of the corporate profits in retained earnings.

I think that the TFSA, as currently structured—

Hon. Pierre Poilievre: But that has nothing to do with TFSA's.

Mr. Richard Shillington: No. My point is that the TFSA is another example of the same thing. You are allowing people to scam the GIS, and eventually that will become politically unsustainable, I think, but I'm not a politician.

• (1010)

The Chair: Very quickly, please.

Hon. Pierre Poilievre: In order to get millions of dollars in your TFSA, given the contribution limits, you'd have to be a Warren Buffett type of magician, so if you are, maybe we should speak afterward, because I could use your retirement planning advice.

Voices: Oh, oh!

Mr. Richard Shillington: No.

The Chair: All right. Who do we have next?

Mr. Wayne Long, please.

Mr. Wayne Long (Saint John—Rothesay, Lib.): I have to say that the presentations have been absolutely inspiring and very well done.

I have questions for everybody, but I think I'll start with you, Mr. Cook.

One of the reports from your institute, which I read with a lot of interest, talks about alignment of governments and how important it is to have our federal, provincial, municipal, and territorial governments aligned in a poverty reduction strategy.

Given the fact that our minister's mandate letter is to come up with a national poverty reduction strategy, and given the fact that I continually am frustrated by people coming into my office with housing issues, where I have to say that's provincial or what have you, and federal money can go for housing but then it goes into the provinces and they decide, can you just give us some thoughts on this? Can you elaborate—maybe we can go down the table a bit here, just with your thoughts—on how important alignment is between the governments and what you see and what you would correct? Are there any thoughts on that?

Mr. Derek Cook: Yes, I think alignment is critically important, and my colleague Dr. Moscovitch alluded to where the solution to that lies. When we moved away from the principles of conditionality, from the Canada assistance plan, and moved to the Canada social transfer, which has no conditions, we lost the ability for the federal government to have that alignment.

The opportunity before us, in terms of alignment, is to go back to the principle of rights. As a signatory to the International Covenant on Economic, Social, and Cultural Rights, we have certain obligations that bind all orders of government. That would be a very powerful framework that would allow that alignment. In fact, it was one of the recommendations from the UN committee when they reported back on Canada's progress earlier this year, that we do build that alignment into our strategies and into our funding arrangements so that rights considerations provide that framework as conditions of federal funding to other orders of government.

Mr. Wayne Long: That is to say, there are some strings attached, per se.

Mr. Derek Cook: Exactly.

Mr. Allan Moscovitch: Just to be clear, there is one condition around the CST, that no province can establish a residence requirement in relation to social assistance. This goes right back to the 19th century when relief was a ticket to somewhere else, not your town.

Should we have some principles associated with the Canada social transfer? I believe so.

Mr. Allan Moscovitch: I would like to see them stated broadly in the way that the Canada Health Act establishes the five conditions. I would like to see some broad conditions, but I think it's important to understand that nothing works without the consent of all the governments we're talking about. What we're talking about is trying to establish a consensual framework between the provinces and the federal government. The last time there was some discussion about that was in the 1990s, and it was actually the provinces that took the lead on trying to establish those principles and it was the federal government that was not, at that point, responsive.

I don't want to suppose that it's the provinces that would necessarily be opposed to this. I think that has to be tested, but it was simply dropped. The discussion at that time was about a social charter and it simply fell off the table. I do think it should go back on

the table and it would be valuable to look back at the principles that were discussed at that time.

Mr. Wayne Long: What do you recommend?

Mr. Wayne Long: Would anybody else like to jump in on that one?

● (1015)

Ms. Geranda Notten: Alignment of provincial and federal governments is crucial. I understand what the other speakers said.

Mr. Wayne Long: Naturally, in Atlantic Canada, we are all Liberal at this point, with provincial Liberal governments too, and I can see first-hand the value and benefits of alignment, but obviously that's not going to happen.

Ms. Geranda Notten: One suggestion I made in a piece in *Policy Options* in April is that for health, we have an institute for health indicators that helps us assess. People who are in there are from the federal government, municipal governments, and provincial governments, as well as health care providers. They collect administrative data and survey data to get an idea of what our health system is doing for Canadians. We don't have an equivalent institute for social indicators.

For me, as a researcher who focuses on social policy, it's so hard to see those different layers and the impact on people. I would argue that this is where, given the challenges you have as a federal government in not meddling too much in provincial business, one role could be to provide at least the information that is out there so that we can see how these programs interact. That would mean sources of funding to such an institute, which the government does for health in Canada.

Mr. Wayne Long: Does anybody else want to comment?

Mr. Richard Shillington: I have a quick comment on data. There was an organization in Ottawa called the National Council of Welfare, which no longer exists. It was attached to HRSDC, or whatever it is called today. They collected data on welfare rates by province, so you could actually compare, if you're employable, or a person with a disability, or single family, and also all the clawbacks, asset limits, all the rules. That organization doesn't exist anymore and I'm not sure it's being done.

Is Caledon doing it?

Ms. Geranda Notten: Yes, Caledon is doing it through crowdfunding.

Mr. Richard Shillington: They can do it much better than anybody else, because they were actually federal officials. It's an important point.

I was, a long time ago, a federal official, and I know that when the federal government was going to increase the child tax credit, their concern was that they were just going to reduce welfare. Going to the seniors benefit, if we're going to increase the GIS, then the provinces that have GIS top-ups could adjust.

The Chair: Excellent, thank you very much.

I'm sorry, but we have to move on. Now, for five minutes, we'll have Mr. Warawa, please.

Mr. Mark Warawa (Langley—Aldergrove, CPC): Thank you to the witnesses.

I'll give you a little background, and then I have a question. I live in the greater Vancouver area, in Langley. We have a large seniors population. Right now, one in six Canadians is a senior. In six years, it will be one in five. In 13 years, it will be one in four.

Seniors, as a demographic, are one of the most vulnerable groups. There are some very wealthy seniors, but there are some seniors who are struggling. I found of great interest the comments made by Ms. Notten about material deprivation as we assess seniors.

The government has announced a top-up for single female seniors. Using the limited statistics, one way of looking at poverty, we're saying that the statistics are showing that it is single female seniors, because maybe they have not worked and are relying on very limited resources. In some cases, we're looking at seniors who have been living together as a couple for 50 or 60 years, and one now has health issues. If you look at that situation, they may be struggling more than any other group, so as we assess poverty and how to help, should we consider those who are in a situation of poverty but are still a couple? They're in poverty and are now being excluded from the program.

The previous Liberal government brought in the compassionate care program and was very restrictive about who would qualify for it. I advocated for a constituent who didn't qualify for taking care of her sister in the last days of her life, because they said you can't take care of a sibling. We changed it when we became government so that the person dying could choose who would be the care provider. It could be a sibling. It could be a friend, provided they qualified for EI benefits. We expanded the compassionate care program, and I'm glad to hear from the government that it is going to expand it.

Sometimes we come up with these programs that really don't meet the needs, so I was quite fascinated by what you said, that we have to take a more fulsome look. Many of you said that we need to do more to take care of seniors.

Would you comment on expanding the GIS? It is excellent that we're expanding the GIS to help those who are truly in need. Should we be looking at anyone who qualifies, whether it is a couple or a single person? If they are in poverty and they need help, then bump it up.

Could I have your comments, please, Ms. Notten.

• (1020)

Ms. Geranda Notten: Your question refers to seniors and the compassionate care program. I was a little bit confused.

Mr. Mark Warawa: It is not the compassionate care program. The GIS program is being bumped up for singles. Say you are not a single. You are a couple but you are living in poverty. Should the government maybe reconsider expanding that to include all people who are truly in poverty and include in their consideration of poverty material deprivation, which would include seniors as a couple?

Ms. Geranda Notten: From a poverty reduction sense, it makes sense that, whether they are living independently or as a couple, you

look at their resources and what their needs are, and that would be the qualifying criterion, for assistance, whether through GIS or not. I would say yes, in short.

Mr. Mark Warawa: Do I have any time left?

The Chair: You have about 20 seconds, sir.

Mr. Mark Warawa: I'd like a quick comment from Mr. Cross.

You said that a very powerful anti-poverty program is rapid economic growth. Right now, we're struggling. Would additional taxes, for example the carbon tax, be a wet blanket on economic growth in Canada?

Mr. Philip Cross: In broad terms, yes, but the carbon tax that's being proposed, and we're talking about 10¢ a litre, compared to the very low price of energy, I don't think is going to have a major impact.

The Chair: Thank you sir.

For three minutes, we'll go to MP Sansoucy.

[*Translation*]

Ms. Brigitte Sansoucy: Thank you Mr. Chair.

I was very interested in Mr. Shillington and Ms. Notten's comments, regarding the fact that they deplore the abolition of the National Council of Welfare. I chose to contribute to the minister's efforts to develop a national poverty reduction strategy by tabling Bill C-245.

To achieve this goal, one thing I felt was essential—and that is why this is in the bill—was that we bring back a national council whose objective would be to reduce poverty, further social inclusion, and also create an Office of the Poverty Reduction Commissioner. This would allow us, as we said earlier, to develop clearer indicators than those we currently have. In addition to that, the commissioner could evaluate the success of our efforts to reduce poverty, year after year.

Ms. Notten, in your presentation, you referred to the various provincial strategies that exist. You discussed some of them, such as the one in Quebec.

Among the poverty reduction strategies that have already been put in place in several provinces and territories, which ones do you think could serve as a source of inspiration for the federal government? In connection with what Mr. Long was saying, how could we align provincial and federal efforts in a poverty reduction strategy?

[*English*]

Ms. Geranda Notten: I've been studying four provincial poverty reduction strategies in detail. Most of the provinces and territories have one, with the exception of Alberta. My research shows that provinces do this differently, although there are some commonalities. In their practices, they each do things well that others don't do well. I think that there is a potential for learning.

One of the things that the Quebec strategy does quite well is to institutionalize the participation of non-government agents in a debate about what poverty and social inclusion is, and they provide resources for an independent, or relatively independent, monitoring of progress on the goals of the poverty reduction strategy.

There are other provinces, such as Newfoundland and Labrador, which regularly provide information about how much fiscal expense and how much money is invested in the strategy, and we know that every year, with the budget talk, and the same holds for Manitoba.

There are a lot of lessons that can be learned from provincial poverty reduction strategies that are helpful for a federal strategy, as well.

How do you integrate those strategies? I think you'll run amok with the differences in jurisdictions that you have between the levels of governments. That's why I would be in favour of creating a national institute that at least makes sure that we have a conversation going, that we are exchanging information, that we know what happens, potentially, about those feedback effects, and what happens at the federal level with more money given at the federal level and money taken away at the provincial level.

We want to be aware of what's going on. We want to have a debate. We can do it for health, but apparently not for social issues.

• (1025)

The Chair: We are going to move on to the second round, assuming everybody is okay with that. Seeing the clock at almost half-past with only 15 minutes left, I don't see the point in breaking. There's no argument there.

It's over to Mr. Poilievre.

Hon. Pierre Poilievre: Dr. Notten, you spoke about the difference between income-based measurements of low income and outcome-based measurements with outcome measurements relying more on the needs that a person has to avoid material deprivation whereas income is merely a measurement of what they have coming into their bank account.

We were briefed on three different measurements by Stats Canada at the last meeting. One is the low-income measure; the second is the low-income cut-off, and the third is the market basket measure. It seems to me that of the three, two of them measure in varying degrees, and with arguable success, the needs that a person has. Those two are the market basket measure and LICO. LICO is anchored to 1992 levels of consumption, but it still does measure the number of people who spend 20% or more of their greater income on basic necessities of life than the average.

The low-income measure, however, would seem to be the only one that has no relationship whatsoever to the cost of purchasing the basic necessities of life to avoid material deprivation. I'm not an expert on any of these measures. Is it true to say that the low-income measure is the only one of the three that bears no relationship to the needs a person has to avoid material deprivation?

Ms. Geranda Notten: Thank you for your question.

First I'd like to respond to needs. All poverty measures, the LICO, the MBM, market basket measure, but also the material deprivation indicators, don't directly look at needs. Material deprivation

indicators don't look at needs, but they talk about what we consider necessities in Canadian society. Then the LICO and the MBM look at the average costs of living, or the average needs, but the problem is your average Canadian is not your typical Canadian. There is a very large heterogeneity.

Income indicators try to connect by costing those minimum necessities or needs, in particular the LICO and the MBM. I agree with you. Material deprivation focuses on necessities, what outcomes are associated with a poverty-level living standard. If someone has higher needs, they might be more likely to have those poverty-level standards of living. They might not be able to afford the necessities, but they don't try to measure needs per se.

When it comes to the LIM, and this is broadly debated, how would you define poverty? What is your benchmark for analysis? Is it enough to meet a minimum and the minimum for what? Is it just to survive physically or to be part of society or is it how much less you have in comparison to what's typical, normal, and average?

• (1030)

Hon. Pierre Poilievre: We're all familiar with that philosophical debate of relativity versus absolute, but my question is with respect to the LIM. It bears no relationship whatsoever to the cost of avoiding material deprivation. If the cost of living were to triple, that would not, all other things being equal, have any impact on the LIM, because the LIM does not measure the cost of living. It measures exclusively the relationship between low-income people and median-income people. Is that accurate?

Ms. Geranda Notten: Yes, although there might be a second round of facts of tripling the cost of living; that's for sure.

Hon. Pierre Poilievre: LICO, by contrast, does have a relationship, you might argue a flawed one, but it does have a relationship to the costs people incur when they consume the things they need.

Ms. Geranda Notten: I would make that point for the MBM. The LICO is a specific hybrid, I would say, that is stuck in time and is based on the consumption expenditures of Canadians. It still has a relative sense, and we assume that it tells us something about that minimum cost of living.

Hon. Pierre Poilievre: Are you an advocate, then, of the market basket measure?

Ms. Geranda Notten: I think there are more serious attempts made when it comes to the market basket measure to get an idea of what that cost of living is in particular communities. So yes, that's what I would say.

Hon. Pierre Poilievre: Do you believe that the market basket measure should be elastic in its definition? Do you think that every year we should go back and say that actually the basket has become bigger, or that we've looked around and now the basket requires you to have a smart phone, whereas last year a landline was good enough? Do you believe that it should be constantly evolving and constantly growing?

The Chair: Please be brief.

Ms. Geranda Notten: This is an issue we have with all indicators. We have it with all economic indicators. We have it with inflation. We have it with poverty indicators. You want to have regular checks, but I wouldn't say every year. Look at it every five or 10 years.

The Chair: Thank you very much.

Now over to MP Sangha, please.

Mr. Ramesh Sangha (Brampton Centre, Lib.): I want to thank the panel for the fantastic expert opinions by everyone.

I will touch on immigration matters. I'm an immigrant myself, and I'm an immigration lawyer, too. I have come across many immigration problems in my community. People come here and they're new here. They face many challenges regarding new jobs, evaluation of their credentials, upgrading their education, discrimination, and many other things they come across. They face those problems. Those things contribute to poverty. I hope everybody will agree with that. We observe that in those things we can bring the changes and make improvements in the community—socially improving them, giving them a chance to rehabilitate themselves so that they are integrated into Canadian society.

Mr. Cook, what measures do you think you can suggest to improve their conditions?

• (1035)

Mr. Derek Cook: That's a good example of why poverty is much more than an economic issue. When we look at the situation that many immigrants, particularly recent immigrants, find themselves in, it is a confluence of factors. It's about the lack of recognition of qualifications. It's about the lack of social networks and connections. It's about racism and discrimination. If we simply raise income without addressing all of those other factors, we will have tackled an income problem, but we won't have necessarily tackled poverty, because a person is still excluded and discriminated against. So we have to tackle it all together.

Of course, a lot of these measures are not new. We know that we need to do something about the recognition of foreign credentials and qualifications, and we need to ensure that people whom we accept into Canada based on their credentials actually have the opportunity to work in the fields that we've accepted them to come here for. We need to address the issue of discrimination, and certainly measures to expand and strengthen the Employment Equity Act would help in that regard.

We also have to ensure that all employment is quality employment, so that even if you're coming and working at an entry-level job to gain experience, that job you're working in actually has the ability to pay your bills for you and your family and provide an adequate standard of living. I know a lot of people who come here may require upgrading or English language training, but they're not in a position to access that because they need to work. They may be trained, but they end up working in janitorial services or other lower-quality employment situations, and they don't have the opportunity to get the training they need. If we can provide that opportunity for everyone and make sure every job is a good job, then I think we have a chance to address that.

Mr. Ramesh Sangha: Do you have some special measures to recommend? What type of measures do you think should be provided to them?

Mr. Derek Cook: Again, on the employment side, we can take measures that would increase the quality of employment. That may be, certainly, raising the federal minimum wage, but also looking at the power of the federal government in its role as a procurer of services, as an employer, implementing living wage policies. There could be some significant impact there, as well as in working with the provinces to ensure that credentials are recognized and that there is some coherence between immigration policies that accept people based on their credentials and their ability to actually work in the position that we've accepted them to come to Canada for.

Mr. Ramesh Sangha: Mr. Cook, I have another question for you. You have 25 years of experience, and you have met with many people. You say that, when you meet people on the street and ask them why they are homeless, why they are on the street, everybody says that there are social problems or problems with the law.

What suggestions would you provide now? Can you express to the committee what measures can be taken to get them out of poverty and off the streets?

Mr. Derek Cook: I think one of the fundamental pieces of work that needs to be done, and which I commend the government for moving forward on, is a national housing strategy, because we need to ensure that there is an adequate supply of affordable housing. Once you do that, you move people who should not be in shelters into stable housing situations, and then you have the capacity in the system to work with those who need more supports.

The other strategy, which, again, I commend the government for moving forward on, is working on a housing-first model. We know that we need to get people into supportive housing. Once they are stable and housed, we can work on addressing a lot of the other issues people may have, maybe mental health issues or addiction issues, but we can't address those with somebody who is living on the street. They are not in a position to—

The Chair: Thank you, Mr. Cook.

Very quickly, we'll go to MP Sansoucy.

• (1040)

[Translation]

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

Mr. Cook, you are in favour of a \$15 minimum hourly wage.

We know the federal government indicated last October 7 that it would not be increasing the federal minimum wage for employees subject to the Canada Labour Code, and that several provinces chose to increase the minimum wage, some to \$15 an hour, progressively, over several years.

As I've already said at other meetings of this committee, we can't study poverty reduction in isolation. I represent a riding where the presence of SMEs is important, as is in fact the case throughout Canada. They generate approximately 85% of jobs. We cannot talk about a \$15 minimum wage without considering tax programs for SMEs and the various support programs designed for them.

What do you have to say to those who claim that increasing the minimum wage could have negative consequences on employment?
[English]

Mr. Derek Cook: First of all, I'd like to point out, around the impact of the minimum wage on employment, that Alberta has recently raised its minimum wage. Alberta was one of two provinces in the last reporting from Statistics Canada that increased employment over the last month. One would think that if the minimum wage would have a negative employment effect, certainly then it would have been experienced in Alberta over the last quarter.

I worked on drafting a living wage policy for the City of Calgary, and I did extensive research in how living wages impact employment in various cities, because these have been implemented in over 100 cities in the United States. Typically, they do not have employment disincentives. What you find is that increasing wages tends to increase productivity, reduces employee turnover, and has economic benefits.

I would also suggest that the cost of low-wage employment is quite high, and it's borne by the rest of society. We know that people in lower income groups have higher health care needs, and there are higher costs for education and many other things.

Low-wage employment really constitutes a subsidy to business for the cost of that low-wage employment, and the cost of that subsidy is borne by the public sector.

I think that when we're talking about fair wages, we're really talking about how income security is a partnership between the individual to work, the employer to pay a decent wage, and the community and the state to step in when people aren't able to work. When we don't pay an adequate wage, one of the legs of that stool is broken.

That said, I do recognize there may be burdens on small and medium-sized enterprises, and there may be opportunities to use the tax system to address that so that for those who really would face undue hardship by a rapid increase in the minimum wage, that could be offset.

[Translation]

Ms. Brigitte Sansoucy: You also referred very briefly to a guaranteed minimum income. We don't have much time left. In your opinion, could such a measure reduce poverty in Canada?

[English]

Mr. Derek Cook: I think it would be a measure that would reduce poverty, because we already have one, and it works. It's called the guaranteed income supplement. We know that it's been very successful in raising seniors out of poverty, and really what we're talking about is expanding that principle to the whole population.

What it does is it simplifies our processes and streamlines them, but it also provides the assistance that people need with a certain amount of dignity, and it doesn't require means testing. It is simply through the tax...most suggestions would be we do it through the tax system and you simply qualify, as a right, which really is what we're obligated to do under our human rights obligations.

The Chair: I'm afraid I have to cut you a little short there, seeing as the time is 10:45. I apologize.

I want to take the opportunity to thank all of our panellists again.

We do have another meeting in this space right at 11 a.m. so we can't mingle too long.

Thank you, as always, to my colleagues on both sides for asking such great questions. Thank you as well to those who make it possible to have this meeting, the translators, all the tech folks, and of course the people who sit beside me, the clerk and the analysts. Thank you to everybody.

Have a great day.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>