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LEGISLATIVE SUMMARY



Bill C-87: An Act respecting the reduction of poverty

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**Havi Echenberg
Mayra Perez-Leclerc**

Legal and Social Affairs Division
Parliamentary Information and Research Service

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Any substantive changes in this Legislative Summary that have been made since the preceding issue are indicated in **bold print**.

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(Legislative Summary)

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LEGISLATIVE SUMMARY OF BILL C-87: AN ACT RESPECTING THE REDUCTION OF POVERTY

1 BACKGROUND

Bill C-87, An Act respecting the reduction of poverty (short title: Poverty Reduction Act)¹ was introduced in the House of Commons on 6 November 2018 by the Honourable Jean-Yves Duclos, Minister of Families, Children and Social Development.

The bill enacts the Poverty Reduction Act (the Act), which provides targets for poverty reduction to be achieved by 2020 and by 2030, sets out Canada's Official Poverty Line and other metrics to measure poverty, and establishes the National Advisory Council on Poverty.

1.1 EXISTING LOW-INCOME MEASURES

Statistics Canada publishes statistics for three different low-income thresholds, or "lines." These are the Low Income Cut-offs (LICOs), the Low Income Measures (LIMs) and the Market Basket Measure (MBM). Statistics Canada has clearly and consistently emphasized that low-income lines are not measures of poverty.²

The LICOs use 1992 data on family expenditures; they establish "income levels at which these families or persons were expected to spend 20 percentage points or more of their income than average on food, shelter and clothing."³ They are calculated on a before-tax and after-tax basis and have 35 income thresholds that vary with household and community size. The LICOs have been adjusted in subsequent years by the amount of the Consumer Price Index.

The LIMs were first reported in 1991, at a time when other countries had established such measures based on a household with an income less than half the median income for the country.⁴ These are reported on a before-tax, after-tax, and market income-only basis, and do not vary by household or community size.

Developed by Employment and Social Development Canada (ESDC), the MBM is based on "the cost of a specific basket of goods and services representing a modest, basic standard of living,"⁵ which is then statistically adjusted for different household formations. The calculations are done for 19 specific communities and 31 population centres of various sizes and in a range of provinces. Based on that specific basket and an economic family of two adults and two children, the MBM deducts certain "non-discretionary" expenses, e.g., personal payroll tax payments, out-of-pocket childcare costs and non-insured medically prescribed health services, when calculating disposable income.

LICOs and LIMs are "relative" measures, while the MBM is an "absolute" measure, as defined by the Organisation for Economic Co-operation and Development.⁶

1.2 POVERTY REDUCTION STRATEGY: DEVELOPMENT PROCESS

The federal government released both a discussion paper and a background document on poverty in Canada in October 2016.⁷ The discussion paper provided data on the incidence of low income among Canadians and among particularly vulnerable groups of Canadians, e.g., persons with disabilities, unattached individuals aged 45–64, single parents, recent immigrants and Indigenous people.⁸ It suggested questions for consideration, including how federal initiatives could support existing provincial, territorial and municipal programs, and what initiatives in Canada or elsewhere had been effective in reducing poverty.⁹

Beginning in February 2017, ESDC undertook a consultation process intended to “inform the development of a Canadian Poverty Reduction Strategy.”¹⁰ As part of this process, ESDC reached out to groups known to be at greater risk of poverty, in addition to providing an online survey. The consultation process closed in August 2017, and the results were published in a “what we heard” document, released in February 2018, which highlighted the links between poverty and other socio-economic pressures, including housing costs, health risks, homelessness, high costs of post-secondary education and food insecurity.¹¹

In August 2018, the government released a document entitled *Opportunity for All: Canada’s First Poverty Reduction Strategy*.¹² This strategy document highlighted previous investments and included a chapter entitled “Ensuring a Lasting Impact.” In this chapter, the government committed to introducing legislation that would “entrench” three components of the strategy: targets for poverty reduction, an Official Poverty Line for Canada, and a National Advisory Council on Poverty.¹³

More specifically, according to the strategy, the government proposed to use the MBM as the Official Poverty Line. The targets were to be changes in that line compared to 2015: a 20% reduction by 2020 and a 50% reduction by 2030. The National Advisory Council’s proposed mandate was “to both advise the Government on poverty reduction and to report publicly to Parliament and Canadians on the progress it has made.”¹⁴ These commitments are largely reflected in Bill C-87, as outlined below in greater detail.

The strategy document also committed to a “dashboard of other indicators” to complement the Official Poverty Line measure; these were to be “meaningful, measurable and monitorable indicators.”¹⁵ These included data on wages, food security, literacy and numeracy, deep poverty, unmet housing needs and homelessness, and unmet health needs.¹⁶

Further, this strategy document committed to an investment “in Canada’s statistical infrastructure.”¹⁷ Examples included disaggregating data to provide greater insight to poverty in particular regions (e.g., Canada’s North) and among racialized groups (e.g., Black Canadians).

1.3 PREVIOUS LEGISLATION

Poverty reduction targets are established in Bill C-87; the identical targets were included in previous legislation, which received Royal Assent on 13 December 2018. Specifically, Division 21 of Part 4 of Bill C-86, A second Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures (short title: *Budget Implementation Act, 2018, No. 2*) enacted the *Poverty Reduction Act*, with the same poverty reduction targets. Division 21 of Part 4 of Bill C-86 came into force upon assent.¹⁸

2 DESCRIPTION AND ANALYSIS

2.1 GENERAL MATTERS RELATING TO THE BILL

2.1.1 PREAMBLE

The preamble to the bill describes Canada's aspiration to be an international leader in poverty eradication, and notes that progress toward that goal also contributes to meeting the United Nations' Sustainable Development Goals.

2.1.2 SHORT TITLE (CLAUSE 1)

Clause 1 establishes the short title of the bill as the Poverty Reduction Act.

2.1.3 INTERPRETATION (CLAUSE 2)

Clause 2 sets out the interpretation provision of the new piece of legislation. Notably, "Council" is defined as the National Advisory Council on Poverty and "Official Poverty Line" as the MBM.

2.1.4 PURPOSE (CLAUSE 3)

Clause 3 of the bill states that the purpose of the Act is to support and monitor poverty reduction in Canada.

2.2 DESIGNATED MINISTER AND POVERTY REDUCTION STRATEGY (CLAUSES 4 AND 5)

Clause 4 of the bill allows the Governor in Council to designate, by order, a minister for the purposes of the Act. Clause 5 requires the designated Minister to develop and implement a poverty reduction strategy.

2.3 TARGETS (CLAUSE 6)

Clause 6 of the bill replicates the provisions contained in Division 21 of Part 4 of Bill C-86, establishing targets for poverty reduction. The targets are to reduce poverty by 20% by 2020 and by 50% by 2030 compared to the MBM in 2015.

2.4 OFFICIAL POVERTY LINE AND OTHER METRICS (CLAUSES 7 AND 8)

Clause 7(1) of the bill establishes the Official Poverty Line (i.e., the MBM) as the “official metric” to measure the level of poverty and to assess progress toward meeting the established targets. Clause 7(2) specifies that the Official Poverty Line will be reviewed, on a regular basis as determined by Statistics Canada, to ensure that it represents the current cost of a basket of goods and services in keeping with “a modest, basic standard of living.”

Clause 8(1) of the bill refers to additional metrics, set out in the schedule to the bill, that will also be used to measure Canada’s poverty level.¹⁹ Clause 8(2) provides that the schedule may be amended by Order in Council, in order to add or delete a metric.

2.5 THE NATIONAL ADVISORY COUNCIL ON POVERTY (CLAUSES 9 TO 12)

Clause 9(1) of the bill establishes a National Advisory Council on Poverty, consisting of eight to 10 members, including a Chairperson and a member with responsibility for children’s issues. Clause 9(2) stipulates that the Deputy Minister reporting to the designated Minister is to be an ex officio member of this Council. All other members of the Council are to be appointed by the Governor in Council for a maximum term of three years and may be reappointed on the expiry of their terms, pursuant to clause 9(3).

Clause 9(4) provides that the Chairperson is to be appointed on a full-time basis, while other members may receive full-time or part-time appointments. Clause 9(5) specifies that the Chairperson is to supervise and direct the Council’s work. Further, clause 9(6) stipulates that, in the event of the Chairperson’s absence or inability to act, or if the office of the Chairperson is vacant, the Minister may appoint another Council member to act as Chairperson for a period of up to 90 days; for a longer period, a Governor in Council appointment is required.

Clause 9(7) provides for Council members, other than the Deputy Minister, to be paid for their work connected to the Council, as determined by the Governor in Council. Clause 9(8) specifies that Council members are to be reimbursed for travel, living and other expenses that are incurred while absent from their ordinary place of work (for full-time members) or from their ordinary place of residence (for part-time members).

Under clause 9(9), all Council members are considered Government of Canada employees for the purposes of workers’ compensation benefits, while full-time members are also deemed to be public service employees for the purposes of superannuation.

Clause 10 of the bill sets out the functions of the Council as follows:

- advising the Minister on poverty reduction in Canada, including programs, funding and activities supporting poverty reduction;
- undertaking consultations with the public, including academics, other experts, Indigenous persons, and “persons with lived experience in poverty”;
- reporting to the Minister within six months following the end of each fiscal year on progress made toward the established poverty reduction targets and on advice the Council has provided to the Minister with respect to poverty reduction; and
- undertaking any other activity as determined by the Minister.

The report from the National Advisory Council on Poverty, referred to in clause 10, must be tabled in each House of Parliament within 15 sitting days of its receipt by the Minister, pursuant to clause 12.

Clause 11 of the bill provides that the Council may be dissolved by order of the Governor in Council, on recommendation of the designated Minister, after the Minister determines that the poverty level has been reduced by 50% below the level of poverty in 2015.

2.6 COORDINATING AMENDMENTS (CLAUSE 13)

Clause 13 of the bill coordinates the coming into force of Division 21 of Part 4 of Bill C-86 (which, as stated above, also enacted the *Poverty Reduction Act* with the same poverty reduction targets) with that of clause 1 of this bill. Specifically, Division 21 of Part 4 of Bill C-86 is repealed, regardless of whether it comes into force before, after or on the same day as clause 1 of this bill.

2.7 COMING INTO FORCE (CLAUSE 14)

Clause 14 provides that clauses 9 to 12 of the bill related to the National Advisory Council on Poverty come into force on a date determined by order of the Governor in Council.

2.8 SCHEDULE: METRICS

While a schedule regarding additional metrics to measure Canada’s poverty level is included in the bill (as described in section 2.4 of this Legislative Summary), no information is currently provided under this heading.

NOTES

1. [Bill C-87, An Act respecting the reduction of poverty](#), 1st Session, 42nd Parliament.

2. Statistics Canada, [Low Income Lines: What they are and how they are created](#), Income Research Paper Series, 8 July 2016.
3. Ibid.
4. The rationale for the selection of the low-income measure for international comparisons can be found in a paper prepared for the Organisation for Economic Co-operation and Development [OECD]. See Michael F. Förster, “[Measurement of Low Incomes and Poverty in a Perspective of International Comparisons](#),” Labour Market and Social Policy Occasional Papers, No. 14, OECD, Directorate for Education, Employment, Labour and Social Affairs, Paris, 1994, p. 9.
5. Statistics Canada (2016).
6. United Nations, Economic Commission For Europe, Conference of European Statisticians, [The OECD approach to measure and monitor income poverty across countries](#), Working Paper 17, 25 November 2013, p. 2.
7. Government of Canada, [Towards a Poverty Reduction Strategy: A Discussion Paper on Poverty in Canada](#), October 2016; and Government of Canada, [A Backgrounder on Poverty in Canada](#), October 2016.
8. Government of Canada (October 2016), *Towards a Poverty Reduction Strategy*, p. 6.
9. Ibid., p. 5.
10. Employment and Social Development Canada [ESDC], “Executive Summary,” [Canadian Poverty Reduction Strategy: What We Heard About Poverty So Far](#), 2018, p. 7.
11. Ibid.
12. ESDC, [Opportunity for All: Canada’s First Poverty Reduction Strategy](#), 2018.
13. Ibid., p. 53.
14. Ibid., p. 15.
15. Ibid., p. 13.
16. Ibid., p. 14.
17. Ibid., p. 13.
18. [Bill C-86, A second Act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures](#), 1st Session, 42nd Parliament (S.C. 2018, c. 27), Part 4, Division 21.
19. *Opportunity for All: Canada’s First Poverty Reduction Strategy* identifies 12 such additional metrics; however, none are listed in the schedule to the bill. See ESDC (2018), *Opportunity for All*, pp. 71–80.