

SENATE



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*POVERTY, HOUSING AND HOMELESSNESS:
ISSUES AND OPTIONS*

**First Report of the Subcommittee on Cities
of the Standing Senate Committee on
Social Affairs, Science and Technology**

Chair
The Honourable Art Eggleton, P.C.

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The Honourable Wilbert Keon

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39th Parliament – 2nd Session

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<p>The committee wishes to express <i>special thanks</i> to its witnesses, many of whom work very hard to improve the lives of low-income Canadians and travelled far to give their testimony. Their words have enlightened and inspired the Committee.</p>

MEMBERSHIP

The following Senators have participated in the study on the inquiry on *Poverty, Housing and Homelessness* of the Subcommittee on Cities:

The Honourable Art Eggleton, P.C., Chair of the Committee
The Honourable Andrée Champagne, P.C., Deputy Chair of the Committee
The Honourable Wilbert Keon, Acting Deputy Chair of the Committee

The Honourable Senators:

Jane Cordy
Jim Munson
Marilyn Trenholme Counsell

Ex-officio members of the Committee:

The Honourable Senators: Céline Hervieux-Payette, P.C. or (Claudette Tardif) and
Marjory LeBreton, P.C. or (Gérald J. Comeau)

Other Senators who have participated from time to time on this study:

The Honourable Senators Bert Brown, Ethel Cochrane, Joan Cook, Joyce Fairbairn,
P.C. and Hugh Segal

ORDER OF REFERENCE

Extract from the *Journals of the Senate* of Tuesday, November 20, 2007:

The Honourable Senator Eggleton, P.C., moved, seconded by the Honourable Senator Adams:

That the Standing Senate Committee on Social Affairs, Science and Technology be authorized to examine and report on current social issues pertaining to Canada's largest cities. In particular, the Committee shall be authorized to examine:

- (a) poverty
- (b) housing and homelessness
- (c) social infrastructure
- (d) social cohesion
- (e) immigrant settlement
- (f) crime
- (g) transportation
- (h) the role of the largest cities in Canada's economic development

That the study be national in scope, with a focus on the largest urban community in each of the provinces;

That the study report propose solutions, with an emphasis on collaborative strategies involving, federal, provincial and municipal governments;

That the papers and evidence received and taken and work accomplished by the Committee on this subject since the beginning of the First Session of the Thirty-Ninth Parliament be referred to the Committee; and

That the Committee submit its final report no later than June 30, 2009, and that the Committee retain all powers necessary to publicize its findings until 180 days after the tabling of the final report.

The question being put on the motion, it was adopted.

INTRODUCTION

The Committee's mandate, as set forth in its Order of Reference, is to "examine and report on current social issues pertaining to Canada's largest cities." Based on population counts from the most recent Census, the Committee determined that it would concentrate its attention primarily (if not exclusively) on the following Canadian cities:

- Vancouver
- Calgary
- Edmonton
- Saskatoon
- Regina
- Winnipeg
- Toronto
- Ottawa-Gatineau
- Montréal
- Ville de Québec
- Saint John,
- Halifax
- Charlottetown
- St. John's

In order to fulfill its mandate, the Committee adopted a work plan that divided its review into five major categories, or "building blocks." The first building block consists of an examination of the capacity of Canada's major cities to cope with significant social challenges at a time when many responsibilities are being transferred to municipalities from senior levels of government.¹

¹ The five building blocks are: Social Capacity; Infrastructure; Environmental Sustainability; Urban Governance and Fiscal Capacity; and Economic Development and International Competitiveness.

The Committee chose, as its first consideration under the Social Capacity building block, to focus on poverty, housing and homelessness. In making this choice, the Committee was especially mindful that in 1970, a Special Committee of the Senate chaired by Senator David A. Croll, tabled what was then, and remains today, a landmark report on poverty. *Poverty in Canada*, or as it is more widely known, the Croll Report, did what a subsequent report of this Committee did with regard to mental illness: it brought poverty out of the shadows.² The Committee also drew inspiration from the work of the Honourable Erminie Cohen, former Senator, whose 1997 report *Sounding the Alarm: Poverty in Canada* reminded the country that the plight of low-income Canadians remained unacceptable and deserved immediate attention. Lastly, but of great importance, the Committee notes the significant work done by the Senate Standing Committee on Agriculture and Forestry, whose work on rural poverty complements this Committee's focus on urban poverty.

Initially, the Committee held seven meetings and heard from 32 individuals representing 20 organizations on the theme of poverty, housing and homelessness. However, it rapidly became apparent that both the phenomena and the understanding of poverty, housing and homelessness have become more complex over the 38 years since the tabling of the Croll Report. Furthermore, it became disturbingly clear that poverty, housing and homelessness are as present and as grave a challenge today as they were when Senator Croll rose in the Senate Chamber to table the Special Committee's Report. Consequently, the Committee determined that a thorough and comprehensive exploration of all aspects of poverty, housing and homelessness would require an extended series of hearings to develop a solid evidentiary foundation upon which to make effective and achievable recommendations.

WHY A FOCUS ON POVERTY/ POVERTY THROUGH AN URBAN LENS

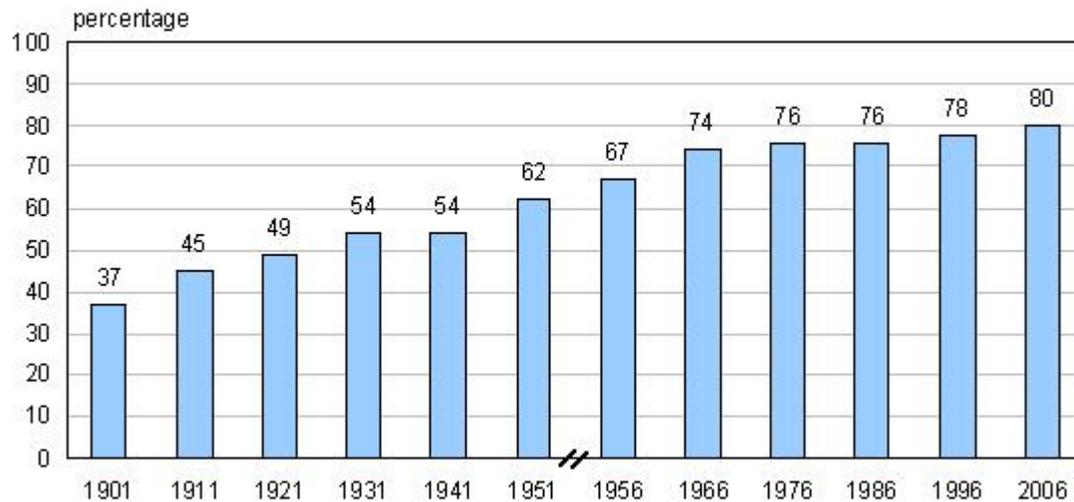
Regardless of where it occurs, poverty in a prosperous, advanced country such as Canada is a serious issue. The absence of adequate income, housing, food, clothing, choices, and opportunities to participate fully in the life of the broader community – all of the deprivations that poverty brings with it – fall as heavily on low-income Canadians in one part of the country as in another. Yet there are compelling reasons why urban poverty should be of particular concern and therefore merit the attention of Canadians everywhere.

Since the aftermath of World War II, the trend toward urbanization has been picking up speed in Canada and with it, the concentration of poverty in Canada's largest cities. In 1967, the year of Canada's Centennial celebrations, Statistics Canada observed that "[a]n increasing pace towards urbanization means that low income will become more and more

² Senate Standing Committee on Social Policy, Science and Technology: *Out of the Shadows at Last: Transforming Mental Health, Mental Illness and Addiction Services in Canada*, May 2006.

an urban problem.”³ In March 2007, Statistics Canada began to release the preliminary results of the 2006 Census. These early results confirmed the trends that were predicted forty years earlier. In 2006, four out of every five individuals, more than 80 per cent, lived in an urban centre of 10,000 people or more. Just over two-thirds (68 per cent) of Canada's population in 2006 lived in the nation's 33 census metropolitan areas (CMAs).⁴

Figure 1: Proportion of the Canadian population living in urban regions since 1901



Sources: Statistics Canada, censuses of population, 1901 to 2006

Data gathered during the 2006 Census showed that an estimated 3.4 million Canadians (or 10.5 per cent) lived in low income (after-taxes) in 2006⁵. In nine of the 14 CMAs that are the focus of the Committee’s review, the percentage of the population living below the post-tax Low Income Cut Off (LICO) exceeds the national average.

In a report on urban poverty released in 2007, the United Way of Greater Toronto (UWGT) noted that in 2000, the effects of the recession of the early 1990’s lingered on for many. As evidence, UWGT pointed to the increased use of food banks and emergency shelters, and warnings issued by social services agencies that their clients were falling further and further behind. The UWGT asserted that:

³ Dominion Bureau of Statistics, *Statistics on Low Income in Canada, 1967*, Cat. No. 13-536, p. 11, as cited in *Poverty in Canada, Report of the Special Senate Committee on Poverty* [Croll Committee], Ottawa, 1971, p. 18.

⁴ Statistics Canada, *The Daily*, 13 March 2007.

(<http://www.statcan.ca/Daily/English/070313/d070313a.htm>) Statistics Canada defines a Census Metropolitan Area, or CMA, as an “[a]rea consisting of one or more neighbouring municipalities situated around a major urban core. A census metropolitan area must have a total population of at least 100,000 of which 50,000 or more live in the urban core.”

⁵ Statistics Canada, *The Daily*, 5 May 2008, <http://www.statcan.ca/Daily/English/080505/d080505a.htm>

Nowhere are these changes felt more keenly than in Canadian cities. As Canada's population has become increasingly urbanized, the number of poor households living in urban areas has grown as well. Today, chronic levels of poverty, polarized job opportunities, low wages, and unaffordable and inadequate housing in large cities create a fundamental challenge to the future of Canada and the quality of life of Canadians. Although stark disparities remain between rural or remote communities and urban centres, the experience of deprivation in cities – especially Canada's largest cities – is now significant.⁶

Figure 2: Percentage of Population below After-Tax Low Income Cut Off (LICO), 2005

CMA	Total	Male	Female
Vancouver	16.5 %	15.9 %	17.1 %
Calgary	10.3	10.0	10.7
Edmonton	10.6	9.8	11.4
Saskatoon	12.2	11.1	13.3
Regina	10.0	9.4	10.6
Winnipeg	14.6	13.6	15.6
Toronto	18.4	17.5	19.2
Ottawa-Gatineau	11.7	11.2	12.1
Montréal	16.1	15.2	17.0
Ville de Québec	12.0	10.6	13.3
Saint John	10.7	10.0	11.4
Charlottetown	13.8	13.1	14.3
Halifax	10.8	10.2	11.4
St. John's	16.1	14.8	17.3

Source: Statistics Canada, *2006 Community Profiles*

The Conference Board of Canada has argued that the concentration of poverty in Canada's major cities is a matter that should be of concern to all Canadians regardless of where they live or the standard of living they enjoy. At the conclusion of a lengthy study of Canada's economic prosperity in the context of globalization, "Canada's prosperity," the Conference Board stated "unequivocally depends on the success of our major cities."⁷ In January 2008, the Canada West Foundation released its own study of big cities in Canada with an emphasis on the rapid urbanization occurring in western provinces. Conclusions reached by this study mirrored those of the Conference Board, stressing the

⁶ Canadian Council on Social Development, *Poverty by Geography: Urban Poverty in Canada, 2000*, Ottawa, 2007, p. 2. <http://www.ccsd.ca/pubs/2007/upp/Poverty%20by%20Geography.pdf>

⁷ The Conference Board of Canada, The Canada Project, *Mission Possible: Sustainable Prosperity for Canada: Volume III, Mission Possible: Successful Canadian Cities*, Ottawa, 2007, p. viii.

“tremendous importance of Canada’s big cities to our future economic prospects, standard of living, and quality of life.”⁸

Poverty poses significant challenges to Canada’s major cities, challenges that may compromise their ability to act as engines for this country’s prosperity. Christopher Leo, Professor of Political Science at the University of Manitoba, argues that poverty in an urban setting is not simply a matter of interest to academics, policy makers, politicians and advocacy organizations: it is of concern to Canadians generally and the residents of our large cities in particular:

Cities are our primary generators of ideas, our centres of economic control, and of much important production, even in an economy driven by commodities. The prosperity of us all, even those of us who work in rural areas, depends on the prosperity of our cities. As surely as all Canadians rely on commodity production, we rely on the health of our cities, and of the networks of infrastructure and services that keep them viable.⁹

Faced with mounting debts and economic recession in the early 1990s, Canada’s federal and provincial governments reduced their provision of, and funding for, social programs. As a consequence of this withdrawal, Canadian cities faced a growing obligation to support their low-income citizens, without the resources to adequately fulfill the obligation. Shrinking programs and services to sustain those in low income constrained the ability of low-income city dwellers to “play the roles, meet the obligations and participate in the relationships and customs of their society”¹⁰ (in this case, the cities in which they live) – resulting in further disadvantage to major cities whose human capital deteriorated as a result.

For these reasons, the Committee decided to consider carefully the lives and experiences of low-income Canadians living in major cities today. The Committee wanted to discover the paths to poverty for these individuals and families ... and what paths they followed to escape it. Are these Canadians assisted by programs and services intended to respond to their needs or are they simply being sustained – kept alive – in low-income circumstances without hope of a better life for them and for their children? What is working for them and for Canada and what is not? What lessons can be learned from their experience and how can these lessons be applied in order to build a more sustainable, equitable, and prosperous Canada?

⁸ Casey G. Vander Ploeg, *Big Cities and the Census: The Growing Importance of Big Cities on the Demographic Landscape*, Canada West Foundation, Calgary, January 2008, p. i.
http://www.cwf.ca/V2/cnt/publication_200801280932.php

⁹ Christopher Leo, <http://canadasworld.wordpress.com/2008/05/22/are-cities-really-that-important/>

¹⁰ Peter Townsend, “What is Poverty? An historical perspective,” *Poverty in Focus*, International Poverty Centre, December 2006, pp. 5-6, cited by Lars Osberg, “The Evolution of Poverty Measurement – with special reference to Canada, Draft 1.3, 9 February 2007, p. 41.

As it conducted its hearings, these questions as well as others, were the ones which the Committee sought answers to from its witnesses. In the report that follows, the Committee identifies the challenges confronting Canada, its large urban centres, and the women, men, and children living in them, including those living in low income and coping with exclusion, and those in government and civil society labouring to help them. These challenges are framed as issues which are followed by proposed solutions, or options, some from our witnesses, and some gathered from other analyses and research. At this stage, the Committee has not formulated a preference for any option; rather, it is the Committee's profound hope that setting out issues and options will provoke further thought and discussion. When this process is complete, the Committee will table a report with concluding observations and recommendations designed to achieve the goals of more resilient, dynamic, and robust cities and a better life for all who live in them.

ISSUES AND OPTIONS

I. INCOME SUPPORT SYSTEMS

<p style="text-align: center;">Issue 1: Income Support Systems are Broken</p>
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The social welfare structure so laboriously and painstakingly erected in Canada over the past forty years has clearly outlived its usefulness. The social scientists who have studied it, the bureaucrats who have administered it, and the poor who have experienced it are of one mind that in today's swiftly changing world the welfare system is a hopeless failure. The matter is not even controversial. But what is to take its place?¹¹

A great deal has changed since a Special Senate Committee published this assessment of Canada's income support systems, but one thing has not: the system remains a "hopeless failure."

Twenty-one years later, in 1992, another alert was issued, this time by the Economic Council of Canada. The Council warned that Canada's system of income security programs was "under considerable strain,"¹² noting that many low-income Canadians were "supported by neither unemployment insurance nor social assistance."¹³ In the years following the release of the Council's report, the federal and provincial/territorial governments made significant changes to income support systems, motivated by their assessment that the elimination of deficits and reduction of debt were of fundamental importance. The intent of the changes was to cut costs by restricting access to income support, shortening the duration of benefits, and reducing benefit levels. These changes achieved their purpose: the numbers of beneficiaries plunged, expenditures fell,

¹¹ *Poverty in Canada*, Report of the Special Senate Committee on Poverty [Croll Report], Ottawa, 1970, Foreword, p. vii.

¹² Economic Council of Canada, *The New Face of Poverty: Income Security Needs of Canadian Families*, Ottawa, 1992, p. 45.

¹³ *Ibid.*

government debt was reduced, and deficits largely eliminated. However, fundamental structural problems remained unresolved, there was little if any harmonization among programs, and the ability of the income support system to address poverty deteriorated further.

Today, there is a broad consensus that income support systems in Canada are, if not entirely broken, not achieving their goals. Some question whether these systems have been weakened to the point that they will be inadequate in the event of an economic downturn¹⁴. Yet income support systems represent a major expense for governments and taxpayers, with some estimates placing the annual cost at approximately \$100 billion¹⁵. In contrast, the return in terms of reducing poverty or genuinely assisting those without employment has been disappointing.

WORKING AGE ADULTS

For working-age adults, there are two central income support systems: the Employment Insurance (EI) program administered by the federal government and social assistance (welfare) programs delivered by the provinces. Both the design and purpose of these programs have been modified over time and yet one shared characteristic remains immutable – the failure to fully satisfy the purposes they are designed to serve.

Employment Insurance

The Employment Insurance program, first established in 1940 as Unemployment Insurance, was originally designed to partially replace income lost by those who had experienced temporary, unpredictable cessation of employment. It was financed largely by employees and employers, although the federal government made a small (20 per cent) contribution and covered administrative costs. The program was gradually expanded (wider coverage, increased payments, easier access, benefits provided over longer periods of time) in the 1950s and 1970s.

Faced with an economic recession in the early 1990s, the federal government initiated a series of restrictions that culminated in 1996 in an overhaul of the program and its renaming as the Employment Insurance program.

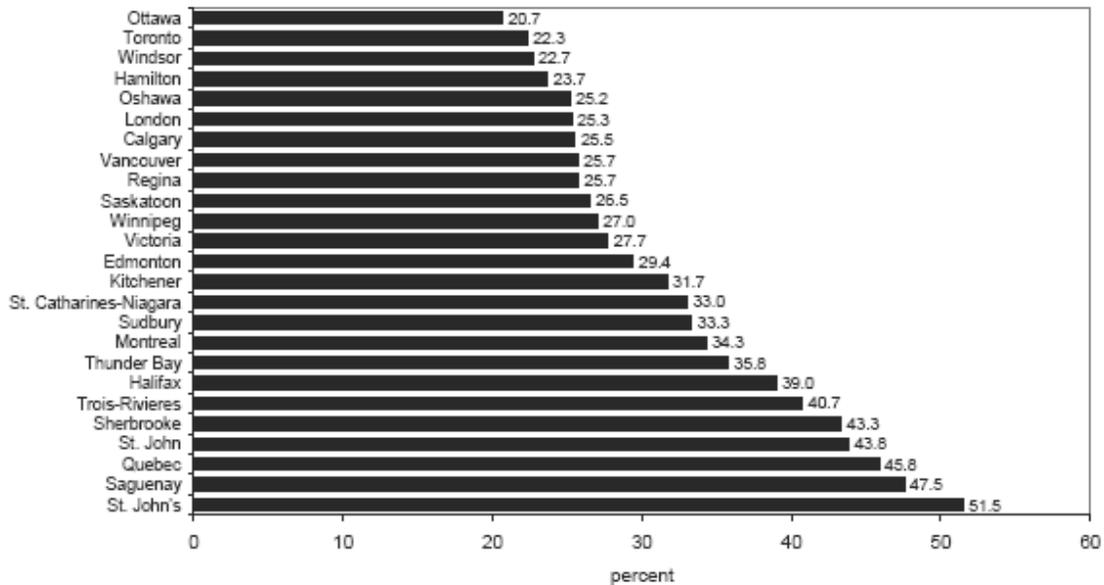
The current EI program pays about \$10 billion each year in income benefits to individuals, providing financial assistance every month to thousands of workers who find themselves without a job. Through the provisions of sickness, maternity, parental and compassionate leave benefits, EI also provides assistance to workers who have interruptions in employment for personal reasons, making the program more integral to all Canadians' life decisions.

¹⁴ Professor Keith Banting is unequivocal, stating before a Library of Parliament Seminar on Guaranteed Annual Income that Canada's income support "systems currently are broken, [...] I don't think we've got a good system in place." Library of Parliament, Seminar on Rethinking Income Support: A Guaranteed Annual Income, Ottawa, April 11, 2008.

¹⁵ Stapleton, Issue 2, 13 December 2007.

Changes made in 1996 tightened eligibility for benefits, reduced payments, and shortened the maximum duration of benefits. As a result, approximately 48 per cent of unemployed Canadians, by Richard Shillington’s estimate, qualify for benefits and these numbers vary considerably by region. In Ontario, for example, only 25 per cent of the unemployed qualify for benefits. There are also significant differences in coverage between major cities: coverage varies from 20.7 per cent in Ottawa to 51.5 per cent in St. John’s, as demonstrated in the figure below.

Figure 3: Percentage of Unemployed Receiving Regular EI Benefits, by Major City, 2004



Source: Ken Battle, Michael Mendelson and Sherri Torjman, *Towards a New Architecture for Canada’s Adult Benefits*, Caledon Institute of Social Policy, 2006, p. 17.

In the Greater Toronto Area, only 22 per cent of the unemployed receive EI benefits; although people in Toronto account for about 19 per cent of all contributions to the EI fund, they receive only about 10 per cent of the benefits. Ontario contributes 41 per cent and gets approximately 28 per cent of the benefits. (Shillington, Evidence, 29 May 2008)

One of the Committee’s witnesses offered this assessment of the changes made in the 1990s:

When you compare the benefits being paid in the early 1990s to now, overall benefit levels have dropped by about one third after adjusting for inflation. For lower income Canadians, it has dropped by half. We have taken benefits away from the most vulnerable for reasons that escape me. (Shillington, Evidence, 29 May 2008)

Other witnesses told the Committee that there are Canadians who pay premiums to the Program but do not work sufficient hours to receive benefits (13 per cent of those who are ineligible for benefits). A further 26 per cent of unemployed Canadians are not eligible for EI benefits because they had never worked (many of these are young Canadians just entering the job market for the first time), while 15 per cent did not qualify because they left their last jobs for reasons – including returning to school – not deemed valid under EI rules. Women represent a disproportionate share of those not covered by EI, as are young people. (Vincent, Evidence, 29 May 2008) In contrast, the program appears to favour frequent applicants (over 40 per cent are repeat users), many of them employed in seasonal industries.

Women have been especially hard-hit by changes to the EI program. Under the rules introduced in 1996, individuals require 600 hours of employment over the previous 52 weeks to qualify for benefits. Because women make up the majority of Canadians holding precarious employment (part-time or temporary jobs), they pay premiums with little hope of ever qualifying for benefits. In cases where women do qualify for EI, "the benefits may be so low at their wage levels as to be less than social assistance."¹⁶ Maternity and parental benefits provided under the EI program are also unavailable to these women. In addition, 840,000 self-employed women are excluded from these benefits.¹⁷

Witnesses also informed the Committee that several factors combine to limit how much immigrants benefit from EI. Due to various labour market barriers, immigrants often end up in precarious or informal work, and do not work enough hours to qualify for EI. Secondly, a high percentage of recent immigrants have settled in urban areas – in particular Toronto, Vancouver, and Montreal – areas where the rates of EI qualification are already low. Finally, even when immigrants qualify for EI affiliated training, they may have different needs from mainstream Canadian beneficiaries, such as Canadian experience or credential recognition.

For those for whom EI benefits are out of reach, the only government support available to them is social assistance – welfare – a program universally disliked and referred to as a last resort. Professor Keith Banting summed up the current state of the EI program by stating that it is: "... a national disgrace on a number of levels."¹⁸

¹⁶ Canadian Research Institute for the Advancement of Women, FACT sheet, Women's experiences of social programs for people with low incomes, 2007, p. 9 <http://www.criaw-icref.ca/>

¹⁷ Ibid, p. 9.

¹⁸ Banting, 2008.

Social Assistance

Social assistance, or “welfare”, is the social safety net of last resort in Canada. There are 13 separate social assistance systems in Canada, one for each of the provinces and territories.¹⁹ In Ontario, the social assistance program accounts for approximately 5 per cent of annual income-security expenditures²⁰. During the 1990s, the rules governing access to social assistance were tightened; it became more difficult for those deemed employable to receive social assistance, and if they did, they often received lower benefits than those deemed “unemployable”. Social assistance payments in general were reduced; the National Council of Welfare, an advisory body to the federal government, reports that welfare incomes peaked in 1994 and have declined since, calling some of the losses “staggering.”²¹ For almost all recipients, social assistance payments are not sufficient to lift them above Statistics Canada’s after-tax Low-Income Cut Offs (LICOs).²² The gap between benefits and what is needed to make ends meet is especially large in cities. Yet despite the explicit intention to move social-assistance recipients into the labour market, disincentives are built into social-assistance systems that discourage this transition.

Witnesses and other analysts agree that social assistance is demeaning to recipients. Canadians receiving social assistance are often subject to intrusive rules and regulations and stigmatization. Earnings from other sources in excess of certain limits result in benefit reductions or claw-backs. Yet there is also concern that receipt of social assistance can create a dependency relationship. This outcome is reinforced by what is called the “welfare wall;” moving from social assistance into employment often results in the loss of benefits such as medical and dental care, thus leaving individuals worse off.

FOCUSED OPTIONS

Some suggestions to the Committee concentrated on specific programs that make up the income support system, on elements of those programs, and on the impacts of some programs on particular groups within the general population. These are listed first among the options. A second set of proposals address these systems as a whole and call for system-wide, coordinated change. These options follow the more focused options.

¹⁹ National Council of Welfare, *Welfare Incomes in 2005*, Ottawa, October 2006, p. 1.
<http://www.ncwcnbes.net/en/research/welfare-bienetre.html>

²⁰ John Stapleton, *Why is it so tough to get ahead? How our tangled social programs pathologize the transition to self-reliance*, Metcalf Foundation, Toronto, December 2007, p. 7
<http://www.metcalffoundation.com>

²¹ National Council of Welfare, *Welfare Incomes 2006: Patterns and Trends*, p. 2, Ottawa, 2006,
<http://www.ncwcnbes.net/en/home.html>

²² The National Council of Welfare reports that in 2006, welfare incomes were less than two-thirds of the after-tax LICO for 22 of the 52 scenarios it tracked. For five scenarios welfare incomes were equal to or higher than 80 per cent of the after-tax LICO, and in Newfoundland and Labrador, under the lone-parent scenario, the welfare income reached 99 per cent of the after-tax LICO. With the exception of the latter scenario, none brought witnesses to, or above, the after-tax LICO. Source: *Welfare Incomes 2006: Patterns and Trends*, p. 3.

Option 1: Maintain the status quo and concentrate on the most vulnerable

Prior to the changes made in the 1990s, there was a concern that the income support system was too costly to sustain (and thus a contributor to government debt and deficits) and fostered dependency among recipients while serving as a disincentive for labour-market participation.

Beginning in the mid-1990s and continuing since, overall poverty rates have fallen along with unemployment. Some analysts assert that this is evidence of the effectiveness of the changes to the income support system, and recommend only refined interventions focused on education among the poor; “Aboriginal poverty; the mentally ill and physically handicapped; the ghetto poor; high effective tax rates on the “near poor”; and in-work benefits such as earnings supplements.”²³

Others claim that these reduced low-income rates are still too high and reflect the benefits of a robust economy. They predict that an economic downturn will reveal the flaws in our income security system which “will become painfully evident.”²⁴

EMPLOYMENT INSURANCE

Expand (restore) EI eligibility

Within this broad direction, several more specific proposals were made. They are outlined below:

Option 2: Return the EI program to its pre-1996 status

Campaign 2000 recommended a uniform 360-hour qualifying period in all regions of Canada and one year eligibility. (Issue 23, 10 May 2007) Other proposals call more generally for restoring equal access to the program (eliminating preferential regional treatment) and moving back to pre-1993 benefits.²⁵

²³ John Richards, *Reducing Poverty: What has Worked and What Should Come Next?*, C.D. Howe Institute, Toronto, 2007. Richards acknowledges that a combination of policy change and favourable labour-market conditions have reduced rates of poverty. http://www.cdhowe.org/pdf/commentary_255.pdf.

²⁴ Task Force on Modernizing Income Security for Working-Adults, *Time for a Fair Deal*, Toronto, May 2006, p. 12.
http://72.14.205.104/search?q=cache:UNoA2h2fV0J:www.torontoalliance.ca/MISWAA_Report.pdf+Modernizing+Income+Supports+Working+Age+Adults&hl=en&ct=clnk&cd=1

²⁵ The Canadian Labour Congress (which has not testified before the Committee), for example, calls for a reduction in the number of qualifying hours to 360 in all regions, a longer duration of up to 50 weeks of regular benefits and an increase to at least 60 per cent in the percentage of insured earnings replaced by EI benefits based on the best 12 weeks of earnings.
http://canadianlabour.ca/index.php/Unemployment_Insuran/1383

30 Stapleton, 2007, p. 22.

Option 3: Make EI extended leave benefits available to self-employed Canadians

Canadians who are self-employed do not pay EI premiums and are not eligible for extended leave benefits offered under the Program, including parental, maternity and compassionate leave. Witnesses suggested these extended benefits could be provided to self-employed workers if they were funded out of general revenues.

Option 4: Restore eligibility for those who leave employment voluntarily

Those who leave their jobs voluntarily are no longer eligible for EI benefits; this can discourage workers from leaving to seek better paying or more appropriate employment. Previous to the changes of the 1990s, those who quit their jobs had to wait longer than those who were laid off, but still received benefits. Should this practice be restored?

Option 5: Disconnect severance pay from EI eligibility

The EI Program currently requires that displaced workers deplete their severance pay before becoming eligible for benefits. It is questionable whether this requirement is appropriate within the context of an insurance program supported by premiums. Its goal appears to be less related to helping those faced with job loss than it is to the reduction of program payouts.

Option 6: Provide additional benefits and extend duration for long-term employees

Some workers have been stably employed over long periods of time, have paid EI premiums, and then become unemployed. One expert witness advocated the provision of additional benefits over a longer period to these workers, in recognition of their infrequent EI claims and the longer adjustment period required to find new employment. (Gray, Evidence, 29 May 2008)

Option 7: Create an EI transition fund for older unemployed workers

An option suggested during a roundtable in Toronto held by the Expert Panel on Older Workers (chaired by former Senator Erminie Cohen) was the creation of an EI transition fund for older workers. This fund could provide income support for older unemployed workers who, for physical or psychological reasons, cannot reasonably expect to find employment before they become eligible for Canada Pension Plan benefits.²⁶

Option 8: Provide a premium rebate for low-wage workers in stable employment

Low-wage earners engaged in stable employment patterns and who are at low risk of claiming EI benefits could benefit from a premium rebate, to function like the Working Income Tax Benefit (WITB). A witness before the committee suggested that an EI

²⁶ Expert Panel on Older Workers, *Toronto Roundtable Summary*, 5 June 2007, http://www.ow-ta-sec.org/en/consultation/report_from_consultation.shtml

premium rebate would also serve as a reward for stable employment patterns because the system, as it is currently designed, “subsidizes and contains incentives that promote part-year and unstable work patterns.” (Gray, Evidence, 29 May 2008)

Option 9: Broaden access to EI training programs

The EI program consists of two components: one is a pure income-support, or passive program (EI Part I); the other (EI Part II) provides training to assist re-entry to the labour market. One witness proposed separate and uniform entry requirements for EI Part II benefits to broaden access to these programs, arguing that most provinces now have Labour Market Development Agreements with Human Resources and Social Development Canada, but it is still fairly difficult to qualify for skills development, job training and job counselling. (Gray, Evidence, 29 May 2008)²⁷

Option 10: Improve EI Part II training programs

The reforms to the EI Program in 1996 were intended (in part) to shift the emphasis from passive income support to training for re-entry into the workforce. However, the Committee heard expenditures on the active programs have been minute compared to those made by Nordic countries. For example, Canada spends less than half a per cent of its Gross Domestic Product (GDP) on active measures, whereas countries like Denmark and Sweden spend 1.5 to 2 per cent of GDP on these programs. (Van den Berg, Evidence, 29 May 2008)

The Committee also heard that the emphasis should be shifted from passive to active aspects of the program, so that “policies should more broadly address the barriers to employment faced by workers who are not well equipped to realize their full potential in the labour market, whether they rely on EI or not.” (Vincent, Evidence, 29 May 2008) Other specific suggestions were that more resources should be devoted to counselling and monitoring programs, and to general employment search services; that more attention should be paid to participant selection for the programs offered under EI Part II; and that

²⁷ The federal government has already taken some steps in this direction. For example, the federal government has signed agreements with the provinces of Saskatchewan (February 2008), New Brunswick (February 2008), and Manitoba (April 2008) on training and skills development for people who are not eligible for training under the Employment Insurance (EI) program. These agreements complement Labour Market Development Agreements signed between the Government of Canada and these provinces, under which the provinces assumed responsibility for designing and delivering employment programs and services for unemployed people eligible under the EI program. Service Canada delivers the Employment Assistance Services (EAS) program which provides funding to organizations offering employment services to help clients re-enter the labour market. All unemployed Canadians have access to a range of services under the EAS program. However, some EAS offerings are available only to clients who are eligible to receive EI benefits, or who have recently been receiving EI benefits. Employment Assistance Services include providing clients with information about the labour market, help preparing resumes, career-planning services, employment counselling, diagnostic assessment, help with job-search skills, job-finding clubs, and job-placement services.

programs should be closely tied to local labour markets (Van den Berg, Evidence, 29 May 2008).

Option 11: Reward companies for good human resource management through the EI system

Witnesses suggested to the Committee that provincial labour codes be revised to reflect changes in the labour market and to better protect workers (see below). One witness suggested that the EI program be used to encourage and reward companies that adopt good human resources management practices with respect to training programs for their employees, which could in turn reduce worker reliance on EI.

Return the EI program to its insurance principles

The notion of shrinking EI to its original purposes – a program that insured against income losses due to temporary and unpredictable unemployment, funded largely by employers and employees — is appealing to analysts regardless of their place on the political spectrum. Again, the specifics within this option are reflected in a number of different options.

Option 12: Further restrict access to and benefits from EI programs

Some believe that further restrictions are needed on the scope, eligibility criteria, and benefit levels under the EI Program. One witness argued that the 1995 EI reforms did not go far enough because “by leaving intact the principle of regionally variable conditions for access,” the reforms failed to restore the “credibility of the program as insurance against unintended bouts of unemployment” and that regionally differentiated access to the program creates a subsidy for seasonal unemployment and a disincentive for pursuing “more productive employment options.”²⁸

Option 13: Relocate social benefits currently offered under EI

All witnesses addressing the Committee specifically on EI (Vincent, Van den Berg, Shillington, Gray, Evidence, 29 May 2008) supported a return to insurance principles, in part so that the non-insurance-based benefits might be available to those not eligible for EI benefits. In particular, witnesses identified the low proportion of women eligible for maternity benefits under EI. One approach suggested was to model a new program after the Parental Insurance Program in Quebec (Vincent), while another suggested a new fund for these leave programs to be funded by employers and employees, or general taxpayers, and to be more widely available.

28. Richards, 2007, p.14

Option 14: Create additional benefits for workers, to be funded and administered outside the EI program

Several witnesses suggested that income-support initiatives designed to respond to labour market impacts, including new ones, could be located elsewhere. For example, one witness suggested that categorical grants for permanently laid-off workers from particular companies or industries could support high-seniority workers who are laid off and face very high adjustment costs. (Gray, Evidence, 29 May 2008)

Option 15: Remove training programs from the EI program

The possibility of removing the training component from the EI program was raised by one witness, who suggested that a new retraining program for unemployed Canadians could be funded from general tax revenues and be made available to people who might not be eligible for EI benefits. (Vincent, Evidence, 29 May 2008)

Option 16: Create a separate EI program for seasonal workers and frequent users

Witnesses testified that the needs of occasional and frequent users of the EI program are significantly different and that this should be reflected by splitting the Program into two separate parts to reflect this difference.

Option 17: Conduct a full review of the EI program

More than ten years have passed since the last major changes were made to the EI program. The labour market has evolved since that time. In its budget for fiscal year 2008-09, the federal government announced a new management and governance regime for EI that will see the creation of a new Crown corporation, the Canada Employment Insurance Financing Board (CEIFB). This will result in a new premium rate-setting mechanism and different treatment of any future EI surpluses. However, these measures will not involve any fundamental changes to the EI Program itself.

A full review could take into account the unique problems raised by the Committee's witnesses with regard to women, older workers, and immigrants and the EI Program. It could also examine the Program's core objectives, include an evaluation of its current form and effectiveness, and take into consideration the options mentioned above, as well as others.

Option 18: Rebuild income-support systems for working-age adults incorporating successful elements of income-support systems for children and seniors

A second approach to full-scale rebuilding of income-support systems has been made by John Stapleton. Observers indicate that the income-support systems now in place for seniors have been, for the most part, a success. Some indicate that similar systems in

place for children have been successful as well (although many say these systems need to be better funded and expanded).

Mr. Stapleton began by identifying the elements of the systems for seniors and children that work well and then proposes that the income-support systems for working age adults be adjusted to mirror those successful elements:

- federal accounts, such as Old Age Security (OAS) and the Canada Pension Plan (CPP) for seniors, and the Child Tax Benefit for children;
- registered tax instruments such as Registered Retirement Saving Plans (RRSPs) for seniors, and Registered Education Saving Plans (RESPs) for children;
- real benefits, such as the Guaranteed Income Supplement (GIS) for low-income seniors, and the National Child Benefit Supplement for low-income families with children; and
- contributions from government to encourage saving, such as the tax exemption on RRSP contributions.

A more detailed description of this proposal can be found at Appendix I of this paper.

FAMILIES WITH CHILDREN

The federal child benefits system has two aims: to reduce child poverty and to assist parents with the costs of raising their children. The system has achieved some success in reducing the levels of poverty among low-income Canadians with children; without federal child benefits, 15 per cent of families would be low-income, compared with the current rate of 9.3per cent.²⁹

The current system is made up of the tax-free Canada Child Tax Benefit (CCTB) paid monthly to parents of children under 18, based on the number of children and level of family income. In 1998, the National Child Benefit Supplement was added to the CCTB to provide increased benefits to all low-income families including those without taxable income.

In 2006, the Universal Child Care Benefit (UCCB) was added, with payments of monthly instalments of \$100 for every child under the age of 6 (regardless of parental income). In 2007, the federal government introduced a non-refundable child tax credit which provides income tax savings of up to \$300 for children of all ages to tax-paying parents.

Despite the impact of these programs on poverty rates, the Caledon Institute sees them as flawed. The programs are complex and difficult to understand; they are “stealthy” in that portions are subject to taxation; and, they are inequitable, in that the UCCB and the child tax credit provide benefits to high income families and offer nothing to poor families with children between the ages of 6 and 17.

²⁹ Ken Battle, *A Bigger and Better Child Benefit: A \$5,000 Canada Child Tax Benefit*, Caledon Institute, Ottawa, January 2008, p.3. <http://www.caledoninst.org/>

Option 19: Eliminate the Universal Child Care Benefit and create a more generous Canada Child Tax Benefit

The Caledon Institute has proposed the elimination of the UCCB and the child tax credit, with the savings applied to a more generous CCTB. Under this proposal, the maximum amount payable to low-income families would be \$5,000 per year per child, up from the current maximum of \$3,271 per first child. Caledon asserts that the expanded CCTB would also provide substantial benefits to modest- and middle-income families and have a significant impact on poverty, reducing the current low-income rate for families (9.3 per cent) by a full percentage point³⁰. The current federal child benefits system costs \$13 billion annually. Caledon estimates that its proposal would cost \$17 billion and has suggested that it could be phased in over time. Campaign 2000 supports the Caledon proposal to raise the maximum benefit to \$5,000 per year per child. (Evidence, Issue 23, 10 May 2007)

This proposal is intended to fit within the framework of Caledon's proposed new architecture for adult benefits, addressed in more detail below. Is this the right approach to addressing the challenges faced by low-income Canadians with children? In what way would it improve the lives of children living in poverty? Should it be accompanied by other measures needed to support poor children and ensure that they will be able to exit low-income circumstances, thus breaking the cycle of intergenerational poverty?

PEOPLE WITH DISABILITIES

About a half-million people with disabilities are living in poverty in Canada. Despite many programs at the federal level³¹ (and their provincial/territorial equivalents)

³⁰ Ibid.

³¹ There are public programs that provide income support to a disabled person. The more generous of the programs are funded by employers and employees through their contribution to Employment Insurance (EI) (which provides sickness benefits), and the Canada Pension Plan (CPP) (with provides disability benefits). However, in both cases, individuals must qualify through their labour market participation over time. People without sufficient labour market participation who become disabled are eligible for social assistance benefits, generally at a higher level than is provided to non-disabled recipients. Anyone born with a disability or who becomes disabled as a child does not receive any direct income support, unless their parents qualify for welfare.

There are a number of federal tax and transfer benefits available for disabled persons. As of 2002, these benefits consisted of: attendant care deduction, Canada Study Grant, CPPD, caregiver credit, Child Tax Benefit, Disability Tax Credit, EI Sickness Benefit, GST Credit, Infirm Dependant Credit, Medical Expense Tax Credit, Refundable Medical Expense Supplement, and Veterans Pensions and War Allowances.

By 2007, additional federal programs were in place: Canada Access Grants for college and university students, Child Disability Benefit, Children's Fitness Tax Credit, Child Tax Credit, Disability Supports Deduction (replaces Attendant Care Deduction), EI Compassionate Benefit, Registered Disability Savings Plan (with Canada Disability Savings Bonds and Canada Disability Savings Grants), New Veterans Charter

Canadians with disabilities are disproportionately affected by low income, with a low-income rate of 32 per cent, more than double the Canadian average (Treusch, Issue 21, 26 April 2007). Many of these individuals end up on provincial social assistance programs, leading one witness to suggest that welfare has become the disability income program in Canada, constituting from 50 to 70 per cent of provincial caseloads. Even with higher benefits, the Committee heard, it is stigmatizing and inappropriate as a last-resort program for people with disabilities. (Prince, Issue 1, 18 April 2008)

Option 20: A medium-term sickness/disability benefit

One witness focused his attention on the absence of income protection over the medium term (at both the federal and provincial levels) for Canadians with illnesses and moderate to severe disabilities. (Prince, Issue 1, 18 April 2008). At the federal level, working-age Canadians with disabilities who do not qualify for EI sickness benefits or the Canada Pension Plan disability (CPP-D) program include the self-employed, those in precarious (non-standard) employment, and people with recurrent and cyclical health conditions. Many employees – even those who are well-paid – do not have access to extended health and disability insurance and there are gaps in the EI sickness and CPP disability programs.

The Committee was offered three options for delivering a medium-term sickness and disability benefit:

1. Extend the duration of EI sickness benefits to at least 26 (from the current 15) weeks and up to 35, 45, or 50 weeks. Current EI eligibility criteria of 600 hours of insurable earnings in the previous 52 weeks would be retained for the first 15 weeks of coverage. Additional weeks' coverage would either require no additional hours or some additional number of insurable hours. The federal government could make this change unilaterally.
2. Create a new sickness/disability program, a new federal income program separate from, but associated with, EI sickness and CPP-D. It could have the same features as option 1, to be funded from general revenues or a new dedicated tax, to ensure fairness to business and employer groups. Provincial and territorial co-operation would be needed if the benefits were seen as representing an example of, or encroaching on, supplementary pension benefits.

31. (con't) with Disability Awards and Allowances, Earnings Loss Benefit, and Supplementary Retirement Benefit, and Working Income Tax Benefit and Disability Supplement.

Finally, the Canada Social Transfer (CST) is the mechanism by which the federal government transfers funds to provinces and territories, on a per-capita basis, for children, post-secondary education, and social assistance. The CST is scheduled to increase by 3 per cent per year starting in 2009-2010. From the last fiscal year to the current fiscal year, the federal government has increased the CST, with specific increases for post-secondary education and children, while the amount for social assistance has remained constant.

3. Add benefits for partial disabilities to the CPP-D program, requiring a basic change to the CPP program and legislation, and raising questions about how to define 'partial' disability as defined by whom. Furthermore, Parliament (House and Senate) plus two-thirds of the provinces representing two-thirds of Canada's population would have to consent, and contributions would have to be increased.³²

Option 21: Amend CPP legislation to allow pilot and demonstration projects

EI legislation allows for the funding of pilot and demonstration projects to test different combinations of income supports, employment services and benefits in different regions of the country to learn lessons. CPP legislation does not contain such a provision.

CPP will come up in the triennial reviews of Canadian finance ministers in 2009, creating the opportunity to amend the legislation to allow funding for such projects. (Prince, Issue 1, 18 April 2008)

Option 22: Replace social assistance programs for people with disabilities

The Caledon Institute has proposed a basic income program for people with disabilities that would remove most of them from provincial social assistance programs. The replacement program would be funded and administered by the federal government and would:

- change the disability tax credit to a fully refundable tax credit at the current maximum federal-plus-provincial level. This refundable credit would go to everyone with a serious disability who can pass the existing test for the disability tax credit, and not just to those on welfare;
- provide a basic income proposal essentially designed like Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). There would be a 50 per cent tax-back rate and the guarantee level would be the same as the OAS/GIS rate. The amount for couples would also be the same as the OAS/GIS rate. Because some people with disabilities also have children, there would be a child allowance for disabled people with children and a northern allowance. An individual would receive a guarantee of about \$13,300 and about \$21,000 for a couple; and
- be delivered through the tax system, thus eliminating the stigma associated with welfare and without an asset test. Income that was not tax-reportable would not result in reduction of the benefit. If there were a gift from a parent or from a friend, that would not have to be taken into account.

³² Michael Prince, *Canadians Need a Medium-Term Sickness/Disability Income Benefit*, Caledon Institute of Social Policy, Ottawa, January 2008, pp. 17-18.

According to Caledon, this change would have a huge impact on the extent of poverty, in particular poverty among "unattached individuals" -- people without children, who are a huge percentage of the population with poverty. Caledon acknowledges that a significant test of disability would need to be included because it would be difficult to "promote this as a program with a relatively adequate guarantee level unless there is a significant barrier to entry so that Canadians can be assured that those on it cannot reasonably be expected to earn a living through employment." (Mendelson, Issue 1, 18 April 2008)

This reform would require federal/provincial/territorial agreement; Caledon believes that agreement would be relatively easy to achieve because there is a promise of generous savings to the provinces. The Caledon Institute's basic income proposal is part of its proposed new architecture for working-age adult income security. (See below)

Option 23: A national action plan on disability

The Council of Canadians with Disabilities called for a national action plan on disability that includes proposals related to income support systems for persons with disabilities. The Council has proposed that the federal government:

- make the Disability Tax Credit refundable;
- make those eligible for CPP-D benefits automatically eligible for the Disability Tax Credit;
- make CPP-D benefits non-taxable;
- expand EI sick benefits to 52 weeks (similar to Michael Prince's proposal); and
- ensure new federal benefits such as the Registered Disability Savings Plan are not clawed back from those on social assistance by provincial and territorial governments through off-setting reductions in social assistance benefits.

In the longer term, the Council also proposed that the federal government assume an expanded role in income support for Canadians with disabilities. According to the Council, this will free up resources at the provincial and territorial levels for re-investment in supports and services for disabled Canadians.³³

Option 24: Remove disability benefits from CPP and establish as a separate program

One witness suggested that disability benefits do not rest comfortably within CPP. Instead, he said that the program should be administered out of a social security program funded like CPP, but not tied into labour market attachment issues. (Shillington, Evidence, 29 May 2008)

³³ Council of Canadians with Disabilities, *From Vision to Action: Building an Inclusive and Accessible Canada – A National Action Plan on Disability 2007*, handout distributed to the Subcommittee on Cities of the Standing Senate Committee on Social Affairs, Science and Technology, 18 April 2008.

SENIORS

At an aggregate, national level, efforts to reduce poverty among seniors have been the most successful. The Committee heard that poverty among seniors fell from 9.8 percent in 1996 to 5.6 percent in 2004 (Treusch, Issue 21, 26 April 2007). The absence of concerns over potential disincentives to labour-market participation has made it easier to provide relatively generous income-supports for seniors. Many of the Committee's witnesses pointed to the combined Old Age Security/Guaranteed Income Supplement (OAS/GIS) as a model for reducing poverty rates among other groups, despite the labour market disincentives it might create for working-age adults. Seniors' incomes have a number of possible sources: earnings from work or capital investments, pensions (employer-sponsored and CPP), and federal income transfers. Until those transfers were introduced and made adequate, a large number of seniors were well below the LICOs of the day, with no obvious way to improve their situation.

Option 25: Raise the combined value of OAS/GIS to the average post-tax LICO for individuals

The success of poverty-reduction initiatives among seniors as a whole masks a lack of progress among certain groups within the overall senior population – particularly among single unattached women, and among them, especially those living in major Canadian cities where many costs are higher. (Young, Evidence, 4 June 2008).

BROADER OPTIONS

Adjustments made to specific elements of one income support system or another may not be sufficient. In fact, incremental changes made at the program level that have taken place without reference to the other parts of the system have produced inefficiencies and have sometimes even (some would argue) exacerbated circumstances for low-income Canadians. Another set of proposals heard by the Committee take the income-support system in its entirety into consideration and call for harmonized change or for a full-scale replacement of existing arrangements.

Option 26: Improve the Canada Social Transfer (CST)

In the post-war period, the federal government provided transfers to the provinces and territories under Established Programs Financing and the Canada Assistance Plan to share the costs of social assistance programs. In 1995, these two programs were replaced by the Canada Health and Social Transfer (CHST) under which the federal government withdrew from 50/50 cost sharing for provincial social assistance and social services programs, and provided reduced funding for these purposes that was combined with an existing block grant for post-secondary education and health. In 2004, the CHST was

split into two separate transfers to the provinces and territories: the Canada Social Transfer (CST) and the Canada Health Transfer (CHT).

Proposed improvements to the CST include restoring 1994-95 funding levels accompanied by clear principles and conditions governing what provinces and territories can do with the funds. These principles and conditions should be accompanied by an accountability mechanism to ensure transparency and adherence. (*Frankel, Issue 23, 10 May 2007*)

Option 27: Options proposed by the Modernizing Income Support for Working Age Adults Task Force³⁴

The Task Force on Modernizing Income Security for Working-Age Adults (MISWAA) was created by the Toronto City Summit Alliance and St. Christopher's House (a neighbourhood community centre that works closely with low-income Torontonians) in 2004. MISWAA was a collaborative effort that involved business, labour, religious, policy, and other organizations. Although its focus was principally on Ontario, its recommendations have a bearing on the federal government and the other provincial and territorial governments as well.

Its recommendations specific to the federal government were to:

- reform EI to address the decline in coverage of the unemployed and the related decline in access to employment supports and training,
- create a new refundable tax benefit consisting of a basic tax credit for all low-income working-age adults and a working income supplement for low-income wage earners, and
- provide and administer a national disability income support program for persons whose disabilities are so substantial that they are unlikely to enter the paid labour force.

The Conference Board of Canada has recommended that the federal government implement the recommendations of the MISWAA Task Force.³⁵

³⁴ Task Force on Modernizing Income Security for Working-Adults, *Time for a Fair Deal*, Toronto, May 2006. http://72.14.205.104/search?q=cache:UNoA2h2fFv0J:www.torontoalliance.ca/MISWAA_Report.pdf+Modernizing+Income+Supports+Working+Age+Adults&hl=en&ct=clnk&cd=1

³⁵ The Conference Board of Canada, The Canada Project, *Mission Possible: Sustainable Prosperity for Canada*, Volume III *Mission Possible: Successful Canadian Cities*, Ottawa 2007, Recommendation 22, p. 51.

Option 28: Include references to the right to sustainable income in all income-support legislation and policies

The Committee heard that a rights-based approach to income security would provide a legal remedy. It "...provides a legal remedy to protect [...] income security. It puts social policy into a legal framework where low-income and disadvantaged groups have access to enforcement mechanisms to protect their standard of living." (Marrone, Evidence, 8 May 2008)

The Committee also heard that under international human rights law, Canadian governments could provide for effective domestic remedies for the right to income adequacy. A human rights framework could be built into federal legislation governing the federal role in income-security programs, transfer agreements with provinces and territories governing social programs or any federal poverty reduction strategies. Human rights frameworks should also be built into trade and investment agreements entered into by the federal government. (Porter, Evidence, 8 May 2008)

According to witnesses, affirming joint commitments to international human rights in relevant agreements entered into by the federal government would in no way be an encroachment on areas of provincial jurisdiction. Rather, it would be a fulfillment of the obligation of the federal government, under international law, to ensure compliance by all levels of government with Canada's international human rights obligations:

The right to ... income adequacy cannot be relegated to provincial jurisdiction alone. These are central human rights values at the core of our constitutional democracy. It is the federal government's role and responsibility to promote and protect these fundamental human rights in every way that it can. (Bruce Porter, Evidence, 8 May 2008)

What are the possible implications of amending federal legislation and policies in this way? Would it result in adequate income security for low-income Canadians?

Option 29: Replace both EI and social assistance programs with a new income-support architecture for adults

The Caledon Institute has concluded that Canada's income-support systems are complicated, tangled, incoherent, dysfunctional, and unsuited to contemporary economic and labour-market realities. It has proposed the replacement of the existing income-support systems by a new three-tier architecture for adult benefits, re-combining elements of the social assistance and EI systems and assigning new responsibilities to the federal and provincial/territorial governments. Several of these elements have been described in previous sections; a description of the Caledon proposal can be found in Appendix II of this paper.

Option 30: Replace the income-support system with a guaranteed annual income (GAI)

The provision of a Guaranteed Annual Income to all Canadians is more than an anti-poverty measure: it is an idea whose time has come³⁶.

This rallying cry from the Croll report has been heard by contemporary witnesses. The federal government already plays a dominant role in poverty reduction through its system of transfer payments to the provincial and territorial governments and individuals. In particular, it is responsible for having greatly reduced poverty among seniors through the CPP, and the OAS/GIS programs. This redistributive role is one that most will agree the federal government performs well.

The federal government could become involved in poverty reduction more generally through the provision of a Guaranteed Annual Income (or GAI) for all Canadians. Although the Croll Committee's recommendation was never adopted, the federal government has implemented a *de facto* GAI for seniors through income support programs that target them.

In its most fundamental form, a GAI would provide a basic income floor beneath which no Canadian would be allowed to fall. A GAI could be delivered through the income tax system; those citizens reporting an annual income beneath a designated level would have their earnings "topped up" by the federal government. A GAI could replace virtually all existing income-support programs at both the federal and provincial territorial levels and would offer several benefits and potential drawbacks.

Among the benefits claimed for a GAI are administrative simplicity and, because of the lack of means tests or requirements to get rid of personal assets, the absence of the stigma that attaches to current social security programs. Furthermore, federal provision would reduce the financial burden on provincial and territorial governments, allowing them, in theory, to reinvest the savings in programs providing supports to low-income families and individuals.

The drawbacks associated with this approach include the inevitable need to distinguish among various groups of recipients in order to accommodate their specific circumstances, the difficulty in establishing the level of an income floor, and the potential negative impact the program might have on labour-market participation.

Would a GAI be acceptable to Canadians? Is it possible to provide an adequate income that is affordable? Can a GAI be provided while at the same time ensuring that those Canadians who require supports will continue to receive them and at appropriate levels of quality?

³⁶ Special Senate Committee on Poverty, *Poverty in Canada*, Ottawa, 1971, p. 175

Option 31: Require that the rules governing income support systems be written in plain language

Committee witnesses testified that a universal characteristic of Canada's income-support systems is the convoluted language of their rules and regulations. The Committee heard some particularly disturbing testimony with regard to the resulting inaccessibility of the OAS and EI programs, with a strong recommendation for clarity, transparency and simplicity to improve access to entitlements. (Shillington, Evidence, 29 May 2008)

Option 32: Improve delivery of income support programs

Those who provide front-line services in the income support system sometimes act more as gate keepers than facilitators and do not always fully share information with clients on how best to access available programs and benefits. Witnesses proposed greater emphasis on service delivery with respect to EI, pointing out opportunities to turn service providers into real mediators between the 'client' and the agency providing the services, in terms of both navigating complex rules and monitoring and counselling the clients to ensure accurate assessment and delivery of their benefits. (Van den Berg, Evidence, 29 May 2008)

Option 33: Find alternatives to the tax system to support social programs

Rather than directly spending on social programs that help to alleviate poverty (particularly as it affects women), federal social programs have increasingly turned to tax expenditures. This form of social spending uses the taxation system to fund social programs. For example, a social program such as child care is delivered by reducing the tax liability of the recipient of this tax measure. Other examples include the tuition tax credit, caregiver credit, and child tax credit.

Scholars have found tax expenditures to be regressive in nature. The Committee has heard that these measures have an 'upside-down effect' because those with the largest incomes receive the greatest absolute benefit. Furthermore, tax expenditure measures generally benefit taxpayers, excluding those individuals who are non taxpayers. More specifically, 38 per cent of women tax-filers do not pay taxes and thus do not benefit from non-refundable tax expenditure measures. (Young, Evidence, 4 June 2008)

AN ALTERNATIVE TO THE ABOVE OPTIONS

Option 34: Federal/provincial/territorial review of income support systems

Canada's income support systems fit within the definition of what analyst Neil Bradford refers to as "wicked problems"³⁷: highly complex, involving more than one government and/or government department or agency, and notoriously difficult to understand and resolve. Over the years, both EI and social assistance programs have been the subject of piecemeal adjustments that have taken place without analysis of their impact upon one-another. They have become, in the words of one specialist, a "tangled mess;" an opinion that is shared even by those of widely divergent views. Such a review could include a focus on overlapping policies with a view to reducing or eliminating barriers and disincentives (such as marginal effective tax rates) to independence.

Existing proposals, including those cited in this report, could serve as a starting point, but federal, provincial and territorial governments hold the authority and the means to implement change that is meaningful and lasting. Would it be advisable to recommend that the federal/provincial/territorial governments undertake a full review of income support systems that takes into account the proposals contained in the options presented above?

Under what conditions should such a review take place? Should the federal government be the one to initiate a review? Should there be firm timelines and reporting mechanisms? Once the process is completed, what next steps would be necessary?

³⁷ Neil Bradford, *Place-Based Public Policy: Towards a New Urban and Community Agenda for Canada*, Canadian Policy Research Networks, Ottawa, March 2005, p. 4. <http://www.cprm.org/doc.cfm?doc=1186&l=en>

II. FACILITATING A TRANSITION FROM SOCIAL ASSISTANCE TO SELF-SUFFICIENCY AND MAKING WORK PAY

In Canada, social benefits programs work in isolation of each other, often developed and administered by more than one order of government. As a result, each is designed to reduce benefits in some proportion of earnings when a social assistance recipient begins to work. Payroll deductions (for income tax, Canada Pension Plan, Employment Insurance) combine with welfare and subsidy reductions, sometimes to the point where someone poised between social assistance and full-time earnings from employment can lose more than 100 cents on the earned dollar.³⁸ Collectively, these reductions, taxes, and premiums are known as “marginal effective tax rates,” or METRs³⁹.

In Canada, these METRs on low- and moderate-income earners are high and serve as barriers to labour-force participation.⁴⁰ In its *Economic Survey of Canada 2006*, the Organization for Economic Co-operation and Development (OECD) observed that although “considerable progress” had been made to reduce this burden, “low-income families still face very high METRs, which reduce the reward from working longer hours, taking on greater responsibilities or investing in upgrading skills.⁴¹” The OECD called for further policy reform to “strengthen work incentives by reducing high Marginal Effective Tax Rates faced by lower-income families.”⁴²

Option 35: Reduce Marginal Effective Tax Rates over the medium- and long-terms

While it is desirable to reduce METRs on low-income earners, it is not an easy goal to accomplish. An analyst with the C.D. Howe Institute has pointed out there are “no magic resolutions” to the problem of high METRs⁴³. Another analyst, however, recommended collaboration among officials to ensure “that the combined Marginal Effective Tax Rates do not exceed 75per cent of net earned income in the medium term, with a long term goal of 50per cent.⁴⁴” This could be achieved within the context of a broader review.

³⁸ Stapleton, 2007, p. 7.

³⁹ The marginal effective tax rate is the percentage of income forgone to taxes *and* the phasing out of income support payments for each additional \$1 of earned income. In other words, it reflects marginal *income* taxes *plus* the claw back of income supports such as the Canada Child Tax Benefit (for families), the Guaranteed Income Support (for seniors), social assistance payments (at the provincial level) and so on.

⁴⁰ Finn Poschmann, *Still High: Marginal Effective Tax Rates on Low-Income Families*, C. D. Howe Institute, Toronto, February 2008. <http://cdhowe.org>

⁴¹ Organisation for Economic Co-operation and Development, *Policy Brief: Economic Survey of Canada 2006*, June 2006, p. 9.

⁴² *Ibid*, p. 10.

⁴³ Poschmann, 2008, p. 8.

⁴⁴ Stapleton, 2007, p. 34.

**Issue 2:
Labour-force participation is no longer enough
to keep many Canadians out of poverty**

In 2001, over 653,000 Canadians were earning wages that classified them as “working poor” (and 1.5 million people were directly affected, one third of them children under the age of 18)⁴⁵. The consequences of being unable to earn a sustainable wage from employment manifest themselves in several ways. In 2007, for example, 13.5 per cent of the clients of Canadian food banks received their primary income from employment.⁴⁶ Statistics Canada recently reported an increase in non-standard employment (part-time, short-term, and contract work), in which a large number of low-wage workers are employed.⁴⁷ As the number of “standard,” full-time jobs stabilizes or declines, and non-standard employment becomes increasingly common, the need to respond to their low-income status becomes more pronounced.

One-third of Canada’s low-wage workers do not earn enough to meet their costs of living. Among them, female lone parents in Quebec find it extremely difficult to make ends meet with an hourly wage of \$8.50.⁴⁸ These workers and their families are not the only ones who are adversely affected; the lack of adequate remuneration serves as a disincentive for Canadians receiving social assistance to seek out and obtain employment. While the proposed overhaul of the income support system made by the Caledon Institute has taken the circumstances of low-wage workers into consideration, there are other proposals that are more focused on this segment of the low-income population.

Option 36: Raise minimum wages and index them to inflation

In its *Employment Outlook 2007*, the OECD reported that low-wage employment in Canada is “common,” with approximately 22 per cent of Canadians earning less than two-thirds of median earnings. While the majority of these low-wage workers are young people, many of whom are also studying and tend to move into better paying jobs over time, many are women, recent migrants and less-educated workers, for whom low-wage work may be less transitory.⁴⁹ One of the Committee’s witnesses testified that people

⁴⁵ Myriam Fortin and Dominique Fleury, “Canada’s Working Poor,” *Horizons* 7, no. 2, 2004, p. 52, Policy Research Initiative. The authors define the working poor as individuals 18 to 64 years old, who are not full-time students, and who have worked a minimum of 910 hours per year whose and who, using their disposable family income, cannot purchase the market basket of goods and services specified by the Market Basket Measure (MBM) during the year in question.

⁴⁶ Canadian Association of Food Banks, *Hunger Count 2007*, Toronto, p. 16. <http://cafb-acba.ca>

⁴⁷ Statistics Canada, *The Daily*, 6 June 2008, <http://www.statcan.ca/Daily/English/080606/d080606a.htm> Statistics Canada found that in May 2008, the economy lost 32,200 full-time jobs, while 40,600 part-time jobs had been created.

⁴⁸ Burrows, Fédération des femmes du Québec, Evidence, 4 June 2008.

⁴⁹ OECD, *Employment Outlook 2007 – How Does Canada Compare?* http://www.oecd.org/document/18/0,3343,en_2649_33927_38549906_1_1_1_1,00.html

“think it is wrong that Canadians can work full time and for the full year at the minimum wage and still not rise out of poverty.”(Yalnizyan, Issue 4, 28 February 2008)

Some witnesses proposed significant and immediate increases in minimum wages to between \$10.00 and \$10.50 an hour, and are involved in public campaigns to increase minimum wages in most provinces.⁵⁰ Other witnesses also argued for increases in minimum wages. (Burrows, Evidence, 4 June 2008)

Economists and others have responded to these proposals in two basic ways. Some argue that such measures would dampen employment because many small employers simply could not afford them, and that many of those working for minimum wages are students or teenagers who are living with their parents.⁵¹ Others claim that raising minimum wage does not have a dampening affect on employment levels⁵². The provinces set minimum wages; since a decision in 1996 not to set a federal minimum wage, permitted in the Canadian Labour Code for workers in federal jurisdictions,⁵³ the federal government would have no role to play.

Option 37: Amend employment standards legislation to better address non-standard employment

The Committee heard of the increase in non-standard work, and that provincial employment standards have not kept pace with the changing labour market in Canada, leaving workers to be exploited. (Pegg, Issue 21, 3 May 2007) Another witness also called attention to the role of employment standards as they affect women working in small companies and/or in non-standard employment. (Drover, Issue 23, 10 May, 2007)

Ninety percent of workers in Canada are covered by provincial or territorial employment standards; only 10per cent work in federally regulated industries, where labour standards are established federally.⁵⁴ Should both levels of government be called upon to improve their employment standards laws and to enforce those laws more rigorously? Should the federal government provide the model for such protections?

⁵⁰ National Anti-Poverty Organization; Campaign 2000; Ontario Council of Agencies Serving Immigrants; Jean-Claude Icart.

⁵¹ For example, see David Pankratz, “Which Best Helps the Poor: Minimum Wages, Tax Credits or Tax Exemptions?”, Frontier Centre for Public Policy, Winnipeg, 2008
http://www.fcpp.org/main/publication_detail.php?PubID=2001

⁵² For example, Stuart Murray and Hugh Mackenzie, *Bringing Minimum Wages above the Poverty Line*, Canadian Centre for Policy Alternatives, March 2007

⁵³ Canadian Auto Workers, “Modernizing Part III of the Canada Labour Code”, Formal brief to Federal Labour Standards Review Commission, September 2005.
http://www1.servicecanada.gc.ca/en/labour/employment_standards/fls/submissions/formal_briefs/brief43/page02.shtml#t2 June 10, 2008.

⁵⁴ Human Resources and Social Development Canada, “Employment Standards”. Accessed from
http://www.hrsdc.gc.ca/en/labour/employment_standards/index.shtml June 10, 2008.

Option 38: Adopt the recommendations of the Federal Labour Standards Review (the Arthurs Report)⁵⁵

The Federal Labour Standards Review acknowledged that the federal government no longer sets minimum wages; they have become a provincial responsibility. However, the Review recommended that the federal government:

[s]hould resume responsibility for ensuring that a proper minimum wage covers the small number of vulnerable employees in the federal domain who are in need of protection against exploitation or abuse. Rather than adopt a specific dollar figure, ...the government should adopt the principle that no Canadian worker should work full-time for a year and still live in poverty. This principle should be translated into practice over a phase-in period of several years, during which the federal minimum wage should be raised until it meets the low-income cut-off (LICO) index. Thereafter, it should be adjusted at fixed intervals according to an agreed formula.⁵⁶

The authors of the Review's Report added: "This is an issue of fundamental decency that no modern, prosperous country like Canada can ignore. Fortunately, a minimum wage can be established with few, if any, negative consequences on employment in the federal sector."⁵⁷ Campaign 2000 advocates increasing the federal minimum wage to \$10 per hour. (Evidence, Issue 23, 10 May 2007)

Should the federal government show leadership by establishing an adequate minimum wage for those sectors of the labour market that it regulates⁵⁸? Would this have an affect on provincial minimum wages and labour standards?

Option 39: Improve income supplements for low-wage earners

The Working Income Tax Benefit (WITB) is an income tax credit introduced by the federal government in Budget 2007. The benefit is available to individuals over the age of 18 who are not enrolled in school for more than three months and who have an earned income over \$3,000. The maximum amount for an individual without children is \$500; for families (couples and single parents), the maximum is \$1,000. The credit is refundable: It is reduced by 15 per cent of net income in excess of \$9,500 for single individuals and \$14,500 for families. It phases out completely at \$12,833 for individuals and \$21,167 for single parents and couples.

⁵⁵ Federal Labour Standards Review, *Fairness at Work: Federal Labour Standards for the 21st Century*, Human Resources and Skills Development Canada, Ottawa, 2006.

⁵⁶ Ibid, p. xvi.

⁵⁷ Ibid.

⁵⁸ These sectors include banking, airlines, telecommunications and broadcast firms, postal services and pipeline companies, road transportation firms and a miscellany of jobs in airports and seaports, grain handling facilities, nuclear facilities and First Nations governments. According to the Arthurs report, approximately 12,000 enterprises are subject to federal jurisdiction and 840,000 of their employees are subject to Part III of the Canada Labour Code which regulates minimum wages. Ibid, p.ix.

Although the program is federal, provincial and territorial governments are permitted to vary the design of the program to suit their own circumstances and needs and to better fit with other elements of their income security systems, like minimum wage, social assistance and provincial wage supplements, as long as the changes don't increase the costs.⁵⁹

Creation of the benefit (first proposed under the previous government in the 2005 mini-Budget and resurrected by the subsequent government) received wide praise. Caledon Institute, for example, greeted its introduction, stating that such a benefit would help compensate for the loss of benefits experienced by those moving from social assistance to employment and could be “good for fighting poverty and removing barriers to employment.”⁶⁰

For some, the benefit is too modest and should be enriched to go beyond assistance to part-time workers, and grant benefits for full-time low-income earners whose wages, though modest, are too high to benefit. (Battle, Evidence, 28 February 2008; Richards, Issue 2, 13 December 2007).

Witnesses also argued that the benefit should be paid more often, to reduce stigma as has been accomplished by recent changes to the delivery of Saskatchewan's social assistance benefits (Richards, Issue 2, 13 December 2007) and to provide a more predictable source of income for beneficiaries (Stapleton, Issue 2, 13 December 2007)

Option 40: Improve training for low-wage workers

In 2007, the OECD commented that “[i]mproving access to training for low-wage workers would boost their earnings ability and increase productivity.”⁶¹ Is this the best way to improve incomes for low-wage workers? Should the provision of training be the sole focus of government or should there be an increase of minimum wages followed by indexation as well?

⁵⁹ Battle, Library of Parliament Seminar, 11 April 2008.

⁶⁰ Caledon Institute, “A Working Income Tax Benefit That Works,” *Caledon Commentary*, November 2005.

⁶¹ OECD, 2007,

III. POVERTY BEYOND MONEY

The Committee heard from many witnesses that income security programs alone were neither the ideal nor sufficient remedies for the poverty of some groups. For these groups – families with young children, people with disabilities, and newcomers to Canada – access to adequate and appropriate supports is an important part of the solution.

FAMILIES WITH CHILDREN

The Committee heard extensively about the challenges of raising children in poverty, and of increasing earnings in the labour market without affordable care for children that also contributes to their development and preparation for school (Yalnizian, Browne, Battle, Issue 4, 28 February 2008). The same witnesses emphasized that a small universal contribution to families with young children, like the current Universal Child Care benefit, was not sufficient to purchase childcare.

For these and other witnesses, a full national child care strategy with appropriate funding was essential to reducing poverty for families, including lone-parent families, who are over-represented among poor Canadians.

Option 41: Ensure that a fixed proportion of federally funded child care programs be available, on a priority basis, to low-income families with young children

International research has demonstrated the importance of child care to reintegration of social assistance-reliant parents into the labour force.⁶² At the same time, researchers have identified the unequivocal and considerable benefits of quality child care programs for children in low-income families and from otherwise disadvantaged backgrounds.⁶³ Witnesses also identified the need for child care as a poverty reduction strategy, noting that without such services, low-income parents may have to choose between training or work on the one hand, and care for their children on the other. Quebec's experience with the introduction of subsidized spaces saw these spaces go disproportionately to middle- and upper income households.⁶⁴

⁶² OECD, "Reconciling Work and Family Life in OECD Countries: Main Findings and Policy Recommendations", *Babies and Bosses: Reconciling Work and Family Life: A Synthesis of Findings for OECD Countries*, 2007, p.19.

⁶³ Center on the Developing Child at Harvard University. *A Science-Based Framework for Early Childhood Policy: Using Evidence to Improve Outcomes in Learning, Behavior, and Health for Vulnerable Children*, 2007, p.18.

⁶⁴ Michael Baker, Jonathan Gruber, and Kevin Milligan, "What can we Learn from Québec's Universal Childcare Program", C.D. Howe Institute, Toronto, 2006, <http://www.cdhowe.org/display.cfm?page=research-social&year=2006>; Christa Japel, Richard Tremblay, Sylvana Côté, *Quality Counts! Assessing the Quality of Daycare Services Based on the Québec Longitudinal Study of Child Development*, IRPP, Montréal, 2005, <http://www.irpp.org/choices/archive/vol11no5.pdf>.

Option 42: Increase federal investments in child care.

The Committee heard of the benefits of high-quality early childhood education and child care to the self-esteem and health of both children and parents as well as readiness to learn and share success, and that supports including child care showed almost immediate savings to health and income assistance programs (Browne, Issue 4, 28 February 2007). Other witnesses articulated the need to support parents in their skills upgrading and labour force participation with high-quality, affordable and accessible child care to contribute to both child development and training or labour force participation of parents. Such programs could require greater federal investment, with incremental increases over time.

Option 43: Work with other levels of government and non-government organizations to identify gaps and solutions for child care provision for low-income families

While all families could benefit from such child care services, they are particularly important for low-income families, whose earnings are or would be insufficient to cover the costs of such care. Yet, the Committee has heard testimony, addressed in more detail later in the report, that well-intentioned and otherwise effective programs are too often developed and implemented in isolation of each other, and have negative unintended impacts on those they are intended to help. (Stapleton, Issue 2, 13 December 2007)

With child care, provincial, territorial and local governments and non-government local organizations are active participants in meeting the income and social support needs for such families. Their collaboration and co-operation would be required to ensure that such supports were available and accessible to assist low-income families in escaping poverty.

Option 44: Provide funding for programs for parents, particularly those with low incomes, to develop skills and techniques to support their children's development

Research has shown that while low-income status may be transmitted intergenerationally, programs to assist parents with behaviour or health issues in their children have positive health and educational outcomes for their children⁶⁵, and reduce family poverty.

Option 45: Provide low-income parents with financial support to register their children in appropriate recreational and cultural programming

The Committee heard of the benefits to both parents and children in low-income families, and the savings to both income security and health care systems, of the children's participation in mainstream cultural and recreational programs of their choice. (Browne, Issue 4, 28 February 2008)

⁶⁵ Marni Brownell, Noralou Roos, Randy Fransoo et al., "Is the Class Half Empty? A Population-Based Perspective on Socioeconomic Status and Educational Outcomes", *Choices*, Institute for Research on Public Policy, Vol. 12., No. 5, 2006, p.30; Hon. Margaret Norrie McCain, J. Fraser Mustard, and Dr. Stuart Shanker, *Early Years Study 2: Putting Science into Action*, Council for Early Childhood Development, 2007, p.135.

PEOPLE WITH DISABILITIES

The Committee has heard from witnesses that to be full participants in the social and economic life of their communities, people with disabilities require more than an adequate income; they also require appropriate supports. These supports may involve the removal of physical barriers to work places and community centres, or prostheses or wheelchairs, or attendant care or interpreters. (Battle, Issue 21, 3 May 2007; Mendelson, White, Issue 1, 18 April 2008)

Option 46: Link any increase in federal transfers to people with disabilities to increases in provincial and territorial spending on disability supports

As noted above, the Committee has heard from witnesses of the need for both increased income and increased supports to people with disabilities. Recommendations from the Caledon Institute call for federal responsibility for an increased disability income benefit, which would result in a decrease in provincial and territorial welfare spending. These witnesses have also suggested that these funds should be re-invested in non-income supports.

Option 47: Designate a fixed percentage of Labour Force Development Agreement funds for persons with disabilities

Disability organizations and the people they represent have been calling for increased training opportunities for persons with disabilities, whether programs for people with disabilities, or spaces within mainstream programs. Most recently, this recommendation has taken the form of demanding that a proportion of funding to provincial and territorial governments in the form of Labour Market Development Agreements equal to the proportion of the population that has a disability be designated for training “spaces” for that population. (“From Vision to Action: Building an Inclusive and Accessible Canada – A National Action Plan 2007”, Official submission by the Council of Canadians with Disabilities, March 28, 2008, p. 5)

IMMIGRANTS AND REFUGEES

The Committee heard from several witnesses of the particular challenges faced by newcomers to Canada whose language and culture are not accommodated in public or other services. For these individuals and families, income support is only part of what is required to facilitate their integration into the broader Canadian society and economy.

Option 48: Improve English and French as a second language program

The Committee heard that “40per cent of immigrants over the past 10 years did not speak English or French at the time of arrival. Moreover, in a post-industrial economy inter-personal skills are of greater importance, and poorer communication skills, such as accented English, can be a liability in the marketplace.” (Gray, Evidence, 29 May 2007).

Research confirms that the ability to speak the host community language (either English or French) is a key factor in employment and community integration. Further, as one analyst notes, host-country language facility also impacts other aspects of integration, such as credential recognition.

Federal and provincial governments fund English as a second language programs and Francisation for newcomers. However, there are some concerns that these efforts are inadequate – in particular that the level of language instruction offered is inadequate for workplace competency. In response, Citizenship and Immigration Canada (CIC) introduced Enhanced Language Training (ELT) in 2004, to provide job-specific, labour market-level language training, often including a bridge-to-work component. Recent evaluations are promising.

Option 49: Work with the provinces to establish minimum standards for English or French second language training

Witnesses reported to the Committee that the level of teaching English as a second language varies considerably across the country. Witnesses suggested these differences may be the result of devolution of responsibility for settlement services to the provincial governments, accompanied by the transfer of funds from the federal government into general provincial revenues.

Option 50: Change English and French assessment process for economic immigrants

The percentage of economic immigrants who come to Canada with an English-speaking background has declined over time, reflecting shifting source countries away from Europe and the United States and towards Asia and the Middle East. While ability in English and/or French accounts for a maximum of 24 of 67 points for economic immigration, Canada’s skilled worker application process relies on self-assessment of language ability.

Australia implemented mandatory externally validated pre-migration English-language assessment and has seen a corresponding increase in the proportion of economic migrants with a good command of English. A recent migration review in that country confirmed that the change to independent language ability assessment has had a positive impact on labour market outcomes.⁶⁶ At the same time, the changes to economic immigration have not altered the ethnic composition of immigrants to Australia.

Option 51: Scale up successful initiatives, such as bridging programs

Several witnesses mentioned bridging programs as a successful way to surmount the Canadian experience barrier. These programs operate alongside other initiatives intended to integrate immigrants into the workforce. A recent survey of practitioners in this field

⁶⁶ Lesleyanne Hawthorne, “The Impact of Economic Selection Policy on Labour Market Outcomes for Degree-Qualified Migrants in Canada and Australia,” *IRPP Choices*, Vol. 14, no. 5, May 2008, p.35.

found “three primary characteristics of successful bridging programs: they must be designed with input from all stakeholders involved, include accurate and comprehensive assessment of participants, and be financially solvent.”⁶⁷ While many of the programs offered are provincially funded, some receive federal funding. Further federal leadership could be provided in collecting and disseminating best practices or facilitating information exchange among practitioners.

Option 52: Ensure on-going monitoring of federal efforts to coordinate foreign credential recognition

While the federal government is responsible for establishing immigrant selection criteria, the responsibility for recognizing experience and credentials is shared among five provincial assessment authorities, over 400 regulatory bodies, more than 200 accredited post-secondary institutions, industry sector councils, non-governmental organizations, and employers.⁶⁸ The federal government plays a co-ordinating role, both through the Foreign Credential Recognition program, which coordinates the efforts of over 14 federal departments in this area, and through the Foreign Credential Referral Office (FCRO), launched in May 2007. The FCRO is intended to better inform prospective immigrants and newcomers about the Canadian labour market and participation requirements. Minister of Citizenship and Immigration Dianne Finley announced in May 2008 new funding for the FCRO as well as plans to expand its overseas services.

Option 53: On-going support for Canada’s action plan against racism

The Committee heard that, according to recent citizen engagement initiatives, “unanimously, the number one cause of racialized poverty that has been identified is systemic racism and its manifestation in various forms.” (Go, Issue 4, 13 March 2008) Witnesses have pointed to the uneven labour market outcomes of Canadian-born descendants of immigrants as proof that lack of Canadian experience and foreign credentials are not the only factors contributing to these outcomes.

Under Canada’s action plan against racism launched in 2005, several initiatives have been implemented to increase knowledge and understanding of diversity, facilitate more engagement of federal partners and other stakeholders on racism-related issues, and increase the consideration given to the needs of cultural and Aboriginal communities. These initiatives have undertaken data collection, research and consultation; training, information and awareness development; financial support and partnership development; and policy, programs and service development.⁶⁹ The most recent report indicated that

⁶⁷ David Duncan, “Improving Bridging Programs: Compiling Best Practices from a Survey of Canadian Bridging Programs”, *Public Policy Forum*, January 2008, p. 1

⁶⁸ Lesleyanne Hawthorne, “Foreign Credential Recognition and Assessment: An Introduction,” *Canadian Issues*, Spring 2007, p. 3.

⁶⁹ Reporting on Canada’s Action Plan Against Racism is part of the *Annual Report on the Operation of the Canadian Multiculturalism Act*.

stakeholders welcome the plan, but would like to see greater focus on the following areas: providing more public education to increase the understanding of racism; more attention to the challenges of combating racism outside major urban centres; better integration of the perspectives of youth, women and Aboriginal peoples; closer partnership with other levels of government on issues such as housing and education; and a broader discussion on eliminating racism in the workplace to include more partners.⁷⁰

⁷⁰ Canadian Heritage, *Promoting Integration, Annual Report on the Operation of the Canadian Multiculturalism Act*, 2008, p. 26

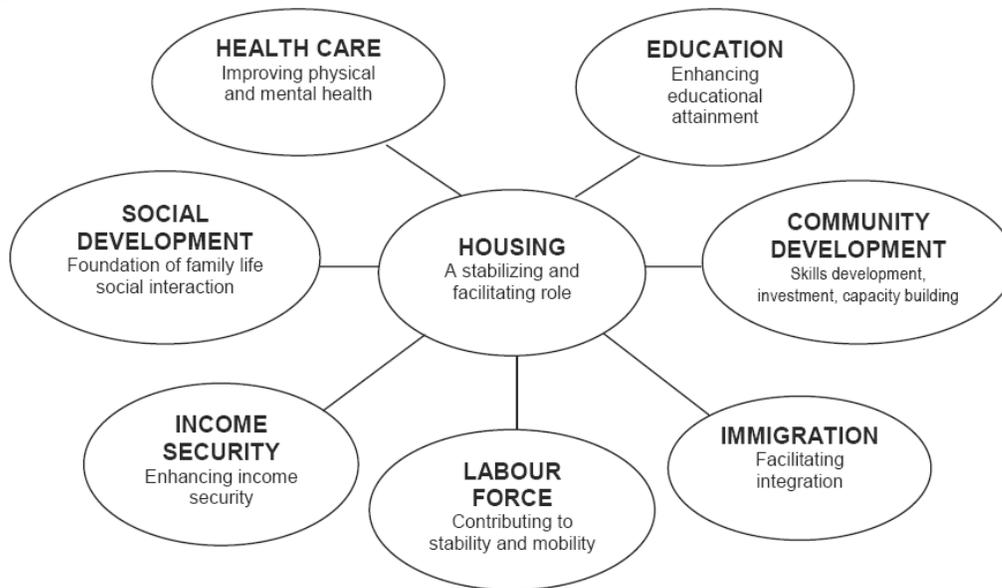
IV. HOUSING

**Issue 3:
Too many Canadians do not have access to
adequate and affordable housing**

Like poverty, unaffordable and/or inaccessible housing and homelessness are complex issues, with many causes and a panoply of proposed solutions. In an even more general sense, housing and homelessness are intertwined with poverty and risk of income inadequacy across the population, because housing is the single largest regular expenditure most Canadian households face.⁷¹

Moreover, as the Committee heard from several witnesses, housing can often be the anchor needed for disadvantaged Canadians to gain access to other supports and services that will assist them and their families to move forward in their lives. The following graphic demonstrates the integrating role that housing can play:

Figure 4:



Source: Tom Carter and Chesya. *Housing Is Good Social Policy*. CPRN Research Report F|50. Ottawa: Canadian Policy Research Networks, 2004, p. 31. Accessed from http://www.cprn.org/download.cfm?doc=1131&file=33525_en.pdf&format=pdf&l=en June 4, 2008.

⁷¹ *The Dynamics of Housing Affordability*, Research Highlight, Socio-economic Series 08-002, Canada Mortgage and Housing, January 2008, p. 1.

Housing markets in Canadian cities offer a range of accommodation, from emergency shelters, through transitional housing, social rental housing, private market rental housing, and home ownership. Most Canadians are housed in the private market, either as tenants or owners. And most are in housing that is affordable.⁷²

AFFORDABILITY

A study based on longitudinal data showed that the situation of households facing affordability problems may be short-term or long-term. While one-fifth of households in Canada spent more than 30per cent of their income on housing in any given year between 2002 and 2004, fewer than one in ten did so in all three years, and more than one in four did so at least once over the three years.⁷³ This suggests that for some people, housing affordability is a chronic problem, while for others it is transient. In either case, finding affordable housing was a challenge for 28per cent of households.

The following chart (Figure 5) from the study shows that groups that are over-represented among low-income Canadians are also more likely to face both short-term and persistent affordability problems. These include adults living alone, lone parents, people with disabilities, recent immigrants, visible minorities and Aboriginal peoples.

These same groups are more likely to face a severe affordability burden, in that more than 50per cent of their income is spent on housing.⁷⁴ Among renters in the private market only, 7per cent faced a severe affordability burden. That proportion rose to 40per cent for non-seniors living alone, 44per cent for people with a disability, and 80per cent for households with incomes below \$20,000.

As well, many women experience disproportionate housing affordability problems, especially unattached women and female lone parents who rent their homes. In 2003, 72per cent of unattached women aged 65 and over who rented were considered to have housing affordability problems. 42per cent of renter families headed by female lone parents had housing affordability problems.⁷⁵ Figure 3 below demonstrates some of the gender differences in terms of affordability. Witnesses also identified these issues (Kothari, Evidence, 8 May 2008; Klodawsky, Evidence, 4 June 2008).

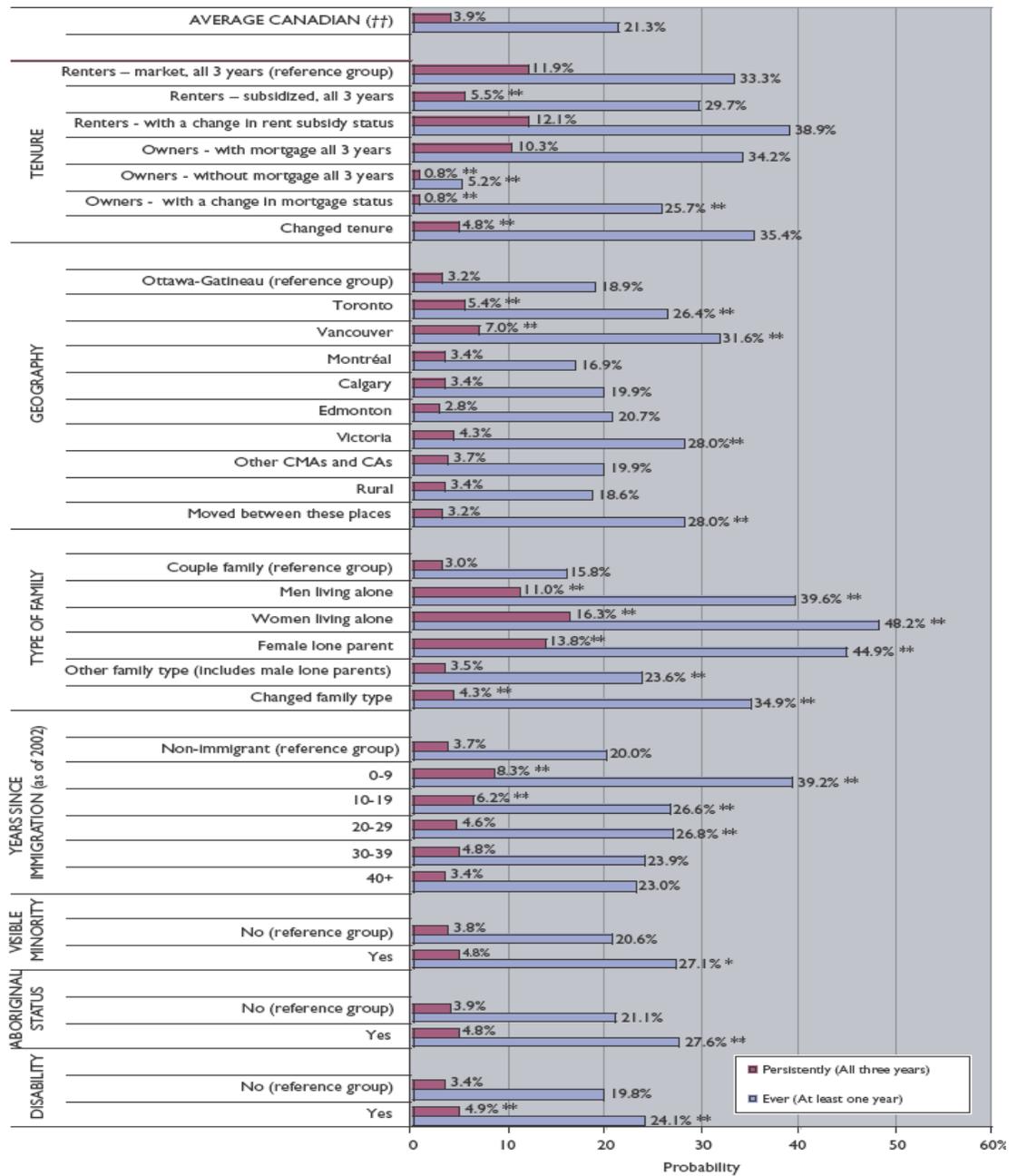
⁷² CMHC defines affordability in terms of “the share of before-tax household income spent on shelter costs, or the Shelter Cost-to-Income Ratio1 (STIR).” According to CMHC, “A benchmark of less than 30 per cent for the STIR is commonly accepted as the upper limit for defining affordable housing.” Ibid.

⁷³ Ibid., p. 2.

⁷⁴ This definition and the data in this section are taken from Jacqueline Luffman, “Measuring housing affordability”, *Perspectives*, 2006, Statistics Canada Catalogue Number 75-001-XIE.

⁷⁵ Fran Klodawsky, “Landscapes on the Margins: Gender and homelessness in Canada,” *Gender, Place and Culture*, Vol. 13, No. 44, p. 366.

Figure 5: Probability[†] of people exceeding the housing affordability benchmark (STIR ≥ 30 per cent) over 2002-2004, Canada, Selected socio-economic variables



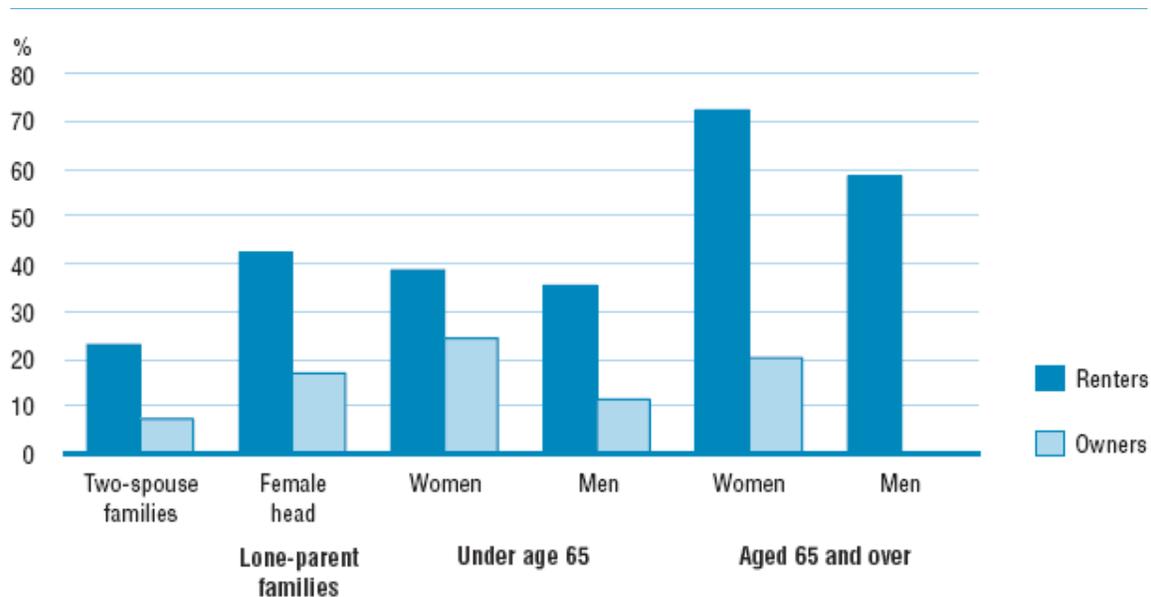
** Significantly different from reference group 95 per cent of the time

† Probabilities based on logistic models using only population of age 16 and over who were present for all three years of the study period

†† Probabilities for an average or typical Canadian

Source: *The Dynamics of Housing Affordability*, Research Highlight, Socio-economic Series 08-002, Canada Mortgage and Housing, January 2008, p. 6.

Figure 6: Percentage of women and men paying 30 per cent or more of total gross household income on shelter costs, by household type, 2003



Source: Statistics Canada, Survey of Household Spending

As demonstrated in Figure 6 above, persistent low income has affected housing affordability for immigrants. Recent Statistics Canada research indicates that “for immigrants, the median household income is lower and shelter costs higher than that of the Canadian-born population”.⁷⁶ In 2006, the proportion of immigrants living in households that spent 30 per cent or more of their income on shelter was highest for recent immigrants (41.4 per cent) and declined over time. The proportion of total immigrants who spent more than the affordability threshold was 28.5 per cent, compared to 18.6 per cent of the Canadian-born population.

Option 54: Encourage provincial governments to increase levels of income assistance

Among the elements proposed by the Federation of Canadian Municipalities (FCM) for a National Housing Strategy is the enhancement of the shelter components of social assistance or social assistance levels more generally.⁷⁷ The importance of increasing assistance rates for women was also identified by a Committee witness. (Kothari, Evidence, 8 May 2008)

⁷⁶ Statistics Canada – Catalogue no. 97-554, p.28

⁷⁷ “Housing for All”, Federation of Canadian Municipalities. Accessed from <http://www.fcm.ca/english/View.asp?mp=467&x=712> June 3, 2008.

Option 55: Provide rental subsidies or vouchers to individuals in need.

Subsidies to make rents more affordable have often been provided to landlords; the Committee heard another option which is to provide a subsidy directly to the individual with the affordability problem. (Drover, Issue 23, 10 May 2007)

Such a program, whether a shelter allowance or voucher, is also one short-term element of the National Housing Strategy proposed by the FCM⁷⁸, Winnipeg Harvest (Winnipeg Harvest, “Brief To the Senate Subcommittee on Cities”, May 1, 2008, p. 5. Official submission to the Committee), and the Frontier Centre on Public Policy.⁷⁹

A detailed shelter allowance program forms a recommendation in transition to a longer term housing strategy (addressed below) from the Federation of Canadian Municipalities:

... in the short-term, the Government of Canada should take immediate steps to address affordability problems by providing people with the income assistance they need to afford housing. A shelter allowance program should be targeted to working poor households with the objective of reducing excessive rent burdens (for those paying more than 50 per cent of income for rent) to a ratio closer to the 30 per cent norm. This would improve opportunities for households to avoid housing-induced poverty and related issues of evictions and recurrent moves.⁸⁰

SUPPLY OF AFFORDABLE MARKET HOUSING

While market housing construction targeted for ownership has outstripped household formation in recent years,⁸¹ the same is not true of rental housing supplied by the private market. For example, there were 39,070 fewer private rented units reported in the 2006 Census than in the 2001 Census.⁸² The following chart (Figure 7) demonstrates the impact this has had on affordable rental units.

⁷⁸ “Housing for All”, Federation of Canadian Municipalities. Accessed from <http://www.fcm.ca/english/View.asp?mp=467&x=712> June 3, 2008.

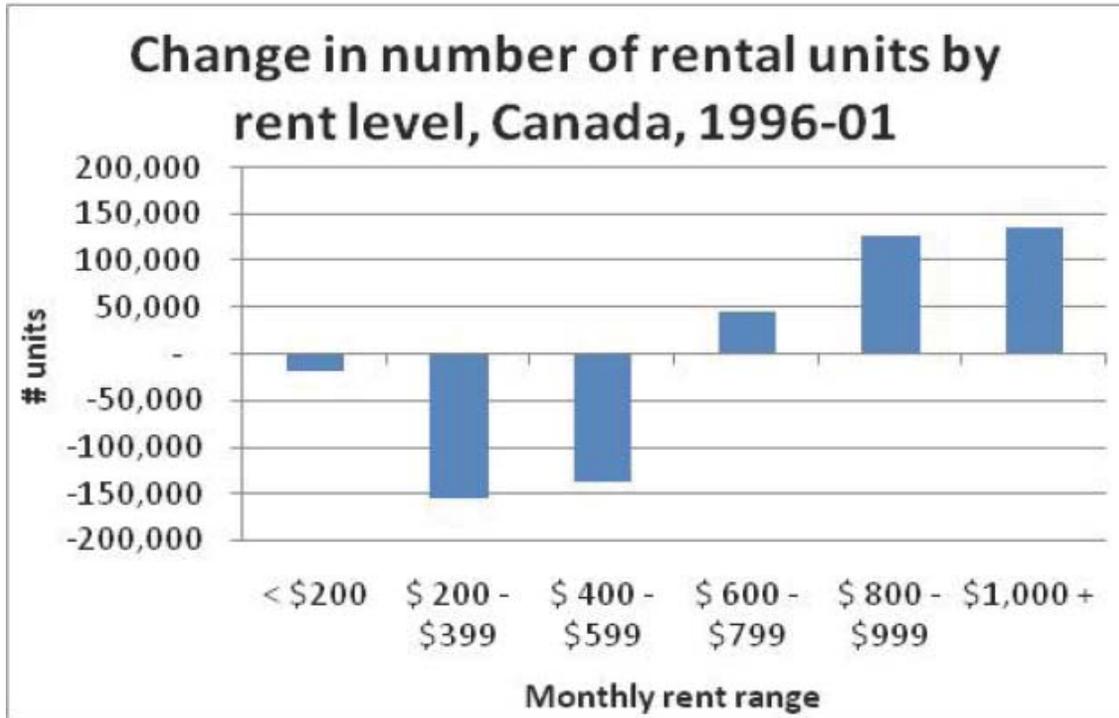
⁷⁹ Rebecca Walberg, “Escaping the poverty trap: from public housing to home owner”, Frontier Centre on Public Policy. Accessed from <http://westernstandard.ca/website/article.php?id=2788&start=0> June 6, 2008.

⁸⁰ “Housing for All”, Federation of Canadian Municipalities. Accessed from <http://www.fcm.ca/english/View.asp?mp=467&x=712> June 3, 2008.

⁸¹ *2006 Census Housing Series: Issue 1— Demographics and Housing Construction*, Research Highlight, Canada Mortgage and Housing, January 2008, p. 3.

⁸² Advocacy Centre for Tenants Ontario, “Rental Housing in Ontario”. Accessed from http://www.acto.ca/english/acto_content.php?topic=7&sub=184 June 4, 2008.

Figure 7 – Change in number of rental units by rent level, Canada, 1996-2001



Source: Steve Pomeroy, “Rental Housing in Canada’s Housing System”, presentation to Australian National Housing Conference, 2008.

http://nationalhousingconference.org.au/downloads/2008/DayOne/Pomeroy_NHC2008.pdf
June 6, 2008.

Option 56: Amend taxation policies and regulations to encourage the private construction of rental housing

As noted above, private construction of rental housing has been minimal over the last decade. A number of witnesses have suggested that the federal tax system could be used to provide incentives for such construction, along the lines of grants offered in the 1970s, and tax credits offered in the 1980s. (Hanson, Evidence, 5 June 2008, Ballantye, Issue 1, 21 November 2007) Private developers have made the same recommendation,⁸³ as has the FCM.⁸⁴

⁸³ Urban Development Institute Canada & Urban Development Institute/Ontario, “Investing for the Future: The Needs of Urban Regions in Canada”, Presentation to the Prime Minister’s Caucus Task Force on Urban Affairs, 2001, p. 10.

⁸⁴ “Housing for All”, Federation of Canadian Municipalities. Accessed from <http://www.fcm.ca/english/View.asp?mp=467&x=712> June 3, 2008.

Option 57: Create a national roundtable on rental housing

Private housing developers have called for the creation of a national roundtable on rental housing, including all three levels of government and the development industry, to work together to encourage the creation of rental housing supply.⁸⁵

Option 58: Provide rent supplements to landlords

Historically, rental supplements paid directly to private landlords have contributed to meeting some of the need for affordable rental housing. One policy analyst has recommended \$500 million a year for rent supplements for about 160,000 households. He proposes rent supplements based on a formula linked to household income that establish a legal relationship between government and landlord.⁸⁶

Option 59: Dedicate a portion of federal funding on housing to affordable home ownership

The Committee has heard of benefits associated with home ownership, including community regeneration, asset-building for owners, and an easing of the demand for rental accommodations (Gadon, Issue 4, 6 March 2008; Hanson, Evidence, 5 June 2008; Paris, Evidence, 5 June 2008; Pomeroy, Evidence, 5 June 2008). For low-income Canadians, these benefits could be especially attractive. However, for many of them, the housing market is not affordable or accessible. The “affordability gap”, the amount between what even the high end of low-income Canadians can afford and the costs associated with private ownership, is demonstrated in Figure 8 below.

Additional barriers might be the lack of a down payment or a credit rating that would permit the acquisition of a mortgage. The current federal funding agreements have included some affordable home ownership projects in many provinces and territories.

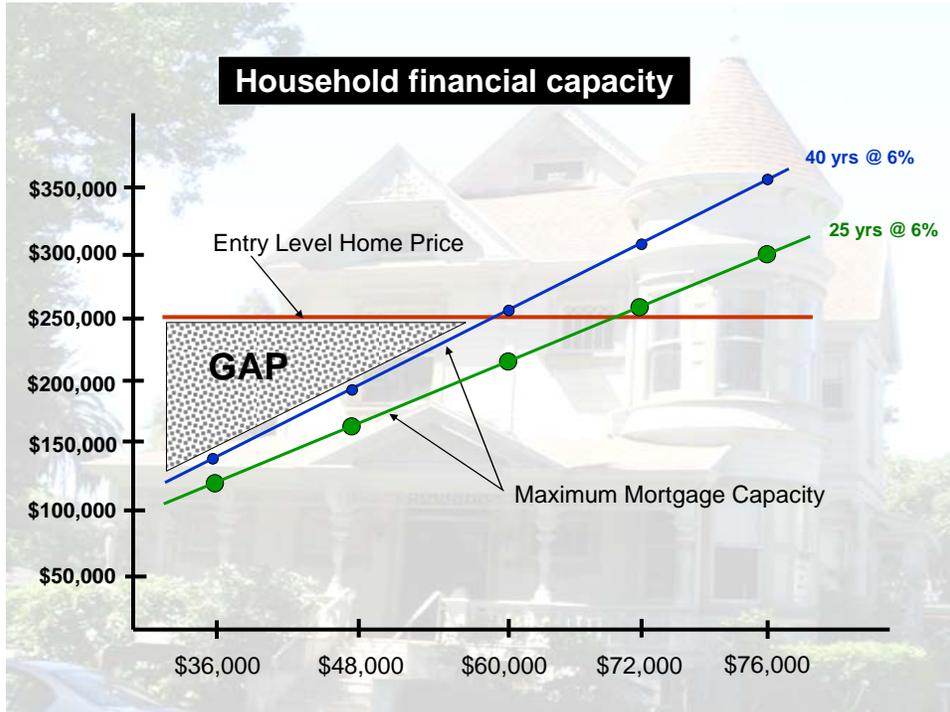
While other such projects have been constructed without federal funding of any kind, the Committee heard from witnesses that home ownership for Aboriginal peoples in cities would not be possible without federal support, which was recommended by one witness (Seymour, Issue 1, 29 November 2007) and a recent conference on aboriginal housing.⁸⁷

⁸⁵ Urban Development Institute Canada & Urban Development Institute/Ontario, “Investing for the Future: The Needs of Urban Regions in Canada”, Presentation to the Prime Minister’s Caucus Task Force on Urban Affairs, 2001, p. 10.

⁸⁶ J. David Hulchanski, “Rethinking Canada’s Affordable Housing Challenge”, Centre for Urban and Community Studies, University of Toronto, 2005, p. 11. Accessed from <http://www.urbancentre.utoronto.ca/pdfs/elibrary/Hulchanski-Housing-Affd-pap.pdf> June 4, 2008.

⁸⁷ Report on Workshop Affordable Home Ownership for Aboriginal People, cited in “Report on Proceedings: National Summit on Urban Aboriginal Housing-Winnipeg-March 10-12, 2007”, p. 17. Accessed from http://www.aboriginalhousing.org/PDF/FINAL-REPORT_ON_SUMMIT_PROCEEDINGS-JUNE_20-07.pdf June 9, 2008

Figure 8: Affordability gap in affordable home ownership



Source: Keith Hanson, "Affordable Ownership Housing", Official submission to the Committee, June 5, 2008.

Supporting capital costs, as is now possible under the bilateral agreements can significantly reduce the costs of producing housing, and therefore can make the costs more affordable. This was a particular recommendation of one witness. (Paris, Evidence, 5 June 2008)

Option 60: Amend the Income Tax Act to make investment in affordable home ownership development more attractive to investors

Witnesses with direct experience in developing affordable housing for ownership and an analyst on the same panel suggested to the Committee that steps be taken to provide some tax incentives to private investors to invest in home ownership. Examples included "shared equity" plans which would allow a small investor to own part of a unit that was occupied by someone else (Paris, Evidence, 5 June 2008), or allowing such an investor to benefit from part of the capital gain when the housing unit was sold, equivalent to the proportion of the purchase price provided by the investor (Hanson, Evidence, 5 June 2008). A third example was permitting risk-averse investors to benefit from the same tax benefit provided to venture capitalists on their gains. (Hanson, Evidence, 5 June 2008; Pomeroy, Evidence, 5 June 2008).

SUPPLY OF SOCIAL HOUSING

The supply of non-market housing was frozen for about ten years in most of Canada, tapering off with the end of federal funding for non-profit construction in 1993. Non-market housing includes non-profit (private or municipally owned) and co-operative housing, in the rental market.

Option 61: Sustain and extend current federal investment in construction of new social housing

The federal government's involvement in supporting the construction of new rental housing to be held by public or non-profit landlords goes back more than 50 years. In addition to providing the actual rental units, the federal investment could be seen as a means of providing roughly equal housing opportunity to Canadians across the country, regardless of specific local housing conditions.⁸⁸ The most recent form of federal investments has taken the form of bilateral agreements with every province that included funds designated for new rental construction.

Witnesses have told the Committee that funding for new construction is an important part of the solution to the affordability problem. For example, one witness described the importance of this and other federal programs: "These [federal] national housing and homelessness programs and the positive results they produce are no less than housing life rafts to the families and individuals who have been set adrift in a turbulent housing market that they cannot compete in or afford." (Gadon, Issue 4, 6 March 2008)

Recommendations for sustaining this funding and adding to it came from many witnesses. For example, the Canadian Council on Social Development called for an annual expenditure of \$2 billion for new housing for low-income Canadians (Scott, Issue 23, 10 May 2007). The FCM is looking for expansion of the non-market affordable housing by 15 per cent of total housing starts each year, to stabilize anticipated new need (DeCicco-Best, Issue 4, 6 March 2008). A housing analyst and scholar who was not able to appear before the Committee proposed an annual budget of \$1 billion for new social housing units.⁸⁹ Finally, the government's National Advisory Council on Aging called for increased investment in seniors' housing.⁹⁰

Other witnesses specifically cited the absence of new construction of social housing as a problem, without proposing specific remedies.⁹¹

⁸⁸ Tom Carter and Chesya. *Housing Is Good Social Policy*. CPRN Research Report F|50. Ottawa: Canadian Policy Research Networks, 2004, p. 35. Accessed from http://www.cprn.org/download.cfm?doc=1131&file=33525_en.pdf&format=pdf&l=en June 4, 2008.

⁸⁹ J. David Hulchanski, "Rethinking Canada's Affordable Housing Challenge", Centre for Urban and Community Studies, University of Toronto, 2005, p. 11. Accessed from <http://www.urbancentre.utoronto.ca/pdfs/elibrary/Hulchanski-Housing-Affd-pap.pdf> June 4, 2008.

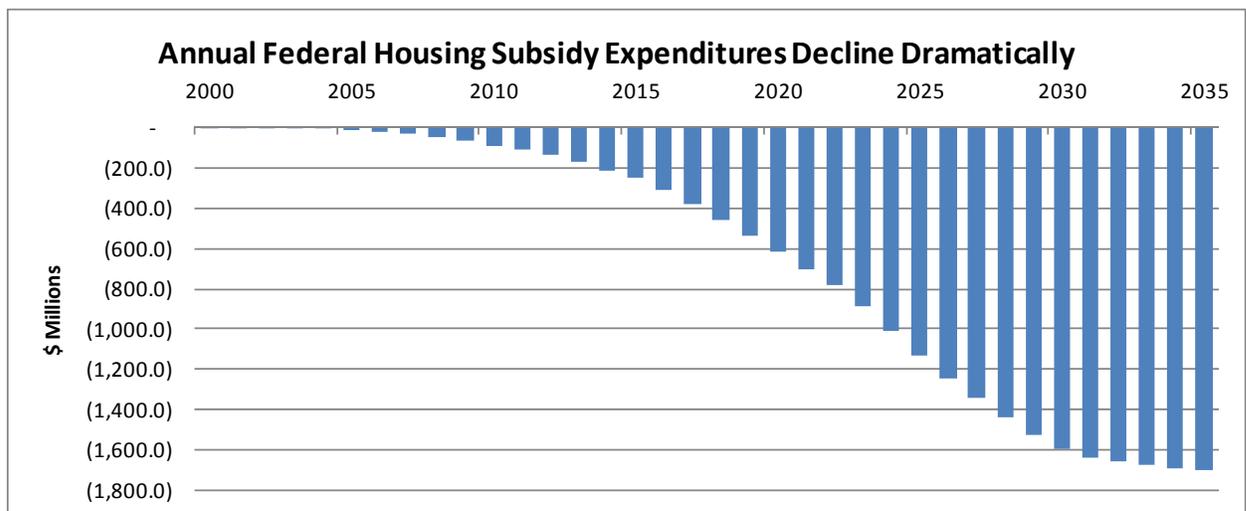
⁹⁰ National Advisory Council on Aging, *Aging in Poverty in Canada*, 2006, p. 29.

⁹¹ Hunter, no. 25, 13 June 2007; Kraus, Issue 2, 6 December 2007; Noble, Issue 4, 7 February 2008.

Option 62: Sustain existing funding for operational subsidies

Federal operating subsidies for non-profit housing (some downloaded from the federal to provincial and from them to municipal governments) were all scheduled to expire with the mortgages on those properties. This would result in a loss of \$2 billion over the 20 years, as demonstrated by the following chart (Figure 9). While some non-profit housing providers (both municipal and private) are trying to continue to provide affordable housing by cross-subsidizing from market to non-market units, others are all non-market units (including those specific units downloaded by the federal government in the late 1980s, and urban Aboriginal housing), and affordability cannot be sustained beyond the life of the agreements.⁹²

Figure 9:



Source: Steve Pomeroy, “Where’s the Money Gone? An Analysis of Declining Government Housing Expenditures”, Canadian Housing and Renewal Association, 2007, p. ii.

With respect to urban Native housing, witnesses reported that some providers are already selling off units to subsidize operating costs on others, as federal contributions for operating expenses have expired (Seymour, Issue 1, 29 November 2007) and that more of the same should be expected. (Brown, Issue 1, 29 November 2007)

Three national organizations – the FCM, the Canadian Cooperative Association, and the Canadian Housing and Renewal Association - and one municipality have identified the importance of sustaining operating subsidy funding in the housing system as well⁹³.

⁹² Steve Pomeroy, “Where’s the Money Gone? An Analysis of Declining Government Housing Expenditures”, Canadian Housing and Renewal Association, 2007, p. 14.

⁹³ Chisolm, Issue 1, 21 November 2007; Gazzard, Issue 1, 21 November 2007; Federation of Canadian Municipalities, “Sustaining the Momentum: Recommendations for a National Action Plan on Housing and

Option 63: Extend and stabilize funding for Residential Rehabilitation Assistance Program (RRAP)

The Residential Rehabilitation Assistance Program is one of the longest standing federal programs with respect to housing, assisting low-income Canadians and those providing housing for them to make needed repairs to their properties. This program has never been given on-going funding, with current agreements requiring extension or renewal every three years. The current agreement will expire at the end of this fiscal year, March 2009. Several witnesses have made the strong case for renewing this funding, and making it permanent. (DeCicco-Best, Issue 4, 6 March 2008; Kothari, Evidence, 8 May 2008)

Option 64: Make federal housing-related programs longer term

Federal housing programs over the last decade and more have consisted of short-term programs of no more than three years' duration. Given the length of time required to submit proposals for affordable housing, have them accepted, acquire land, get necessary permits and approvals, and undertake construction, these time-frames are not sufficient, and create pressures that are sometimes insurmountable. Witnesses before the Committee have made the case for longer term commitments when housing programs are developed.

The Committee heard from witnesses about the need to make funding more predictable, to allow for the time involved in the planning process, and to allow communities to take advantage of funds available to them (Fairbairn, Issue 4, 6 March 2008; DeCicco-Best, Issue 4, 6 March 2008; Hanson, Evidence, 5 June 2008). Research by another witness made a similar recommendation with respect to programs targeted to immigrants to Canada.⁹⁴

Option 65: Encourage private investment in social housing

Public-private partnerships are being encouraged by federal policy and programs, including within Canada Mortgage and Housing Corporation (CMHC) and could be applied to the supply of social housing as well. The Committee heard that involving the private sector is critical to meeting the housing needs of low-income Canadians in particular. (Matthews, Issue 21, 26 April 2007)

Whether in reference to old programs (Wake Carrol, Issue 23, 17 May 2007), or describing current practices (Gadon, Issue 4, 6 March 2008; DeCicco-Best, Issue 4, 6 March 2008), there was agreement that encouraging private-sector involvement is

Homelessness", January 2008, p. 4. Official submission to the Committee, 6 March 2008; Gadon, Issue 4, 6 March 2008)

⁹⁴ Sarah V. Wayland, "The Housing Needs of Immigrants and Refugees in Canada", Canadian Housing and Renewal Association, May 16, 2007.

beneficial in terms of cost and engaging private-sector developers in issues of affordable housing and homelessness.

Option 66: Sustain targeted program for Urban Aboriginal Housing

The Committee has heard extensively about the over-representation of Aboriginal people among the poor, especially in Canadian cities, the trend to increasing proportions of on-reserve First Nations people moving into Canadian cities, and the dearth of affordable housing available to them. The chart below (Figure 10) demonstrates the depth of affordability problems facing Aboriginal people in Canadian cities.

Option 67: Allocate a percentage of all federal social housing dollars to housing for Aboriginal peoples off-reserve.

The Committee heard from witnesses of the particular disadvantages faced by Aboriginal peoples in Canada's cities, particularly with respect to housing. A recent national conference on Aboriginal housing recommended that a fixed percentage (the example given was 25 per cent) of all federal housing commitments be so allocated.⁹⁵ A committee witness echoed this recommendation. (Seymour, Issue 1, 27 November 2007)

Witnesses have stressed to the Committee that the operating subsidies for affordable rental accommodation for Aboriginal peoples will need to match costs, and must be made permanent. (Poirier, Issue 1, 29 November 2007; Brown, Issue 1, 29 November 2007).

⁹⁵ Report on Workshop on Policies & Legislative Changes Needed to Improve Urban Aboriginal Housing Operation & Delivery, 2007. p.15

Figure 10:

Aboriginal and Non-Aboriginal Housing Affordability, Selected Cities, 2001 (percent)				
	Proportion of households paying > 30% of income for housing		Proportion of households paying > 50% of income for housing	
City	Aboriginal	Non-Aboriginal	Aboriginal	Non-Aboriginal
Vancouver	44	37	19	14
Edmonton	36	32	14	10
Saskatoon	50	38	21	15
Winnipeg	38	33	13	10
Toronto	32	37	12	13
Quebec	31	31	10	12
Halifax	46	38	20	15
Fredericton	42	35	16	13

Source: Ryan Walker, "Social Housing and the Role of Aboriginal Organizations in Canadian Cities", *IRPP Choices*, Vol. 14, No. 4, May 2008, p. 5.

As has been described for social housing in general, the operating agreements for the Urban Native Housing Program are coming to the end of their 35-year life-span. As noted above, some are already reducing the number of affordable units, and others are expected to do so in the future. Because these projects were created and funded on the basis of all units being rent-g geared-to-income, there is no cross-subsidization possible between market and non-market units. Finally, the lack of supply of affordable housing for Aboriginal people moving into cities has often resulted in overcrowding in existing units, resulting in high maintenance costs.

Witnesses have told the Committee that not only must the operating agreements be extended, but the time-line for the agreements must be long-term, if not permanent. (Poirier, Issue 1, 29 November 2007; Anderson, Issue 1, 21 November 2007; Brown, Issue 1, 29 November 2007). The FCM has called for the creation of a special fund to

address on- and off-reserve housing⁹⁶, as has the National Association of Friendship Centres⁹⁷ and the Assembly of First Nations.⁹⁸

Option 68: Develop Aboriginal housing strategy in collaboration with Aboriginal organizations and housing providers

Several witnesses identified the particularly dire circumstances facing Aboriginal peoples living in cities and their increasing numbers. In addition to the calls for sustained and increased funding, a separate housing strategy for Aboriginal peoples to be delivered by Aboriginal organizations was a strong recommendation from a recent national conference on Aboriginal housing.⁹⁹

Option 69: Provide short-term use-specific funding to non-profit housing providers to retrofit and/or maintain existing social housing units

Federal funding arrangements for housing have been based on an end to operating subsidies when mortgages are paid off, on the assumption that the equity in these buildings could be the basis for on-going operating funding. Regrettably, this is not the reality that non-profit housing providers are facing.

Several witnesses before the Committee described a need for significant renovation and/or retrofitting in much social housing stock. In some cases, historical restrictions on capital reserves and/or maximum unit costs imposed by government programs have had an impact on the current demand for such major investments.

The situation is, perhaps, most dire in Toronto:

About 65 per cent of the units of the 60,000 units we have were built prior to 1975. They are well beyond the stage in which you need to renew that housing stock and refurbish it and regenerate for low-income households. One of the great difficulties ... is that the investments that we made in housing as a nation, as federal, provincial and municipal governments, have to be renewed, and currently there is no way of assembling the capital to do that. (Ballantyne, Issue 1, 21 November 2007)

⁹⁶ "Housing for All", Federation of Canadian Municipalities. Accessed from <http://www.fcm.ca/english/View.asp?mp=467&x=712> June 3, 2008.

⁹⁷ Alfred Gay, National Association of Friendship Centres, cited in "Report on Proceedings: National Summit on Urban Aboriginal Housing-Winnipeg-March 10-12, 2007", p. 8. Accessed from http://www.aboriginalhousing.org/PDF/FINAL-REPORT_ON_SUMMIT_PROCEEDINGS-JUNE_20-07.pdf June 9, 2008

⁹⁸ Assembly of First Nations, *First Nations Housing Action Plan*, 2005, p. 6. Accessed from <http://www.afn.ca/cmslib/general/Housing-AP.pdf> June 10, 2008.

⁹⁹ Report on Workshop on Policies & Legislative Changes Needed to Improve Urban Aboriginal Housing Operation & Delivery, cited in "Report on Proceedings: National Summit on Urban Aboriginal Housing-Winnipeg-March 10-12, 2007", p. 15. Accessed from http://www.aboriginalhousing.org/PDF/FINAL-REPORT_ON_SUMMIT_PROCEEDINGS-JUNE_20-07.pdf June 9, 2008

This witness identified a \$300 million shortfall. A \$90 million investment is also needed in Manitoba over the next five years (McCracken, Issue 23, 17 May 2007). FCM has included preservation and modernization in its national strategy, reporting that one-third of existing social housing stock – or 200,000 units – is at risk, and calling for funds to upgrade 20,000 units per year. (DeCicco-Best, Issue 4, 6 March 2008)

Option 70: Develop a national housing strategy in collaboration with provincial and territorial and municipal governments, and housing providers, realtors and lenders

Virtually every witness who appeared before the Committee to address housing-related issues cited the need for federal leadership with respect to housing affordability, and most called for a national housing strategy or framework. These witnesses, like the research study cited below, are looking for more than money, though funding is critical:

The federal government has to provide more than funds and guidelines, however, on how money is to be spent. Leadership is required to initiate new programs, to work to rationalize policy at the federal level, to engage other federal departments in making the necessary changes to integrate housing with other areas of the social and economic sectors, and to enhance research and development.¹⁰⁰

The FCM has released the most detailed proposal, most of which have already been cited. Its general recommendation, setting the context for such a strategy, called for collaboration with provincial/territorial and municipal governments, and that its goal is to eliminate homelessness within 10 years. Other specific recommendations not cited elsewhere include targeting energy retrofit programs to low-income homeowners and tenants, and regulatory reform to ensure greater affordability.¹⁰¹

Other witnesses explicitly calling for federal leadership included municipal officials and non-government organizations, (Go, Issue 4, 13 March 2008; Gadon; Issue 4, 6 March 2008; Donio, no. 25, 14 June, p. 4; Gazzard. Issue 1, 21 November 2007; Association of Food Banks, Issue 21, 3 May 2007; Big Cities Mayors' Caucus of the FCM; Yalnizyan, Issue 4, 28 February 2008; Winnipeg Harvest, "Brief To the Senate Subcommittee on Cities", May 1, 2008, p. 15. Official submission to the Committee; Klodawsky, Evidence, June 4, 2008; Kothari, Evidence, May 8, 2008; and Porter, Evidence, 8 May 2008)

Some witnesses explicitly called for a national housing strategy as a companion to a national poverty-reduction strategy (Anderson, Issue 1, 21 November 2007; Crooks,

¹⁰⁰ Tom Carter and Chesya. *Housing Is Good Social Policy*. CPRN Research Report F|50. Ottawa: Canadian Policy Research Networks, 2004, p. 33. Accessed from http://www.cprn.org/download.cfm?doc=1131&file=33525_en.pdf&format=pdf&l=en June 4, 2008.

¹⁰¹ "Housing for All", Federation of Canadian Municipalities. Accessed from <http://www.fcm.ca/english/View.asp?mp=467&x=712> June 3, 2008.

Issue 2, 6 December 2007). The need for a similar linkage between strategies on housing and homelessness has also been identified:

A homelessness program that is not part of a housing strategy simply maintains people in their houseless state and requires more funding for further services as the number of such people increases.¹⁰²

Option 71: Designate federal lands which have been used for housing to be provided to non-profit housing developers to retrofit or redevelop for affordable rental or ownership units

When urban military bases have been closed in the past, they revert to the Canada Lands Corporation, "...an arm's length, self-financing Crown corporation" which has dual goals: to provide the best possible benefit to local communities and to the Government of Canada.¹⁰³ As part of the National Homelessness Initiative and then the National Homelessness Partnership, the Surplus Federal Real Property for Homelessness Initiative has made some surplus federal lands available to non-profit housing developers, sometimes at a below-market price. A more formal and non-program-dependent commitment would assist providers of both rental and ownership units on an affordable basis to acquire land in areas that might otherwise be unaffordable. Witnesses have suggested that making affordable housing facilitation a mandate of the Canada Lands Corporation might achieve the same goal (Carr, Evidence, 5 June 2008).

ACCESS

The Committee has heard about physical barriers to affordable housing for persons with mobility or other impairments; about barriers created by discrimination, based on source of income or race, for example; and about access issues for immigrant families based on inadequacy of housing to meet their needs, which include larger housing units to accommodate larger and extended families. With respect to immigrants, these barriers are also a serious impediment to immigrant settlement and integration in Canada.

Option 72: Require all rental units built with federal funds or land subsidies to be universally accessible, meeting standards that permit access by those with physical impairments

While some units built with federal subsidies have been accessible, for example, for individuals who rely on wheelchairs for mobility, they have usually been in dedicated projects or a small proportion of units in large multi-unit buildings.

¹⁰² J. David Hulchanski, "Rethinking Canada's Affordable Housing Challenge", Centre for Urban and Community Studies, University of Toronto, 2005, p. 12. Accessed from <http://www.urbancentre.utoronto.ca/pdfs/elibrary/Hulchanski-Housing-Affd-pap.pdf> June 4, 2008.

¹⁰³ "CLC ANNOUNCES SALE OF BENNY FARM VETERANS BUILDINGS TO OMHM", News release from Canada Lands Corporation, October 21, 2007. Accessed from <http://www.clc.ca/en/NR/news/pdf/2007/sale.pdf> June 5, 2008.

The Committee has heard that to allow equitable access to affordable housing, all units should be built to meet universal accessibility standards. (COPHAN, « La Lutte Contre la Pauvreté et l'Exclusion Sociale des Personnes ayant des Limitation Fonctionnelles : Appliquons les Droits », Présentation au Sous-Comité Sénatorial sur les Grandes Villes, 17 April 2008)

OPTIONS TO INCREASE ACCESS FOR IMMIGRANT FAMILIES

As noted above, witnesses described housing challenges faced by immigrant families. One of these witnesses, Sarah Wayland, also researched these housing issues,¹⁰⁴ and proposed the following options to improve access:

- With provincial and territorial governments, provide incentives to social housing providers and private rental landlords to modify existing stock and supply new stock that will accommodate larger newcomer families.
- With provincial and municipal authorities, work with service providers to better educate newcomers about existing laws regarding landlord-tenant issues as part of the settlement process; provide better information on how to search for housing; and educate newcomers about rules of living in high rise units, perhaps in video form.
- Federal authorities (Citizenship and Immigration, CMHC, Department of Justice) undertake a national initiative to translate basic housing documents into a number of languages which could be used across the country (with some leeway for provincial and territorial differences).
- In future funding programs, encourage collaboration between housing help/rent bank/eviction prevention services and immigrant settlement services.

Option 73: Restore federal funding, through the Canada Social Transfer, for Court Challenges and civil legal aid services

Although the Canada Assistance Plan explicitly included matching federal dollars for provincial expenditures on civil legal aid services, when the program was replaced with the Canada Health and Social Transfer, and then the Canada Social Transfer, civil legal aid was not included among social services that could be supported with these federal funds. Witnesses and research have reported that some tenants face discrimination based on prohibited grounds contained in provincial or federal human rights legislation or even the *Charter of Rights and Freedoms*.

While federal funds for legal aid support criminal cases, they do not extend to administrative law, where many housing decisions lie. For example, decisions about eviction can often be appealed to administrative tribunals, or appeals can be made on fines or fees imposed by public utilities. Yet, without civil legal aid funding, which many

¹⁰⁴ Sarah Wayland, "The Housing Needs of Immigrants and Refugees in Canada". Canadian Housing and Renewal Association, 2007, pp. 37-39.

provinces and territories have reduced or eliminated since the loss of federal cost-sharing for the purpose, many tenants do not have access to these bodies. For this reason, reinstatement of these funds is an important contributor to access to affordable housing (Income Security Advocacy Centre “Rights-based Approaches to Income Security”, Official submission to Committee, p. 4, May 8, 2008).

Option 74: Embed international human rights obligations with respect to shelter into federal legislation, and federal agreements with provincial, territorial and local governments

Witnesses before the Committee described the importance of claiming rights under international obligations before the Courts and public policy deliberations. The UN Special Rapporteur on Adequate Housing cited Canada’s persistent violations of its international obligations with respect to housing in his interim report. This option has been suggested by a witness, as a means to begin to give more meaning and weight to these obligations (Bruce Porter, “Opening Remarks”, Official submission to the Committee, May 8, 2008, pp. 4-5.). It is noteworthy that federal legislation with respect to immigration imbeds relevant international obligations.

HOMELESSNESS

While estimates of the number of people who are homeless in Canada vary, even counts carried out in cities would miss the invisible homeless, those who are sharing crowded accommodation, moving from one friend’s home to another, or simply not using any services provided to people who are homeless in their communities. The Committee has heard that this group includes newcomers to cities, whether people moving from rural to urban communities, Aboriginal peoples leaving their reserves or isolated northern communities to move into cities, women or youth escaping violent homes, or refugees and immigrants who find themselves in our urban communities.

Whatever the actual number, there is widespread agreement that there are too many people who are homeless, that their numbers are growing in some communities, and that action by all governments, faith communities and other non-government organizations have not yet been sufficient to provide shelter or housing for all who are in need.

This is not to suggest that programs that have emerged, many funded at least in part with federal funding, have not been important and have not alleviated the stress on homeless individuals and families. Witnesses told the Committee of the positive outcomes supported by these programs, formerly under the National Homelessness Initiative, and more recently through the National Homelessness Partnership programs. These included the requirement for community co-ordination (Kraus, Issue 2, 6 December 2007; (FCM, “Sustaining the Momentum: Recommendations for a National Action Plan on Housing and Homelessness”, January 2008, p. 4. Official submission to the Committee, March 6, 2008). One witness described the federal programs “no less than ‘housing life rafts’ to families and individuals who have been set adrift in a turbulent housing market they cannot compete in or afford.” (Gadon, Issue 4, 6 March 2008)

Some of those who are homeless would be housed if the recommendations above on housing were implemented. However, until supply and affordability issues are resolved, they remain without stable housing. For those individuals and families, witnesses told the Committee, there is a need to sustain existing emergency shelters and transitional housing.

For others, the problem is not simply one of supply or affordability. For some who are homeless, the issues are more complex, and their homelessness may be a proxy for a combination of other issues that prevent them from finding and keeping affordable housing, or even emergency shelter.

Yet witnesses told the Committee that homelessness exacerbates illness and addiction. When asked to comment on the interrelationship between mental illness and homelessness, one expert witness was unable to determine decisively in her research which was the cause and which was the effect:

The relationship between mental health and homelessness is complex. However, while it is not always clear what comes first, it is clear that many factors that affect patterns of health are also linked to determinants of homelessness. People with severe mental illness may experience limited housing, employment and income options. People who are homeless tend to report higher stress, lower self-worth, less social support and less effective coping strategies. These factors are associated with depressive symptoms, substance abuse and suicidal behaviours. Information presented in CPHI's report indicates that programs that provide housing first, twinned with appropriate and flexible mental health services, appear to be effective at helping those who are homeless to stabilize their mental health problems and to achieve stable housing.
(Votta, Issue 2, 6 December 2007)

Option 75: Increase the supply of supportive housing

The Committee has heard witnesses describe the multiple problems that face too many of Canada's homeless: mental illness, addiction, family violence, and/or sexual abuse are some the Committee has heard about specifically. While stable housing is necessary, the Committee heard, to allow people to access the services to address these issues, it may not be enough for some people. For some, services available as an adjunct or component of their stable shelter is recommended.

Providers of support services to people who have been housed using a "Housing First" approach report success helping people reduce or stop substance use, and in helping people cope with mental illness to participate fully in their communities. (Kraus, Issue 2, 6 December 2007)

This recommendation is also consistent with the National Action Plan on Disability submitted as a brief to the Committee (Council of Canadians with Disabilities, "From Vision to Action: Building an Inclusive and Accessible Canada – A National Action Plan on Disability, 2007", submitted to Subcommittee, March 25, 2008).

Option 76: Extend and stabilize federal funding for programs that can be used to provide housing and appropriate supports

As noted above, witnesses described the progress that has been facilitated by federal homelessness programs, and have called for a continuation of these programs to respond to the need for supportive housing (Kraus, Issue 2, 6 December 2007; FCM, "Sustaining the Momentum: Recommendations for a National Action Plan on Housing and Homelessness", January 2008, p. 20. Official submission to the Committee, March 6, 2008).

Option 77: Support "housing first" approaches to homelessness

The Committee has heard two different perspectives on how to approach homelessness and permanent affordable housing. The first is a continuum, with emergency shelter at one end, and permanent housing, ideally owner-occupied in the private market, at the other. This is represented in Figure 11.

Figure 11:

THE AFFORDABLE HOUSING CONTINUUM



Source: *Housing First: An Investment with a Return in Prosperity*, Report of the Alberta Affordable Housing Task Force, March 2007, p. 13.

This approach was the basis for the federal government’s entry into homelessness programming, when capital funding was available only for shelters. An alternative approach is “housing first”, which is based on finding affordable housing with secure tenure as a first step, which provides the foundation for addressing factors that may have contributed to an individual becoming homeless, such as addiction or mental health issues.

Witnesses cited the success of such approaches from research in Canadian cities. (Votta, Issue 2, 6 December 2007; Kraus, Issue 2, 6 December 2007)

Option 78: Support addiction treatment, including harm reduction, as an approach to reducing homelessness.

Witnesses identified addiction or substance abuse as a contributing cause, or possibly an effect, of homelessness for some, with estimates as high as 30 to 40per cent of shelter clients in major Canadian cities in 2001, and about one-half of homeless people in Vancouver in 2005. Further, research has demonstrated that conventional addiction treatment programs are often unsuccessful with people who are homeless. (Kraus, Issue 2, 6 December 2007)

Option 79: Create a national pharmacare program

One expert witness told the Committee about the common physical problems of people who are living in shelters or are in precarious housing, and about the barriers to their access to appropriate health care. Primary among these was the lack of access to prescription drugs, to treat the ailments that may have led to their homelessness and/or are exacerbated by their precarious living situations. (Peters, Issue 2, 6 December 2007)

It is noteworthy that the creation of such a program would be in keeping with recommendations made by this Committee and others. In a previous Report, this Committee called on the federal government to cover 90 per cent of the costs of prescription drugs above a specified amount.¹⁰⁵ The Committee also called for the creation of a national drug formulary. In 2004, Canada's First Ministers directed federal/provincial/territorial health ministers to establish a task force to develop and implement a national pharmaceuticals strategy. The federal and provincial/territorial health ministers (with the exception of the Quebec minister of health), participated in the task force and issued a progress report in 2006 calling for the establishment of a national drug formulary.¹⁰⁶ In 2007, the Canadian Nurses Association adopted a resolution calling for the creation of a national pharmacare plan.¹⁰⁷

Option 80: Create a national homelessness strategy

As noted above, some witnesses called for a housing strategy to address homelessness, or some combination of the two. One witnesses called for a national homelessness strategy in its own right. (COPHAN, « La Lutte Contre la Pauvreté et l'Exclusion Sociale des Personnes ayant des Limitation Fonctionnelles : Appliquons les Droits ». (Présentation au Sous-Comité Sénatorial sur les Grandes Villes, 17 April 2008)

Option 81: Stabilize adequate funding to organizations providing services to prevent homelessness and to re-integrate people who are homeless

The Committee had heard from many witnesses of the importance of the contribution made by non-government organizations in supporting people who are homeless and in moving them into stable housing and greater social and economic integration. The Committee has also heard from non-government organizations that unpredictable and/or inadequate government funding has meant that an increasing proportion of their limited resources are being allocated to fundraising. (Crooks, Issue 2, 6 December 2007; Kothari, Evidence, 8 May 2008)

¹⁰⁵ The Standing Senate Committee on Social Affairs, Science and Technology, *The Health of Canadians – The Federal Role*, Vol 6, *Recommendations for Reform*, October 2002, Chapter 7.2, <http://www.parl.gc.ca/37/2/parlbus/commbus/senate/Com-e/soci-e/rep-e/repoct02vol6-e.htm>

¹⁰⁶ Federal/Provincial/Territorial Ministerial Task Force on the National Pharmaceuticals Strategy, *National Pharmaceutical Strategy: Progress Report*, 2006 <http://www.hc-sc.gc.ca/hcs-sss/pubs/pharma/2006-nps-snpp/2006-nps-snpp-eng.php>

¹⁰⁷ Canadian Nurses Association, Annual Meeting 2007, Resolution 7, http://www.cna-aiic.ca/CNA/about/meetings/resolutions_2007/default_e.aspx

The Committee also heard from non-government organizations and others that year-to-year funding is not only unworkable for housing programs, but also prevents planning and efficient program delivery in related programs and services. The Blue Ribbon Panel on Grants and Contributions Programs and the Auditor General also encouraged the implementation of longer-term funding agreements.¹⁰⁸

Option 82: Simplify application and reporting requirements associated with federal funding for voluntary organizations

The Committee heard from the witnesses noted above and others of the increasing administrative burden they are facing to both apply for and report on federal funding sources (Peters, Issue 2, 6 December 2007; Brown, Issue 1, 29 November 2007. This recommendation also appears in the report of the Blue-Ribbon Panel.¹⁰⁹

Option 83: Develop funding mechanisms for non-government organizations that encourage innovation building on community strengths and successes

The Committee heard from many non-government witnesses how they have faced changes in public policy with flexibility, often coming up with innovative approaches to continue to serve their missions. One witness, representing community foundations, called on the federal government to fund innovative approaches, and those that build on successes. (Patten, Evidence, 1 May 2008)

¹⁰⁸ *From Red Tape to Clear Results*, The Blue-Ribbon Panel on Grants and Contributions Programs, Treasury Board of Canada, 2006, p. 27; Office of the Auditor General, *May 2006 Status Report of the Auditor General of Canada*, Chapter 6 “Management of Voted Grants and Contributions”, paragraphs 6.59 to 6.61

¹⁰⁹ *From Red Tape to Clear Results*, p. 19.

V. MACHINERY

Canadian governments are not sufficiently well organized internally or collectively to harmonize, deliver, or revamp policies and programs related to affordable housing and the reduction of poverty and homelessness. In particular, there are no formal mechanisms (with the exception of isolated Urban Development Agreements mentioned below) that provide for the participation of municipal governments. As political scientist Neil Bradford (who has not testified before the Committee) observes:

Canada's national policy machinery and intergovernmental system remains ill-adapted to changing policy realities and spatial flows. While governments at all levels are active in cities, there is little evidence of a coherent agenda, systematic coordination, or even appreciation of importance of place quality to good outcomes¹¹⁰.

A. Intra-Governmental Arrangements

Issue 4:
**The Federal Government is not organized internally
to meet the challenges of poverty, housing and homelessness**

The complex challenges involved in resolving poverty, housing and homelessness require a coordinated, collective response from government departments and agencies. However, these structures are hierarchic and designed to address narrowly defined issues such as health, human resources, or transportation while the task of ensuring policy coherence has fallen to central agencies. This arrangement is ill-suited to deal with complex issues such as poverty that cross jurisdictional boundaries, whose causes and effects are multiple and which cannot be resolved by one single-purpose agency of government acting alone in isolation.

Despite ongoing efforts to realign government to better confront complex issues – to make government more “horizontal” or “joined-up” – government departments still tend to function as discrete units or “silos.” Attempts to break down the isolation between and within departments and agencies have achieved some success but this process runs counter to entrenched practice and progress has been difficult and slow.

Option 84: Create a cabinet committee chaired by a minister supported by a department to take the lead on poverty reduction, affordable housing and homelessness

The Government of Newfoundland and Labrador has taken an integrated, government-wide approach to poverty reduction. The province's Department of Human Resources,

¹¹⁰ Neil Bradford, “Place Matters and Multi-Level Governance: Perspectives on a New Urban Policy Paradigm”, *Policy Options*, February 2004, Vol. 25 No. 2.

Labour and Employment was given the lead role in bringing about a collaboration among seven departments and agencies to develop and deliver a provincial poverty reduction strategy. This collaborative effort brought together the Departments of Education, Finance, Health and Community Services, Innovation, Trade and Rural Development, Justice, and Aboriginal Affairs. The ministers of these departments form a committee of cabinet whose focus is the poverty reduction strategy. There is a deputy ministers' committee that backs the cabinet committee and an interdepartmental working group made up of departmental directors engaged in delivery of the strategy. Newfoundland and Labrador's Labour Relations Agency, the Housing Corporation, the Rural Secretariat, the Women's Policy Office and the Cabinet Secretariat are also involved.

According to testimony given by Ms. Aisling Gogan, of the Newfoundland and Labrador Department of Human Resources, Labour and Employment, the creation of the cabinet committee and the interdepartmental deputy ministerial committee have been key to delivering a coordinated, focused effort to reduce poverty. Program overlap and duplication have been minimized or eliminated, communications between those involved in the design and delivery of the strategy have been enhanced, and a long-term focus on poverty reduction has been developed and sustained. (Issue 23, 17 May 2007)

Option 85: Create a minister/secretary of state for poverty reduction, housing and homelessness

As an alternative to establishing a new minister, the government (Governor-in-Council) could establish a minister/secretary of state with responsibilities for poverty reduction, housing and homelessness. A minister of state might be backed by a new department, or support existing ministers with responsibilities in these areas.¹¹¹

Option 86: Appoint a poverty commissioner

In the past, the federal government has created commissioners (for example, the Commissioner for Sustainable Development and the Environment) whose role it is to monitor and report on the federal government's delivery of initiatives within its own jurisdiction. The government could establish a commissioner to monitor its efforts to reduce poverty and homelessness and increase affordable housing. The commissioner could be given the status of Officer of Parliament – such as the Auditor General or the Chief Electoral Officer who report directly to Parliament and are accountable to it.

Option 87: Create a single window within the federal government to supply expertise on place-based policy issues such as poverty, housing and homelessness

A witness suggested that a single-window office could be established in the federal government where the expertise in place-based policy could be clustered and work as a service to any ministry that could be brought into a particular initiative, be it CMHC,

¹¹¹ More detail on these and other federal-level positions can be found in Library of Parliament publication *Minister of State for Children*, PRB 08-03E

Citizenship and Immigration, Human Resources and Social Development, Public Safety or Justice. She indicated that the reason for creating such an office is that it is “very difficult for each of those departments to have a depth of understanding of place-based issues.” (Maxwell, Evidence, 15 May 2008)

Option 88: Horizontal initiatives focused on poverty, housing and homelessness

The federal government acknowledges that some issues are complex, have multiple causes, have evolved and developed over long periods of time, and cannot be addressed effectively by one department or agency. This has led to attempts to manage efforts across several federal organizations, most frequently on a case-by-case basis.

The government has already had experience in adopting a horizontal approach to homelessness. The National Homelessness Initiative, launched in 1999, saw the involvement – to varying degrees – of CMHC, Health Canada, Human Resources and Skills Development Canada, the Public Health Agency of Canada, Public Works and Government Services Canada, and Treasury Board Secretariat. While this initiative was not without significant problems¹¹², it and other initiatives have served as learning opportunities that could provide the basis for designing a similar initiative aimed at reducing poverty, eliminating homelessness, and enhancing access to affordable housing.

B. Inter-Governmental Arrangements

**Issue 5:
Federal, Provincial and Territorial governments are not organized
collectively to deliver a coordinated response to poverty,
housing and homelessness**

The Committee’s witnesses called for Canadian governments to work together in addressing poverty, providing affordable housing, and reducing or eliminating homelessness. These issues are complex, not given to simple solutions, and require the attention of governments and civil society working together in a coordinated partnership.

A collective governmental response, including increased federal government involvement, is constrained by important structural factors. The first of these concerns the federal and constitutional arrangements that assign responsibilities to the different orders of government.

However, there have been informal examples of extra-constitutional collaboration between levels of government that can offer lessons in how Canadian governments can work around obstacles to tackle complex problems. Some of these arrangements constitute useful models upon which to build partnerships between the orders of

¹¹² See, for example, Office of the Auditor General of Canada, *Report of the Auditor General of Canada, November 2005*, Chapter 4, “Managing Horizontal Initiatives.”

government and civil society to collectively address complex issues such as poverty, affordable housing, and homelessness. There are also international models that facilitate intergovernmental cooperation and coordination and that could be adapted for use in Canada.

Option 89: Expanded Council of the Federation

The Council of the Federation was created in December 2003 by provincial premiers who intended it to be “an enduring and evolving institution that will be flexible, efficient and able to anticipate and act quickly to make Canada work better for Canadians.”¹¹³ The governments of the ten provinces and three territories are represented on the Council by their premiers and are supported by a small secretariat located in Ottawa.

The Council has a number of objectives, including strengthening interprovincial-territorial co-operation, exercising leadership on national issues of interest to the provinces and territories, and improving federal-provincial-territorial relationships.

Could the Council serve as a vehicle for the development of a coordinated approach to poverty reduction, the exchange of best practices, and the development of a common set of indicators to measure progress in reducing poverty? Could the Council be expanded to include representation from the federal and or municipal governments? Even were its membership to remain as is, could the Council have a role to play in poverty reduction strategies?

Option 90: Federal/provincial/territorial ministers responsible for poverty reduction, housing and homelessness

Federal/provincial/territorial ministers (and deputy ministers) responsible for specific portfolios meet occasionally to discuss matters of common concern. For example, provincial and territorial ministers responsible for housing meet to examine housing policies. These meetings offer governments the opportunity to communicate, consult each other, harmonize their policies and programs, coordinate their activities, resolve conflict, and, in some instances, develop policy jointly.

Option 91: Create a federal/provincial/territorial body modeled on the OECD

Currently, there is no permanent forum in which elected members and public servants from all three orders of government can meet to discuss common challenges and exchange information and ideas. Such a forum could provide an institutional framework within which data and knowledge is shared and complex issues such as poverty could become the focus of concerted and co-coordinated action. Such a forum could be modeled after the Organization of Economic Co-operation and Development (OECD). The OECD brings together elected representatives and officials from 30 governments to:

¹¹³ Council of the Federation, *Founding Agreement*, Preamble, Ottawa, 5 December 2003, p. 1.

- Support sustainable economic development;
- Boost employment;
- Raise living standards; and
- Maintain financial stability.

<p>Issue 6: Cities must be partners in poverty reduction</p>

The Committee heard from witnesses that a “place-based” approach to poverty reduction is necessary. The federal and provincial/territorial governments play important roles in the provision of broadly based programs and supports. However, as Judith Maxwell reminded the Committee, these orders of government have the

big levers of public education, health care, income security programs and social policy programs flying at 30,000 feet, while down on the ground we have pockets of quite severe poverty. (Evidence, 15 May 2008)

Place-based approaches, or interventions, are meant to take into account the different dimensions and impacts that poverty has on different communities. Instead of replacing the social-policy programs at the 30,000-foot level, place-based approaches are meant to complement them. The challenge, therefore, is to establish the machinery that will bring “place” into the processes of designing and delivering programs and services to reduce poverty and increase access to affordable housing.

Option 92: Use tri-level arrangements involving federal/provincial/territorial and municipal governments to build and deliver local poverty reduction initiatives

The federal government has been involved in partnerships with provinces and local governments since the 1970s. A notable example is the Winnipeg Core Area Initiative, a tri-level arrangement administered by a Winnipeg-based secretariat responsible to the municipal, provincial, and federal governments. The initiative has since been “all but institutionalized,” evolving most recently into the Winnipeg Partnership Agreement.¹¹⁴

This arrangement, commonly referred to as an Urban Development Agreement (UDA) was subsequently implemented in other western provinces and cities, most notably in Vancouver where the Vancouver Agreement has been in place since 1995 and has been renewed every five years.

A goal of the UDAs is to transform the silo approach into a more integrated and horizontal approach to governance and service delivery based on collaboration and problem solving.

¹¹⁴ Christopher Leo, “Deep Federalism: Respecting Community Difference in National Policy”, *Canadian Journal of Political Science*, 39:3, September 2006, p. 489.

The Vancouver Agreement is both a tri-partite and horizontal initiative that has won praise and awards. The Auditor General of Canada has reported that the Agreement has a “promising governance model,” although she found some areas of weakness in terms of accountability arrangements.¹¹⁵ Committee witnesses indicated that UDAs would be appropriate mechanisms for collective action by the different orders of government and civil society in large cities. (Maxwell, Torjman, Evidence, 15 May 2008)

Option 93: Regional Federal Councils

Federal departments and agencies participate in regional federal councils located in each province and territories. These councils are meant to help coordinate the work of federal agencies, provide a means of sharing information, and focus attention on issues that are unique to the region in question.

Regional Federal Councils play an important role as an executive forum and in integrated and improved service delivery, two-way communication with Ottawa / headquarters on regional perspectives and federal initiatives, and co-operation with other jurisdictions (the Councils establish links with counterparts in other orders of government – including municipalities – and with the business community and voluntary sectors in their province/territory).

Option 94: Create a federal/provincial/territorial municipal body modeled on the Council of Australian Governments (COAG)

Another potential model for federal, provincial/territorial and municipal cooperation with regard to poverty reduction comes from Australia, which, like Canada, is a federation. The Council of Australian Governments, or COAG, has been in existence since 1992.

The Australian prime minister, the premiers of the states (provinces), and the chief ministers of the territories all sit on COAG, as does the President of the Australian Local Government Association or ALGA (the Australian equivalent of the FCM).

¹¹⁵ Office of the Auditor General of Canada, Report of the Auditor General, November 2005, Chapter 4, “Managing Horizontal Initiatives”, p. 16.

Option 95: Involve the voluntary and non-profit sectors

The voluntary sector is crucial to the design and delivery of effective, place-based, programs to reduce poverty and homelessness. The Committee met with many of the organizations in this sector during its hearings and was impressed by the depth of their knowledge, experience, and – above all – their devotion.

The role of the voluntary and not-for-profit sectors has been touched on earlier in the section on affordable housing. Are there ways to ensure that these organizations are directly and formally involved in all efforts aimed at reducing poverty and homelessness, and the provision of affordable housing?

VI. ACTION

**Issue 7:
Programs and activities need to be better designed**

A. Unilateral Action

Option 96: Improve federal government programs related to poverty reduction

Dr. Alain Noël (who has not been heard by the Committee) points out that the federal government currently plays a major role in reducing poverty through the Employment Insurance program, Old-Age Security, equalization, taxation and its relationship with Aboriginal peoples. He argues that “before establishing a framework for everyone, the federal government ought to take a closer look at its own programs and establish clear objectives to fight poverty.”¹¹⁶ [Translation] As an alternative to involvement in a national or bilateral poverty-reduction strategy (or strategies), the federal government could review its programs and re-focus them to meet poverty-reduction goals nationally.

Option 97: Make improvements to federal income-security programs

As noted above, Committee witnesses suggested a number of changes that the federal government could make to those elements of the income-support system for which it is responsible.

Option 98: Promote rights to security of the person, shelter, food, and adequate income
(Note: This option also appears elsewhere in this report in relation to income security and housing).

Committee witnesses suggested that another channel through which the federal government might become involved in poverty reduction would involve the alignment of domestic policies and programs with international human rights agreements and conventions to which Canada is signatory. (Porter, Marrone, Evidence, 8 May 2008)

Option 99: Make federal employees directly available to community groups working to reduce poverty and homelessness

The Committee heard of an instance in which a federal employee was “loaned” to a community organization to assist in the provision of affordable housing. Mr. Roger Gribbons, of Vibrant Communities Saint John, told the Committee:

¹¹⁶ Dr. Alain Noël, “Eliminating poverty: What governments can do,” presentation, Breakfast on the Hill/Petit déjeuner sur la Colline, Ottawa, 17 April 2008 <http://www.fedcan.ca>

With our concentration on our housing issues, we asked for one official. That individual was assigned to Saint John two years ago and has been absolutely instrumental in helping us start to rectify our housing issues; that has been a small investment with huge returns and has been very helpful. It has made a world of difference. (Evidence, Issue 25, 13 June 2007)

Another witness suggested that federal employees might be allowed to work more closely with civil-society organizations in Canadian communities. She added that these employees be able to exercise

delegated authority, so that federal departments have program officers who are in and out of those neighbourhoods on a regular basis, have built trust relationships with the leadership, can observe where the needs are, can see how well-founded the activities are and do ongoing, informal evaluations in addition to the formal ones. (Maxwell, Evidence, 15 May 2008)

Option 100: Work directly with national organizations that have a local presence to develop and deliver poverty and homelessness reduction programs

A witness suggested that the federal government work with cross-Canada movements like the United Way or community foundations to develop and provide place-based efforts to reduce poverty. These local organizations could identify circumstances where seed money might enable the initiation of dialogue for people to begin to think through what their common goals are, and to bring in interlocutors from across the community and from the neighbourhoods in greater difficulty.¹¹⁷ (Maxwell, Evidence, 15 May 2008)

B. Bilateral Action

Option 101: Federal/provincial/territorial bilateral poverty reduction partnerships

The federal government could enter into bilateral partnerships with provinces and territories that are implementing poverty-reduction strategies. The Governments of Newfoundland and Labrador, and Québec have already implemented such strategies, the governments of Ontario and Nova Scotia are now in the process of developing strategies, and the government of Prince Edward Island has shown an interest.

The federal government has numerous resources that it could bring to a bilateral partnership aimed at poverty reduction in a province or territory. Apart from financial resources, it also possesses considerable expertise and other assets that could be applied to poverty reduction. There are several other bilateral arrangements already in place

¹¹⁷ A similar approach was used by Action for Neighbourhood Change, an initiative that focused on locally-driven neighbourhood revitalization in Surrey, Regina, Thunder Bay, Toronto and Halifax from 2005 to 2007. The national and local United Ways were involved along with the federal government through five organizations in three departments.

between the federal government and individual provinces, notably in the area of affordable housing. There have also been a series of federal/provincial/territorial agreements under which EI funds are used to support unemployed people who enroll in provincial or territorial employment preparation programs.

The development of bilateral partnerships between the federal and provincial governments with regard to poverty reduction strategies was recommended by the CEO of the United Way of Greater Toronto, Ms. Francis Lankin. (Evidence, 28 February 2008)

C. Multilateral Action

Option 102: A national poverty reduction strategy

Witnesses have recommended that the federal government, following international examples in the United Kingdom, Scotland and Ireland, and domestic examples of Québec, Newfoundland and Labrador, and Ontario and Nova Scotia, should develop and implement a national poverty reduction strategy. Such a strategy would require at minimum, targets, timelines, measurable indicators, regular reporting and evaluation, and other accountability mechanisms. These various proposals are described in Appendix III to this document.

VI. THE PEOPLE

Option 103: Consult intended beneficiaries of income support systems

The Committee heard witnesses emphasize the importance of hearing directly from “clients” of income security programs, to determine their needs and suggestions. (Seymour, Issue 1, 29 November 2007; Shillington, Evidence, 29 May 2008; Morris, Evidence, 4 June 2008). In addition, one witness pointed out that those who design and deliver income-support programs are unlikely to ever have been on the receiving end. (Shillington, Evidence, 29 May 2008), Poverty, affordable housing and homelessness begin and end with people. Governments have too often lost sight of this fact. Policies are too frequently designed without meaningful input from those who are on the receiving end. From the Committee's perspective, this is not an option: recipients of income support, affordable housing, and homelessness reduction policies *must* be consulted at every step of the way when these programs are designed and provided.

APPENDIX I: JOHN STAPLETON'S PROPOSAL

John Stapleton argues that before attempting to invent a new and supportable income-security system for working-age adults, “we should look at what seems right and acceptable to Canadians in the structure of income security benefits for seniors and children.”¹¹⁸ Stapleton identifies four pillars of these benefits:

1. Meaningful *federal accounts* for seniors and children:
 - OAS and CPP for seniors
 - Child tax benefits for children.
2. Registered *tax instruments* that provide benefits for children, youth and older people:
 - RRSP's for seniors
 - RESP's for children
3. Real benefits from the income security system for low-income seniors and children:
 - GIS for seniors, plus a variety of provincial supplements and add-ons
 - The National Child Benefit Supplement for low-income families with children.
4. Matching or separate contributions from governments to reward individual savings:
 - The tax exemption on RRSP contributions
 - The Canada Learning Bond, Canada Education Savings Grants, Millennium Scholarships, Canada Student Loans, and an array of provincial programs.

Stapleton proposes that the existing income security system for working-age adults be modified by changing it to an “account-based” model that mirrors the features of the system now in place for children and seniors. This new model would include:

- a registered savings instrument for working adults to redeem within their working life;
- matching contributions to assist working-age adults to save for goals that enhance quality of life and civil society;
- a federal account where contributions would result in some minimum level of credits; and
- low-income benefits to help alleviate working poverty (for example by developing the Working Income Tax Benefit, or WITB).

¹¹⁸ Stapleton, 2007, p. 37.

Stapleton indicates that a restructured system could become part of a new government account where credits could be earned and used over a lifetime. His proposal is consistent with a life-course approach that accommodates the fact that many individuals move in and out of poverty throughout their lives and require assistance to either avoid falling in to poverty or to exit from it. Indeed, he argues that these measures “could help prevent the development of an underclass of second and subsequent generations living in poverty.”¹¹⁹ According to Stapleton, this would require, among other things:

- looking at the EI Account as the base account for working-age Canadians so that paying into EI should result in some form of training credit;
- taking children out of welfare entirely by replacing former welfare supports with highly developed income security benefits for children in low-income families;
- transforming welfare for working-age adults into income supplements based on earnings;
- providing pension-type benefits for working-age adults who have no reasonable chance to join the competitive labour force;
- implementing Tax Prepaid Savings Plans (TPSPs) with special features to allow low-income people to save tax-free, as do higher income people who save for education or old age;¹²⁰ and
- implementing the Working Income Tax Benefit (WITB) in a way that begins to support work through the refundable and non-refundable credit system, which would entail rationalizing single-purpose credits (GST, energy credits) into a system that aligns with low-income objectives.¹²¹

¹¹⁹ Ibid, p. 40.

¹²⁰ The federal government introduced a Tax-Free Savings Account (TFSA) in Budget 2008. Starting in 2009, Canadians aged 18 and older can contribute up to \$5,000 annually (from their taxable income) to a TFSA. The measure has drawn mixed responses. For example, Michael Mendelson of the Caledon Institute has called it “unaffordable and unfair” (Toronto Star, March 04, 2008), while Finn Poschmann of the C.D. Howe Institute has argued in the same edition of the *Toronto Star* that it will help low-income families. Richard Shillington of Informetrica Ltd is mildly enthusiastic but says that the TFSA would not be his first choice as a means of assisting low-to-moderate income Canadians who retire without an occupational pension. (Source: The Progressive Economics Forum, <http://www.progressive-economics.ca/2008/02/28/still-more-on-tax-free-savings/>) John Stapleton, however, likes the initiative, telling the Toronto Star, “This is a very, very significant new measure for low-income people and has enormous potential,” (Toronto Star, 28 February 2008).

¹²¹ Ibid, p. 40

**APPENDIX II: THE CALEDON INSTITUTE’S PROPOSAL FOR
A NEW ARCHITECTURE FOR ADULT BENEFITS**

The Caledon Institute has proposed an ambitious overhaul of the adult benefits in Canada¹²². Under this proposal, which has been endorsed by advocacy groups and others, existing arrangements would be replaced by a new system made up of three tiers.

Figure 12:

A NEW ARCHITECTURE FOR ADULT BENEFITS					
<i>Support for low-income workers</i>	Provincial/territorial and federal	Minimum wages, working income supplements, tax credits and employment standards		Federal Canada Child Tax Benefit and provincial/territorial child benefits	Disability supports and supplementary health benefits (provincial/territorial)
<i>Tier 1: Short-term support for ‘employable’ adults</i>	Federal	Unemployment Assistance			
		Temporary Income (TI) general revenue funded income-tested benefits	Employment Insurance (EI) contributory benefits paid according to social insurance principles		
<i>Tier 2: Medium-term support for ‘employable’ adults</i>	Provincial/territorial	Employment Preparation financial support and employment services			
<i>Tier 3: Long-term support for adults not expected to be employed</i>	Federal	Basic Income financial support		Emergency Social Fund (provincial/territorial)	

Source: Ken Battle, Michael Mendelson, and Sherri Torjman, *Towards a New Architecture for Canada’s Adult Benefits*, Caledon Institute of Social Policy, Ottawa, June 2006, p. 25.

Tier I, **Unemployment Assistance** (UA) would be targeted at the short-term unemployed and would consist of two programs. The first, Temporary Income (TI) would pay benefits to those not covered under the existing Employment Insurance program (new entrants in the job market, those in temporary or part-time jobs, etc.) It would be income-tested, time-limited (Caledon suggests three to six months) and paid for, not by premiums, but out of federal government general revenues; it would thus be available for anyone temporarily unemployed and actively seeking work. The program could include maternity and sick leaves, and would include employment services to aid in job search.

¹²² Battle et al, 2006.

The second program, Employment Insurance (EI) would be paid for by employee/employer contributions and benefit levels would be linked to contributions. Like TI, it would be time limited. Caledon suggests that the regional preference rules in the current EI program be taken out (and if governments choose to, applied to the new TI program instead) – this would avoid the new EI program becoming a regional equalization scheme paid for by employee and employer contributions.

Tier II, Employment Preparation (EP) would focus on working-age adults who take longer to (re)enter the job market and would replace current welfare programs for most. Unlike welfare, its main focus would be on training while providing income support. A recipient might be on EP for several years, yet would not be expected to receive benefits indefinitely. A small social assistance program would be provided for those unable to find work in the longer term. The provinces and territories would administer and fund the program.

Tier III: Basic Income. This program would be provided for those who are unable to earn an adequate income in the labour market, either due to disability, illness or other reasons. This benefit could be income-tested and would be paid for and administered by the federal government.

This architecture would be supported by programs to make work pay, including higher minimum wages and improved employment standards, tax credits, working income supplements and measures to reduce the income and payroll taxes for low-income earners.

Caledon's proposal would replace a tangled and complex system that has been steadily losing its capacity to support those who need assistance. Instead of taking a piecemeal approach, this approach would harmonize all elements of the income support system, avoiding potential unforeseen negative impacts that can happen when change is made to one part of the system without reference to the others. Furthermore, the proposed architecture responds directly to the shortcoming identified with the current system – it would ensure that those who are not presently covered would receive assistance and it would be geared to labour market participation while making sure that those unable to make a reasonable living from employment would receive the help they need. Caledon's proposal also addresses the elements of a restructured income security system for working-age people called for by the Economic Council of Canada in 1992. The Council indicated that such a system would have three fundamental components:

- In the event of unemployment, income replacement to support the job search process for the for [...] some initial period of time; after which
- an integrated package of income assistance and employment-related services would be provided to encourage and support self-reliance; and
- dignified income support would be provided to those who are not expected to be self-sufficient.¹²³

Some important questions, however, remain to be answered. Caledon has not yet estimated the overall costs of its proposal (although it has promised to do so). Furthermore, implementation of the new architecture would require the close co-operation of the federal and provincial/territorial governments and in all likelihood, Québec would not participate. Even in the event that there were to be general agreement, it is unlikely that such an architecture could be built within a short time frame.

¹²³ Economic Council of Canada, 1992, p. 55.

APPENDIX III: PROPOSALS FOR A NATIONAL POVERTY-REDUCTION STRATEGY

a. Campaign 2000 Proposal

In September 2007, Campaign 2000 released *Summoned to Stewardship: Make Poverty Reduction a Collective Legacy*. This proposal has the backing of a wide range of social advocacy groups and individuals. It also takes Canada's federal arrangements into account by calling on provinces and territories to implement their own poverty reduction strategies with some key shared characteristics and with the participation of the federal government as a partner.

The elements of the proposed strategy include:

- child-poverty reduction targets of 25per cent over five years and 50per cent over 10 years in each province; and
- the use of three indicators: post-tax LICOs, post-tax Low-Income Measures (LIMs), and Market Basket Measures (MBMs) to assess and report progress.

Campaign 2000 calls for poverty reduction strategies based on four “cornerstone” principles:

1. Sustaining employment: Anyone working full time (30 hours or more per week, 1500 hours per year) should have a living standard out of poverty. This would include a full child benefit of \$5,100 per child in 2007 dollars for low-income families plus work tax credits of \$2,400 per year. An increase in work tax credits to this level must be accompanied by an increase in minimum wages to ensure that the tax credits do not subsidize low-wage employers.
2. A basic income system for disabled Canadians: Disability benefits should be set at the same level as social security assistance for seniors.
3. The provision of transitional support with decency and dignity: A just differential should be established between those with employment incomes and families with children whose parents are unavailable for employment due to temporary or extended difficulty. Campaign 2000 asserts that a just differential target across Canada would reduce the depth of poverty for families with children on social assistance to at least 80per cent and proposes an incremental reduction to achieve this goal over a ten-year period.

4. Available and affordable essential resources in four areas to protect family budgets:

- Restore of access to Employment Insurance eligibility and protection. Campaign 2000 supports the Canadian Labour Congress 2005 call for assured access to EI with 370 hours of work, benefit levels based on best 12 weeks of earnings, and benefit rates increased to 60 per cent of average earnings.
- Provide continued access to drug and dental benefits.
- Prevent housing costs from draining food budgets of low-income families.
- Ensure universal access to high quality learning and care for all children during the early years.

The proposal calls on the federal government to:

- Raise the federal minimum wage to \$10.00 an hour in 2007 dollars.
- Make major investments in essential resources, e.g. early learning and child care, social housing and restoring EI eligibility.
- Direct all savings from lower public debt charges over a five-year period to investments in poverty reduction or “other national priorities.”
- Possible consideration, by Parliament of Canada, of the adoption of a sunset clause for all general tax cuts implemented by the federal government since 2000.

Provincial governments are called upon to:

- Raise and index minimum wages to a poverty-reduction standard of \$10 an hour in 2007 dollars.
- Invest in affordable housing initiatives.
- Invest in extended prescription drug and dental coverage.
- Invest in early learning and child care.
- For those provinces still doing so, end claw-backs and rate reductions in social assistance payments related to the National Child Tax Benefit.
- Full indexation of social assistance rates.
- Annual increases to social assistance rates of 3 per cent or more above the rate of inflation.

b. National Council of Welfare Proposal

A second proposal for a national poverty reduction strategy has been made by the National Council of Welfare. In its 2007 publication *Solving Poverty: Four Cornerstones of a Workable National Strategy for Canada*, the Council presented four central elements or “cornerstones” for a national poverty reduction strategy:

1. A national anti-poverty strategy with a long-term vision and measurable targets and timelines: The federal government would serve in a leadership role. A target of cutting poverty in half within ten years could be set and there could be short and medium term

targets established within that time. There could be separate targets established for reducing poverty among vulnerable populations.

2. An action plan and budget that coordinates initiatives within and across governments: The federal, provincial, territorial, and Aboriginal governments and agencies outside government would have to work together to establish common goals and contribute an “appropriate” level of financial and human resources. Government departments and ministries would have to work horizontally and a specific focus might be required on factors such as gender, illness, racism, or injury that make some Canadians more at risk of poverty.

3. A government accountability structure for ensuring results and for consulting Canadians in the design, implementation and evaluation of the actions that will affect them: Accountability could be achieved through legislated measures or through ministerial accountability. There could be public reporting on progress made in meeting targets and timelines. An independent oversight agency could be established to monitor progress in implementing the strategy.

4. A set of agreed poverty indicators that will be used to plan, monitor change and assess progress: A core set of indicators will depend on what Canadians want to achieve through the strategy. Multiple indicators that track such things as deprivation, social exclusion, and inequality will likely be needed.

The Council argues that it should be feasible to design and deliver a national poverty reduction strategy, suggesting that Canada already has a *de facto* national poverty reduction strategy for seniors: CPP QPP, OAS, GIS. The Council proposes that the federal government undertake the initiative for creating a national strategy.

APPENDIX IV: LIST OF OPTIONS

- Option 1: Maintain the status quo and concentrate on the most vulnerable*
- Option 2: Return the EI program to its pre-1996 status*
- Option 3: Make EI extended leave benefits available to self-employed Canadians*
- Option 4: Restore eligibility for those who leave employment voluntarily*
- Option 5: Disconnect severance pay from EI eligibility*
- Option 6: Provide additional benefits and extend duration for long-term employees*
- Option 7: Create an EI transition fund for older unemployed workers*
- Option 8: Provide a premium rebate for low-wage workers in stable employment*
- Option 9: Broaden access to EI training programs*
- Option 10: Improve EI Part II training programs*
- Option 11: Reward companies for good human resource management through the EI system*
- Option 12: Further restrict access to and benefits from EI programs*
- Option 13: Relocate social benefits currently offered under EI to programs*
- Option 14: Create additional benefits for workers, to be funded and administered outside the EI program*
- Option 15: Remove training programs from the EI program*
- Option 16: Create a Separate EI Program for seasonal workers and frequent users*
- Option 17: Conduct a Full Review of the EI Program*
- Option 18: Rebuild income-support systems for working-age adults incorporating successful elements of income-support systems for children and seniors*
- Option 19: Eliminate the Universal Child Care Benefit and Create a More Generous Canada Child Tax Benefit*
- Option 20: A Medium-Term Sickness/Disability Benefit*

- Option 21: Amend CPP legislation to allow pilot and demonstration projects*
- Option 22: Replace social assistance programs for people with disabilities*
- Option 23: A National Action Plan on Disability*
- Option 24: Remove disability benefits from CPP*
- Option 25: Raise the combined value of Old Age Security/Guaranteed Income Supplement to the average post-tax LICO for individuals*
- Option 26: Improve the Canada Social Transfer (CST)*
- Options 27: Options proposed by the Modernizing Income Support for Working Age Adults*
- Option 28: Include the right to sustainable income in all income support legislation and policies*
- Option 29: Replace both EI and social assistance programs with a new income support architecture for adults*
- Option 30: Replace the income-support system with a guaranteed annual income (GAI)*
- Option 31: Require that the rules governing income support systems be written in plain language*
- Option 32: Improve delivery of income support programs*
- Option 33: Find alternatives to the tax system to support social programs*
- Option 34: Federal/provincial/territorial review of income support systems*
- Option 35: Reduce Marginal Effective Tax Rates over the medium- and long-terms*
- Option 36: Raise minimum wages and Index them to inflation*
- Option 37: Amend employment standards legislation to better address non-standard employment*
- Option 38: Adopt the recommendations of the Federal Labour Standards Review (the Arthurs Report)*
- Option 39: Improve income supplements for low-wage earners*

- Option 40: Improve training for low-wage workers*
- Option 41: Ensure that a fixed proportion of federally funded child care programs be available, on a priority basis, to low-income families with young children*
- Option 42: Increase federal investments in child care*
- Option 43: Work with other levels of government and non-government organizations to identify gaps and solutions for child care provision for low-income families*
- Option 44: Provide funding for programs for parents, particularly those with low incomes, to develop skills and techniques to support their children's development*
- Option 45: Provide low-income parents with financial support to register their children in appropriate recreational and cultural programming*
- Option 46: Link any increase in federal transfers to people with disabilities to increases in provincial and territorial spending on disability supports*
- Option 47: Designate a fixed percentage of Labour Force Development Agreement funds for persons with disabilities*
- Option 48: Improve English and French as a Second Language Programs*
- Option 49: Work with the provinces to establish minimum standards for English or French second language training*
- Option 50: Change English and French Assessment Process for Economic Immigrants*
- Option 51: Scale up successful initiatives, such as bridging programs*
- Option 52: Ensure on-going monitoring of federal efforts to coordinate foreign credential recognition*
- Option 53: On-going support for Canada's action plan against racism*
- Option 54: Encourage provincial governments to increase levels of income assistance*
- Option 55: Provide rental subsidies or vouchers to individuals in need*

- Option 56: Amend taxation policies and regulations to encourage the private construction of rental housing*
- Option 57: Create a national roundtable on rental housing*
- Option 58: Provide rent supplements to landlords*
- Option 59: Dedicate a portion of federal funding on housing to affordable home ownership*
- Option 60: Amend the Income Tax Act to make investment in affordable home ownership development more attractive to investors*
- Option 61: Sustain and extend current federal investment in construction of new social housing*
- Option 62: Sustain existing funding for operational subsidies*
- Option 63: Extend and stabilize funding for Residential Rehabilitation Assistance Program (RRAP)*
- Option 64: Make federal housing-related programs longer term*
- Option 65: Encourage Private Investment in Social Housing*
- Option 66: Sustain targeted program for Urban Aboriginal Housing*
- Option 67: Allocate a percentage of all federal social housing dollars to housing for Aboriginal peoples off-reserve*
- Option 68: Develop Aboriginal Housing Strategy in collaboration with Aboriginal organizations and housing providers*
- Option 69: Provide short-term use-specific funding to non-profit housing providers to retrofit and/or maintain existing social housing units*
- Option 70: Develop a national housing strategy in collaboration with provincial and territorial and municipal governments, and housing providers, realtors and lenders*
- Option 71: Designate federal lands which have been used for housing to be provided to non-profit housing developers to retrofit or redevelop for affordable rental or ownership units*

- Option 72:** *Require all rental units built with federal funds or land subsidies to be universally accessible, meeting standards that permit access by those with physical impairments*
- Option 73:** *Restore federal funding, through the Canada Social Transfer, for Court Challenges and civil legal aid services*
- Option 74:** *Embed international human rights obligations with respect to shelter into federal legislation, and federal agreements with provincial, territorial and local governments*
- Option 75:** *Increase the supply of supportive housing*
- Option 76:** *Extend and stabilize federal funding for programs that can be used to provide housing and appropriate supports*
- Option 77:** *Support “housing first” approaches to homelessness*
- Option 78:** *Support addiction treatment, including harm reduction, as an approach to reducing homelessness*
- Option 79:** *Create a Pharmacare program*
- Option 80:** *Create a National Homelessness Strategy*
- Option 81:** *Stabilize adequate funding to organizations providing services to prevent homelessness and to re-integrate people who are homeless*
- Option 82:** *Simplify application and reporting requirements associated with federal funding for voluntary organizations*
- Option 83:** *Develop funding mechanisms for non-government organizations that encourage innovation building on community strengths and successes*
- Option 84:** *Create a cabinet committee chaired by a minister supported by a department to take the lead on poverty reduction, affordable housing and homelessness*
- Option 85:** *Create a minister/secretary of state for poverty reduction, housing and homelessness*
- Option 86:** *Appoint a poverty commissioner*
- Option 87:** *Create a single window within the federal government to supply expertise on place-based policy issues such as poverty, housing and homelessness*

- Option 88: Horizontal initiatives focused on poverty, housing and homelessness*
- Option 89: Expanded Council of the Federation*
- Option 90: Federal/provincial/territorial ministers responsible for poverty reduction, housing and homelessness*
- Option 91: Create a federal/provincial/territorial body modeled on the OECD*
- Option 92: Use tri-level arrangements involving federal/provincial/territorial and municipal governments to build and deliver local poverty reduction initiatives*
- Option 93: Regional Federal Councils*
- Option 94: Create a federal provincial territorial municipal body modeled on the Council of Australian Governments (COAG)*
- Option 95: Involve the voluntary and non-profit sectors*
- Option 96: Improve federal government programs related to poverty reduction*
- Option 97: Make improvements to Federal Income-Security Programs*
- Option 98: Promotion of rights to security of the person, shelter, food, and adequate income*
- Option 99: Make federal employees directly available to community groups working to reduce poverty and homelessness*
- Option 100: Work directly with national organizations that have a local presence to develop and deliver poverty and homelessness reduction programs*
- Option 101: Federal/provincial bilateral poverty reduction partnerships*
- Option 102: A national poverty reduction strategy*
- Option 103: Consult intended beneficiaries of income support systems*

APPENDIX V: WITNESS LIST

ORGANIZATION	NAME, TITLE	DATE OF APPEARANCE
Human Resources and Social Development Canada	Andrew Treusch, Senior Assistant Deputy Minister, Strategic Policy and Research Branch	26 April 2007
Human Resources and Social Development Canada	Bayla Kolk, Acting Associate Deputy Minister, Homelessness and Partnering Strategy	26 April 2007
Canada Mortgage and Housing Corporation	Sharon Matthews, Vice-President, Assisted Housing	26 April 2007
National Council of Welfare	Greg deGroot-Maggetti, Acting Chairperson	3 May 2007
National Council of Welfare	Sheila Regher, Director	3 May 2007
Caledon Institute of Social Policy	Ken Battle, President	3 May 2007
National Anti-Poverty Organization	Rob Rainer, Executive Director	3 May 2007
National Anti-Poverty Organization	Nancy Shular, First Vice-President, Board of Directors	3 May 2007
Canadian Association of Food Banks	Sean Pegg, Acting Director of Public Policy and Research	3 May 2007
Feed Nova Scotia	Dianne Swinemar, Executive Director ¹²⁴	3 May 2007
Campaign 2000	Sid Frankel, Member, Steering Committee	10 May 2007
Canadian Council on Social Development	Katherine Scott, Vice President, Research	10 May 2007
Canadian Association of Social Workers	Glen Drover, Social Worker	10 May 2007

¹²⁴ Ms. Swinemar also spoke as a member of the Board of Directors of the Canadian Association of Food Banks.

ORGANIZATION	NAME, TITLE	DATE OF APPEARANCE
Ontario Council of Agencies Serving Immigrants	Loly Rico, President	10 May 2007
Ontario Council of Agencies Serving Immigrants	Roberto Jovel, Policy and Research Coordinator	10 May 2007
National Association of Friendship Centres	Verna Pawis Tabobondung, President	10 May 2007
National Association of Friendship Centres	Jocelyn Formsma, Program Officer	10 May 2007
Institute of Urban Studies, University of Winnipeg	Jino Distasio, Director	17 May 2007
Canadian Centre for Policy Alternatives, Manitoba	Molly McCracken, Manitoba Board Member	17 May 2007
Newfoundland and Labrador Department of Human Resources, Labour & Employment	Aisling Gogan, Director, Poverty Reduction Strategy	17 May 2007
McMaster University	Barbara Wake Carrol, Professor Department of Political Science	17 May 2007
Vibrant Communities, Saint John, NB	Tom Gribbons, Chairperson	13 June 2007
Vibrant Communities, Saint John, NB	Kurt Peacock, Researcher	13 June 2007
Downtown Eastside Residents Association, Vancouver	Kim Kerr, Executive Director	13 June 2007
Downtown Eastside Residents Association, Vancouver	Anna Hunter, Advocate	13 June 2007
United Way of Greater Toronto	Jan Donio, Vice-President, Information Services and Operational Change Management	14 June 2007
Centraide of Greater Montréal	Michèle Thibodeau-DeGuire, President and Executive Director	14 June 2007

ORGANIZATION	NAME, TITLE	DATE OF APPEARANCE
Canadian Co-operative Association	John Anderson, Director, Government Affairs, Public Policy	21 November 2007
Canadian Housing and Renewal Association	Sharon Chisholm, Executive Director	21 November 2007
Co-operative Housing Federation of Canada	Nicholas Gazzard, Executive Director	21 November 2007
Toronto Community Housing Corporation	Derek Ballantyne, Chief Executive Officer	21 November 2007
National Aboriginal Housing Association	David Seymour, President	29 November 2007
Inuit Non-Profit Housing, Ottawa	Lynda Brown, President	29 November 2007
Kinew Housing Inc., Winnipeg	Lawrence Poirier, Manager	29 November 2007
Nanegkam Housing Corporation, Charlottetown	Patrick Augustine, Native Council of Prince Edward Island	29 November 2007
Phoenix Youth Programs, Halifax	Tim Crooks, Executive Director	6 December 2007
Canadian Population Health Initiative	Dr. Elizabeth Votta, Program Lead, Reports and Analysis	6 December 2007
Saul Sair Health Centre, Winnipeg	Rebekah Peters	6 December 2007
As an individual	Deborah Kraus, Housing Policy and Research Consultant	6 December 2007
St. Christopher House, Toronto	John Stapleton, Fellow	13 December 2007
Simon Fraser University	John Richards, Professor, Public Policy Program	13 December 2007
Canadian Teachers' Federation	Emily Noble, President	7 February 2008
Canadian Nurses Association	Nicki Sims-Jones, Policy Consultant	7 February 2008
First Call BC Child and Youth Advocacy Coalition	Michael Goldberg, Chair	7 February 2008
Montreal Diet Dispensary	Marie-Paule Duquette, Executive Director	7 February 2008

ORGANIZATION	NAME, TITLE	DATE OF APPEARANCE
Caledon Institute of Social Policy	Ken Battle, President	28 February 2008
McMaster University, School of Nursing	Gina Browne, Professor	28 February 2008
United Way of Greater Toronto	Francis Lankin, CEO	28 February 2008
As an individual	Armine Yalnizyan	28 February 2008
Federation of Canadian Municipalities, Big Cities Mayors' Caucus	Mayor Anne Marie DeCicco-Best, London, Ontario	6 March 2008
Steetohome Vancouver	Don Fairbairn, Consultant	6 March 2008
Affordable Housing Office, City of Toronto	Sean Gadon, Director	6 March 2008
Ontario Metropolis Centre	Sarah H. Wayland, Research Associate	13 March 2008
University of British Columbia	David Ley, Department of Geography	13 March 2008
Metro Toronto Chinese & Southeast Asian Legal Clinic	Avvy Go, Clinic Director	13 March 2008
Table de concertation des organismes au service des personnes réfugiées et immigrantes	Jean Claude Icart, Representative	13 March 2008
University of Saskatchewan	Evelyn Peters, Professor	3 April 2008
National Association of Friendship Centres	Kama Steliga, Executive Director, Lillooet Friendship Centre	3 April 2008
National Association of Friendship Centres	Calvin Hanselmann, Director of Research	3 April 2008
Council of Canadians with Disabilities	Marie White, National Chairperson	17 April 2008
Caledon Institute of Social Policy	Michael Mendelson, Senior Scholar	17 April 2008
University of Victoria	Michael Prince, Professor of Social Policy	17 April 2008

ORGANIZATION	NAME, TITLE	DATE OF APPEARANCE
Confédération des organismes de personnes handicapées du Québec	Walter Zélaya, Representative	17 April 2008
Winnipeg Harvest	David Northcott, Executive Director	1 May 2008
Community Foundations of Canada	Monica Patten, President and Chief Executive Officer	1 May 2008
Carrefour de pastoral en monde ouvrier	Jonathan Lacasse, Coordinator	1 May 2008
Queen`s University	Rachel Laforest, Assistant Professor	1 May 2008
United Nations Human Rights Council (via videoconference)	Miloon Kothari, Former Special Rapporteur on Adequate Housing	8 May 2008
Social Rights Advocacy Centre	Bruce Porter, Director	8 May 2008
National Anti-Poverty Organization	Michael Creek, Director	8 May 2008
Income Security Advocacy Centre	Mary Marrone, Director of Advocacy and Legal Services	8 May 2008
Tamarack	Paul Born, President	15 May 2008
Caledon Institute of Social Policy	Sherri Torjman, Vice-President	15 May 2008
Canadian Policy Research Networks	Judith Maxwell, Past President and Senior Fellow	15 May 2008
University of Ottawa	David Gray, Associate Professor	29 May 2008
McGill University	Axel Van Den Berg, Professor, Department of Sociology	29 May 2008
Social Research Development Corporation	Carole Vincent, Principal Research Associate	29 May 2008
Informetrica Limited	Richard Shillington, Senior Associate	29 May 2008
Fédération des femmes du Québec	Nancy Burrows, Coordinator	4 June 2008
Carleton University	Fran Klodawsky, Professor	4 June 2008
University of British Columbia	Claire Young, Senior Associate Dean	4 June 2008

ORGANIZATION	NAME, TITLE	DATE OF APPEARANCE
Affordable New Home Foundation Saskatchewan	Keith Hanson, Executive Director	5 June 2008
Centretown Affordable Housing Development Corporation	Dennis Carr, Development Coordinator	5 June 2008
Vancity Enterprises Ltd.	Dan Paris, Director of Development	5 June 2008
Focus Consulting Ltd.	Steve Pomeroy, President	5 June 2008
Université Laval	François Blais, Professor	13 June 2008
Canadian Education Association	Christa Freiler, Director of Research	13 June 2008
The Toronto Star	Carol Goar, Editorial Columnist	13 June 2008
University of Ottawa	David Gray, Associate Professor, Department of Economics	13 June 2008
University of Manitoba	Derek Hum, Professor	13 June 2008
Caledon Institute of Social Policy	Michael Mendelson, Senior Scholar	13 June 2008
University of Regina	Jim Mulvale, Associate Professor, Department of Justice Studies	13 June 2008
Winnipeg Harvest	David Northcott, Executive Director	13 June 2008
Dalhousie University	Lars Osberg, Department of Economics	13 June 2008
Citizens for Public Justice	Chandra Pasma, Policy Analyst	13 June 2008
National Anti-Poverty Organization	Rob Rainer, Executive Director	13 June 2008
National Council of Welfare	Sheila Regehr, Director	13 June 2008
University of Miami	Philip Robins, Professor, Department of Economics	13 June 2008
Council of Canadians with Disabilities	Marie White, National Chairperson	13 June 2008