



CANADA WITHOUT POVERTY
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2012 Pre-Budget Consultation Submission

August 3, 2012

Four Recommendations for the 2013 Federal Budget

- 1) Direct resources for creating and implementing a federal plan for poverty elimination that complements provincial and territorial plans, and that sets targets and timelines for poverty reduction and elimination
- 2) Establish a low income refundable tax credit equal to the gap between a person's total income and the value of the Low Income Measure for applicable households
- 3) Create an anti-poverty competitiveness taskforce and an anti-poverty impact test similar to the business impact test now done by departments to evaluate regulations and regulatory burden
- 4) In anticipation of a significant spike in food prices due the catastrophic 2012 North American drought, establish a special, national emergency food security fund to assist low-income individuals and families in meeting their food requirements

Full Submission

- 1) Canada Without Poverty is pleased to make its 2012 pre-budget consultation submission to the House of Commons Standing Committee on Finance. We welcome and look forward to appearing before the committee as we did on September 28th, 2011 in the context of pre-budget consultations last year.
- 2) In 2011, we recommended to the committee that the federal government (1) set targets and timelines for poverty reduction and elimination; and (2) study all fiscal mechanisms, federal as well as intergovernmental, available to help reach these targets and lay out options for the committee's consideration. Our recommendation was unfortunately not accepted. Another year was thus lost in terms of the opportunity for visionary leadership by the federal government to act on poverty.
- 3) It has now been 41 years since the seminal Special Senate Report on Poverty called poverty "the great social issue of our time" and stressed that "unless we act now, nationally, in a new and purposeful way, five million Canadians will continue to find life a bleak, bitter, and never-ending struggle for survival."¹ In a macro sense, little has changed since these words of 1971.

- 4) It has been almost three years since the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA Committee) adopted the following motion on November 17, 2009, a motion that the House also unanimously supported:

That, with November 24th, 2009 marking the 20th anniversary of the 1989 unanimous resolution of this House to eliminate poverty among Canadian children by the year 2000, and not having achieved that goal, be it resolved that the Government of Canada, taking into consideration the Committee's work in this regard, and respecting provincial and territorial jurisdiction, develop an immediate plan to eliminate poverty in Canada for all.

- 5) And it has been nearly two years since the HUMA Committee also completed its major report on the federal opportunity for leadership on poverty, including dozens of recommendations for practical action.² That in turn followed a similar major report from the Special Senate Committee on Cities, released in December 2009.³
- 6) We were indeed disappointed that our recommendation last year was ignored. Furthermore, in the subsequent year, we have seen a terribly regressive change made to Old Age Security, one of the many casualties of the misguided, deeply flawed Bill C-38. We have seen the termination of the National Council on Welfare as an advisory body to the government on solutions to poverty, another victim of C-38. We have seen the termination of more Statistics Canada socio-economic surveys that, like the killed mandatory long-form census, used to generate the kind of data and information upon which sound decision-making depends.
- 7) All in all, since our pre-budget consultation submission in 2011, it has not been a good year on the federal scene, other than that we are pleased with the advent of the All-Party Anti-Poverty Caucus. We congratulate the MPs and Senators from all parties that have expressed interest and intent to be part of this caucus. Their dialogue and the action that could spring from it are as urgent today as when the Special Senate Committee on Poverty began its work in the late 1960s.
- 8) For consider that one in five dollars spent on health care in Canada are attributed to "health inequities." This means that poor people, being at much higher risk of illness and injury than those who are not poor, place proportionately greater demands on health care systems.⁴ A 2010 McMaster University study found a 21-year difference in average life expectancy between people living in the poorest and those living in the wealthiest neighborhoods of Hamilton.⁵ Health and longevity truly are heavily dependent on such determinants as income and housing.⁶
- 9) Consider that each month, about 900,000 people in Canada (like the entire population of New Brunswick and PEI combined⁷) turn to food banks for emergency food support, virtually none of whom have their monthly food requirements actually met by food banks, which cannot meet the demand. About 10% of food bank users each month are turning to these institutions for the first time. Nearly 40% of the users are children and youth. Some 18% of the users have income from recent or current employment.⁸ This latter fact counters the claim that "the best way out of poverty is a job": work itself is not necessarily a guarantor of a poverty-free existence.
- 10) Consider that in 2009, 20 years after Parliament resolved to end child poverty in Canada by the year 2000, our national child poverty rate stood at 15% (based on the Low Income Measure), virtually exactly the same as in 1989, with about one million children among our nation's poor.⁹

- 11) Consider that a team of economists including Don Drummond, former Chief Economist at TD Canada Trust, determined in 2008 that poverty then cost Canada \$72 to \$86 billion per year (now about \$78-\$93 billion per year, and about \$2,500 per household), factoring health care system, criminal justice system and economic productivity impacts.¹⁰ That amounts to about five to six percent of Canada's GDP being spent or lost on something that could be prevented. Put another way, if one lives on a dollar a day, can he or she afford to lose or misspend a nickel?
- 12) Consider that the Elizabeth Fry Society of Canada has estimated that four out of five women in prison are there for poverty-related crimes¹¹, and that the cost of incarcerating women in 2009/10 was \$211,093 per woman.¹²
- 13) Consider that following Toronto's largest mass shooting in the city's history, just a few weeks ago, its thoughtful police chief, Bill Blair, highlighted the criticality of addressing social problems as among the root causes of gang violence,¹³ and wisely noted that "you can't arrest your way out of this."¹⁴
- 14) Consider, as well, just three key demographic realities for Canada. First, baby boomers are retiring in large masses, many with some wealth but many as well who rent rather than own housing, who haven't saved enough for retirement, and whose pension will not meet their basic needs. This is a large bulge in the Canadian demographic and the force of the sheer number of vulnerable boomers demands attention. The relative inability of this large group to consume will exacerbate recessionary impacts as well as anger at the polls.
- 15) Second, many who have come to Canada for a better life haven't found it. Many are skilled and want to work but can't easily fit into the job market. They naturally want to keep their family units as together as possible. Finding accelerated ways to ensure belonging and contributions from Canada's rising tide of immigrants, and to prevent or combat the poverty of this high-risk group, is critical.
- 16) Third, children and youth born into poverty often never have a chance and sometimes only the lucky escape deprivation. In a nation as wealthy and seemingly as creative, innovative and determined as ours, there is no excuse not to have achieved the 1989 resolution to eliminate child poverty by 2000. The children in poverty in 2000 are now, 12 years later, youths or young adults with, in all likelihood, the odds still stacked against them, and with the costs of their poverty rippling into the greater society – as youth gang violence reflects.
- 17) Consider, in addition, that by many accounts another recessionary wind is blowing which suggests that things will get worse before they get better. Premiers have sounded the need to ensure against the uncertain times in which we live. In their communiqué arising from their Council of the Federation meeting this past July, they said:

*Canadians also expect governments to protect their lives and livelihoods in times of extreme adversity. Immediate action is required by the federal government to finalize a stand-alone national disaster mitigation funding program so that provinces and territories can better protect Canadians against the effects of natural disasters and other catastrophic events.*¹⁵
- 18) We genuinely hope that our governments can help protect vulnerable citizens from the winds of difficulty beyond their control. Citizens do need to prepare for the worst, but so do the governments that citizens elect. The federal government has natural disaster plans. It has

emergency funds for international catastrophes such as the 2010 earthquake in Haiti. It even has a national plan for the conservation and management of sharks.¹⁶ It is way past time it had a national plan to prevent and eliminate poverty.

- 19) Before we close with our recommendations for the 2013 budget, we remind the committee of the federal government's constitutional obligation for the equality of Canadians. Under Part II (Equalization and Regional Disparities) of the *Constitution Act*, section 36 (1) it is stated that:

Without altering the legislative authority of Parliament or of the provincial legislatures, or the rights of any of them with respect to the exercise of their legislative authority, Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to (a) promoting equal opportunities for the well-being of Canadians; (b) furthering economic development to reduce disparity in opportunities; and (c) providing essential public services of reasonable quality to all Canadians.

- 20) Simply put, we don't see the promotion of equal opportunity, the furthering of economic development to reduce disparities in opportunity, nor the provision of essential public services of reasonable quality to all Canadians. The federal government is failing those who through no fault of their own, were born into poverty and therefore a lack of well-being. The government is failing those who face the greatest level of disparity in opportunities, and more head there as middle income earners struggle with stagnant wages, shrinking purchasing power, and mounting job insecurity. The government is failing in its legal commitment to provide essential public services, causing many Canadians, especially those with disabilities, to fall into poverty.
- 21) These are constitutional requirements – not simply a debate over political will or the role of the federal government. Canadians have already seen that political will doesn't work, witness the House not keeping its own promise to eliminate child poverty by the year 2000.
- 22) And we would be remiss by not pointing out that, in addition to the government's constitutional responsibilities, it has a duty to act on poverty because of Canada's international human rights commitments, including to the rights to food, housing, social security, an adequate standard of living and more.
- 23) Thus we present our 2013 budget recommendations as follows: One, consistent with the goals of Dignity for All: the campaign for a poverty-free Canada, supported to date by 576 organizations including the Canadian Federation of Municipalities and the Canadian Association of Chiefs of Police, and by 154 MPs and Senators from all parties¹⁷, **that the 2013 budget direct resources for creating and implementing a federal plan for poverty elimination that complements provincial and territorial plans¹⁸, and that sets targets and timelines for poverty reduction and elimination.**
- 24) **Two, that the 2013 budget establish a low income refundable tax credit equal to the gap between a person's total income and the value of the Low Income Measure for applicable households.**¹⁹ Such a tax credit would in no way absolve individuals of responsibility for their economic security. But it would ensure that no individual need live in a state of deprivation and would ensure the social springboard from which any individual can make better choices and stronger contributions to his/her family, community and greater society. It could be tested, for example, through a pilot initiative over a number of years in a target population, such as has recently been posited for Nunavut.²⁰

Related to this, we urge your committee to quickly complete your work on income inequality in Canada so as to better inform the policy design of this refundable tax credit. We have no doubt that the financing of this credit can be done in large measure through strengthening fairness, i.e., progressivity, in Canada's income tax system, changes to which over time have tended to favour the wealthy and exacerbated Canada's inequality crisis.

- 25) **Three, that the 2013 budget create an anti-poverty competitiveness taskforce and an anti-poverty impact test similar to the business impact test now done by departments to evaluate regulations and regulatory burden.** This would not be so different from business-oriented short term studies to reduce red tape or make government more business friendly. In this case, such a taskforce could advise the Intergovernmental Affairs Minister whose additional job would be to assess the impact of every piece of legislation that is introduced, so as to prevent discrimination against poor people who are least able to defend their rights in court due to cost.
- 26) **Four, in recognition of the human right to food and in specific anticipation of significantly higher food prices due the 2012 North American drought catastrophe,²¹ that the federal government, in cooperation with provincial and territorial governments, establish a special, national emergency food security fund to assist low-income individuals and families in meeting their food requirements.** Emergency food support payments – sufficient for covering the likely coming price spike – could be supplemental to welfare, disability and employment insurance benefits.

This recommendation would be consistent with the Premiers' recommendation noted above in point #17. We also stress that any such emergency food support fund should be a component of a broader, national food security policy and strategy, some excellent ideas of which have been formed by groups such as Food Secure Canada.²² And, in response to any reaction to our recommendation that the federal government cannot afford to contribute to an emergency food support fund, we point to but one seriously misguided allocation of public funds – the tens of billions for F-35 fighter jets – as an example where public priorities need to be revisited.

- 27) In closing, to govern in Canada today is to govern in seemingly ever more difficult times. We fear that we may end up representing an ever-growing population cut loose from stability. If our recommendations are taken up, the government would help to keep our constituency's growth at a lower rate of expansion. But if our constituency gets too large, it will not necessarily be interested in the discourse of Parliament, many members of that constituency will do what they need to survive, and you may not like their decisions.
- 28) On the upside, parliamentarians, you have the opportunity to leave a magnificent legacy. Bold vision is needed and specifics are required. The provinces and municipalities cannot do it on their own, as we believe you know. As our vision of a poverty-free Canada expresses, all levels of government, as well as business and civil society, have key roles to play. And if we truly all come together around this urgent national purpose, there ought to be no future need for some special parliamentary report on poverty, as there was in 1971, 2009 and 2010. Let those reports be the last ones written about "poverty as the great social issue of our time."

About Canada Without Poverty

Canada Without Poverty is a registered charity founded in 1971 as the National Anti-Poverty Organization, and seeking to eradicate poverty in Canada for the benefit of all by educating Canadians about the human and financial cost of poverty, and by identifying public policy solutions. Canada Without Poverty is governed by a Board of Directors who individually have experienced poverty first-hand. Their lived experience of poverty helps to anchor how we approach poverty issues and the solutions we seek.

Our name expresses the end we seek – a Canada in which no person need suffer what Gandhi called “the worst form of violence.” Our logo symbolizes rising above one’s poverty line towards a brighter future.

We believe that poverty is a violation of human rights with reference to the Canadian Charter of Rights and Freedoms and the International Covenant on Economic, Social and Cultural Rights. We believe that poverty is an affront to the values of fairness, justice and the inclusion of all persons in Canadian society.

Our vision is for a Canada without poverty. This vision will be reached through collaboration among governments, businesses and civil society. Policies, laws and programs will ensure sufficient income and social supports for everyone. Canada will have built a strong social foundation, such that everyone can pursue opportunities for achievement and fulfillment, embrace the responsibilities of citizenship and community opportunities, and live with a sense of dignity.

We value conducting ourselves with humility, honour and integrity, being caring, inclusive and respectful of others, and being responsible and accountable for our decisions and actions.

Canada Without Poverty is supported by individuals, faith groups, labour unions, professional associations, corporations, and foundations. We rarely pursue and do not depend upon government funding.

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Canada Without Poverty is the coherent integration of advocacy, research, leadership and community credibility into one effective national dynamic.

Hugh Segal, Senator

Endnotes

¹ Special Senate Committee on Poverty (1971) *Poverty in Canada*

² Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (2010) *Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada*

³ The Standing Senate Committee on Social Affairs, Science and Technology, Subcommittee on Cities (2009) *In From the Margins: A Call to Action on Poverty, Housing and Homelessness*

⁴ Health Council of Canada (2010) *Stepping It Up: Moving the Focus from Health Care in Canada to a Healthier Canada*

⁵ www.hamiltonvitalsigns.ca/healthwellbeing.html

⁶ www.thecanadianfacts.org/

⁷ In 2011 New Brunswick's population was 751,171 and PEI's was 140,204. (Source: http://en.wikipedia.org/wiki/List_of_Canadian_provinces_and_territories_by_population)

⁸ <http://foodbankscanada.ca/Learn-About-Hunger/About-Hunger-in-Canada.aspx>

⁹ Statistics Canada (2011) *Income in Canada, 2009* (CANSIM table 202-0802. 1989 to 2009)

¹⁰ Ontario Association of Food Banks (2008) *The Cost of Poverty: An Analysis of the Economic Cost of Poverty in Ontario*

¹¹ www.calgaryunitedway.org/main/sites/default/files/Crimes%20of%20Desperation%20Final%20mar08.pdf

¹² www.publicsafety.gc.ca/res/cor/rep/2011-ccrso-eng.aspx#b3

¹³ www.theglobeandmail.com/news/toronto/police-alone-cant-stop-gangs-toronto-chief-bill-blair-says/article4453547/

¹⁴ www.theglobeandmail.com/commentary/editorials/bill-blair-a-police-chief-looking-beyond-the-easy-answers/article4456767/

¹⁵ www.councilofthefederation.ca/pdfs/Economy_FINAL.pdf

¹⁶ www.dfo-mpo.gc.ca/npoa-pan/npoa-pan/npoa-sharks-eng.htm

¹⁷ www.dignityforall.ca

¹⁸ Now in place or in progress for 11 of 13 provinces and territories, with only B.C. and Saskatchewan lacking a political commitment for a comprehensive anti-poverty strategy

¹⁹ In 2010 the Low Income Measure for a one-person household (i.e., single adult) was \$18,960, for a 2-person household \$26,813 and a 4-person household \$37,920 (Source: www.statcan.gc.ca/pub/75-202-x/75-202-x2010000-eng.htm)

²⁰ www.nunatsiaqonline.ca/stories/article/65674what_do_the_people_need_money/

²¹ For a short analysis by a leading food security expert, see www.earth-policy.org/plan_b_updates/2012/update104

²² For example, see <http://foodsecurecanada.org/policy/resetting-table-peoples-food-policy-canada>