

May 28, 2009

Mr. Chair and Members of the Committee.

My thanks to you for the opportunity to appear and add my comments to your ever growing knowledge base on the issue of poverty.

As you no doubt already know, the issue of poverty in Canada is complex. It involves multiple jurisdictions, circumstances, solutions and preventative measures.

Over the past several decades, respective Canadian governments have spent billions on this issue and yet poverty continues to exist in Canada. I think we all need to ask ourselves why? Collectively, endless administrations, at all three levels of government have made attempts to resolve this issue. We have indeed made progress on several fronts, but there are still a number of families and other individuals that live in poverty.

As you know, Canada does not have a true definition of poverty. We often use the Low-Income Cut Off or the Market Basket Measure. Frankly, I don't know that those families that are living in poverty really care which measure we use, so long as the issue of poverty is being addressed.

In recent years, there has been a trend to name child poverty instead of poverty as a pressing social concern. While all poverty, in particular children in poverty, is a tragedy, child poverty would be more aptly named family poverty. Children are, after all, only poor if their family is as well.

We also know that the effects of poverty go beyond mere money and income. Amongst other sources, Statistics Canada reports that the effect of poverty on children has many detrimental outcomes including health (physical and mental), education, developmental and behaviour disorders – there is also a higher probability that as adults they will live in poverty as well. [1] Addressing these needs lowers other life barriers as well.

Let me preface my next remarks by recognizing that there are those that will require society's assistance, some more than others. Unfortunately, there are those who are physically or mentally unable to adequately care for themselves. I believe that I am my brother's keeper and that society has an obligation to assist where it must.

So what can be done? I believe that in our analysis of poverty, we must consider four distinct issues. First, how to meet the immediate short-term needs of those in poverty; second, how to meet the long-term needs; third, how to minimize the number of people who fall back into poverty; and finally, how to prevent poverty from occurring in the first place. Each of these factors are inter-connected.

Short-term needs

When individuals and in particular families enter into poverty, there are several levels of needs that require attention. While not an exclusive list, the immediate needs of safety, food, shelter, clothing and children's education need to be addressed. It's not clear that this should be the domain of government.

One leading agency in the United Kingdom, having done much research and work on the ground with poverty-fighting groups, has determined that these needs are best filled by grassroots community groups who know, understand and are best able to deal with the local needs of those in poverty and facing other social difficulties. [2]

Long-term needs

Addressing the long-term needs is not an extension of the short term solutions. Ensuring that people and families have a way out of poverty must be the next focus. We do no one any favour by maintaining existing barriers such as the welfare wall, tax-claw backs and an inability to meet education and training needs. As research in the UK has clearly shown, family entrenchment in poverty leads to ongoing cyclical poverty for generation after generation.

Minimize the return to poverty

One of the biggest impediments that individuals and families face when attempting to move out of poverty is the "welfare wall." While on social assistance programs, certain benefits such as housing, childcare and prescription drugs are subsidized.

As a person attempts to move out of poverty, these benefits are eliminated, thus increasing the financial needs of the individual/family, often resulting in a return to the poverty cycle and/or as a disincentive to work.

In recent years the federal government has recognized this problem and moved towards addressing it through the Working Income Tax Benefit (WITB), which is intended to lower the welfare wall by compensating people for personal high marginal tax rates. Without this, marginal tax rates for some of these individuals may be as high as 50 – 70 per cent.[3]

Key to any poverty strategy is education. We expect that young people in high school will make good positive decisions for their lives as they continue on to post-secondary education, trade school, vocations and careers. I believe that it is important that we also explain the statistics of social decisions as well. The importance of relationships and the statistical outcome of broken relationships. The effect of not completing their education in a 21st Century world. The long term consequences of decisions made today – good and bad. This is not moralizing, this is being honest with the risk of certain outcomes, given their respective decision. Let the numbers speak for themselves and be widely known.

Preventing Poverty

One of the bi-products of the steady erosion of the institution of marriage has been the rise of lone-parent families. [4] In short, family structure and stability plays a large role in the eradication of poverty. Strong, stable married parents are less likely to fall into poverty, and their children are less likely to enter poverty themselves as they approach adulthood.

But there is one element of poverty that I would like to highlight and that is the link to lone parenting. Social science research agrees that the demographic group with the highest rate of poverty is the lone-parent family. Since 1987, Statistics Canada has shown female lone parent families to have disproportionately higher levels of poverty than other family forms. [5] Measured as “the proportion of people living below the low income cutoffs with a given group” female lone-parent families have ranged from a 22 year high of 65.7 per cent in 1996 to a low of 32.3 per cent in 2006. While progress has been made to lower poverty levels, in particular in the past ten years, statistics show that almost one third of female lone-parent families continue to live in low-income. [6] [7]

For many, a strong, stable marriage is both the defence against entering poverty and the key to exiting it.

Our research has confirmed that “For unattached women who become a single mother in a given year, the odds of her being poor in that year rose from 5.8 per cent to 30.4 per cent. Conversely, a lone mother who got married in a particular year saw her chances of exiting poverty rise from 29 per cent to 84 per cent. Single-motherhood is a reliable predictor of family and child poverty and reflexively that marriage is an important poverty-fighting institution.” [8]

Governments

Public officials at all levels have a limited role to play. As mentioned previously, community-based groups often have the best outcomes due to their ability to work with local residents. Public officials need to recognize and support this role.

Furthermore, there is a need to evaluate programs for effectiveness. Rewarding and continuing funding to the organization or voice that is the loudest is not the best way to determine which programs will be funded and which ones will not.

The problem of poverty is big, complex and fraught with competing interests and solutions. We should be looking closely at outcomes and results.

Some positive steps have been taken by government in the past:

- Working Income Tax Benefit – a step forward in addressing the welfare wall, but has not yet eliminated it. Continue to expand this program, thus making it easier to return to the workforce.
- The elimination of the marriage penalty
- Tax Free Savings Accounts
- Disability Tax Credit

However, there are several public policy measures that could be taken in order to support further anti-poverty measures:

- Family Income Splitting – in our research, the number one issue that affects families from every demographic category is finances. Reducing the tax burden on families will greatly assist them control their decision making within their own family. Several options exist to introduce family income splitting to Canada's tax structure.
- Married family based taxation. Intact married families fair best on all measurement scales – mental and physical health, personal income, family stability and lower levels of poverty. Government should be rewarding this positive behaviour.

We need to create incentives that support family and in turn fight poverty. For many families, the reason that they enter poverty is family breakdown. We have made some progress on this front and while this drop is encouraging, we still have over one third of the female lone-parent families living in low income situations.

- Transparency and accountability measures – as has been most recently identified in the CD Howe report, “Good Health to All” [9] no one knows whether or not many of the federal programs are offering good value for money. It is imperative that we determine if we are maximizing, duplicating or wasting tax dollars on different programs.
- Community based program delivery – as you recall from the presentation by the Right Honourable Iain Duncan Smith, the UK experience has been that the local community, faith and NGO organizations are best able to deliver services that are tailored to the specific needs of poverty stricken individuals and families within their community. I believe that this is the key to further improvements for low-income Canadians and further efforts should take place around this issue. The Centre for Social Justice reports have set a high standard to which we should look for practical solutions and policy.

In conclusion, family breakdown is expensive. It has a high fiscal and social cost within our society. The dollars are truly staggering and at a time such as this current recession, it is in everyone's best interest to find continued cost savings. (June 3 release of the Cost of Family Breakdown)

More than anything, this process needs to restore hope. Hope to those in poverty. Hope that they will sooner, rather than later move out of poverty – permanently.

Hope should be our inspiration to achieve the goal of poverty eradication.

Endnotes

1. Fleury, D. (2008, May). Low-income children, Statistics Canada, *Perspectives*. Catalogue no. 75-001-X. Retrieved May 19, 2009 from <http://www.statcan.gc.ca/pub/75-001-x/2008105/pdf/10578-eng.pdf>
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3. Taylor, P.S. (2006, September). Family Poverty in Canada: Raising incomes and strengthening families, Ottawa: Institute of Marriage and Family Canada. Retrieved May 19, 2009 from http://www.imfcanada.org/article_files/Familypercent20Poverty.pdf
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5. Statistics Canada. (2002-2006). Persons in low income after tax, by prevalence in percent Retrieved May 14, 2009 from <http://www40.statcan.gc.ca/l01/cst01/famil19a-eng.htm>; National Council on Welfare (2006, Summer). Poverty Profile 2002 – 2003, National Council of Welfare Reports, Minister of Public Works and Government Services Canada, p. 39. Retrieved May 14, 2009 from http://www.ncwcnbes.net/documents/researchpublications/ResearchProjects/PoveertyProfile/2002-03Report_Summer2006/ReportENG.pdf
6. *Ibid.*
7. Statistics Canada notes that, “there is still no internationally-accepted definition of poverty - unlike measures such as employment, unemployment, gross domestic product, consumer prices, international trade and so on. This is not surprising, perhaps, given the absence of an international consensus on what poverty is and how it should be measured. Such consensus preceded the development of all other international standards.” In spite of this, Statistics Canada tracking has been consistent over the decades. For more information on poverty measurement see Fellegi, I. (1997, September). On poverty and low income, Statistic Canada. Retrieved May 19, 2009 from <http://www.statcan.gc.ca/pub/13f0027x/13f0027x1999001-eng.htm>
8. Taylor, P.S. (2006, September). Family Poverty in Canada: Raising incomes and strengthening families, Ottawa: Institute of Marriage and Family Canada. Retrieved May 19, 2009 from http://www.imfcanada.org/article_files/Familypercent20Poverty.pdf
9. De Oliveira, C. Good Health to All: Reducing Health Inequalities among Children in High- and Low-Income Canadian Families, C.D. Howe Institute, p. 8, May 2009.