



Government
of Canada

Gouvernement
du Canada

Canada

TOWARDS a Poverty Reduction STRATEGY

DISCUSSION PAPER

OCTOBER 2016



Towards a Poverty Reduction Strategy: A Discussion Paper on Poverty in Canada

This publication is available for download at
canada.ca/publiccentre-esdc

It is also available upon request in multiple formats (large print, Braille, audio cassette, audio CD, e-text diskette, e-text CD, or DAISY), by contacting 1 800 O-Canada (1-800-622-6232). By teletypewriter (TTY), call 1-800-926-9105.

© Her Majesty the Queen in Right of Canada, 2016

For information regarding reproduction rights:
droitdauteur.copyright@hrsdc-rhdcc.gc.ca.

PDF

Cat. No.: Em20-53/2016E-PDF
ISBN: 978-0-660-06267-9

ESDC

Cat. No.: SP-1128-10-16

TABLE OF CONTENTS

1	Message from the Minister of Families, Children and Social Development
3	Chapter 1: The Call to Action
7	Chapter 2: The Multiple Dimensions of Poverty
17	Chapter 3: Delivering and Reporting on Results
23	Chapter 4: Conclusion
25	Annex A: Recent and Planned Government of Canada Initiatives to Support Poverty Reduction
31	Glossary
33	Privacy Notice Statement
34	Endnotes



MESSAGE FROM THE MINISTER OF FAMILIES, CHILDREN AND SOCIAL DEVELOPMENT

Canada is a prosperous country where significant progress has been made to ensure that all citizens receive the support they need to thrive and feel included. However, despite this progress, over 3 million Canadians still live in poverty.

As the Minister of Families, Children and Social Development, an important part of my mandate is to ensure that fewer Canadians live in poverty. For this purpose, an important government and personal commitment is to develop a Canadian Poverty Reduction Strategy.

Poverty goes beyond inadequate income. It is also about food insecurity, social exclusion, inadequate housing, and the lack of access to transportation and services, among other hardships. Those who live in poverty are people from all walks of life. They are children and families, seniors, Indigenous people, people with disabilities and immigrants. They may be people we do not suspect live in need.

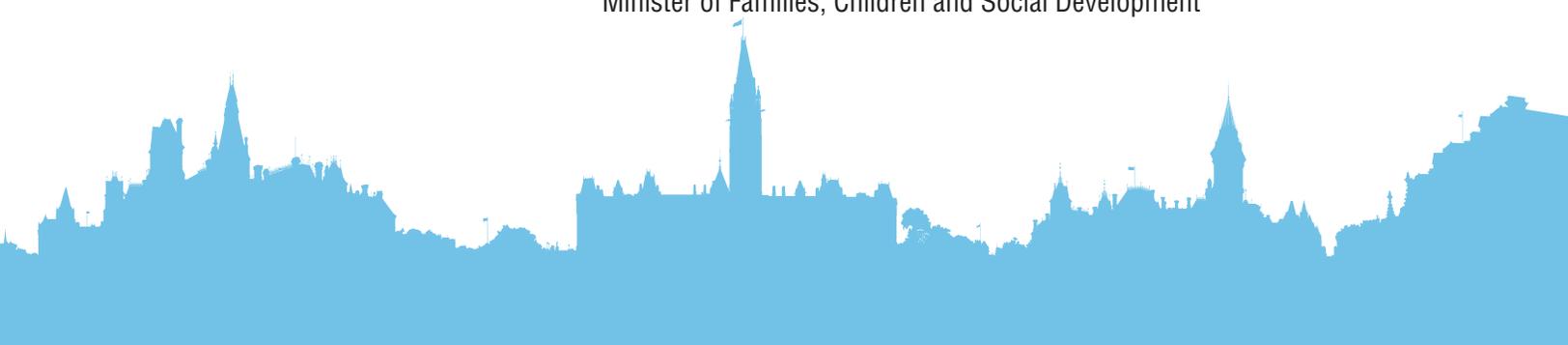
The Government of Canada is committed to strengthening the middle class and helping low-income Canadians exit poverty so that they have sufficient capabilities to be well and do well. To achieve this goal, we will need to form partnerships, modernize the existing landscape of supports and encourage sustainable, inclusive economic growth—growth that creates opportunities for all to participate in, and benefit from, our success.

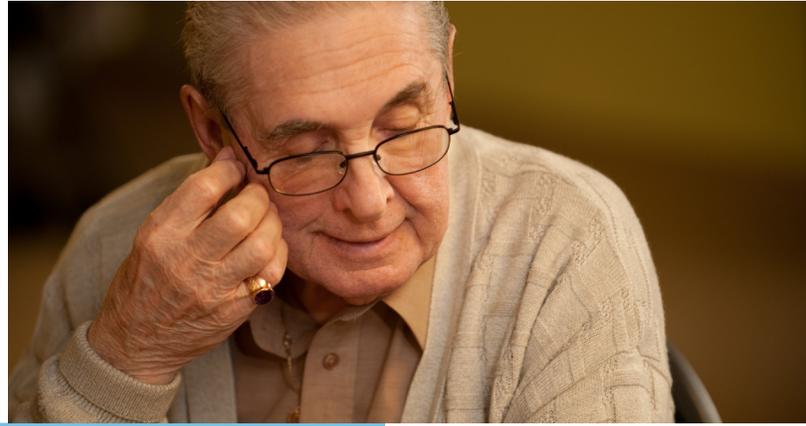
Governments can make a difference, but they cannot do it alone. I am pleased to present this discussion paper as I want to hear your views on how we can reduce poverty in Canada. To help inform the Poverty Reduction Strategy, the Government of Canada will also be conducting extensive case studies in six communities as part of its Tackling Poverty Together Project, allowing the Government to hear directly from Canadians living in poverty and learn from organizations that deliver poverty reduction programs.

With the development of a Canadian Poverty Reduction Strategy underway, we are taking an important step towards reducing poverty in Canada. With your help, we will realize our vision of a diverse, prosperous and truly inclusive country—a country where all can realize their full potential.

The Honourable Jean-Yves Duclos

Minister of Families, Children and Social Development





ABOUT
3 MILLION
 **CANADIANS**
ARE
LIVING IN POVERTY



Chapter 1

THE CALL TO ACTION

Many indicators demonstrate how well Canada is doing socially and economically. Canada is 9th in the world in terms of human development based on strong achievement in the areas of life expectancy, educational attainment and income per capita.¹ Canada has also seen a decline in the unemployment rate from a high of 8.7% to 6.9% between July 2009 and July 2016.² Beyond the numbers, also consider the words that people use to describe Canada: open, accepting, progressive and prosperous. There is a direct line between each of these qualities and Canada's success in building a more diverse and inclusive society.

Despite these positive signs, more than 3 million Canadians live in poverty.³ This means that 1.9 million families struggle to make ends meet. Many of these individuals have poorer health outcomes, lack access to healthy food, and do not live in safe, adequate and affordable housing. As well, many of these Canadians do not have jobs that provide a living wage, workplace pension plans, predictable schedules to facilitate work-life balance or opportunities for advancement. Accessing these types of jobs can be difficult for many Canadians in poverty due to the barriers they face in accessing post-secondary education and training.

Poverty places a heavy burden on individuals. People living in poverty are forced to make difficult choices, often having to decide between paying for necessities such as rent and utilities or buying healthy food, clothing and medication. Poverty can also force people to make dangerous choices, like staying with an abusive partner rather than risk their children living in poverty.

Poverty affects the strength and resiliency of our communities. Economic growth can slow and even decline when the middle class struggles, income inequality rises and poverty persists.⁴ In this sense, poverty reduction and sustainable, inclusive economic growth—growth that creates opportunities for all to participate in, and benefit from, Canada's economic success—are intrinsically linked.

Canada can do better. When Canadians act together, hope can be restored for those who have lost it. Together, we can ensure that all Canadians have the opportunity to meet their potential and support their families and communities.

TOWARDS A CANADIAN POVERTY REDUCTION STRATEGY

The Government of Canada is committed to developing a Poverty Reduction Strategy. Governments can make a difference. However, poverty is a complex problem that requires involvement from a wide range of partners. For this reason, the Government of Canada is reaching out to its provincial, territorial and municipal partners, Indigenous people, community organizations, poverty experts and academics, the business community and, notably, those who have a lived experience of poverty to work together towards reducing poverty.

Governments at all levels have made efforts to reduce poverty. This includes the development of several poverty reduction strategies already in place across Canada's provinces, territories and municipalities. At the federal level, the Government has made several recent announcements on initiatives that will support its poverty reduction efforts (Annex A). The Government of Canada is seeking views on how to build on and align with these existing efforts. Developing a Canadian Poverty Reduction Strategy also presents an opportunity for government to examine its programs to see if they can be strengthened to address the causes of poverty in Canada.

GIVE THE GOVERNMENT YOUR VIEWS ON THE STRATEGY

The Government of Canada wants to hear from all interested Canadians on developing a Canadian Poverty Reduction Strategy. Youth are particularly encouraged to share their thoughts and ideas as they are not only the beneficiaries of poverty reduction measures but active agents of change.

To begin, the Minister of Families, Children and Social Development, the Honourable Jean-Yves Duclos, will engage with members of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities to discuss their views and their work on poverty reduction strategies. This work will focus on improving the delivery of federal resources and services to inform the Poverty Reduction Strategy. For more information on the work of the Committee, including how you can participate, please visit <http://www.parl.gc.ca/Committees/en/HUMA>.

In the coming months, an online engagement website will be launched where interested individuals and organizations can participate in developing the Strategy. There will also be discussion forums and online town halls with the Minister of Families, Children and Social Development.

The online engagement will be complemented by in-person roundtables with Indigenous organizations, businesses, community organizations, academic experts and, notably, Canadians who have a lived experience of poverty.

The Government of Canada will also work closely with partners in provincial, territorial and municipal governments—which deliver many programs focused on improving the well-being of Canadians—to discuss how the federal government can strengthen its contribution to reducing poverty.

Questions or comments can also be emailed to: povertyreduction@canada.gc.ca.

As you read this document, please consider these questions:

- 1.** How do you define poverty? How should it be measured? Are there data gaps that need to be addressed to help improve our understanding of poverty in Canada?
- 2.** What will success look like in a Poverty Reduction Strategy? What target(s) should we pick to measure progress?
- 3.** Which indicators should we use to track progress towards the target(s)?
- 4.** On which groups should we focus our efforts? Which dimensions of poverty should be prioritized?
- 5.** Which Government of Canada programs and policies do you feel are effective at reducing poverty? Are there programs and policies that can be improved? What else could we do?
- 6.** How can the Government of Canada align its Poverty Reduction Strategy so that it supports existing efforts by provinces, territories, municipalities and communities?
- 7.** What are some initiatives/innovations in Canada or elsewhere that other governments, community organizations, academia, or businesses have introduced or proposed to effectively reduce poverty?
- 8.** How can the Government encourage an ongoing dialogue with other levels of government, community organizations, academia and businesses on its poverty reduction efforts?



MOST AT RISK OF POVERTY



9%

TOTAL
CANADIAN
POPULATION



30%

SINGLE
AGED 45-64



24%

SINGLE
PARENTS



23%

PEOPLE WITH
DISABILITIES



20%

RECENT
IMMIGRANTS



19%

INDIGENOUS
PEOPLE



Chapter 2

THE MULTIPLE DIMENSIONS OF POVERTY

Poverty is complex. It impacts individuals in different ways and to different degrees. For some, poverty is temporary and associated with a short-term life event such as a job loss. For others, it can last a long time due to the multiple barriers they face. In some cases, it can be so pervasive that it is passed from parents to children.

The multidimensional nature of poverty means governments need to respond to both its causes and its consequences by taking action to address the various deprivations that Canadians experience when living in poverty—especially in regard to income, housing, employment and health, among others.

“[Poverty] means making tough decisions about putting enough food on the table or paying the rent. It means making the decision to stay in school or to drop out to find a job to help the family. It means that by just struggling to get by, these families cannot even dream about getting ahead.”

- “In From the Margins: a Call to Action on Poverty, Housing and Homelessness,” Standing Senate Committee on Social Affairs, Science and Technology, 2009

INCOME

When many think about poverty, the first thing that comes to mind is income. Income is an essential component of well-being. Adequate income allows individuals to satisfy basic needs like shelter and food. It can also protect them from unexpected life situations (e.g. job loss, illness) that could lead to poverty. Income is also associated with non-economic benefits, such as better health status, educational outcomes and life satisfaction.

Far too many Canadians lack an adequate amount of income to meet their basic needs. According to Statistics Canada’s after-tax Low Income Cut-offs—a threshold below which an individual or family may find it difficult to meet their basic needs—an estimated 3 million Canadians are living in poverty. That is about 1.9 million families or close to 1 in 10 Canadians.⁵ This number has declined little over the last decade.⁶

What was Canada's Low Income Cut-off in 2014?

Michelle and Tom have two children, Anna Maria and Wesley. As a family of four, they are considered poor because their annual, after-tax income is under \$31,835, the threshold for a family of that size that lives in a community that has between 30,000 and 99,999 people.

Statistics Canada provides Low Income Cut-offs for seven family sizes and five population sizes.

While anyone is susceptible to experiencing poverty, certain groups are more likely to live in low income than others—single-parent families, single individuals aged 45–64, people with work-limiting disabilities, recent immigrants (those who have been in Canada for 10 years or less) and Indigenous people. In addition to being more likely to experience low income, these groups are also more likely to live in low income for long periods of time. This is troubling because the longer a person is poor, the harder it is to get out of poverty.

HOUSING AND HOMELESSNESS

Housing is not just about bricks and mortar. Safe, adequate and affordable housing is vital for one's well-being. It gives us all a place where we can raise our families, build financial security, feel included in society and be able to participate in education, work and other activities.⁷

However, too often, poverty means poorer housing outcomes. In 2011, 1.6 million Canadian households were in “core housing need” because they did not have access to housing that was not in need of major repairs, was affordable (cost less than 30% of their before-tax household income) or was suitable for the size and makeup of their family.⁸ Of these 1.6 million households, 655,000 were considered to be in “severe housing need” because they spent at least half of their income on shelter—an issue that has grown since 2006.⁹

In extreme cases, poverty leads to homelessness. An estimated 35,000 Canadians are homeless on any given night and over 136,000 Canadians access emergency shelters yearly.¹⁰

Safe, Affordable and Adequate Housing for Canadians

Over the next 10 years, \$120 billion will be invested in Canada's infrastructure. Over the next two years, \$3.3 billion will go towards social infrastructure, including housing and homelessness initiatives.

To guide Canada's efforts, a National Housing Strategy is being developed with key stakeholders. To address immediate pressures while the strategy is being developed, funding is being increased towards programs that help reduce homelessness and improve the quality of, and access to, affordable housing.

Give the Government your views on this initiative by visiting:

<https://www.letstalkhousing.ca/>

JOBS, TRAINING AND THE WORKPLACE

Employment is an important dimension of poverty and well-being. Not only do most jobs provide the income needed to avoid poverty, they also provide people with a chance to contribute to society, achieve their ambitions, develop their skills and feel included. However, there are some changes in Canada's labour market that are putting more Canadian workers at risk of poverty.

The nature of work has changed. Over time, temporary and part-time work has grown at a faster rate than permanent, full-time work. While some welcome the flexibility this type of work affords them, these positions can be associated with fewer benefits like paid vacation and sick leave, and workplace pension plans.¹¹ This can have significant repercussions for a family's well-being.

Today, being poor does not mean that you are jobless. About 746,000 Canadians live in a household where the main income earner is considered “working poor.”¹² These individuals work similar hours to the average Canadian worker but earn less money and their hours are more likely to rise and fall unpredictably. This can make it hard to balance work and family responsibilities.¹³

In Canada’s rapidly changing job market, industries that were once major sources of employment, at times, fail to adjust, and this in turn impacts the demand for labour. This can leave some workers without jobs or even in poverty. Lifelong training and skills upgrading is increasingly important to help Canadians adjust to changing market conditions. However, adult participation in education and training in Canada is near average among peer countries.¹⁴ Further, adult education and training rates are significantly lower for those with poor literacy scores. Aligning training programs with labour market needs and ensuring that those who need training receive it would help more Canadians get and keep jobs that offer better wages, more job security and opportunities for advancement.

There are also certain barriers that hinder an individual’s ability to find and keep a job. For example, public transit plays an important role in supporting an individual’s commute to and from work, in addition to helping them access basic needs, health services and feel connected to their community. However, for many, public transit is not accessible or affordable. Improving supports that help facilitate employment could help more Canadians avoid and exit poverty.

HIGHER EDUCATION

More than ever before, higher education is essential for avoiding poverty and improving one’s well-being. Lack of education limits a person’s chances in life, including their earnings opportunities and economic security. Those with more years of schooling have longer lives, report a better health status with a lower occurrence of chronic diseases and disabilities, and are more likely to vote and participate in the community.¹⁵

In today’s rapidly changing labour market, people without post-secondary education, like college, university, technical or vocational training, are often at a disadvantage. For example, Canadians with a high school education or less have higher unemployment rates than their peers with a college or university education (9.9% compared to 5.2% in 2015).¹⁶

However, there are several barriers, both financial and non-financial, that make post-secondary education out of reach for many low-income Canadians. Addressing these barriers will help break the cycle of poverty and improve the well-being of all Canadians.

HEALTH

Poverty and health are closely connected. When one lives in poverty, they are more likely to have poor health. When one is in poor health, they are more likely to experience poverty as good health is crucial for achieving other dimensions of well-being, such as attending post-secondary education, having a job that provides an adequate income, and being able to socialize with others and participate as full citizens in community life.

Poverty in Canada is associated with shorter life expectancy and higher rates of chronic diseases, certain cancers, stress and mental health problems. This is because low-income individuals are less likely to have access to nutritious food, adequate housing and safe working conditions. They are also more likely to have unmet health care needs due to a number of factors, such as out-of-pocket expenditures, lower health literacy, transportation costs, ability to navigate the system, and typically less flexible working arrangements.¹⁷

Many Canadians also lack access to nutritious food. Every year from 2007 to 2012, approximately 5% of children and 8% of adults lived in food insecure households because they could not afford to eat a sufficient variety or quantity of food.¹⁸ In addition, in 2015, food bank usage reached its highest point since a low in 2008.¹⁹ Northern and remote communities, families that rely on government benefits as their main source of income and single-parent families have significantly higher rates of food insecurity than other Canadians.²⁰

MOBILITY AND EQUALITY OF OPPORTUNITY

There is a connection between poverty, weakening social mobility and the declining middle class. There are signs that it is getting harder for poor Canadians to exit poverty and join the middle class. For example, between 2006 and 2011, only 60% of Canadians with the lowest incomes moved up the income ladder.²¹ This is significantly less than their peers in the 1980s and 1990s, when 70% to 74% of those with the lowest incomes were able to move up the income ladder. Growing the middle class and promoting inclusive growth includes fostering equality of opportunity so no one is left behind.

Allowing income inequality to rise and social mobility to decline undermines core Canadian values of fairness and equality of opportunity. Hard work should pay off and all children should have the opportunity to succeed.

FACES OF POVERTY IN CANADA

The various dimensions of poverty cut across diverse groups of people and impact them in different ways. In other words, poverty affects people differently.

Child poverty

Child poverty in Canada is higher than average compared to peer countries like the United Kingdom, Germany and France.²² Poverty during childhood has significant impacts, including lower educational achievement, poorer health outcomes and higher rates of social exclusion.²³ To end the cycle of poverty and increase equality of opportunity, it is important to start with children. Investments in reducing child poverty, such as child benefits and early learning and child care, have been found to be more effective at reducing poverty over the long term than investments targeted at later years.²⁴

Supporting Canada's Children

In July 2016, the **Canada Child Benefit was introduced to enhance and simplify Canada's child benefit system. The **Canada Child Benefit** provides additional support to those who need it more. This will result in a reduction of about 40% in overall child poverty.²⁵**

Seniors poverty

Seniors often live on fixed incomes as they are no longer working. This can put a significant burden on them should they find themselves facing unexpected costs such as medical expenses. Certain seniors are particularly vulnerable to poverty, such as single seniors. While Canada has seen some success in reducing poverty among seniors, more could be done. Canada's seniors population is growing and is projected to reach 10 million by 2036.²⁶ Strengthening supports for current and future seniors could help provide for a secure retirement, free from poverty, social isolation and poor mental and physical health.

Supporting Canada's Seniors

The **Guaranteed Income Supplement top-up** has been increased for low-income, single seniors. This increase will lift an estimated 13,000 seniors out of poverty.²⁷

The Government has reached an agreement with the provinces to enhance the **Canada Pension Plan (CPP)** to address the fact that many Canadians are at risk of not saving enough for their retirement, putting them at risk of poverty in their senior years. The agreement includes an enhancement to the **Working Income Tax Benefit (WITB)**, a refundable tax credit for low-income workers, to offset incremental CPP contributions for low-income workers. The WITB enhancements will result in a poverty reduction impact of nearly 6,000 individuals, taking into account the higher contributions that employees will pay when the contribution rates are fully phased-in.²⁸

Poverty among Canadians with disabilities

Canada has made efforts to support people with disabilities by breaking down barriers, strengthening the legislative framework and providing financial support to help them participate fully in society. However, Canadians with disabilities still face high rates of poverty.²⁹ While some people have a disability so severe that they cannot work, many people with disabilities who would like to work face challenges caused by external factors. These include workplaces that are physically inaccessible or have discriminatory hiring practices. In 2011, the employment rate among individuals aged 25 to 64 with a mild disability was 68%, compared to 79% among those who did not report having a disability.³⁰ The Government of Canada welcomes suggestions on what could be done to ensure Canadians with disabilities are adequately supported and can reach their full potential.

Poverty and gender

While Canada's overall low-income rate is about the same for women versus men, if one looks closer, there are some important disparities. For example, 63% of single, low-income seniors are women.³¹ Further, 24% of children in single-parent families are living in poverty; 92% of these children live in a family that is headed by a female parent.³² Canada also has a wage gap: on average, women make 72 cents for every one dollar a man makes.³³

“We know poverty is sexist.”

– The Right Honourable Justin Trudeau,
Prime Minister of Canada, 2016

Poverty and ethnicity

Addressing poverty means acknowledging and responding to poverty as an issue that disproportionately impacts visible minorities. Several indicators, such as employment rates and earnings, suggest poorer outcomes for some groups of visible minorities and recent immigrants.³⁴

Poverty among First Nations, Inuit and Métis communities

According to the Community Well-Being Index (which looks at factors such as education, labour force activity, income and housing), in 2011, First Nations communities had a well-being rating of 58.7%, compared to 62.6% for Inuit communities and 78.7% for non-Indigenous communities.³⁵

Supporting Indigenous People

The Government will be investing \$8.4 billion over five years to take comprehensive action to improve the socio-economic conditions of Indigenous people and help address some of the root causes of poverty. This includes improving child welfare services and primary and secondary education on reserve, and ensuring decent housing and community health services, among other things.

Indigenous children and families face specific barriers to overcoming high levels of poverty. These include a history of neglect and failed policies of government, the continued impact of Canada's colonial history, effects of trauma from the residential schools system, as well as facing bias, stereotyping and discrimination in certain settings.³⁶ To improve their well-being, actions need to reflect a renewed, nation-to-nation relationship with Indigenous people that is based on respect, cooperation, partnership and a recognition of rights.

Questions for discussion:

1. How do you define poverty? How should it be measured? Are there data gaps that need to be addressed to help improve our understanding of poverty in Canada?
2. What will success look like in a Poverty Reduction Strategy? What target(s) should we pick to measure progress?
3. Which indicators should we use to track progress towards the target(s)?
4. On which groups should we focus our efforts? Which dimensions of poverty should be prioritized?
5. Which Government of Canada programs and policies do you feel are effective at reducing poverty? Are there programs and policies that can be improved? What else could we do?
6. How can the Government of Canada align its Poverty Reduction Strategy so that it supports existing efforts by provinces, territories, municipalities and communities?
7. What are some initiatives/innovations in Canada or elsewhere that other governments, community organizations, academia, or businesses have introduced or proposed to effectively reduce poverty?
8. How can the Government encourage an ongoing dialogue with other levels of government, community organizations, academia and businesses on its poverty reduction efforts?



THE GOVERNMENT
OF CANADA WILL WORK
WITH PARTNERS, ESTABLISH
CLEAR POVERTY-REDUCTION
TARGETS and report
publicly on progress.



Chapter 3

DELIVERING AND REPORTING ON RESULTS

The Government of Canada recognizes that accountability matters for its commitment to reduce poverty in Canada. To meet this commitment, it will be important to build partnerships, establish clear targets, report on progress and identify what is successful and what is not.

PARTNERING

Building partnerships will be important to deliver results. Community organizations, including charities and non-profit organizations, play a vital role in supporting individuals and strengthening communities by delivering programs and services tailored to the individual and community. In regard to poverty reduction, community organizations are well placed to improve the well-being of individuals with complex and multiple barriers—those who may need wrap-around supports in order to thrive. The Government welcomes suggestions on how it can strengthen partnerships.

CHOOSING A TARGET

The most effective investments are those based on evidence, lessons learned and best practices. Although poverty is complex, it is possible to measure the Government of Canada's progress in poverty reduction. In designing their respective poverty reduction strategies, many provinces, municipalities and international jurisdictions have chosen to set targets to guide their actions and serve as the basis of public reporting. These targets are designed with local context and priorities in mind. The Government is interested in learning from the experience of other jurisdictions and welcomes input regarding what targets and timelines should guide its efforts.

One challenge in determining a target for the Strategy is that Canada does not have an official definition of poverty, nor an official measure to track it. In fact, many countries do not. This is partially explained by the lack of consensus over how poverty should be defined when it is such a personal experience. For one person, it may be a lack of income, while another may feel poor because they face barriers to their inclusion in society.

Examples of Existing Poverty Reduction Targets in Canada

New Brunswick:	Reduce income poverty by 25% and deep income poverty by 50%
Ontario:	Reduce child poverty by 25% over five years
Quebec:	Progressively become one of the industrialized states with the least number of people living in poverty
Saskatchewan:	Reduce the number of Saskatchewan people who experience poverty for two years or more by 50% by the end of 2025
Edmonton:	Lift 10,000 people out of poverty in five years

Living in low income and lacking sufficient financial resources to afford adequate food, shelter, clothing, transportation and other necessities of economic and social well-being is widely acknowledged as an indicator of being in poverty. The most common way to measure poverty is by looking at income levels compared with pre-established thresholds. Canada has three main measures of low income that could be used to choose a target for the Strategy: Low Income Cut-offs, the Low Income Measure and the Market Basket Measure.

These measures give a generally consistent picture of low-income status over time and are robust and accurate. They can show how certain groups are doing (e.g. people with disabilities, single-parent families) and can track various aspects of poverty, including the time spent in low income and the depth of poverty. While none of these measures are perfect, each contributes its own perspective and its own strengths to the study of low income.

- The most widely used measure of low income in Canada is the Low Income Cut-offs. Low Income Cut-offs are income thresholds below which a family is likely devoting a larger share (at least 20 percentage points more) of its income on the necessities of food, shelter and clothing when compared to the average family. Low Income Cut-offs are adjusted for seven family sizes and five different community sizes to capture differences in the cost of living.
- The second measure of low income is the Market Basket Measure. According to this measure, a family is living in low income if it is unable to afford the cost of a pre-defined set of goods and services that together make up a “basket” of necessities for that family size. The basket includes the costs associated with a nutritious diet, clothing, footwear, transportation, shelter and other expenses. The Market Basket Measure identifies disposable income levels that are required to purchase this selected basket of goods and services in various communities across Canada.

- For the purpose of making international comparisons, the Low Income Measure is the most commonly used measure of low income. An individual or family is considered to be in low income if their income is less than 50% of median household income. The Low Income Measure is adjusted for household size but does not account for community size. It is a relative measure, which means that no matter how strong incomes are in Canada, families with an income of less than 50% of the median will be considered low income. This does not necessary reflect their ability to purchase basic necessities.

MAKING DATA IMPROVEMENTS AND BUILDING ON BEST PRACTICES

While a target could be chosen using one of Statistics Canada’s existing low-income measures, Canada could explore improving the existing measures to make them more accurate or introduce a completely new measure.

To help make existing measures of low income a more accurate reflection of life in poverty, Canada could start accounting for supports like in-kind benefits (e.g. rent-geared-to-income subsidies) that may improve the living standard of low-income households. Alternatively, Canada could pursue a completely new measure of poverty, such as a material deprivation index. A material deprivation index is based on a group of tangible items and/or activities that are generally considered by society as being needed in order to achieve an adequate standard of living. These measures rest on shared judgments about which items are more important to provide a “decent” living standard. Being unable to afford a certain number of these items and/or activities defines being in a state of poverty and social exclusion.

This is another area where provinces and territories have made progress. The Government of Canada looks forward to drawing on their expertise and welcomes input on how to improve the measurement of poverty.

CHOOSING INDICATORS

To complement an overall poverty-reduction target, other indicators could also be selected to track progress on certain dimensions related to poverty, such as education, employment, health and/or housing. Indicators could also be chosen to track how certain vulnerable groups are doing, like Indigenous people or people with disabilities. Input on possible indicators for the Canadian Poverty Reduction Strategy is welcomed.

GOVERNANCE AND REPORTING ON PROGRESS

Reducing poverty in Canada is a long-term goal requiring partnership, commitment and accountability from all actors. Various structures have been used in other jurisdictions to support existing poverty reduction strategies in Canada. Some have relied on expert advisory panels or non-governmental organizations, while others have leveraged existing government capacity. Some jurisdictions have introduced legislation as part of their strategy.

The Government of Canada is committed to reporting publicly on progress in a meaningful way. This will include updating Canadians on the implementation of the Strategy, lessons learned and progress towards the overall target, as well as carrying out a regular review of the selected indicators.

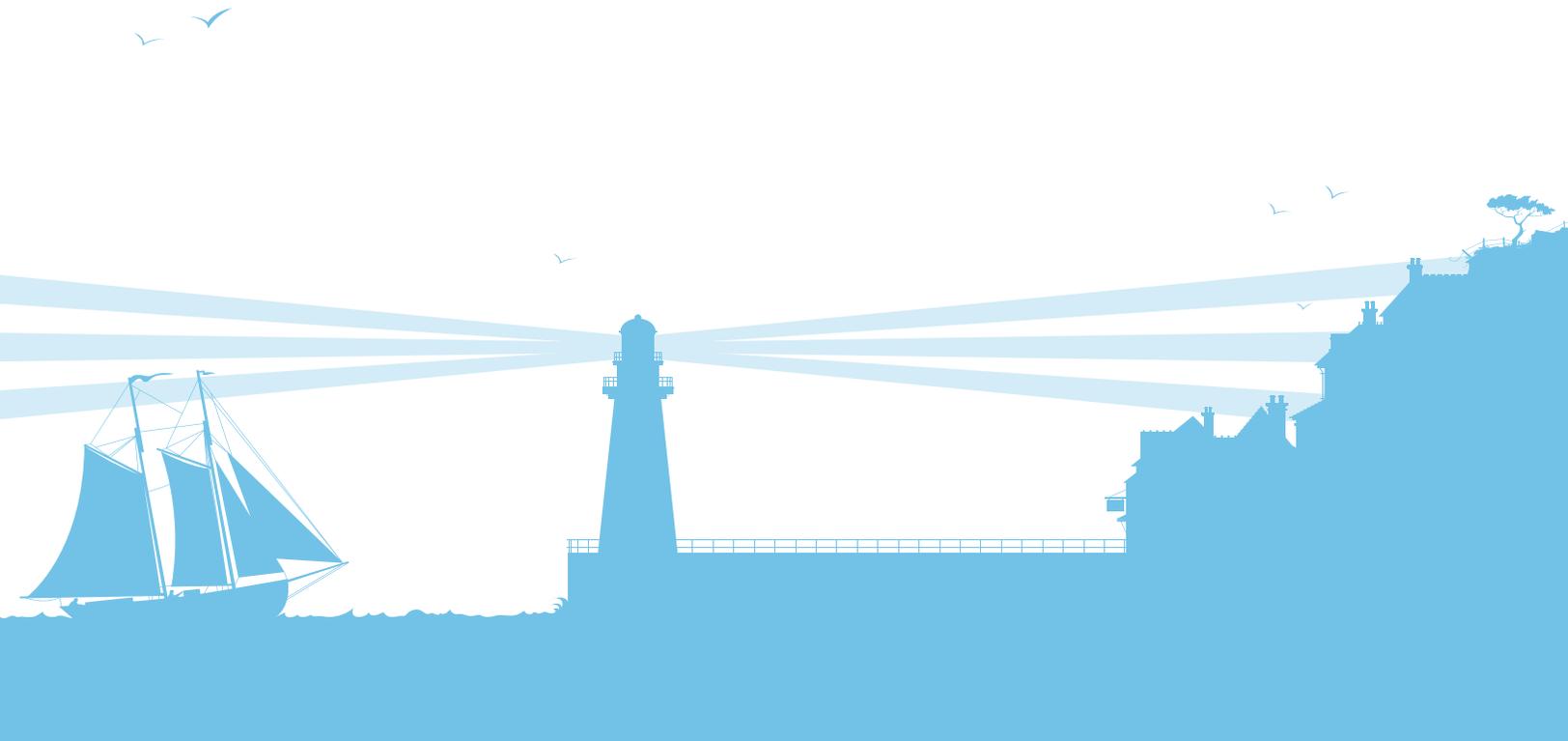
The Government welcomes input on how the Strategy should be governed and how Canadians should be updated on progress.

Questions for discussion:

1. How do you define poverty? How should it be measured? Are there data gaps that need to be addressed to help improve our understanding of poverty in Canada?
2. What will success look like in a Poverty Reduction Strategy? What target(s) should we pick to measure progress?
3. Which indicators should we use to track progress towards the target(s)?
4. On which groups should we focus our efforts? Which dimensions of poverty should be prioritized?
5. Which Government of Canada programs and policies do you feel are effective at reducing poverty? Are there programs and policies that can be improved? What else could we do?
6. How can the Government of Canada align its Poverty Reduction Strategy so that it supports existing efforts by provinces, territories, municipalities and communities?
7. What are some initiatives/innovations in Canada or elsewhere that other governments, community organizations, academia, or businesses have introduced or proposed to effectively reduce poverty?
8. How can the Government encourage an ongoing dialogue with other levels of government, community organizations, academia and businesses on its poverty reduction efforts?



YOU CAN HAVE AN IMPACT.
THE GOVERNMENT
OF CANADA WANTS TO
hear from all interested
Canadians
ON DEVELOPING A CANADIAN
POVERTY REDUCTION
STRATEGY.



Chapter 4

CONCLUSION

The Government of Canada is committed to developing a Canadian Poverty Reduction Strategy that ensures all Canadians, regardless of the challenges they face, can fully contribute to, and benefit from, inclusive prosperity.

Having considered this paper and the questions posed within it, the Government invites Canadians to participate in the development of a comprehensive poverty reduction strategy that will guide its actions into the future.

The Minister of Families, Children and Social Development, the Honourable Jean-Yves Duclos, will engage with members of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities to discuss their views and work on poverty reduction strategies. This work will focus on improving the delivery of federal resources and services to inform the Poverty Reduction Strategy. For more information on the work of the Committee, including how you can participate, please visit:

<http://www.parl.gc.ca/Committees/en/HUMA>.

In the coming months, an online engagement website will be launched where interested individuals and organizations can participate in developing the Strategy. There will also be discussion forums and online town halls with the Minister of Families, Children and Social Development.

The online engagement will be complemented by in-person roundtables with Indigenous organizations, businesses, community organizations, academic experts and, notably, Canadians who have a lived experience of poverty.

The Government of Canada will also work closely with partners in provincial, territorial and municipal governments—which deliver many programs focused on improving the well-being of Canadians—to discuss how the federal government can strengthen its contribution to reducing poverty.

Questions or comments can also be emailed to povertyreduction@canada.gc.ca.

As you prepare your feedback, please consider these questions:

1. How do you define poverty? How should it be measured? Are there data gaps that need to be addressed to help improve our understanding of poverty in Canada?
2. What will success look like in a Poverty Reduction Strategy? What target(s) should we pick to measure progress?
3. Which indicators should we use to track progress towards the target(s)?
4. On which groups should we focus our efforts? Which dimensions of poverty should be prioritized?
5. Which Government of Canada programs and policies do you feel are effective at reducing poverty? Are there programs and policies that can be improved? What else could we do?
6. How can the Government of Canada align its Poverty Reduction Strategy so that it supports existing efforts by provinces, territories, municipalities and communities?
7. What are some initiatives/innovations in Canada or elsewhere that other governments, community organizations, academia, or businesses have introduced or proposed to effectively reduce poverty?
8. How can the Government encourage an ongoing dialogue with other levels of government, community organizations, academia and businesses on its poverty reduction efforts?

Annex A

RECENT AND PLANNED GOVERNMENT OF CANADA INITIATIVES TO SUPPORT POVERTY REDUCTION

As seen in the ministerial mandate letters (November 2015), the Speech from the Throne (December 2015) and Budget 2016 (March 2016), the Government of Canada has already announced several initiatives that will help reduce poverty in Canada.

Children and families	Introduced the Canada Child Benefit, which is tax-free and provides up to \$6,400 annually per child under the age of six and \$5,400 annually per child aged 6–17.
	Working with the provinces, the territories and experts to develop a framework on early learning and child care to address the need for access to affordable, high-quality child care.
	Develop a strategy against gender-based violence.
Seniors	Increased the Old Age Security and the Guaranteed Income Supplement top-up for low-income single seniors by \$947 per year.
	Cancelled the age of eligibility increase from 65 to 67 for Old Age Security and the Guaranteed Income Supplement.
	Reached an agreement-in-principle with provincial governments to expand the Canada Pension Plan. This expansion will ensure that the Canada Pension Plan replaces 33% of Canadians' incomes in retirement, up from the current rate of 25%. It will also ensure that more income is subject to Canada Pension Plan contributions.

	Committed to increase the Working Income Tax Benefit to ensure that lower-income workers have larger Canada Pension Plan benefits in retirement without feeling the burden today. This benefit provides tax relief for eligible, working low-income individuals and families who are already in the workforce, and encourages other Canadians to enter the workforce. The enhancement will provide a higher benefit and reach more working-poor Canadians.
--	--

People with disabilities	Developing accessibility legislation. This legislation will be developed following consultations with stakeholders, most importantly Canadians with disabilities. Consultations will explore who should be covered by the legislation, what accessibility issues and barriers should be addressed, how it could be monitored and enforced and how to raise awareness to improve accessibility.
	Committed to reinstate the Court Challenges Program of Canada to ensure that vulnerable groups have improved access to the justice system and confirm their constitutional rights under the <i>Canadian Charter of Rights and Freedoms</i> .

Innovation in poverty reduction	Working with its partners to develop a Social Innovation and Social Finance Strategy to support community organizations working to tackle persistent social challenges in new, innovative ways.
--	---

Indigenous people	Developing an Indigenous Early Learning and Child Care Framework that recognizes the need for access to affordable, quality child care that is culturally appropriate for Indigenous parents and children. The Government will also review its existing early learning and child care programming to ensure it continues to meet the needs of Indigenous children.
	Investing \$2.6 billion over five years starting in 2016–17 for improvements to primary and secondary education on reserve to address immediate programming needs, program cost growth, language and cultural programming, literacy and numeracy, and special needs education.
	Investing \$969.4 million over the next five years for school infrastructure on reserve.

Investing an additional \$634.8 million over five years beginning in 2016–17 in the First Nations Child and Family Services Program to help improve child welfare services. Improvements to the Program will be made in partnership with First Nations and jurisdictional partners, and will focus on preventing the conditions that lead to separating children from their families.

Investing over \$3.5 billion in social and green infrastructure:

- Cultural and recreational facilities: Over the next two years, \$76.9 million will be invested in cultural and recreational facilities.
- First Nations community health facilities: Over the next five years, \$270 million to improve the condition of nursing stations, health centres, hospitals, and drug and alcohol treatment centres.
- First Nations community housing: Approximately \$554.3 million over the next two years to improve housing conditions and reduce overcrowding in First Nations communities.
- Northern and Inuit housing: \$177.7 million to help address urgent housing needs in Canada’s northern and Inuit communities.
- Water, wastewater and waste management: Over the next five years, almost \$2.24 billion will be invested in clean drinking water and the treatment of waste and wastewater on reserve.
- Community infrastructure: \$255 million over two years will be invested in the First Nations Infrastructure Fund.

Investing \$10.4 million over three years to support the renovation and construction of shelters for victims of family violence in First Nations communities. The Government will also invest up to \$33.6 million over five years and up to \$8.3 million ongoing in additional operating resources to better support shelters. Over \$53 million is being invested over two years into the Inquiry into Missing and Murdered Indigenous Women and Girls.

Investing \$69 million over three years to support mental wellness on reserve and in the territories, particularly in communities facing mental health and suicide crises; an additional \$9 million will be invested over three years to support the Inuit Tapiriit Kanatami in the implementation of its National Inuit Suicide Prevention Strategy.

	Investing \$15 million over the next two years to better align training with community priorities in the areas of housing construction, water treatment, child care and local administration. Over the next year, the Government will engage stakeholders on a renewed and expanded Aboriginal Skills and Employment Training Strategy.
	Strengthening and renewing the Urban Aboriginal Strategy.
	Investing an additional \$4 million per year in the Aboriginal Courtwork Program so Indigenous people going through the criminal justice system understand their rights and the charges against them.
	Supporting economic development for the Métis Nation by investing \$25 million over five years.
	Investing \$5 million per year to promote, preserve and enhance Indigenous languages through the Aboriginal Languages Initiative. The Government is committing to working with Indigenous groups to consider how best to support Indigenous language and culture beyond 2016–17.

Housing and homelessness	Developing a National Housing Strategy. Among other things, the National Housing Strategy will aim to reduce core housing need; reduce the gap in core housing need between renters and homeowners; and reduce the incidence of severe housing need.
	Investing an additional \$504.4 million over two years in the Investment in Affordable Housing program. Under this initiative, provinces and territories match federal investments and have the flexibility to design and deliver programs tailored to local housing needs and pressures.
	Investing an additional \$111.8 million over two years in the Homelessness Partnering Strategy.
	Investing \$200.7 million over two years to increase affordable housing for seniors.
	Supporting shelters for victims of family violence by investing \$89.9 million over two years.
	Providing \$573.9 million over two years towards the renovation of existing social housing.

	Investing \$208.3 million over five years towards an Affordable Rental Housing Innovation Fund to help encourage the construction of affordable rental housing.
Health and food	Developing and negotiating a health accord with provincial and territorial governments aimed at transforming key parts of Canada's health care system.
	Providing additional funding of \$64.5 million for five years, as well as \$13.8 million per year ongoing, to expand Nutrition North Canada to additional isolated northern communities.
Post-secondary education	Increased Canada Student Grants for low- and middle-income students from \$2,000 to \$3,000 a year.
	Improved the Canada Student Loans Program to better meet the needs of low-income students. Starting in 2017, students will contribute a fixed amount toward the costs of their education. In return, their financial assets and student income will not be considered.
	Changed the repayment rules for the Canada Student Loans Program so that graduates with loans will only have to start repaying their loans when they begin to earn at least \$25,000 a year.
	Improved access to the Canada Learning Bond for children from low-income families.
Support for low-income workers and the unemployed	Reduced Employment Insurance premiums, effective 2017.
	Working to reduce the waiting period to enhance income support through Employment Insurance.
	Eliminated higher eligibility requirements to the Employment Insurance program for the New-Entrant and Re-Entrant to the Labour Market categories.
	Extended the Employment Insurance program's Working While on Claim pilot and working to develop a long-term solution.
	Temporarily extended Employment Insurance benefits to regions that have experienced significant job losses as a result of the commodity price decline.

	<p>Committed to enhance parental and caregiving benefits delivered through Employment Insurance.</p>
	<p>Invested an additional \$125 million in 2016–17 in the Labour Market Development Agreements and an additional \$50 million in 2016–17 in the Canada Job Fund Agreements to support training and skills development.</p>
	<p>Introduced initiatives to promote good-quality jobs and decent work in the federally regulated private sector.</p>
	<p>Invested \$4 million in 2016–17 to extend the Northern Adult Basic Education Program for one year while the Government reviews the program with a view to determine how best to support the participation of Northerners in the labour market.</p>

GLOSSARY

Adequate housing	Housing that does not require any major repairs, according to residents. Major repairs include those to defective plumbing or electrical wiring, or structural repairs to walls, floors or ceilings.
Affordable housing	Housing that costs less than 30% of before-tax household income. For renters, shelter costs include, as applicable, rent and payments for electricity, fuel, water and other municipal services. For owners, shelter costs include, as applicable, mortgage payments, property taxes, condominium fees and payments for electricity, fuel, water and other municipal services.
Core housing need	Housing that does not meet one or more of the adequacy, suitability or affordability standards and the household would have to spend 30% or more of its before-tax income to pay the median rent of alternative local housing that is accessible.
Employment Insurance	Provides temporary support to partially replace lost employment income for individuals who are unemployed involuntarily (e.g. due to short of work, seasonal or mass lay-offs) while they look for new employment or upgrade their skills, or who are absent from work temporarily due to specific life circumstances such as sickness, pregnancy, childbirth or providing care to gravely ill family members.
Food insecurity	When an individual or household does not have enough money to purchase or access a sufficient amount and variety of food to live a healthy lifestyle.
Legislative framework	A set of rules bound by law in order to manage a particular aspect of society.
Low Income Cut-offs	Income level below which a family spends 20 percentage points more of their income than the average family on food, clothing and housing.
Low Income Measure	Income level below 50% of adjusted national median household income.

Market Basket Measure	Measures families that lack the disposable income to purchase a basket of goods and services representing a basic standard of living within their community.
Non-standard work	Refers to jobs that fall outside of the realm of standard work arrangements (i.e. full-time, continuous work with one employer). This includes part-time work, temporary work and self-employment.
Poverty	Currently, there is no official definition of poverty in Canada. The Government of Canada uses three measures of low income to identify who is living in poverty: the Low Income Cut-offs, the Market Basket Measure and the Low Income Measure.
Poverty rate	The proportion of the population—usually displayed as a percentage—that is considered to be living in poverty, based on one of the three measurements of low income in Canada: the Low Income Cut-offs, the Market Basket Measure or the Low Income Measure.
Recent immigrants	Those who have lived in Canada for less than 10 years.
Social mobility	Refers to the movement of individuals, families or households, within or between socio-economic statuses. It can be measured in a number of ways, including income, net worth, education, profession, neighbourhood and social assistance use.
Suitable housing	Housing that has enough bedrooms for the family. Enough bedrooms means one bedroom for each: adult couple living together; lone parent; unattached household member age 18 or older; same-sex pair of children under age 18; and an additional boy or girl in the family, unless there are two opposite sex children under five years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (that is, a unit with no bedroom).
Working poor	Canadians who work at least 910 hours in a year and live in poverty based on the Low Income Cut-offs.

PRIVACY NOTICE STATEMENT

Participation in this consultation is voluntary, and acceptance or refusal to participate will in no way affect any relationship with Employment and Social Development Canada (ESDC) or the Government of Canada.

Information provided to ESDC related to this engagement initiative can be subject to access to information and privacy requests and will be administered in accordance with the *Access to Information Act* and the *Privacy Act*.

The information is collected under the authority of the *Department of Employment and Social Development Act* (DESDA) for the development of a Poverty Reduction Strategy. It may be used by ESDC, by other Government of Canada departments or by other levels of government for policy analysis and research; however, these uses and/or disclosures of your personal information will never result in an administrative decision being made about you.

Any personal information provided will be administered in accordance with the DESDA, the *Privacy Act* and other applicable laws. However, those providing information are requested not to provide any identifying personal information about themselves or anyone else (other than name, organization and contact information). In the event that you provide unsolicited personal information, your unsolicited personal information could be used in publicly available reports on the consultation and elsewhere as deemed appropriate by ESDC. If personal information is provided by an individual member of the general public (who is not an individual participating in the consultation on behalf of, or as a representative of, a stakeholder organization), ESDC shall make every effort to remove the identifying personal information prior to including the individual's responses in the data analysis, unless otherwise noted.

You have the right to the protection of, access to and correction of your personal information, which is described in Personal Information Banks ESDC-PSU-914 or ESDC-PSU-938. Instructions for obtaining this information are outlined in [Info Source](#). Info Source may also be accessed online at any Service Canada Centre.

You have the right to file a complaint with the [Privacy Commissioner of Canada](#) regarding the institution's handling of your personal information.

To obtain information related to this consultation, a request may be submitted in writing to ESDC pursuant to the *Access to Information Act*. When making a request, reference should be made to the name of this discussion paper.

ENDNOTES

- 1 United Nations Development Program, “Human Development Report 2015: Work for Human Development,” 2015.
- 2 Statistics Canada, *Labour Force Survey*, 2016.
- 3 Statistics Canada, *Canadian Income Survey*, 2014. Based on after-tax Low Income Cut-offs (LICOs).
- 4 Era Dabla-Norris et al., “Causes and Consequences of Income Inequality: A Global Perspective,” International Monetary Fund, 2015.
- 5 Statistics Canada, *Canadian Income Survey*, 2014. Based on after-tax LICOs.
- 6 Statistics Canada, *Canadian Income Survey*, 2014. Based on after-tax LICOs.
- 7 Public Health Agency of Canada, “The Chief Public Health Officer’s Report on the State of Public Health in Canada 2008: Addressing Health Inequalities,” 2008.
- 8 Canada Mortgage and Housing Corporation (CMHC), “Housing Affordability and Need” from *Canadian Housing Observer 2014*, 2014.
- 9 CMHC, “2011 Census/National Household Survey Housing Series: Issue 7 – Households in Core Housing Need and Spending at Least 50% of Their Income on Shelter,” 2016.
- 10 (1) Stephen Gaetz, Tanya Fulliver and Tim Richter, “The State of Homelessness in Canada 2014,” The Homeless Hub, 2014.
(2) Statistics Canada, *National Shelter Study*, 2014.
- 11 Wayne Lewchuk et al., “The Precarity Penalty: The impact of employment precarity on individuals, households and communities—and what to do about it,” Poverty and Employment Precarity in Southern Ontario, McMaster University and United Way Toronto, 2015.
- 12 Statistics Canada, *Canadian Income Survey*, 2014. Based on after-tax LICOs.
- 13 Dominique Fleury and Myriam Fortin, “When Working Is Not Enough to Escape Poverty: An Analysis of Canada’s Working Poor,” Human Resources and Skills Development Canada, 2006.
- 14 Organisation for Economic Co-operation and Development (OECD), “Skills Outlook,” 2013.
- 15 OECD, “Compendium of Well-being Indicators,” 2011.
- 16 Statistics Canada, *Labour Force Survey*, 2015.
- 17 Statistics Canada, *Canadian Community Health Survey*, 2014.
- 18 Statistics Canada, *Canadian Community Health Survey*, 2007–2012.

- 19 Food Banks Canada, "HungerCount," 2015.
- 20 Statistics Canada, *Canadian Community Health Survey, 2007–2012*.
- 21 Xuelin Zhang, Habib Saani and Jackson Chung, "The evolution of income mobility in Canada: Evidence from the Longitudinal Administrative Databank, 1982 to 2012," Statistics Canada, 2016.
- 22 OECD, *Family Database*, 2012. Canada's data is from 2011.
- 23 Dominique Fleury, "Low-income children," Statistics Canada, 2008.
- 24 James Heckman, "Schools, Skills, and Synapses," *Economic Inquiry* 46, 3 (July 2008): 289-324.
- 25 Based on internal analysis by Employment and Social Development Canada.
- 26 Statistics Canada, "Population Projections for Canada, Provinces and Territories: 2009 to 2036," 2010.
- 27 Based on internal analysis by Employment and Social Development Canada.
- 28 Based on internal analysis by Employment and Social Development Canada.
- 29 Brian Murphy, Xuelin Zhang and Claude Dionne, "Low Income in Canada – A Multi-line and Multi-Index Perspective," Statistics Canada, 2012.
- 30 Martin Turcotte, "Persons with disabilities and employment," Statistics Canada, 2014.
- 31 Statistics Canada, *Canadian Income Survey*, 2014. Based on after-tax LICOs.
- 32 Statistics Canada, *Canadian Income Survey*, 2014. Based on after-tax LICOs.
- 33 Statistics Canada, *Survey of Labour and Income Dynamics*, 2011.
- 34 National Council of Welfare, "Snapshot of racialized Poverty in Canada," 2012.
- 35 The National Aboriginal Economic Development Board, "The Aboriginal Economic Progress Report," 2015. The Community Well-Being Index was not applied to Métis communities in this report.
- 36 See, for example: Dr. Billie Allan and Dr. Janet Smylie, "First Peoples, Second Class Treatment: the Role of Racism in the Health and Well-being of Indigenous People in Canada," Wellesley Institute, 2015.

