

Canada's Poverty Reduction Strategy – An Update

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Canada

Canada's Poverty Reduction Strategy – An Update

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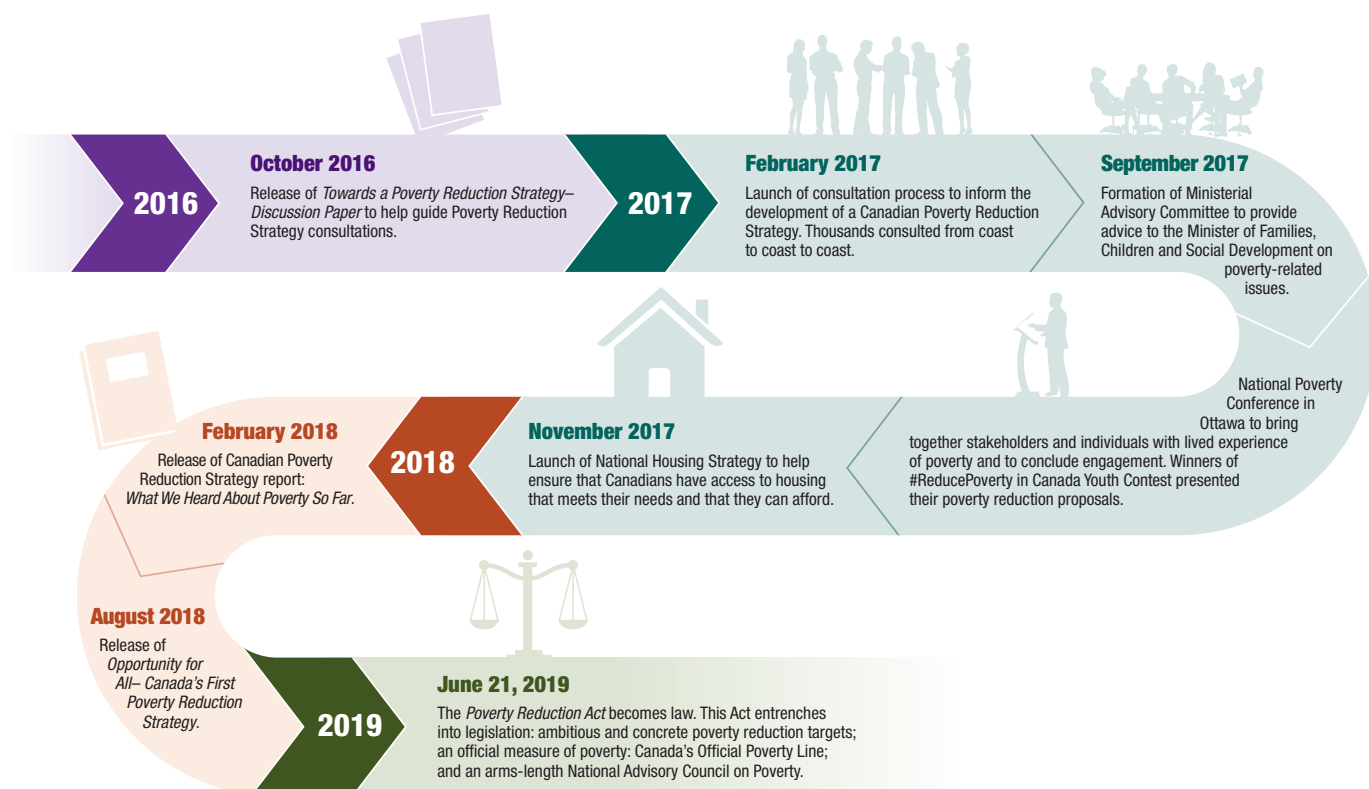
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IMPLEMENTATION OF THE POVERTY REDUCTION STRATEGY TIMELINE





Opportunity For All— Canada's First Poverty Reduction Strategy

On August 21, 2018, the Government of Canada released *Opportunity for All – Canada's First Poverty Reduction Strategy*

Opportunity for All brings together investments of \$22 billion that the Government has made since 2015 to support the social and economic well-being of all Canadians. Beyond children and seniors, investments cover areas such as housing, clean water, health, transportation, early learning and child care, and skills and employment, which will help address multiple dimensions of poverty.

Opportunity for All is based on three pillars to focus government actions to reduce poverty:

- **Dignity:** Lifting Canadians out of poverty by ensuring basic needs—such as safe and affordable housing, healthy food, and health care are met;
- **Opportunity and Inclusion:** Helping Canadians join the middle class by promoting full participation in society and equality of opportunity; and
- **Resilience and Security:** Supporting the middle class by protecting Canadians from falling into poverty and by supporting income security and resilience.

Opportunity for All includes long-term commitments to guide the Government of Canada's actions and investments including: establishing Canada's first-ever Official Poverty Line; concrete poverty reduction targets; a data and measurement plan to address data gaps and track progress on poverty; the establishment of the National Advisory Council on Poverty; and poverty reduction legislation.



OPPORTUNITY FOR ALL

CANADA'S FIRST POVERTY REDUCTION STRATEGY

CANADA'S OFFICIAL POVERTY LINE



- The first official poverty line in Canada's history

TARGETS



- Reduce poverty by 20% by 2020 and by 50% by 2030, as measured by Canada's Official Poverty Line
- Reduce chronic homelessness by 50%
- End all long-term drinking water advisories on public systems on reserve by March 2021
- Housing need reduced or eliminated for 530,000 households

NATIONAL ADVISORY COUNCIL ON POVERTY



- Track and publicly report on progress, provide advice and continue dialogue with Canadians

MEASUREMENT AND TRACKING PROGRESS



- Improve understanding of poverty by regularly updating Canada's Official Poverty Line, addressing data gaps and tracking progress through an indicator dashboard

POVERTY REDUCTION LEGISLATION



- Propose to legislate the vision, targets, Canada's Official Poverty Line as the official measure of poverty and accountability mechanisms

PILLARS



DIGNITY

Lift Canadians out of poverty by ensuring basic needs are met



OPPORTUNITY and INCLUSION

Help Canadians join the middle class by promoting full participation in society and equality of opportunity



RESILIENCE and SECURITY

Support the middle class by protecting Canadians from falling into poverty and by supporting income security and resilience

Government investments that support poverty reduction

A COURSE OF ACTION THAT IS meaningful, measurable and monitored



"The first poverty reduction strategy is an important new starting point in the battle against poverty in Canada."

– Anita Khanna, (former) National Coordinator, Campaign 2000

"We are certainly excited that the vision of this strategy includes working towards a 'Canada without poverty' and recognizes the role that systemic discrimination plays as a barrier to people living in poverty."

– Leilani Farha, Executive Director, Canada Without Poverty, August 21, 2018

From February to September 2017, the Government of Canada held a nation-wide consultation process to engage Canadians on key issues related to poverty. During these consultations, Canadians shared first-hand accounts of living in poverty, how government measures have been helpful in reducing poverty and where further work could be done to provide further support.

Canadians called for a bold vision

Opportunity for All offers a vision for Canada as a world leader in the eradication of poverty, with progress validated in terms of its alignment with the United Nations (UN) Sustainable Development Goal of ending poverty. Canada's commitment to poverty reduction also contributes to meeting Canada's international human rights obligations, including under the International Covenant on Economic, Social and Cultural Rights, the Convention on the Rights of the Child, the Convention on the Rights of Persons with Disabilities, and the Convention on the Elimination of All forms of Discrimination Against Women.

In September 2015, Canada was one of 150 countries to adopt a set of 17 Sustainable Development Goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved by 2030. The long-term target of *Opportunity for All* to reduce poverty by 50% by 2030 is aligned with the first Sustainable Development Goal: "By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions."

On June 28, 2019, the Government of Canada released ***Towards Canada's 2030 Agenda National Strategy***, which establishes the foundation for developing a Canadian Indicator Framework adapted to Canadian reality to accurately report on progress made with the Sustainable Development Goals.



Canadians called for concrete and meaningful targets

Opportunity for All sets concrete poverty reduction targets: a 20% reduction in poverty by 2020 and a 50% reduction in poverty by 2030 based on Canada's Official Poverty Line, which, relative to 2015 levels, would lead to the lowest poverty rate in Canada's history.

These targets also align with target 1.2 of the UN's Sustainable Development Goal 1: "By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions".

Canadians called for common understanding and measurement of poverty

The Poverty Reduction Strategy sets an official measure of poverty: the Market Basket Measure as Canada's Official Poverty Line, based on the cost of a basket of goods and services that individuals and families require to meet their basic needs and achieve a modest standard of living in communities across the country.

While Canada's Official Poverty Line sets a baseline, the Poverty Reduction Strategy underscores the importance of all Canadians being fully included and having access to equal opportunity. That is why the Poverty Reduction Strategy recognizes that poverty is a continuum, which is reflected in its three pillars: Dignity, Opportunity and Inclusion, Resilience and Security.

"Canada finally has an official poverty line. That's a big deal."

— Jennifer Robson, Associate Professor,
School of Public Policy and Administration,
Carleton University, [Twitter](#), August 21, 2018

The Poverty Reduction Strategy's commitments around data include comprehensive reviews of the Market Basket Measure on a regular basis as determined by Statistics Canada as well as annual updates; improvements to the Canadian Income Survey including the collection of food security and unmet health care needs data; development of the Market Basket Measure for the North; provisional income estimates; and research related to the enhancements of income concepts such as rent geared to income.

The Poverty Reduction Strategy also introduced a dashboard of indicators to reflect these multiple dimensions of poverty. This dashboard allows Canadians to track progress on the many aspects of poverty, from different measures of low income, to Canadians in housing need, to the differences in earnings and life outcomes between low-income Canadians and those in the middle class.

In addition to the introduction of the dashboard, the Government of Canada is also working with National Indigenous Organizations and others to co-develop indicators of poverty and well-being from First Nations, Inuit and Métis perspectives. These indicators will help to better measure poverty among Indigenous populations in Canada and in a way that is culturally appropriate.



"The use of the Market Basket Measure as Canada's Official Poverty Line is a welcome change—it's an easily understood measure that is sensitive to different costs of living across Canada—and identification of additional measures can help to capture the different dimensions of poverty, including those experienced by First Nations, Inuit and Métis."

— Katherine Scott of the Canadian
Centre for Policy Alternatives

Dashboard of Indicators

Statistics Canada has recently released an online dashboard of indicators to track progress on many dimensions of poverty. The dashboard tracks, for example, the reduction in food insecurity levels, the attainment of skills required to get good jobs and the number of Canadians with enough savings to handle setbacks in their lives. These measures of poverty will help to monitor progress on the Poverty Reduction Strategy: living with dignity, having access to opportunity and remaining resilient in the face of adversity. The dashboard is available [here](#).

An Update on Market Basket Measure Consultation

The Market Basket Measure refers to the measure of low income based on the cost of a specific basket of goods and services representing a modest, basic standard of living. As part of the review of the Market Basket Measure, which the Government of Canada committed to as part of the Poverty Reduction Strategy, from September 2018 to April 2019, Statistics Canada undertook public consultations with Canadians — experts, academics, provinces and territories, stakeholders and persons with lived experience of poverty. These consultations included:

- an online survey with Canadians regarding the existing Market Basket Measure thresholds;
- a series of face-to-face and focus group sessions with Canadians with lived experiences of poverty;
- an online "Chat with an Expert" question and answer session whereby Canadians could pose questions to Statistics Canada on the topic of measuring poverty via the Market Basket Measure;
- a two-day meeting with provinces and territories; and
- a two-day meeting with academics and non-governmental organizations interested in poverty.

Following these consultations, Statistics Canada released [***An update on the Market Basket Measure comprehensive review***](#) about the Market Basket Measure and its review.



Canadians called for accountability

Through *Opportunity for All*, the Government of Canada committed to establishing a National Advisory Council on Poverty to advise the Minister of Families, Children and Social Development on poverty reduction and to publicly report, in each year, on the progress that has been made toward poverty reduction.

National Advisory Council on Poverty

To ensure continued accountability to Canadians on poverty reduction, the Government of Canada is creating a National Advisory Council on Poverty.

A public call for applications was held from December 18, 2018, to January 29, 2019. Chosen from over 800 applications from across Canada, the Advisory Council brings together a committed and diverse group of 10 members, including leaders, experts, academics and practitioners that work in the field of poverty reduction and members with lived experience of poverty.

The Advisory Council will advise the Government of Canada on poverty reduction and report on progress every year. For more information about the National Advisory Council on Poverty, its role and members, please consult the [National Advisory Council on Poverty](#) website.

Canadians called for a long-term commitment to poverty reduction

The Government of Canada has also introduced the *Poverty Reduction Act*. This Act, which became law on June 21, 2019, entrenches the targets, Canada's Official Poverty Line and the Advisory Council into law.

In addition to key elements of the Poverty Reduction Strategy, the Canada Child Benefit, the Canada Workers Benefit, the Guaranteed Income Supplement and the National Housing Strategy continue to assist low- to middle-income Canadians and contribute to poverty reduction efforts.



Canada Child Benefit

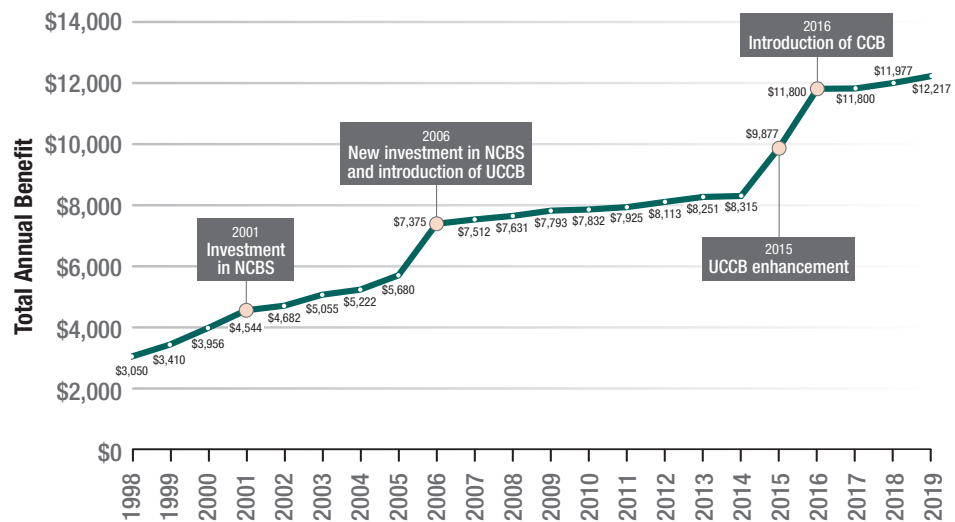
The Canada Child Benefit (CCB) is a tax-free benefit that provides support to low- to middle-income families to help with the cost of raising children.

To date, the CCB has helped almost 300,000 children to exit poverty between 2015 and 2017. It replaced three different benefits—

the Canada Child Tax Benefit (CCTB), the National Child Benefit Supplement (NCBS), and the Universal Child Care Benefit (UCCB).



Maximum Federal Child Benefits for a Reference Family with Two Children (One Child Under the Age of 6 and One Child Aged 6–17), 1998–2019





Accumulated CCB over 18 Years

Under the CCB, 9 out of 10 families with children are better off than they were under the previous child benefits in place prior to the CCB. Over the course of childhood (0 to age 18), the increased benefits families receive from the CCB can also be considerable.

VIGNETTE

Additional Benefits from Birth to When a Child Turns 18

A family with one child and an income of \$50,000, when the child is born, will receive approximately \$97,023 from the CCB, which is \$49,157 more than they would have received under the previous system.

Efforts have been underway to increase CCB uptake

The CCB uptake rate has been high at over 95% since its introduction. This means that a small percentage of eligible Canadians are currently not accessing benefits. To help ensure that vulnerable Canadians can access the assistance they need and make a meaningful impact in their lives, Service Canada and the Canada Revenue Agency have been working to raise awareness of the CCB and its benefits to families and working to assist families to access these benefits.

Early Learning and Child Care

The Government of Canada has made investments of \$7.5 billion over 11 years to create more high-quality, affordable child care across the country. By March 2020, investments could support up to 40,000 more affordable child care spaces.

Available data from longitudinal studies, which have followed participants from early childhood to adulthood, show that high-quality early learning and child care programs can have enduring, positive effects on a range of socio-economic and health outcomes, including physical health, social and emotional skills, and educational achievement and earnings. These benefits have consistently been shown to be greatest for children from lower socio-economic backgrounds. Studies also show that access to affordable high-quality early learning and child care provides parents, particularly women—who often bear the primary responsibility for the care of young children—with increased opportunity to participate in education and training, to join the labour force in greater numbers, and to earn higher incomes.

For more information on the important work underway with the Government of Canada and provinces and territories, please visit the [Early Learning and Child Care](#) website to read the 2017–18 National Progress Report on Early Learning and Child Care.



Canada Workers Benefit

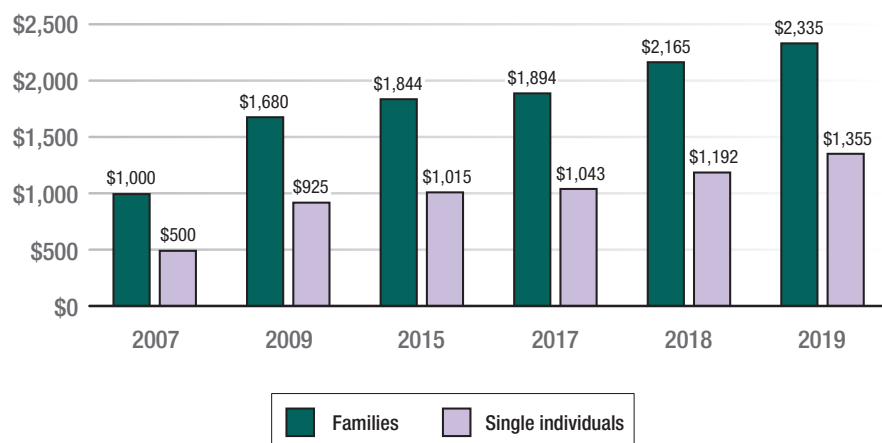
In 2018, the Government of Canada introduced the new Canada Workers Benefit (CWB) to strengthen and replace the previous Working Income Tax Benefit (WITB).

The CWB, which came into effect for the 2019 tax year, is a refundable tax credit that helps supplement the earnings of low-income workers, by letting them take home more money while they work. Relative to WITB, the CWB increases the maximum benefit level by up to \$170 for 2019 compared to 2018 and increases the income level at which the benefit is phased out completely. The maximum amount for the CWB disability supplement also increased for 2019, as well as the phased-out income level.

Improving Access to the Canada Workers Benefit

To improve access to the CWB, the Canada Revenue Agency will automatically determine whether taxfilers are eligible for the benefit, meaning that all eligible workers will automatically receive the CWB when they file taxes. A take-up rate of 100% of taxfilers is therefore expected (up from 86% in 2015). An estimated 300,000 additional low-income workers will receive the CWB for the 2019 tax year as a result of these changes, meaning that, in total, over 2 million Canadians will benefit from the strengthened and enhanced CWB.

WITB/CWB Enhancements for Families and Single Individuals (Maximum Benefit Level by Year)





Increase to the Guaranteed Income Supplement Top-up Benefit

The Guaranteed Income Supplement (GIS) provides a monthly non-taxable benefit to Old Age Security (OAS) pension recipients who have a low income and are living in Canada. The GIS is income-tested on the applicant's annual income or, in the case of a couple, their combined income.

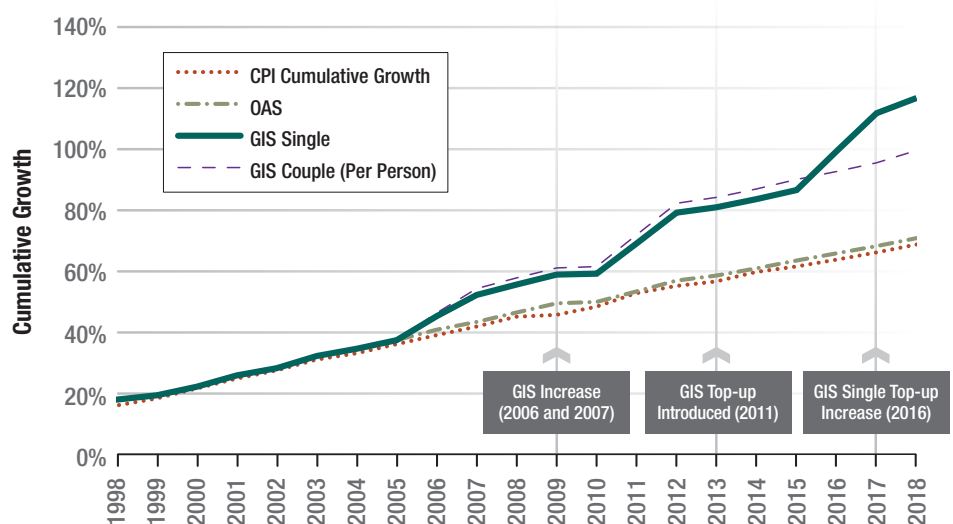
In 2016, to help seniors who are living in poverty or who are most at risk of living in poverty, the majority of whom are women, the Government of Canada increased the GIS for the lowest-income single seniors.

This increase of up to \$947 annually is helping to improve the financial security of close to 900,000 vulnerable seniors, and has helped to reduce the number of single seniors living in poverty by 52,000 between 2015 and 2017.

While the GIS take-up rate is high (91.2% in 2016), the Government of Canada has been working to increase GIS take-up even further.

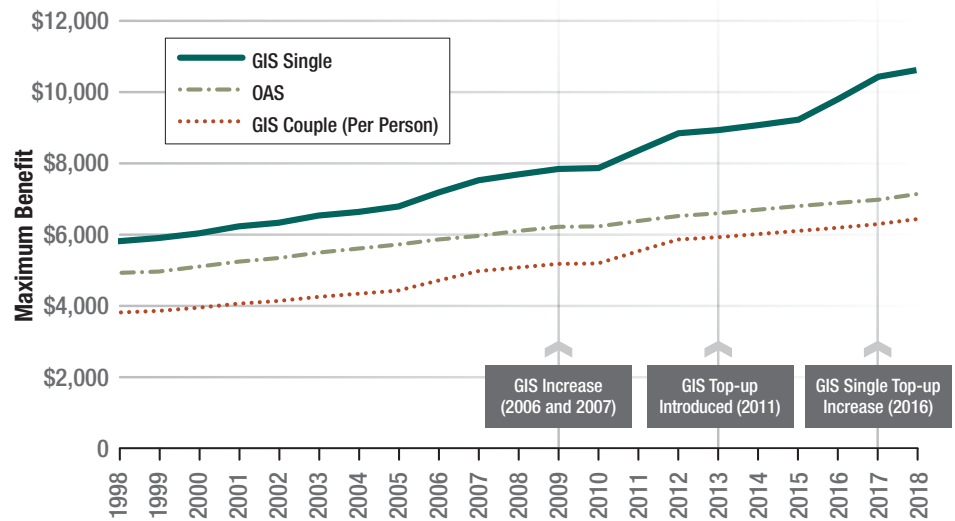
This work includes the implementation of GIS Automatic Enrolment in 2017 and the introduction of the OAS and GIS combined application form in 2018. This ensures that all new pensioners who file a tax return are assessed for the GIS year after year without having to apply.

Historical Growth of OAS Pension and GIS Maximum Benefits Compared to the Consumer Price Index





Maximum Benefit Amounts for OAS Pension and GIS, 1998–2018



"The budget [2016] makes targeted investments in single seniors most at risk of poverty by increasing the Guaranteed Income Supplement by 10%, and returning eligibility for the Old Age Security benefit to 65 for all Canadians."

— Canadian Association of Social Workers

As shown in the "Historical growth of OAS pension and GIS maximum benefits compared to Consumer Price Index" table, lump-sum increases to the GIS over the years have resulted in benefits increasing above the estimated increase to the cost of living. In addition, annual indexation of OAS and GIS program benefits ensures that benefit amounts keep pace with the cost of living.



National Housing Strategy

On November 22, 2017, the Government of Canada announced Canada's first-ever National Housing Strategy (NHS), a 10-year, \$55+ billion plan to help reduce homelessness and improve the availability and quality of housing for Canadians in need.

To help more Canadians access housing that meets their needs and they can afford, the NHS sets out to achieve measurable outcomes and ambitious targets to reduce homelessness and improve access to adequate and affordable housing. The Government of Canada is investing in new initiatives that will create over 125,000 new housing units, repair and renew another 300,000 units and will help remove or reduce housing need for as many as 530,000 households and reduce chronic homelessness by 50%. In addition to its targets under the NHS, 33% of investments would support projects that specifically target the unique needs of women and girls.

NHS initiatives positively impact low-income households by reducing the severity of housing need through the preservation of affordability. By implementing a human rights-based approach, the NHS facilitates housing for populations experiencing systemic barriers and discrimination.

New federal legislation recognizes the importance of housing to the dignity and well-being of people in Canada, and furthers the progressive realization of the right to adequate housing.

The *National Housing Strategy Act*, which became law on June 21, 2019, requires the federal government to maintain an NHS that prioritizes the housing needs of the most vulnerable and creates new participatory and accountability mechanisms in the form of a Federal Housing Advocate and National Housing Council.

A progress report on federal housing investments will be posted shortly.

For more information, go to the [National Housing Strategy website](#) to download a copy of the report when it becomes available and to learn more about the NHS.



Benefits Working Together

VIGNETTE 1

Melanie has a net family income of \$25,000 and one child under 6. In 2019, Melanie will receive \$6,639 through the **Canada Child Benefit**, an increase of \$143 from the previous year due to indexation, which she uses to cover her child care expenses.

Through the **Canada Workers Benefit**, Melanie will receive almost \$1,378 in 2019, \$717 more than she would have received from the Working Income Tax Benefit in 2018.

A National Housing Co-Investment Fund project under the **National Housing Strategy** that is currently under construction in her neighborhood in Halifax is giving her hope, as she will be one of the first residents to move in. Her rent will drop to 80% of the median market rent, which represents savings of \$261/month.

This is in addition to the \$8,017 she will receive through the Canada Child Benefit and Canada Workers Benefit.

VIGNETTE 2

Luc and Samuel live in Ottawa and have a net family income of \$55,000 with one child under 6 and one child over 6. They receive \$8,663 in the 2018–19 benefit year through the **Canada Child Benefit** and will receive an additional \$354 due to indexation of the benefit in 2019–20.

Luc and Samuel are looking for an apartment they can afford for their family. With low vacancy rates in Ottawa, Luc and Samuel are doing their best to make it work in their current one-bedroom rental. All this will change when a new development through the **National Housing Strategy's Federal Lands Initiative** creates affordable rental housing on nearby surplus federal property. Luc and Samuel, and their two kids, will soon be able to move into a new three-bedroom apartment that meets their needs and that they can afford.

VIGNETTE 3

Lynn is a 74-year-old resident of Calgary, Alberta, with mobility challenges and no income apart from Old Age Security and **Guaranteed Income Supplement** benefits. The increase in the Guaranteed Income Supplement top-up benefit provided Lynn with almost \$1,000 more in 2019.

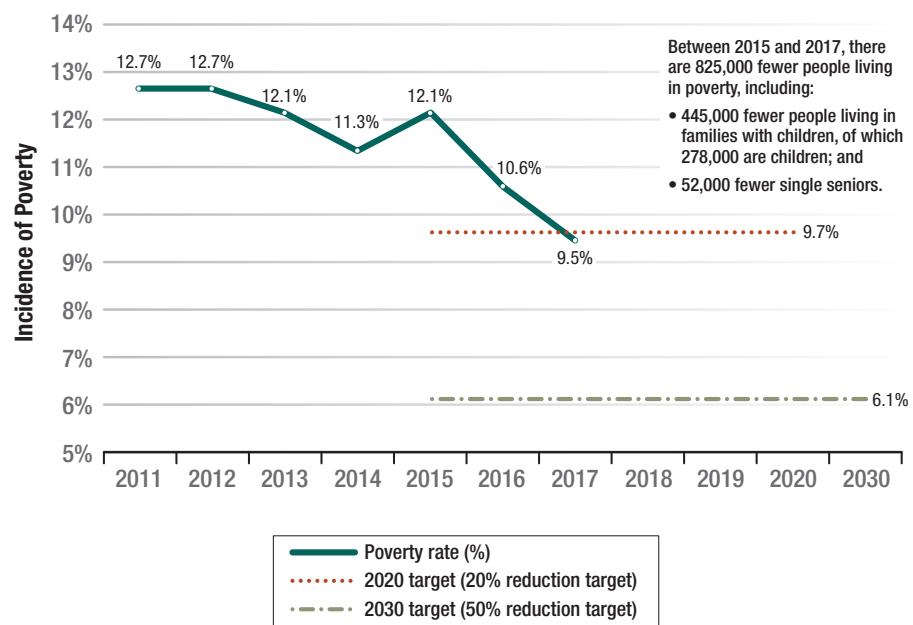
Recently, the community housing group where she lives received partial funding from the **National Housing Co-Investment Fund**, a National Housing Strategy initiative, for much-needed repairs—including improved accessibility. The re-design of the unit for accessibility enables Lynn to function safely in her unit.



Poverty Indicators

According to Statistics Canada's Canadian Income Survey, 3.4 million people, or 9.5% of Canadians, were living in poverty in 2017, a decrease of more than 20% from 2015 levels. This means that approximately 825,000 fewer Canadians were living in poverty in 2017 compared to 2015.

Poverty Reduction, Canada's Official Poverty Line, 2011–2017

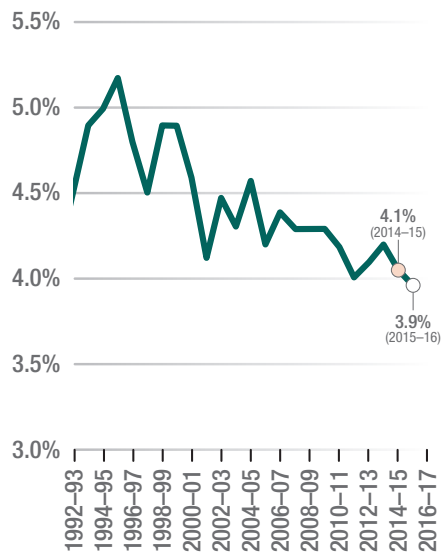


Source: Canadian Income Survey, 2011 to 2017 actual figures, Canada's Official Poverty Line.



Indicator Snapshot

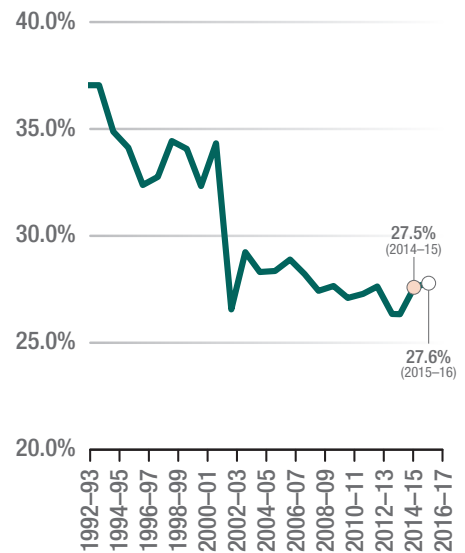
Poverty Entry Rate (for All Canadians)



The poverty entry rate for all Canadians has decreased 4.9% in 2015–16 compared to the previous year, leading to the lowest poverty entrance level since 1993.

Complete dashboard available [here](#).

Poverty Exit Rate



The poverty exit rate remains historically low, increasing by 0.4% in 2015–16 compared to the previous year.

Children

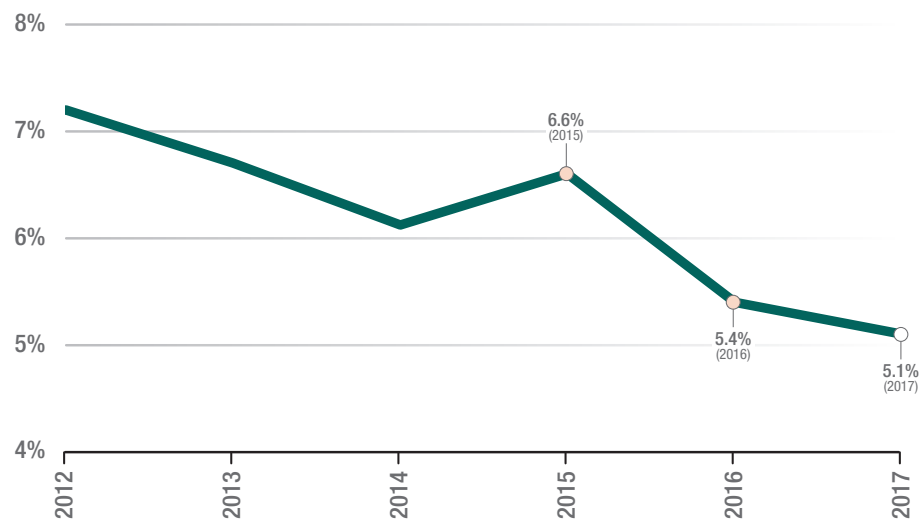
The number of children living in poverty has also decreased. In 2017, 622,000 children under 18 were living in poverty (9%), a decrease of more than 30% from 2015, meaning that 278,000 fewer children were living in families in poverty in 2017.

People in lone-parent families recorded among the largest decreases in poverty in 2017 — the proportion of people in these families living below Canada's Official Poverty Line fell from 29.8% in 2015 to 22.7% in 2017.



Indicator Snapshot

Deep Income Poverty (Persons Below 75% of Poverty Line)



Deep income poverty has decreased 22.7% since 2015, leading to the lowest rate since 2012.

Complete dashboard available [here](#).

Increases in child benefits provided more income for families with children. The median child benefit increased from \$3,400 in 2015 to \$5,200 in 2017

for two-parent families. For lone-parent families, it increased from \$5,900 in 2015 to \$7,800 in 2017.



Indicator Snapshot

Relative Low Income (Canadians Who Had Less than Half as Much Income as the Median After-tax Income)



- 10.6% decrease since 2015 and 2.3% since release of *Opportunity for All*
- 3rd lowest since 1997

Complete dashboard available [here](#).

Seniors

A large number of seniors have also been lifted out of poverty. In 2017, 238,000 seniors were living in poverty (3.9%), a decrease of more than 20% from 2015.

The increase to the Guaranteed Income Supplement top-up was targeted to single seniors. Between 2015 and 2017, there was a decrease of 52,000 single seniors living below Canada's Official Poverty Line. The median after-tax income of senior families (where the highest income earner was 65 years of age and older) totalled \$61,200 in 2017, up \$2,000 from 2015.



Provincial Trends

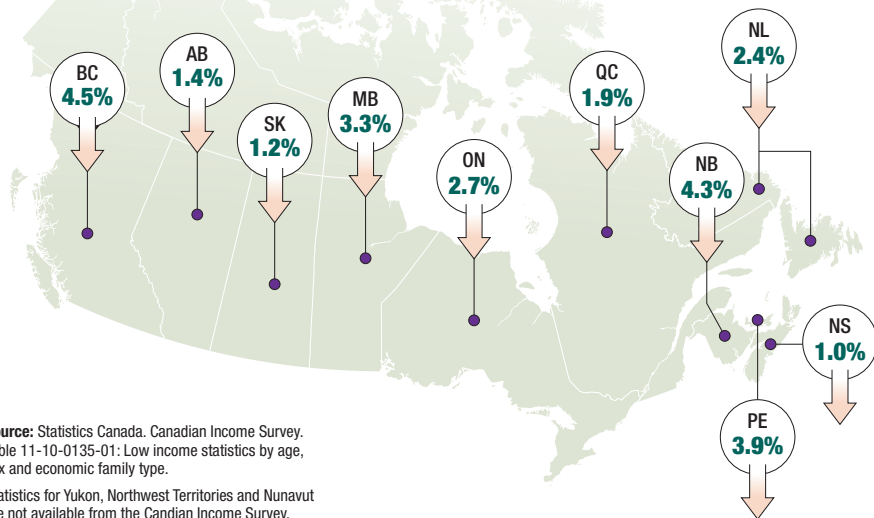
There have been reductions in poverty in every province
between 2015 and 2017.



Provincial Poverty Statistics 2015 to 2017

Between 2015 and 2017, the national poverty rate fell by more than 20%, from 12.1 to 9.5%.
This represents roughly 825,000 fewer persons living below the poverty line in a two-year period.

Reduction in Poverty Rates Across Canada Market Basket Measure, 2008 Base



1. Source: Statistics Canada. Canadian Income Survey. Table 11-10-0135-01: Low income statistics by age, sex and economic family type.
2. Statistics for Yukon, Northwest Territories and Nunavut are not available from the Canadian Income Survey.

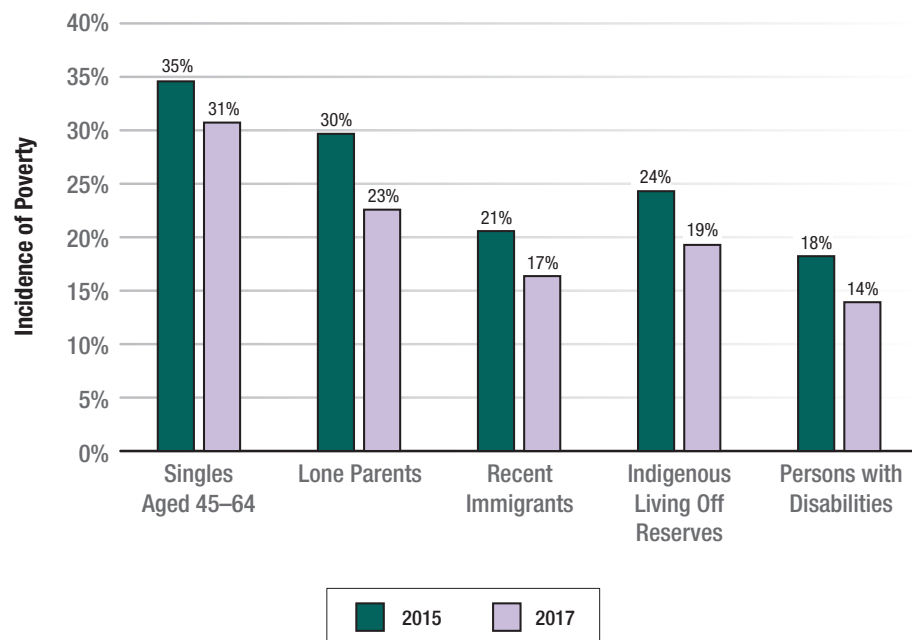


Poverty Rates Across Vulnerable Groups

Poverty rates among Canadians most at risk of living in poverty have declined since 2015, but poverty among these groups remains disproportionately high.



Poverty Rates for Canadians Most at Risk of Living in Poverty, 2015–2017



Source: Canadian Income Survey, 2015 and 2017 actual figures, Canada's Official Poverty Line. Low income estimates for Canada's Official Poverty Line are currently not available for people living on reserves and for people living in the territories. However, living conditions on reserves and statistics on income, educational and employment outcomes suggests that poverty is higher than off reserves.

The most recent data shows that nearly a third of singles aged 45 to 64 and nearly a quarter of lone parents (the vast majority of whom are women) were living in poverty in 2017.

Indigenous people in Canada also continue to face substantial challenges and significantly lower socio-economic outcomes than other Canadians. Because the Canadian Income Survey is not conducted on-reserve, however, poverty rates are currently not available for on-reserve communities.