

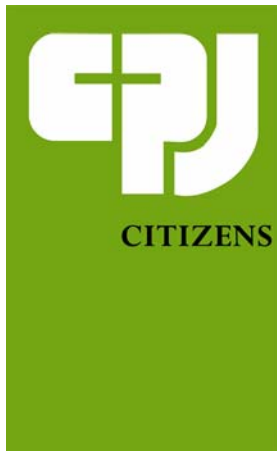
# **Time for a Canadian Poverty Reduction Strategy**

Submission to the Standing Committee on Finance Pre-Budget Consultations

September 2006

CITIZENS *for* PUBLIC JUSTICE





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### **Our Vision**

- CPJ is committed to seek human flourishing and the integrity of creation as our faithful response to God's call for love, justice and stewardship.
- We envision a world in which individuals, communities, societal institutions and governments all contribute to and benefit from the common good.

### **Our Mission**

- CPJ's mission is to promote *public justice* in Canada by shaping key public policy debates through research and analysis, publishing and public dialogue. CPJ encourages citizens, leaders in society, and governments to support policies and practices which reflect God's call for love, justice and stewardship.

### **Public Justice**

- Public Justice is the *political* dimension of loving one's neighbour, caring for creation and achieving the common good, and is particularly the responsibility of government and citizens.

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## Summary

Canada needs a national poverty reduction strategy. A strategy that ensures everyone has adequate income and services to meet basic needs. A strategy that reduces inequality and that develops human capabilities. A strategy that strengthens communities and that is ecologically sound.

Citizens for Public Justice's call for a national poverty reduction strategy is rooted in our commitment to the biblical call to do justice. It is also based on our understanding of public justice and the responsibilities of active citizenship.

All sectors of society need to come together to substantially reduce poverty and inequality. Government needs to take a lead responsibility as part of its public justice task. Budget 2007 should launch the federal government's plan to develop a national poverty reduction strategy and to take immediate steps to reduce poverty and inequality.

Canada's poverty reduction strategy needs to include:

- Timelines and targets.
- Specific measures of progress.
- Social forecasts and social audits.
- An integrated strategy, across departments of the federal government and across levels of government.
- Focused strategies to address causes of poverty among groups most affected by poverty – aboriginal people, recent immigrants, lone parent families, people with disabilities, women, single adults, young families with children.

Immediate steps to reduce poverty and inequality in Canada include the following:

- Raise the maximum Child Canada Tax Benefit to \$5,000 to reduce the rate and depth of child and family poverty.
- Invest in early learning and child care, to create spaces, to increase the number, skills and remuneration of early childhood educators, and to reduce cost to parents.
- Increase investments in affordable housing programs.
- Make employment insurance more accessible.
- Create ways for workers to tap into E.I. during periods of training to upgrade skills.
- Raise the federal minimum wage to \$10 an hour and index it to inflation.
- Split the Canada Social Transfer into a Canada Post-Secondary Education Transfer and a Canada Social Transfer with increases in both. Include strong principles for the CST to ensure social assistance and disability programs provide an adequate income.

## Time for a Canadian Poverty Reduction Strategy

Citizens for Public Justice is pleased to participate in the Standing Committee on Finance's pre-budget consultations. We see this as part of our responsibility as citizens, helping to shape public policy decisions to promote public justice.

CPJ recognizes the important work this committee and its members do in advising the federal government on fiscal priorities for the next federal budget. Budget decisions are an important element in exercising public justice. They affect how resources are allocated among individuals, communities and organizations in society. They deal with how equitably the cost of public services are apportioned.

For several years, CPJ has recommended policies aimed at reducing child and family poverty in Canada. Last year, our submission focused on the reality that many new immigrant families are falling behind and suggested policies to reduce child and family poverty, in general, and poverty among new immigrants in particular.

*Canada needs a national anti-poverty plan to ensure a successful future for our Country.<sup>i</sup>*

This year we join our voices to those of the National Council of Welfare and Make Poverty History, among others, calling for Canada to develop a national poverty reduction strategy.

Canada needs a national poverty reduction strategy. A strategy that ensures everyone has adequate income and services to meet basic needs. A strategy that reduces inequality and that develops human capabilities. A strategy that strengthens communities and that is ecologically sound.

All sectors of society need to come together to make this possible. Government needs to take a lead responsibility as part of its public justice task. Government has the ability to shape choices through its regulatory, taxing, and social, economic and environmental programs. Business, unions, the media, non-governmental organizations, faith communities and families all have their own role to play as well.

Social and environmental well-being have to be given equal priority with economic development in formulating the next budget. The focus has to go beyond achieving prosperity or greater national competitiveness, at some aggregate level. Indeed, reducing poverty and inequality can lead to policies that offer a more sustainable path of economic development.

## **Why CPJ supports call for a national poverty reduction strategy**

For CPJ, the goal of reducing poverty and inequality stems from two sources. The first is the biblical call to do justice. As a national, Christian organization engaged in active citizenship, CPJ takes seriously the biblical command to create a society where there is no poverty (Deut. 15: 4-5). That is part of what the Kingdom of God, that Jesus proclaimed, looks like. So when we pray the words of the Lord's Prayer – 'Thy kingdom come, thy will be done on earth as it is in heaven' – we are fully aware that God's will is that there should be no poverty in our society. And we are all called to help make that vision a reality.

CPJ's understanding of public justice makes us aware that the call to do justice cannot be reduced to a call for everyone to take personal responsibility for their actions. Nor is it simply a call for us as individuals to be charitable towards neighbours – although that is part of what justice requires. Nor is it that we meet the needs of the poor through voluntary organizations, although that, too, is part of what justice requires.

In addition to all of that, public justice means that the role of government is to create policies, programs and structures that reduce poverty and that equitably distribute resources in society so that all people and all parts of society can flourish and fulfill their callings, contributing to the common good.

An apt biblical example can be found in the sabbatical and jubilee laws (Lev. 25 and Deut 15: 1-15.). The jubilee laws have been publicly recalled in efforts to eliminate the international debts of poor countries. Those laws also called for periodic redistribution of the means of production – land, grain and livestock. They called for public policies to allow periods of rest for all people and for animals and the land.

The Sabbath and Jubilee principles are still relevant. They indicate that we need to create policies that ensure people have the means to exercise a sustainable livelihood that provides a liveable income. They require that we make sure everyone has access to an adequate income and the services to live a good life even when we are not able to secure all we need through paid work. They also indicate that we must exercise care in the use of natural resources, that we must respect the world of which we are a part.

## **Why the federal government needs to implement a poverty reduction strategy**

CPJ's call for the federal government to work to reduce poverty and inequality is also based on the fact that government policies can and do play an important role in whether or not there is a high degree of poverty and inequality. Indeed, there are examples from Canada and other countries which demonstrate the kinds of policies and practices that help create a more equitable distribution of income and opportunities and reduce poverty.

Internationally, Canada has endorsed the Millennium Development goals, including strategies to cut poverty in half by 2015. These goals are relevant both to rich countries

and poor countries alike. England offers an example of one rich country which has taken seriously the aim of systematically reducing poverty. The first stage of their strategy has achieved notable success.

International evidence has shown that strong social development can serve as a dynamic generator of economic vitality. This is part of the reason why Nordic countries like Finland, Denmark and Sweden consistently rank near the top of the World Economic Forum's annual Global Competitiveness Reports and also receive high marks in UNICEF's reports on child poverty among rich nations.

In Canada, Quebec and Newfoundland and Labrador have both initiated official poverty reduction efforts. In Quebec, a campaign of active citizen engagement resulted in all-party support for a law to eliminate poverty. Newfoundland and Labrador has followed a different route, with the provincial government initiating consultations to shape a provincial poverty reduction strategy.

At the civic level, communities across Canada are engaged in efforts to reduce poverty, locally. One example of this is found in the fifteen communities engaged in Vibrant Communities initiatives.<sup>ii</sup>

Federal leadership in adopting a national poverty reduction strategy is important so that provinces and territories, municipalities and communities can craft their own poverty reduction strategies which integrate with the broader plan.

There is clear evidence of the role public policy plays in achieving sustained reductions in poverty rates. In Canada, the greatest success has been in reducing the rate and depth of poverty among seniors. This has largely been the result of Canada's public pension system, including CPP/QPP, Old Age Security and the Guaranteed Income Supplement.

Poverty rates among lone parents has declined somewhat, although still high by international comparison. Much of this reduction can be attributed to higher employment rates among lone parents and to the Canada Child Tax Benefit, primarily through increases in the National Child Benefit Supplement.

International evidence also points to two elements of a successful approach to reducing child and family poverty.<sup>iii</sup> Those countries with a smaller proportion of low paid jobs – jobs paying less than two thirds of the median wage – tend to have lower child and family poverty rates. Those countries which devote a larger proportion of Gross Domestic Product to social programs for families with children also tend to have lower child and family poverty rates.

### **What needs to be included in an effective poverty reduction strategy.**

Canada's poverty reduction strategy needs to include:

- Timelines and targets.

- Specific measures of progress.
- Social forecasts and social audits.
- An integrated strategy, across departments of the federal government and across levels of government.
- Focused strategies to address causes of poverty among groups most affected by poverty – aboriginal people, recent immigrants, lone parent families, people with disabilities, women, single adults, young families with children.

Families with children are not the only group experiencing poverty. Poverty rates among single adults are among the highest of all groups. A national poverty reduction strategy will need to address the causes of poverty for single adults. Likewise, other groups in Canada which experience higher than average rates of poverty will require specific policies to address the root causes of the poverty they experience. Aboriginal people, immigrants and people with disabilities are such groups.

A national poverty reduction strategy should seek to reduce earnings inequality – primarily by raising the market incomes of low wage workers. This will involve a combination of updating employment standards and enforcing them, raising the minimum wage and funded strategies to ensure that low wage workers have opportunities for skills development and training, opportunities which exist today mostly for already highly skilled and well-paid workers.

The strategy needs to evaluate the mix between income supports and services to achieve sustained reductions in the rate of poverty, the depth of poverty and the duration of poverty. Income supports like the Canada Child Tax Benefit, Employment Insurance, Social Assistance and Disability Payments play an important role in reducing poverty and inequality. Access to services, like Canada’s universal health insurance program, is another important route to helping ensure everyone’s well-being. So in addition to incomes supports, the poverty reduction strategy should also examine how to reduce market expenses people have to pay for services such as prescription drugs, dental care, housing and early learning and child care.

A federal poverty reduction strategy must include specific measures of progress. Canada produces several measures of low income each year. The most familiar are the Low Income Cut-Offs, which Statistics Canada has produced for decades. The Low Income Measure, based on half the median annual income for different household types, is another measure often used in international studies of poverty. In addition to these, the Market Basket Measure, created at the request of the federal, provincial and territorial social services ministers, offers an indicator of how much income households need to get by. Any one of these, or some combination of them, could serve as the basis on which to monitor progress towards poverty reduction. The important thing is that the strategy have a definite indicator or set of indicators for measuring progress.

Each federal budget should include a social forecast indicating how economic conditions and budget measures will

- affect the poorest 20% of Canadian households;
- close the gap between the top and bottom 20% of Canadian households;
- affect specific groups (i.e. women, children, seniors, aboriginal people, new immigrants, people with disabilities etc.) subject to high levels of poverty.

## **Poverty reduction policies for Budget 2007**

While it will take some time to create a formal poverty reduction strategy, there are specific measures the government can take immediately to help reduce poverty. These include the following.

- Raise the maximum Child Canada Tax Benefit to \$5,000 to reduce the rate and depth of child and family poverty.
- Invest in early learning and child care, to create spaces, to increase the number, skills and remuneration of early childhood educators, and to reduce cost to parents.
- Increase investments in affordable housing programs.
- Make employment insurance more accessible.
- Create ways for workers to tap into E.I. during periods of training to upgrade skills.
- Raise the federal minimum wage to \$10 an hour and index it to inflation.
- Split the Canada Social Transfer into a Canada Post-Secondary Education Transfer and a Canada Social Transfer with increases in both. Include strong principles for the CST to ensure social assistance and disability programs provide an adequate income.

## **Conclusion**

Reducing poverty and inequality is an important dimension of public justice. It is time for Canada to develop a national poverty reduction strategy. The focus should be on improving the market and non-market incomes of the bottom twenty percent of Canadian households and on reducing income inequality in Canada. The strategy needs to invest in human development and raise the skill content and pay for work at the bottom end of the labour market. The strategy also needs to include public investments in services to reduce market expenses for important services Canadian households need.

The federal government has a critical role to play in creating a national poverty reduction strategy. It will serve to integrate efforts across federal departments as well as supporting provincial, territorial and civic poverty reduction efforts.

Citizens for Public Justice is pleased to participate in the Standing Committee on Finance's pre-budget hearings. We look forward to discussing the details of this submission with the committee.



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<sup>i</sup> National Council of Welfare, *Report calls for a national effort to defeat poverty*, News Release, July 20, 2006.

<sup>ii</sup> Information about the community based poverty reduction strategies can be found at the Vibrant Communities web page, <http://tamarackcommunity.ca/g2.php>.

<sup>iii</sup> *A League Table of Child Poverty in Rich Nations*, UNICEF, 2000.