



Practical and pragmatic steps for Canada to avoid falling farther behind other countries when it comes to poverty, poor health, housing insecurity

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A submission to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

**From Michael Shapcott,
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Thank you for the opportunity to address the HUMA committee as you review the federal role in reducing poverty in Canada. We offer the following observations:

- The federal government has *considerable work to do* to catch up with other nations that have already committed significant resources to reducing poverty, housing insecurity and health inequalities. After almost two decades of funding cuts and downloading, Canada has slipped close to the bottom among major nations in terms of public social expenditures. This has helped fuel growing poverty and income inequality in Canada.
- The nation-wide affordable housing crisis is a key driver of poverty as housing costs are the single biggest expense for low, moderate and middle-income households. The *fraying patchwork of federal funding and initiatives for affordable housing* is poorly co-ordinated, under-funded and doesn't reach all parts of Canada. Most initiatives are short-term. The current five-year plan of Canada Mortgage and Housing Corporation projects a 7% drop in the number of households assisted, and estimates the federal affordable housing initiative will drop to a meagre \$1 million by 2013, even as the agency delivers a record \$1.9 billion annual surplus that year. All this while there is a growing need for truly affordable homes.
- The complex relationship between low incomes, poor health and poor housing requires a comprehensive approach, with federal leadership, that engages all orders of government, the social sector and business organizations. The federal government can take effective and pragmatic action to knit together a national poverty elimination plan that addresses health inequality and housing insecurity. *A solid and effective national plan builds from the community up*, with local communities identifying local needs and solutions, and the national government supplying a toolkit of funding, legislation, programs and services.

We offer the following recommendations:

- ***Statistics Canada needs the mandate and resources to identify robust and timely individual and composite statistical measures of the many dimensions of poverty*** through a series of cross-sectoral roundtables. Many other countries and national statistical bureaux do this work, based on the old adage that if you can't measure it, you cannot manage it. In addition to commonly accepted poverty and inequality measures, Canada needs reliable measures of housing insecurity (New Zealand measures demand, supply, affordability, habitability, suitability, tenure security and government interventions¹) and health inequality (such as income and other population related measures on infant mortality, health-adjusted life expectancy, diabetes, mental health status). Canada also needs a ***comprehensive housing competitiveness index*** to measure the social and economic dimensions of the total housing system, as recommended by housing economist Prof. Duncan Maclennan².
- ***Canada's vital social (third) sector needs to be properly acknowledged fully engaged and strengthened.*** The social sector is the web of non-profit, charitable and voluntary organizations that provides practical services to people, strengthens communities and makes a major contribution to the GDP (more than six times larger than auto manufacturing³). Canada needs a cabinet-level position responsible for the third sector (such as the United Kingdom and the United States), along with a national social innovation fund. As the recession continues to bite deeper, a significant percentage of economic stimulus funds should be dedicated to the third sector. Even as Canada is making investments in our physical infrastructure, and we need investment in our social infrastructure.
- ***The federal government urgently needs a national affordable housing plan*** that builds on our legal obligations under the International Covenant on Economic, Social and Cultural Rights. The national housing plan can be built from the community up, by weaving together the growing number of local housing and homelessness plans, and from the federal government down, to ensure that national initiatives – such as the Homelessness Partnering Strategy (which reaches only 61 communities) are truly national in scale and scope and effectively meet local needs and support local solutions.
- ***Federal health care spending needs to include a national community health plan*** that supports the expansion of community health centres across the country, and provides infrastructure for sharing of innovative practices at the local and regional level, including cross-sectoral collaborations, that have demonstrated value in reducing health inequalities.
- ***The federal government needs to launch a national campaign to eliminate poverty and reduce income inequalities.*** Building on initiatives already launched in several provinces, the federal campaign needs targets, timelines, legislation, funding, programs and services; plus the active engagement of social partners.
- ***The federal government needs a national campaign to reduce health inequalities.*** We can learn valuable lessons from the United Kingdom, where their campaign is now a decade old (see below). The latest assessment of the British campaign: “Much achieved, more to do”⁴.

¹ <http://www.statisphere.govt.nz/about-official-statistics/the-source/review-housing-statistics.htm>

² <http://www.urbancentre.utoronto.ca/pdfs/publications/RP212MaclennanHousingTorontoEconomy7-2008.pdf>

³ <http://www.statcan.gc.ca/pub/13-015-x/13-015-x2008000-eng.htm>

⁴ <http://wellesleyinstitute.com/tackling-inequalities>

- ***Federal fiscal policy of the past two decades (tax cuts that primarily benefit wealthier Canadians) funded by social spending cuts (which primarily hurt lower-income Canadians) needs to be reversed.*** Page 256 of the January federal budget notes that tax cuts since 2006 have delivered \$3,768 on average to the wealthiest Canadians (\$150,000 plus) and only \$372 to the poorest Canadians (\$15,000 annually or less). The OECD and others have noted that tax cuts in Canada, along with cuts to income transfers, have generated the deep and persistent poverty and income inequality and dragged Canada close to the bottom of the international league (see below).

Canada is setting the wrong sort of international record: For more than two decades, the federal government has – as a matter of policy – made significant cuts to social expenditures and downloaded to provinces, territories and sometimes even municipalities. The Organisation for Economic Co-operation and Development ranks Canada as fifth from the bottom among 30 leading economies in social spending (see below). In its survey of poverty and income inequality among the major economies of the world, the OECD ranks Canada as second worst in terms of deep and persistent poverty and income inequality (see below). The OECD blames rising poverty in Canada on cuts to income transfer programs (which primarily help lower-income people) and cuts to income taxes (which primarily benefit wealthier people). Since the download of most federal housing programs in 1996, Canada is the only major country without a national housing plan. In 2008, the United Nations called housing insecurity and homelessness in Canada a “national emergency”. The policy rationale for downloading was that local communities, and local governments, were closest to the people, and best able to implement and monitor effective social initiatives. However, without federal support in the form of funding, legislation and programs, ***local communities have been abandoned by their national government.***

Building from the community up: The federal government doesn’t need to start from scratch. There are successful local projects that can be scaled to the national level. At the national level, there are important initiatives – such as the Homelessness Partnering Strategy, the Mental Health Commission’s national homelessness project, and Canada Mortgage and Housing Corporation’s Residential Rehabilitation Assistance Program – that set positive examples. Each of these programs recognizes that local communities – including municipalities, social sector and business organizations – are best able to assess local needs and implement local solutions. The federal government acknowledges its role as an enabler and supplies the toolkit (funding, programs and services) and helps the local community create and monitor its local plans. The best example of “uploading” is Alberta, where the seven cities partnership created local housing and homelessness plans, then called on the province to provide its share of the resources. In the last two years, Alberta has increased its per capita housing spending faster than any other senior government in Canada. ***Building from the community up takes the intelligence of local communities and adds the resources of senior governments.***

Short-term, uncoordinated funding initiatives don’t add up to a comprehensive plan: Overall, federal social expenditures as a percentage of GDP have been falling sharply. Canada ranks fifth from the bottom among OECD countries. Federal housing spending has spiked upwards twice in recent years: First, in 2006 when the federal government allocated the 2005 Parliamentary authorization; and then in 2009, as the federal government promised \$2 billion over two years. The funding is welcome, and it will be well-spent. But one-off federal initiatives that are tightly tied to federal priorities don’t line up with local needs and priorities. ***Short-term, top-down initiatives are not as effective as long-term, community-up programs that respond to real local needs and priorities.***

Key research and policy resources from the Wellesley Institute:

Poverty is making us sick:⁵ Poverty is making Canadians sick, robbing hundreds of thousands of their health, leading to widespread preventable illness and creating huge costs for the health care system. Using sophisticated multivariate analysis, the researchers demonstrate that every \$1,000 increase in income leads to substantial increases in health. University of Toronto Prof. Ernie Lightman found that the poorest one-fifth of Canadians, when compared to the richest twenty percent, has: more than double the rate of diabetes and heart disease; a 60% greater rate of two or more chronic health conditions; more than three times the rate of bronchitis; nearly double the rate of arthritis or rheumatism.

State of the nation's housing:⁶ A comprehensive review of housing issues and solutions facing low, moderate and middle-income Canadians that builds on current resources of the Wellesley Institute, such as our 2008 *national housing report card*⁷, our 2008 report to the *United Nation's Human Rights Council on Canada's compliance with its international housing rights obligations*⁸, and our *Blueprint to end homelessness in Toronto*⁹.

Building action on the social determinants of health:¹⁰ The Wellesley Institute's Director of Healthcare Reform and Policy, Bob Gardner, presented a 12-point action plan to the Senate of Canada's Subcommittee on Population Health during testimony in March of 2009. He identified several key responsibilities for the federal government in reducing health inequalities, including monitoring and setting targets, identifying good practices at home and abroad, and investing in regional, local or neighbourhood cross-sectoral collaborations.

1. Other key research and policy resources:

Growing Unequal? Income distribution and poverty in OECD countries:¹¹ Poverty and income inequality have been growing rapidly in Canada compared to other rich countries of the world, according to the OECD. In fact, in some measures, Canada has the second worst record among OECD countries. In analyzing the dramatic changes of the last decade in Canada, the OECD points to specific federal policies including cuts to income transfers (which primarily hurt the poor) and income tax cuts (which primarily benefit the rich).

Addressing health inequalities – First annual report of the Chief Public Health Officer of Canada:¹² Why is it that – although we are, on average, the healthiest we have ever been – many in Canada have not shared in that health and well-being?... It is not as if we have no answers or that they need be overwhelming, as many communities are already engaged and solutions are being delivered... In short, health inequalities are fundamentally societal inequalities that we can overcome through public policy, and individual and collective action. Just as there is no sector of society that is

⁵ Lightman, Ernie, et al, Poverty is making us sick: A comprehensive survey of income and health in Canada, Wellesley Institute (2008). Available at www.wellesleyinstitute.com.

⁶ Available summer of 2009 at www.wellesleyinstitute.com.

⁷ A review of federal and provincial investments in affordable housing from 2001 to 2007, plus other key housing indicators. Available at www.wellesleyinstitute.com.

⁸ http://lib.ohchr.org/HRBodies/UPR/Documents/Session4/CA/WI_CAN_UPR_S4_2009_WellesleyInstitute.pdf

⁹ Available at www.wellesleyinstitute.com.

¹⁰ Available at www.wellesleyinstitute.com.

¹¹ Available at http://www.oecd.org/document/53/0,3343,en_2649_33933_41460917_1_1_1_1,00.html

¹² Available at <http://www.phac-aspc.gc.ca/publicat/2008/cpho-aspc/index-eng.php>

untouched by health inequalities, there is no person or organization that cannot make a positive contribution to their resolution.

Tackling health inequalities – 10 years on:¹³ The United Kingdom’s Department of Health’s detailed statistical review of the first decade of the national campaign to reduce health inequalities between rich and poor. Global health expert Sir Michael Marmot notes: “The document makes clear that the health of the worst off in England has improved over the last 10 years – a most important societal achievement... By setting targets for reduction in health inequalities, the Government signalled a commitment to this task that is greatly welcomed – as is the commitment to a national strategy to implement policies to achieve those targets, and the invitation to an independent group, the Scientific Reference Group on Health Inequalities, to oversee the monitoring of what has happened. It is a model that is of wide interest, nationally and internationally.”

2. Measures and indicators:

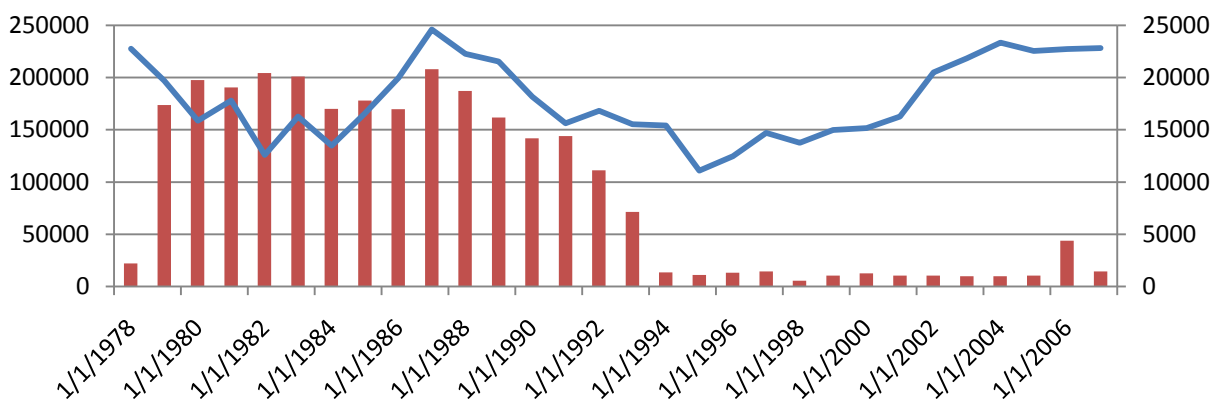
Canada Mortgage and Housing Corporation’s measure of housing insecurity – core housing need – relies on three dimensions (versus seven or more in other countries), and significantly undercounts hidden homelessness. The measure is based on census data, which means that it is mostly years out of date. Statistics Canada’s affordability measure shows that one-quarter of all Canadian households are in the danger zone – paying 30% or more of income on shelter.

Canadian households paying 30% or more on shelter

All		Owners		Renters	
2001	2006	2001	2006	2001	2006
24.1%	24.9%	16.0%	17.8%	39.6%	40.3%

Source: Statistics Canada, 2006 Census

Supply statistics show that as the federal government stepped out of the national housing program in the mid-1980s, the number of new truly affordable homes fell sharply. New market housing rose steadily from the mid-1990s, but new truly affordable homes remained stagnant.

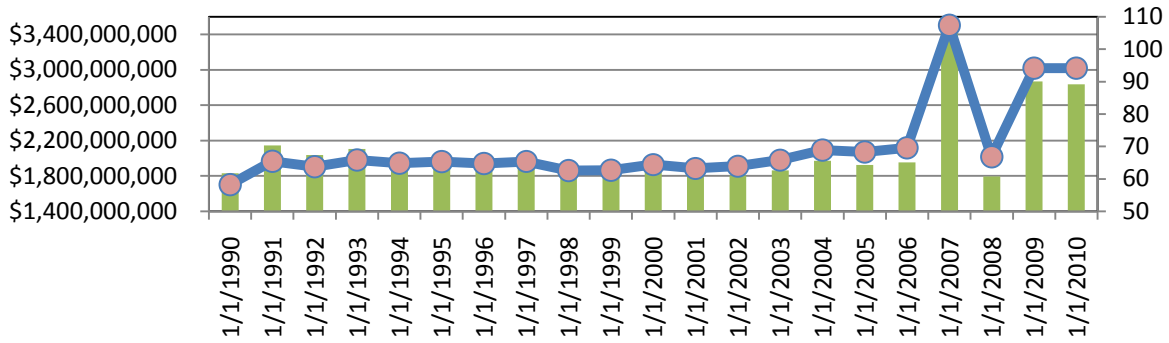


Overall new housing starts (solid line / left axis); new federally-funded social housing (bars / right axis).
Source: Canada Mortgage and Housing Corporation

The drop in the number of new, truly affordable homes is directly related to the mostly stagnant federal investment in affordable housing.

¹³ http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_098936

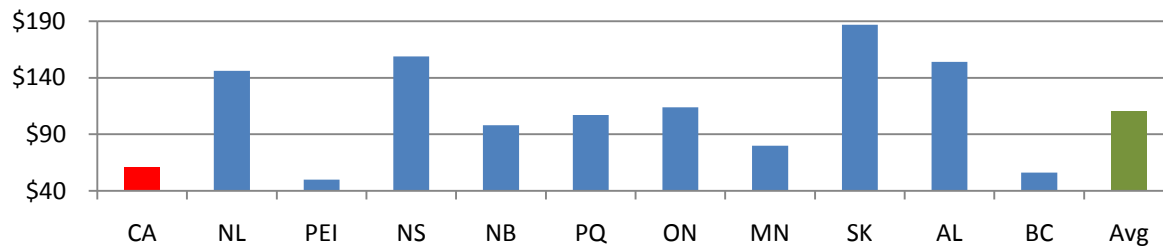
Federal housing spending and per capita spending on housing



Federal housing spending – solid line, left axis; per-capita housing spending – bars, right axis.
Sources: Statistics Canada Survey of Government Expenditures and Revenues, 1989 – 2008;
Statistics Canada population estimates; Wellesley Institute projections for 2009 and 2010

Measured on a per capita basis, federal investment in affordable housing is well below the provincial average, and ranks lower than the per capita investment in eight provinces.

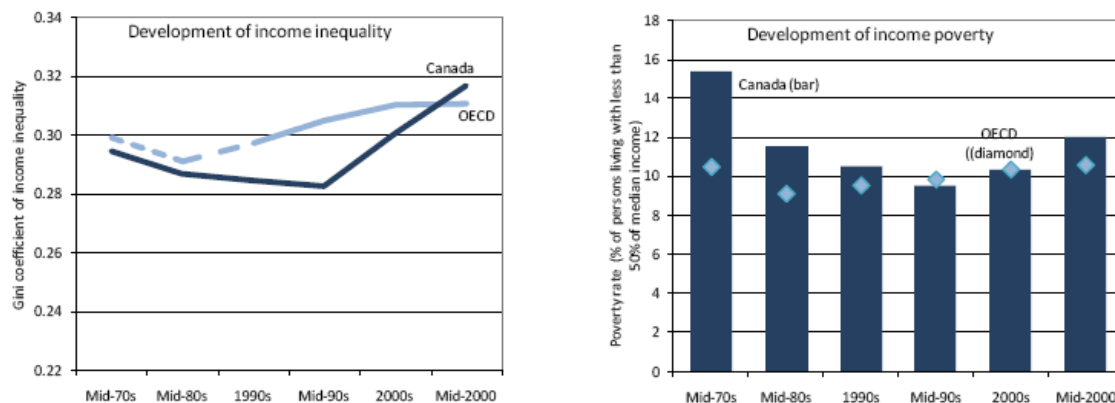
Federal and provincial housing investments per capita, 2008



Provincial numbers include municipal investments in housing programs.
Sources: Statistics Canada Survey of Government Expenditures and Revenues, 1989 – 2008;
Statistics Canada population estimates; Wellesley Institute calculations

The Organisation for Economic Co-operation and Development reports that both income inequality and poverty have increased rapidly in Canada over the past decade.

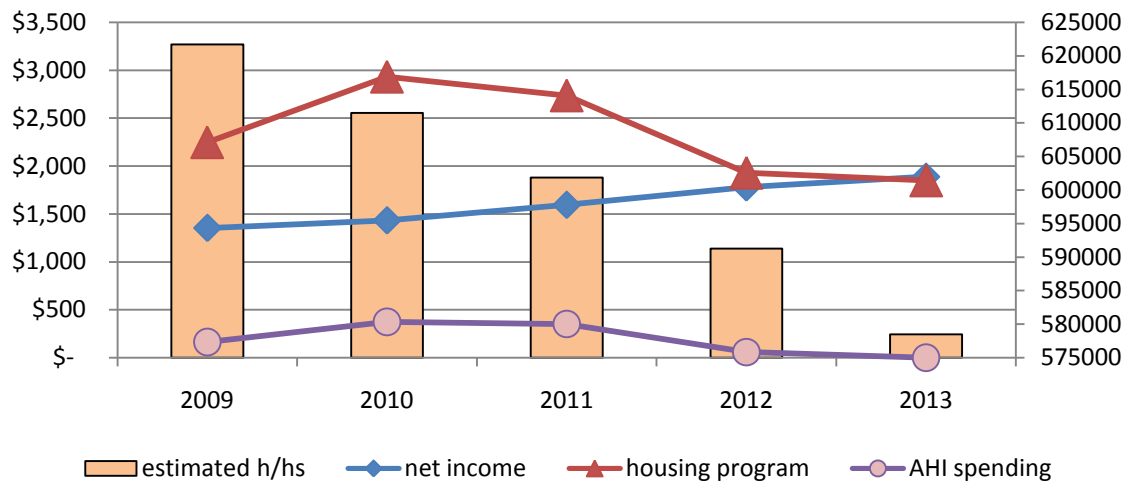
Figure 1. Income inequality and poverty have increased rapidly since the mid-1990s



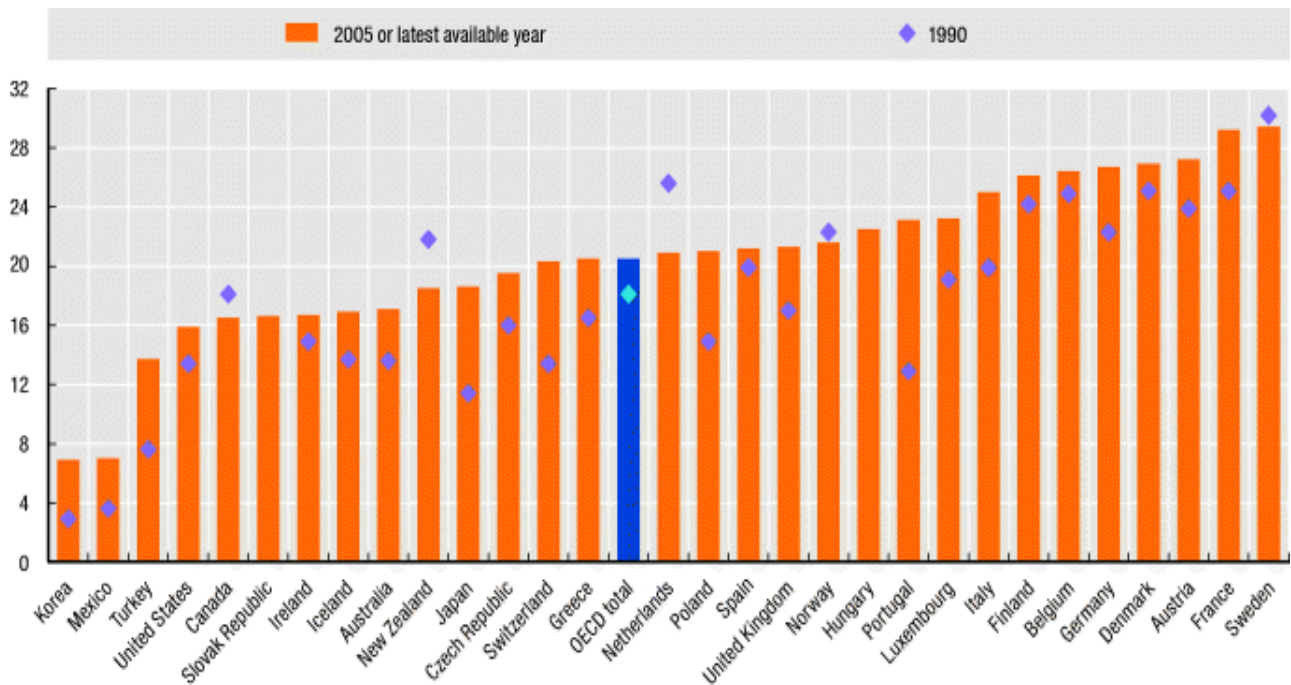
Source: *Growing Unequal?*, OECD 2008. Income is disposable household income adjusted for household size.

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¹⁴ http://www.cmhc-schl.gc.ca/en/corp/about/anrecopl/upload/CPS_2009-2013_EN-W.pdf



The OECD Factbook 2009 reports that Canada ranks fifth from the bottom among 30 major economies in public social expenditures.



The Wellesley Institute advances urban health through rigorous research, pragmatic policy solutions, social innovation, and community action at the local, national and international levels. We commission new research and policy work, we monitor and synthesize the best research and policy work that is being done locally, nationally and internationally.

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