

**BUDGET 2010:  
SHORT ON SOCIAL POLICY**

*Ce document est disponible en français.*

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## OVERVIEW

Immediately after the Government of Canada announced its budget on March 4, 2010, the Canadian Association of Social Workers (CASW) issued a press release. (See appendix). CASW stated its disappointment with the lack of action on the development of a national strategy to reduce poverty in Canada.

While the 2010 budget expounds on the wonderful things that the government is doing to redress economic challenges, with the exception of a commitment to continue equalization payments and health and social transfers to the provinces and territories, it is largely bereft of significant social policy initiatives.

Granted, the federal government has made some small overtures to the social policy sector. Overall, however, the financial commitment is miniscule. There is no hint of the importance of dealing with poverty, developing a national child care strategy, providing a guaranteed system of financing for First Nations, cost-sharing a pharmacare plan, overcoming extreme income inequality, expanding an affordable housing program or taking environmental issues seriously.

The general consensus among both critics and supporters of the budget is that the Harper government is staying the course that it established in the 2009 Economic Action Plan.<sup>1</sup> Due to the billions of dollars it has committed to stimulating economic recovery and its determination to restrain federal expenditures (and reduce public debt) over the next five years, it appears to be unwilling to provide social policy leadership at a national level.

While in general the budget is short on social policy, it contains some specific and isolated initiatives regarding women, families, persons with disabilities, First Nations, housing, employment and training, and the environment.

## WOMEN

### *The Budget*

Aside from the allocation of funds to combat violence toward Aboriginal women, increases in payments of the Universal Child Care Benefit for single parents (most of whom are women) and minor extensions to Employment Insurance (EI) benefits, nothing in the budget addresses the economic and social<sup>2</sup> challenges facing women in Canada.

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<sup>1</sup> The Economic Action Plan is the federal government's response to the global recession. It was introduced in January, 2009.

<sup>2</sup> See, for example, the following: Comparing Women's Income in 2000 and 2005: Improvements and Disappointments (2009); Submission to House of Commons Standing Committee on Finance Pre-Budget Consultation 2009 on Giving Priority to Low and Moderate Income

## ***The Issues***

Over the past six years, CASW has regularly documented the poverty and income gap between women and men. CASW has also made recommendations for addressing these inequities to various parliamentary committees. The federal government has largely ignored both CASW's suggestions and others' recommendations to improve child care and family supports.

A small proportion of the millions in stimulus funds for infrastructure projects under the Economic Action Plan will likely benefit some working women. Nonetheless, most of the funds will go to projects for road improvements and building construction that largely employ men, rather than to education, social and retail services, where there is a larger concentration of women.

Moreover, there are no apparent gender equity requirements built into the use of the stimulus funds. Neither is there any effort to reform EI in ways that would change entrance requirements, benefit levels or dropout provisions for caregivers, which would assist women who are disproportionately represented in part-time and precarious employment.

Budget 2010 does not acknowledge the need to improve payments under the Old Age Security Program or the Guaranteed Income Supplement to bring elderly single women above the poverty line. Neither does it recognize the barriers in the Canada Pension Plan and the Allowance Program that also disadvantage elderly and near-elderly single women. Instead, the government has announced through the budget that it will launch a consultation process on the public pension system prior to a meeting of provincial financial ministers in May 2010. How much of a hearing women's concerns will receive in the consultation process and ministerial meetings remains to be seen.

## **FAMILIES**

### ***The Budget***

While Budget 2010 introduces little that is new for families, a change in the Universal Child Care Benefit will benefit single parents.

The Universal Child Care Benefit, which was introduced by the Harper government in 2006, provides families with \$100 a month for each child under the age of six years. In two-parent families, the benefit is included in the income of

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Women; Presentation to Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities on Women's Poverty (2008); Financial Security for Women Seniors in Canada (2007); Poor Policy, Poor Women (2007); The Declining Health and Well-being of Low Income Women in Canada (2006)

the lower-income partner, who, in many cases, will not be subject to taxation. In the case of a single-parent family, the Universal Child Care Benefit is generally included in the single parent's income and taxed at her or his marginal tax rate.<sup>3</sup> As a result, a single parent will frequently pay more tax on the benefit than a two-parent family with the same income.

Budget 2010 allows a single parent to include the Universal Child Care Benefit in the income of the dependent for whom an eligible dependant credit is claimed. Since, in most cases, the income of the dependent child will not be sufficient to be taxed, most single-parent families will be able to keep the total amount of the Universal Child Care Benefit.

Another change aims to address current anomalies in the treatment of benefits to families by both the Universal Child Care Benefit and the Canada Child Tax Benefit.<sup>4</sup> Under existing rules, only one eligible individual can receive the benefits for a qualified dependant. Budget 2010 makes the payments more equitable for families in which parents are separated but have joint custody of dependents. It allows two eligible individuals to receive benefits in a given month. When a child lives more or less equally with separated parents, the payments will be equivalent to each eligible individual receiving one-half of the annual entitlement.<sup>5</sup>

### ***The Issues***

Sadly, but not surprisingly, the government has proposed nothing for establishing a national child care strategy to assist families. Neither has it offered to increase transfer payments to the provinces and territories to offset its previous cuts for child care. It has only committed to continuing the current level of transfers, which are very modest.

Canada has one of the lowest levels of accessibility to child care among developed countries. In 2008, in a UNICEF report on family support policies (including child care), Canada placed last among 25 developed countries.<sup>6</sup> Similar information is available in the Organisation for Economic Co-operation and

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<sup>3</sup> The marginal tax rate depends on the level of income a person receives. There are four federal tax rates, varying from 15% to 29%. URL: <http://www.taxtips.ca/taxrates/canada.htm> for details.

<sup>4</sup> The Canada Child Tax Benefit is a monthly payment made to eligible families to help them with the cost of raising children under age 18. Unlike the Universal Child Care Benefit, the amount received depends upon the income of the parent or guardian.

<sup>5</sup> The same rules will apply to payments of the Goods and Services Tax/Harmonized Sales Tax Credit.

<sup>6</sup> UNICEF, The Child Care Transition, Report Card 8, August 2008.

Development (OECD) Family Database,<sup>7</sup> which indicates that family support is weak in relation to both income transfers and tax benefits as well as services.

To offset the low ranking, the Child Care Advocacy Association of Canada has regularly urged the government to allocate additional funds to begin building a quality, affordable, democratically controlled child care system.<sup>8</sup> In a recent report, the Federal Standing Committee on Finance also recommended that transfer payments to participating provinces and territories be increased accordingly.<sup>9</sup> Budget 2010 ignores the recommendations of both the association and the committee.

## **PERSONS WITH DISABILITIES**

### ***The Budget***

In its 2010 budget, the government makes two commitments to persons with disabilities. The first is an extension of the Enabling Accessibility Fund, which was introduced in 2007. The fund supports community-based projects across Canada to improve accessibility, reduce barriers and enable people with disabilities to participate in, and contribute to, their community and the economy.<sup>10</sup> The allocation is for \$45 million over three years.

The second is a Registered Disability Savings Plan (RDSP), also introduced in 2007. It is intended to help parents and others save for the long-term financial security of a child with a severe disability. It is a tax-assisted savings vehicle in which investment income accumulates tax-free. Budget 2010 allows a rollover of a deceased individual's Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) into the RDSP of a financially dependent child or grandchild with a disability.<sup>11</sup>

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<sup>7</sup> Organisation for Economic Co-operation and Development, Social Policy Division, Directorate of Employment, Labour and Social Affairs, "Public Spending on Family Benefits", 2008. URL: <http://www.oecd.org/els/social/family/database>.

<sup>8</sup> Child Care Advocacy Association of Canada. URL: <http://archive.constantcontact.com/fs088/1102506130457/archive/1103159796850.html>.

<sup>9</sup> House of Commons, Report of the Standing Committee on Finance, December 2009, A Prosperous and Sustainable Future for Canada: Needed Federal Actions.

<sup>10</sup> Human Resources and Skills Development Canada, [http://www.hrsdc.gc.ca/eng/disability\\_issues/eaf/call2009/index.shtml](http://www.hrsdc.gc.ca/eng/disability_issues/eaf/call2009/index.shtml)

<sup>11</sup> Human Resources and Skills Development Canada, [http://www.hrsdc.gc.ca/eng/disability\\_issues/disability\\_savings/index.shtml](http://www.hrsdc.gc.ca/eng/disability_issues/disability_savings/index.shtml). The federal government also assists low- and modest-income families to save through Canada Disability Savings Grants and Bonds.

### ***The Issues***

These two initiatives are laudable, as far as they go. The difficulty, as CASW has noted in analyses of earlier budgets, is the lack of a comprehensive set of services and income security programs. Many people with disabilities live on very low incomes. Caregivers often pick up the heavy costs associated with extra services required by family members with disabilities. Many people with disabilities fall between the cracks of the various disjointed income supports provided by the federal and provincial governments. Reform of the disability income security system would go a long way toward addressing the gaps and failures. The Harper government does not seem to be ready to take on the task.

## **FIRST NATIONS**

### ***The Budget***

Budgetary commitments for First Nations include:

- \$30 million over two years to assist with the implementation of an education agreement for elementary and secondary schools
- \$2.8 million over two years to help with environmental assessments
- \$285 million (also over two years) for the renewal of critical health programs in five areas
- an ‘extension’ of a water and wastewater action plan
- \$10 million to address violence against Aboriginal women
- \$53 million to further tripartite agreements for child and family services

### ***The Issues***

The National Chief of the Assembly of First Nations has acknowledged the value of the budgetary commitments to reserves.<sup>12</sup> Similarly, the Native Women’s Association of Canada is encouraged by the announcement of money to address the issue of missing and murdered Aboriginal women.<sup>13</sup>

Both are also aware, however, that the financial commitments remain modest relative to need. Water conditions on reserves are among the worst in the country and will take many more millions of dollars to resolve. The federal government requires First Nations to put up 20 percent of the project funding for water and wastewater projects, which is impossible in many cases. It also signals that it will be pushing First Nations communities into private/public partnerships to finance their water infrastructure.

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<sup>12</sup> Assembly of First Nations. URL: <http://www.afn.ca/article.asp?id=4833>

<sup>13</sup> Native Women’s Association of Canada. URL: <http://www.nwac-hq.org/en/index.html>



According to estimates by CUPE, the investment of \$2 billion in education, educational facilities, language instruction and skills development is needed in these areas alone.<sup>14</sup> This estimate does not include other core services such as housing, health and social welfare.

Funding of Aboriginal child welfare is also perceived to be discriminatory by advocates for family and children services.<sup>15</sup> They state that inequitable federal funding, based on a flawed funding formula (known as the enhanced funding approach) contributes to the high number of First Nations children in child welfare care. Canada is currently before the Canadian Human Rights Tribunal because of its inequitable treatment of First Nations children.

An agreement similar to the Kelowna Accord, which this government cancelled, is needed in order to deal with systemic problems in Aboriginal communities. The accord was significant not only because it brought the promise of a significant amount of money to the table (\$5 billion over ten years), but also because it involved a process of collaboration and partnership, as well as recognition of Aboriginal and treaty rights.

## **HOUSING**

### ***The Budget***

The budget allocates \$2 billion to the renewal of Canada's social housing stock. The funding provides support for provinces, territories and municipalities to renovate their social housing, including housing for low-income seniors and persons with disabilities. The plan also invests in First Nations and northern housing.

### ***The Issues***

According to Michael Shapcott of the Wellesley Institute, it is likely that about one half of this money will go for social housing repairs, with the rest targeted to seniors housing, housing on reserves or in northern communities and housing for people with disabilities. The majority of Canadians in need of affordable housing—low and moderate income families, youth and Aboriginal people off-reserve in substandard housing—will receive nothing, however.<sup>16</sup>

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<sup>14</sup> Canadian Union of Public Employees (CUPE). "Budget 2010: Aboriginal Peoples". URL: <http://cupe.ca/budget/budget-2010-aboriginal-peoples>

<sup>15</sup> First Nations Child and Family Caring Society of Canada. URL: <http://www.fnfcfs.com/home.html>

<sup>16</sup> Michael Shapcott, Federal budget 2010 and housing: Last year's promises will be kept but no new dollars, Wellesley Institute. URL: <http://www.wellesleyinstitute.com>. See also, Ontario Non-Profit Housing Association, "No Social Housing Surprises in Federal Budget", Web

In reality, the government is simply keeping the housing promises made last year under the Economic Action Plan. There is no new money.

## **EMPLOYMENT AND TRAINING**

### ***The Budget***

Funding of three existing employment and training projects for youth is highlighted in the budget:

- a one-year \$30-million increase for the Career Focus component of the Youth Employment Strategy<sup>17</sup>
- \$10 million to the Canadian Youth Business Foundation to support work with young entrepreneurs
- a one-year \$30-million increase in funding for Skills Link to assist marginalized youth.

The only newly funded program is Pathways to Education, with an allocation of \$20 million. The program is intended to provide support for disadvantaged youth at the secondary school level.

For older workers, the primary new funding in the budget is \$110 million over two years for an extension of the Work-Sharing program by twenty six weeks.<sup>18</sup> In addition, the government is funding changes previously announced under the Economic Action Plan, such as an extra five weeks of EI benefits for eligible claimants and additional support to provinces and territories for training and skills development. The government is also freezing EI premiums until the end of this year but will allow the rates to be increased in 2011 and beyond in order to cover costs.

### ***The Issues***

Two major union federations—the Canadian Union of Public Employees (CUPE) and the Canadian Labour Congress (CLC)—conclude that the employment and training initiatives, while welcomed, are not in themselves a long-term strategy toward building a sustainable economic recovery or providing adequate support for the majority of unemployed workers. CUPE estimates that 38% of

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release, March 5, 2010; and The Co-operative Housing Federation of Canada, “Federal Budget recommitments to renovation stimulus”, March 5, 2010. URL: <http://www.chfcanada.coop/eng/pages2007/news.asp?id=657>.

<sup>17</sup> The program provides support to employers and organizations who offer career-related work experience to college and university graduates.

<sup>18</sup> Work-sharing is intended to reduce layoffs by offering EI income benefits to qualifying workers who are willing to work a reduced work week while an employer recovers.

unemployed workers currently receive EI benefits compared to 75% who qualified prior to cutbacks in the 1990s.<sup>19</sup>

The extra five weeks of extended benefits for a limited number of beneficiaries will do little for the thousands of workers whose benefits will soon expire. The 2010 budget could have extended benefits for several more months for unemployed workers who are exhausting their entitlements. More importantly, the government could have announced a commitment to the comprehensive reform of EI to bring it in line with practices in many of the developed countries in Europe. Aside from direct benefits to individual recipients, a reformed EI scheme, like a reformed public pension plan, would also serve to moderate the wide gap between rich and poor.

## **ENVIRONMENT**

### ***The Budget***

The Great Lakes Action Plan will receive \$8 million to support Canada's agreement with the United States and deal with pollution and water degradation. Another \$8 million is set aside over two years for Indian and Northern Affairs Canada to support community-based environmental monitoring, reporting and baseline data collection in the Northwest Territories and Nunavut. And \$18.4 million (over two years) is allocated to the Canadian Environmental Sustainability Indicators initiative to sustain annual reporting on environmental indicators.

The budget also provides modest tax breaks by expanding the eligibility for accelerated capital cost allowances for heat recovery equipment and distribution equipment used in district energy systems that rely primarily on ground source heat pumps, active solar systems or heat recovery equipment. In addition, it includes \$100 million over four years to support the development, commercialization and implementation of advanced clean energy technologies in the forestry sector. However, the largest amount of money by far (\$300 million) goes to the Atomic Energy of Canada to support its operations while the government engages in a restructuring process.

### ***The Issues***

On the negative side, the government announced in the budget that it will begin to dismantle the Canadian Environmental Assessment Agency (CEAA) by delegating energy and nuclear environmental assessment to two federal

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<sup>19</sup> Canadian Union of Public Employees (CUPE). "Budget 2010: Employment Insurance (EI)", Mar 5, 2010. URL: <http://cupe.ca/budget/budget-2010-employment-insurance>.

organizations, both of which need to be assessed: the National Energy Board (NEB) and the Canadian Nuclear Safety Commission (CNSC). Not only is this a reversal of earlier federal initiatives that maintained a degree of independence for the CEAA: it is also a potential setback for public participation. Part of the reason for the establishment of CEAA was to encourage participation through an informal and accessible process. By contrast, both the NEB and CNSC are more formal and exclusive in nature.

The Green Coalition, representing 21 environmental and conservation organizations, expressed disappointment in the budget because it failed to transition Canada to a green economy or to protect the country's biodiversity and ecosystems. It made no progress in pricing greenhouse gas emissions, recycling metals and minerals, renewing renewable energy incentives or expanding protected areas like national parks, national wildlife areas or wetlands.

Given the federal government's slow approach to the development of a green economy and control of pollution, it comes as no surprise that Canada is ranked 9<sup>th</sup> out of 13 G20 countries in terms of per capita stimulus spending going to green initiatives<sup>20</sup>; second last (56<sup>th</sup> out of 57 countries) on a climate change performance index compiled by Germanwatch;<sup>21</sup> and 46<sup>th</sup> out of 163 countries worldwide on an Environmental Performance Index produced through research units at Yale and Columbia Universities.<sup>22</sup>

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<sup>20</sup> Mike de Souza, "Canada spending less on green stimulus projects than other G20 countries", Canwest News Service, September 24, 2009. URL: <http://www.canada.com/life/Canada+spending+less+green+stimulus+projects+than+other+countr/2027862/story.html>

<sup>21</sup> Germanwatch, Climate Change Performance Index 2010. URL: <http://www.germanwatch.org/klima/ccpi.htm>

<sup>22</sup> 2010 Environmental Performance Index, Country Scores. URL: <http://epi.yale.edu/Countries>

## **APPENDIX 1**

### **FEDERAL BUDGET 2010 CASW PRESS RELEASE**

**For Immediate Release  
March 5, 2010**

#### **No Nation Can Be Prosperous on the Poverty of Others**

“Canada’s most vulnerable populations have been handed an empty envelope in this budget,” says Darlene MacDonald, President of the Canadian Association of Social Workers (CASW). “The glaring gap between the rich and the poor will likely widen from the federal government’s choice to give emphasis only to the business economy while ignoring social cohesion and social policy.”

The federal budget simply ignores key poverty issues facing our country and totally disregards whole segments of our population that are excluded from any of the major government stimulus initiatives. Further, the federal government has failed to follow the leadership of a number of provinces that are actively seeking to reduce poverty.

“This government has decided to concentrate on highways and concrete and the physical infrastructure of our cities, while forgetting that cities consist of people with real needs. Investments in our poor are investments in broader social capital,” says MacDonald.

Social workers across the country believe that poverty is not inevitable. They also believe that the Government of Canada has a responsibility to provide leadership by acknowledging and supporting current provincial efforts and by developing a national anti-poverty strategy. Without a long-term strategy, the number of persons at risk in every age and family category will continue to grow.

“Budget 2010 neither recognizes nor addresses the economic cost of poverty,” says the CASW President. “From the perspective of the social work profession, the budget is largely an empty envelope.”

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