



# Canada's social policy imperatives

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Lost in the fray over Kyoto and Afghanistan in the throne speech was the bare mention of a federal commitment to combat poverty.

That social policy does not top the government's to-do list is nothing new. But it is surprising that it is so far off the government's radar screen given the surplus of ideas, financial capacity and political interest in this area.

When Finance Minister Jim Flaherty announced the 2007 budget surplus at \$13.8 billion, he allocated half to pay down Canada's debt and half to the new Advantage Canada program. This means that there is almost \$7 billion dollars for Advantage Canada recipients.

Few details have emerged about the formula, amounts or schedule for Advantage Canada spending. Nevertheless, parliamentarians should be thinking about how they might spend a good chunk of the surplus for Canadian priorities.

An obvious place to start is the National Child Benefit, widely heralded as one of Canada's most effective anti-poverty tools. Rather than enhance the child benefit success story, the federal government chose to introduce a brand new Universal Child Care Benefit and topped that off with yet a third new non-refundable child credit in 2007. The two new benefits (each

with their own set of rules) add to the existing benefits (with a third set of rules) to create one of the most confusing array of child benefits on the planet.

A thirst for transparent policy should motivate parliamentarians to roll the funding for the three programs into a new enhanced National Child Benefit. A portion of the unallocated Advantage Canada funds would be well spent in bringing the current benefit to a maximum of \$5,100 a year.

Next stop, support for the working poor. Many Canadians have no choice but to pay EI premiums from their first dollar of working income. Yet too many can't secure sufficient paid hours to qualify for benefits. The result has been a \$50-billion-plus surplus in the EI fund which, because it is not being paid to those who need it, has been absorbed into general revenue.

Flaherty has hinted that this surplus, through Advantage Canada, is likely to fund reduced taxes on business investment. But it is not right that reduced taxes on businesses be paid for by surpluses drawn from the EI fund for which most working Canadians remain ineligible. Advantage Canada funds should observe the principle that the surplus be reallocated at least in part to programs like EI.

On a related item, the throne speech extolled progress on the establishment of a Working Income Tax Benefit (WITB) and the new Registered Disability Savings Plan to allow family members to save for a nest egg for their loved ones with disabilities. But in both cases, there's plenty of room to grow.

The WITB will help some people leave welfare. But its design excludes the vast majority of today's working poor, including the 89 per cent of minimum-wage workers who are single and work a 35-hour week. It also excludes many people with disabilities who could greatly benefit from this program but who do not fit into an unnecessarily rigid definition of "impairment."

The working poor certainly deserve a boost that can be afforded by Advantage Canada.

A final area that deserves consideration by parliamentarians is the Canada Social Transfer, which transfers federal funds to the provinces for social investments. The move to a flat per-capita of \$289 dollars across the country has removed elements of equalization from the CST and nominally benefits "have" provinces. But if Ottawa insists on adopting a per-capita formula for this important funding vehicle, it must strengthen its role in national programs from which it is now retreating. Unspent Advantage Canada funds could certainly be used to make the CST fairer and more generous.

So what should be done next? The good news is that the WITB has already been designated as a potential recipient of Advantage Canada. The bad news is that it is not clear how this program will benefit, nor why some programs mentioned above benefit and others do not.

In many ways, the unallocated surplus funds from Advantage Canada create a whole new tier of funding that is unaccountable to Canadians.

It need not be so.

Social programs should be designated immediately as beneficiaries of Advantage Canada, with a commitment to a clear allocation formula made available to Canadians.

Canada's greatest advantage is surely its people, backed by public policy that affirms their security and well-being. The failure to allocate available funds inevitably means that armchair finance ministers will be quick to note the vacuum. The initiatives noted here will fill it to the advantage of Canadians.