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INSTITUTE OF
SOCIAL POLICY

A Throne Speech for All Parties

by

**Ken Battle, Sherri Torjman and
Michael Mendelson**

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Opportunity for Progress

The upcoming Throne Speech affords a prime opportunity to make progress on the social policy front, especially with another massive surplus being banked in Ottawa. While politically divisive issues such as the environment and Canada's involvement in Afghanistan dominate today's political agenda, we continue to face a number of tough social challenges.

The growing gap between rich and poor is a powerful symptom of the web of social problems that cry out for effective social policies. But inequality is no longer confined to the poor: Newly released research from Statistics Canada indicates that economic growth has translated into income gains for only the top 5 percent of income earners, leaving behind the large majority of Canadians who have seen no improvement.

Widespread poverty persists and the risk is especially high for some groups, including people with disabilities, Aboriginals, single parents and recent immigrants. Many Canadians work but their low incomes keep them below the poverty line. Employers complain about labour shortages while the welfare rolls still number many people who lack the skills and education to find and keep a job. Life is a daily struggle for many people with disabilities. Our population is aging rapidly and there is precious little support for the millions of Canadians who provide the bulk of daily care to the sick and frail elderly. The list could go on.

We can do more to tackle these problems. Ottawa's fiscal position is sound – some would say too sound – with its hefty \$14 billion surplus. The federal government has the means to finance initiatives that will combat poverty, reduce inequality and improve the quality of life for the most vulnerable citizens. By reducing inequality, we strengthen our economy and society.

The government's minority status might seem to spell political paralysis, but in fact the opposite can be the case. Parties likely share significant common ground on many critical social issues. Social policies can be the basis for accomplishing true progress by working together in Ottawa and among all three orders of government.

We set out below some suggested social policy initiatives for the upcoming Throne Speech. In fact, the Throne Speech might read as follows:

Canada's fiscal strength provides us with a unique opportunity to make essential investments in the physical and social infrastructure of the nation. In this upcoming session of Parliament, Mr. Speaker, there are several priorities around which our government intends to take action to protect and bolster our human resources.

First, Mr. Speaker, we recognize that poverty remains widespread despite the fact that Canada is experiencing the lowest rate of unemployment in decades. Unfortunately, many jobs simply do not pay enough for many Canadians, even those working full time or at multiple jobs. The problem is especially acute in larger cities and in some centres where red-hot economic growth has fuelled the cost of living in general and housing prices in particular.

Mr. Speaker, child poverty remains high despite the unanimous commitment in 1989 in this very House to work toward the eradication of child poverty by the year 2000. Canada cannot afford to ignore the many families in this country that have difficulty paying for decent housing and feeding their children a nutritious diet. The evidence tells us that we will pay a high price in terms of ill health, poor school performance and reduced prospects down the road if we fail to take appropriate action right now.

Investments in child benefits have chipped away at the child poverty rate, but more needs to be done.

We are therefore announcing today our intention to raise the Canada Child Tax Benefit to a maximum \$5,000 per child – enough to offset the cost of raising a child in low-income families. This increase will provide a substantial boost in child benefits for the large majority of Canadian households with children, including all families with low, modest and middle incomes.

Our most recent Budget introduced a major initiative, the Working Income Tax Benefit, which supplements the earnings of low-income workers. The new measure has two objectives – to reduce disincentives to work for social assistance recipients and to enhance incentives to work among the working poor.

Mr. Speaker, we are pleased to announce that, in this upcoming session of Parliament, we will be investing further in the Working Income Tax Benefit. The maximum payment for single workers will double from \$500 to \$1,000, and for single parents and couples from \$1,000 to \$2,000. The disability supplement to the Working Income Tax Benefit will also double, from \$250 to \$500. The income level where eligibility for benefits ends will rise from \$12,833 to \$16,167 for single recipients and from \$21,167 to \$27,833 for single parents and couples. These improvements will provide additional assistance to more low-income working Canadians.

This government wants to recognize, Mr. Speaker, the contribution of hard-working Canadian families. We know that many low- and modest-income households pay a significant proportion of their wages on high-quality child care. We acknowledge, Mr. Speaker, that we must continue to invest with our provincial and territorial counterparts in the supply of high-quality child care.

A wide-ranging body of evidence has shown that this investment is crucial for healthy child development and for promoting readiness to learn. We also know that high-quality affordable child care enables labour market participation and so can make the difference between a below- and above-poverty line income for many single parents and couples. It is therefore a good economic investment in light of the many sectors facing severe labour shortages, both now and in the near future.

We acknowledge as well, Mr. Speaker, that modest-income households have not shared equally in the prosperity from Canada's strong economic growth. That is why we had considered, in

deliberations leading up to the Budget, the possibility of allowing couples to split their incomes when calculating their income tax.

Currently, households with one major breadwinner and a second earner with a smaller or no income end up paying more income tax than do two-earner couples with the same total income. Under income splitting, families with a dominant earner would end up paying a lower overall amount of tax because each spouse would be taxed at the same rate.

We are announcing today, Mr. Speaker, that we have decided not to proceed with this proposal. Our analysis shows that this measure would cost several billion dollars a year, while also imposing large revenue losses on the provinces and territories if their measures remained consistent with federal income tax definitions. Income splitting would provide little assistance to low- and modest-income families, while benefiting most those households that least need financial aid.

This government has decided instead to invite the provinces and territories to join us in a dialogue to develop a plan for the modernization and reform of Canada's income security system. As a first contribution to this ambitious undertaking, we offer to launch one of the most significant initiatives in the history of Canadian social policy: A new federal program to extend the income guarantees currently available to the elderly to those with severe disabilities.

Mr. Speaker, Canada has been successful in significantly reducing poverty among the elderly, thanks largely to improvements in our public pension system – especially the introduction of the Guaranteed Income Supplement for low-income seniors in 1966. If the provinces and territories can agree with the federal government on the necessary mutual adjustments in our systems, we propose introducing a similar program for Canadians with severe disabilities.

Mr. Speaker, with this bold initiative we stand on the threshold of a giant step in social progress for Canada.

Our disability income proposal would result in substantial savings from the provinces and territories, because most social assistance recipients with severe disabilities would move from provincial and territorial systems to our proposed new federal program.

We will ask the provinces and territories to use their resulting savings to build a comprehensive system of supports for persons with disabilities in each jurisdiction, including supports for home living, employment and community participation. Together, our new federal income program and greatly enhanced provincial and territorial supports will add up to a major improvement in the quality of life for hundreds of thousands of Canadians with disabilities.

The increased investment in disability supports, Mr. Speaker, ideally will provide the foundation for provinces and territories to move toward improving the availability and delivery of supports

for seniors as well. The rapid aging of Canada's population means that there will be a need for more supports delivered at home and in communities outside of institutional settings.

We acknowledge the need to pay more attention to one of this nation's invaluable but largely forgotten human resource: our informal caregivers. These are the 3 million Canadians who provide more than 80 percent of care for aging parents, children with severe disabilities and palliative care for those with terminal illnesses. This country owes them a great deal, Mr. Speaker, and our government is prepared to offer this well-deserved recognition.

While there are several tax credits in place that are intended to help offset the additional costs that caregivers incur, this government is proposing not to increase those credits. We recognize that low- and modest-income families receive little or no assistance from these measures.

A better plan, in our view, is to provide leadership for a national dialogue on respite. It would involve our provincial and territorial counterparts as well as local governments, employers, voluntary organizations and caregivers in devising a pan-Canadian strategy on the most effective means of addressing the financial and social needs of caregivers.

Because caregiving affects the lives of so many Canadians in diverse ways, this government is proposing, Mr. Speaker, to establish a national clearinghouse on respite for caregivers. This centre would support the national dialogue on respite, collect data, fund necessary research and provide a venue for the ongoing exchange of exemplary practice. This strategic exchange will help scale up, to a national level, many effective local approaches.

Mr. Speaker, Canada's new government has had a longstanding interest in reducing crime. In fact, we take great pride in our tough-on-crime reputation. We know that Canadians want to live in safe and secure neighbourhoods.

It is natural for our government to respond to high-profile attacks and gun violence because we know that Canadians would expect this. At the same time we recognize, Mr. Speaker, that communities will never be free of crime unless we intervene strategically in the factors that are known to prevent it. Among the top factors are positive early childhood development, literacy proficiency and school completion.

We are announcing today, Mr. Speaker, a national Crime Prevention Initiative under which our government will work with provinces and territories to invest in these protective factors. Our goal is to enhance the numbers and scope of family resource centres in communities throughout the country. Among a range of educational and family supports, these family resource centres will promote literacy proficiency for both parents and children. Additional assistance will be made available for the creation of culturally appropriate family resource centres for Aboriginal communities, both on and off reserve.

Mr. Speaker, this government is particularly concerned about the low rate of high school completion among Aboriginal Canadians. The most recent national figures found that 16 percent of Canadians aged 20 to 24 had not completed high school. But among Aboriginal young adults in that age group, 43 percent did not have a high school certificate. We believe that 16 percent is unacceptable for Canada and 43 percent is nothing short of disaster.

The federal government is directly responsible for financing primary and secondary education of residents on reserve. We intend to initiate consultations on a First Nations Regional Education Authority Act which would empower First Nations voluntarily to establish Regional Educational Authorities tasked with raising the quality of education for reserve residents to the provincial or territorial standard. The new Act would set out clear rules for both our government's and First Nations' responsibilities and accountability for reserve residents' education.

Off reserve, this government will focus our efforts on working with provinces and territories to support intensive school-based programs that offer individualized instruction and mentoring for Aboriginal students.

Together with the provinces and territories, we will set overall national targets for high school completion over each five-year period for the next 25 years. We will monitor and report to Parliament on progress, with the objective of achieving a high school completion rate of at least 90 percent in every province and territory, including Aboriginal youth.

We acknowledge, Mr. Speaker, that for some Canadians even high school completion does not necessarily guarantee a job in the paid labour market. Some individuals face barriers to employment, whether these result from factors such as racial discrimination, severe and prolonged disability, or problems related to substance abuse.

Many of these people benefit from work that is provided through various forms of community enterprise – known as community economic development or in Québec as l'économie sociale. These enterprises have created employment and enabled meaningful participation for thousands of Canadians who would face virtual exclusion were it not for these vital investments.

Mr. Speaker, we are announcing today the commitment of our government to support these social innovations that make a place for all in our society. Our government intends to introduce new fiscal instruments that will bring more venture capital to this crucial economic sector.

This government recognizes, Mr. Speaker, that there are many well-off Canadians who would like to find socially responsible ways to invest their money for financial return and to produce value in the community. The promotion of entrepreneurship through new tax credits is one means of achieving this important dual objective.

We will begin our work in this area by following the lead of the UK and US, both of which have brought in new tax credits within the past few years to promote the investment of private capital in community enterprise. In 2000, for example, the US introduced the New Market Tax Credit as part of a broader set of measures within its Community Renewal Tax Relief Act.

Mr. Speaker, Canada's municipalities bear much of the responsibility for a wide range of vital investments including environmentally sound water and waste management, local economic development, community design and local transit, parks and recreation, and opportunities for cultural expression.

We acknowledge that it is not possible within the current fiscal structures, Mr. Speaker, for local governments to carry out all the tasks that they are required to do. We also know that Canadians look increasingly to local governments to take concrete action to improve the quality of their lives.

This government intends to work actively with our provincial and territorial counterparts and with local governments to devise a new financing arrangement that will accomplish two key purposes.

The first is to ensure that municipal governments have sufficient funds to carry out their vast scope of work. The second task is to guarantee that they have the fiscal capacity to generate revenue over the long term to meet their range of needs. This capacity will help overcome the strictures inherent in existing arrangements based on limited instruments – property taxes, licenses and user fees.

In summary, Mr. Speaker, it is clear that this government has a wide-ranging social policy agenda. We intend to tackle many of the tough problems this country faces today and in the future. Our agenda for the upcoming Parliamentary session seeks, equally importantly, to make Canada a nation that is recognized as a world leader in our policies for people.