



Government
of Canada

Gouvernement
du Canada

**GOVERNMENT RESPONSE TO THE REPORT OF THE
STANDING COMMITTEE ON HUMAN RESOURCES, SKILLS
AND SOCIAL DEVELOPMENT AND THE STATUS OF PERSONS
WITH DISABILITIES, ENTITLED *FEDERAL POVERTY
REDUCTION PLAN: WORKING IN PARTNERSHIP TOWARDS
REDUCING POVERTY IN CANADA***

INTRODUCTION

The Government of Canada welcomes the occasion to respond to the Final Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) entitled, *Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada*, tabled in November 2010.

Poverty is a multi-faceted challenge. Addressing this challenge effectively requires sustainable solutions involving all levels of government, as well as community and not-for-profit organizations. Provincial and territorial governments have a shared responsibility with the Government of Canada in addressing poverty and have jurisdiction over some key mechanisms in supporting low-income Canadians.

The Government of Canada's approach to reducing poverty emphasizes giving Canadians skills and opportunities to achieve self-sufficiency, while providing targeted supports for those facing particular barriers. This approach – labour market participation, ensuring economic security, and housing – was articulated in the Government Response to the report of the Standing Senate Committee on Social Affairs, Science and Technology's Subcommittee on Cities, tabled in September 2010. These are important themes in HUMA's recommendations, and the Government of Canada's investments in these areas are helping to ensure that every Canadian has a solid foundation from which to succeed.

The Government's approach is built upon key principles. Our actions to encourage labour market attachment are rooted in the principle that sustained participation in the labour market is the most effective way to ensure the economic security of Canadian families. The Government of Canada has put in place measures to make work pay, and ensure that individuals are in a better financial position when they secure employment. The Government also invests in skills and training programs and makes significant annual transfers to provinces and territories to design and deliver programs and services that meet local labour market needs.

Our targeted supports are founded on the principle that some individuals may face barriers to participation and require additional support to help them reach their full potential. This Government has taken unprecedented action to support Canadians with disabilities. For example, persons with disabilities are supported in a variety of ways, tailored to meet the requirements of their situation, through investments to encourage labour market attachment, support economic security, and contribute to the accessibility of housing.

Our housing supports recognize that assistance for housing needs must cover a broad continuum. From shelter and supports for those in greatest need, to transitional and supportive housing to help people live more independently, taken together with initiatives for renters, homeowners and the housing sector, this broad range of activities provides support for Canadians in all parts of the country.

Underlying all of our investments is the principle that strong economic stewardship is essential to our success as a country as a whole, and in turn, to the success of families and individuals. This government is taking measures to ensure the economic and fiscal fundamentals are in place to support a strong economy and robust labour market. We

have been active throughout the recent global recession to ensure that Canada continues to have a stable foundation for growth and prosperity.

The Government of Canada's ongoing and recent investments reflect these principles. Canada's Economic Action Plan, introduced in 2009, included timely, time-limited, and targeted investments, to address immediate and temporary needs during the economic recession, as well as ongoing investments to build on and enhance existing initiatives. These investments have had a strong positive impact on the Canadian economy both during the global recession and through the recovery. The Government is committed to winding down the stimulus as the economy recovers and returning to budgetary balance over the medium term.

The Government has demonstrated flexibility in responding to the needs of Canadians. Canada has weathered the global recession better than most other industrialized countries. Indeed, the recession in Canada was less pronounced than any other G-7 economy.

The Government continues to make advancements in supporting the overall well-being of Canadians, and our ongoing investments in key programs continue to help Canadians of all ages from coast to coast to coast. For example, in 2009-2010 alone, the Old Age Security (OAS) program provided benefits through the basic pension to 4.7 million seniors aged 65 and over and Guaranteed Income Supplement (GIS) payments to 1.6 million low-income OAS pensioners. In the same year, approximately 3.3 million families with 5.8 million children received the Canada Child Tax Benefit (CCTB), including over 1.5 million families with 2.7 million children who received the National Child Benefit (NCB) Supplement.

The Government of Canada is building on our existing successes through ongoing investments to support Canadians at all stages in their lives. The Government continues to work to improve the lives of Canadians today and tomorrow. While work remains to be done, the Government's approach to reducing poverty is providing a solid foundation from which to advance a strong position for Canada in an evolving global economy and to secure the social and economic well-being of all Canadians.

LABOUR MARKET PARTICIPATION

Labour market participation is the key to economic prosperity. It benefits individual Canadians and their families, and contributes to Canada's economic advantage now and in the future. Ultimately, sustained employment is the best source of income security for individuals and families. HUMA notes that employment-oriented policies play an important role in lowering poverty rates among working-age Canadians, and that knowledge and skills acquired through education and training play a key role in helping Canadians access and retain high-quality jobs.

A wide variety of federal measures and initiatives have been put in place to encourage the labour force participation of diverse groups of Canadian men and women and to ensure that they are able to provide for themselves and their families. The Government of Canada is also working to ensure that the conditions are in place for employers to create jobs, and that Canadians have the training and skills required to meet the

demands of the labour market both today and tomorrow.

Training and Skills Development

The Government of Canada has made unprecedented investments in training and skills development to help Canadians develop and upgrade necessary skills throughout their lives. The Government works in conjunction with provincial and territorial governments to support skills training and labour market programming, recognizing that provinces and territories are best placed to determine, design and deliver employment programs and services that respond to local labour market needs.

Through Labour Market Development Agreements (LMDAs), the Government provides \$1.95 billion in annual funding to the provinces and territories to support training for unemployed individuals

In 2008-2009, nearly 900,000 Canadians benefited from programs and services supported through the LMDAs and LMAs.

who are eligible for Employment Insurance (EI). The Government also provides \$500 million annually through separate Labour Market Agreements (LMAs). Through the LMAs, the Government provides funds for provincial and territorial labour market programs and services that focus on skills development for unemployed individuals who are not eligible for EI. This includes, but is not limited to the following groups: Aboriginal peoples, immigrants, new entrants and re-entrants to the labour market, older workers, persons with disabilities, social assistance recipients, unemployed individuals previously self-employed, women, youth, and employed individuals who do not have a high school diploma or recognized certification, or who have low levels of literacy and essential skills.

In addition to ongoing funding through the LMAs and LMDAs, the Government has made timely and targeted investments in skills and training to help Canadian men and women manage the transitions resulting from the recent economic downturn. Under the Economic Action Plan, LMDA funding provided to provinces and territories was temporarily increased by \$500 million for each of two years (2009-2010 and 2010-2011), and LMA funding was increased by \$250 million annually through the Strategic Training and Transition Fund (STTF) over the same period. In 2009-2010, more than 200,000 Canadians benefited from this combined additional \$750 million to the provinces and territories in support of training and skills development programs.

The Government of Canada is also investing to make a career in the trades an attractive choice and encourage more apprentices to complete their training. The Government provides support of up to \$4,000 to apprentices through the Apprenticeship Incentive Grant (AIG) and the Apprenticeship Completion Grant (ACG). To date, the AIG has provided support to over 185,000 men and women, while the more recent ACG has already been provided to more than 38,000 people.

Finally, in 2010-2011, the Government allocated over \$38 million to the Office of Literacy and Essential Skills (OLES), a national centre of expertise providing information and resources to improve adult literacy and essential skills.

Labour Market Supports

In Budget 2007, the Government introduced the Working Income Tax Benefit (WITB), a refundable tax credit that supplements the earnings of low-income workers. The WITB is a central part of the Government of Canada's objective of making work pay. In 2009, the WITB was enhanced by \$580 million, effectively doubling the tax relief provided by the WITB.

In 2011, approximately 1.5 million working Canadian families are expected to receive tax relief through the WITB.

In 2008, the Government introduced the Wage Earner Protection Program (WEPP) to provide timely payment of wages and vacation pay owing to eligible workers who have lost their jobs because their employer has gone bankrupt or become subject to receivership. This program was permanently expanded under the Economic Action Plan to include coverage of unpaid severance pay and termination pay.

Between January 2009 and January 2011 more than 28,750 WEPP claimants received \$64 million in overall payments. The maximum individual WEPP payment in calendar year 2010 was \$3,323.

The Government of Canada continues to help Canadians navigate temporary periods of unemployment. EI is an insurance-based program that strives to find a balance between providing adequate income benefits and encouraging workforce attachment. Employers and workers both pay premiums so that workers may collect benefits if they are unable to work, whether they are temporarily unemployed, sick, pregnant, caring for a newborn or adopted child, or providing care or support to a gravely ill family member.

In 2009, among the unemployed who had paid EI premiums and either lost their job or quit with just cause, 86.2 percent were eligible to receive benefits.

Low-income families with children can receive up to 80 percent of their insured earnings through the EI Family Supplement. The program also offers a premium refund to low-income workers.

Access to EI special benefits has been made available to 2.6 million self-employed workers for the first time in Canadian history. In 2009, the Government passed legislation that provides EI maternity, parental/adoption, sickness, and compassionate care benefits to self-employed Canadians on a voluntary basis. The self-employed have been able to opt into the EI program since January 31, 2010, and as of January 1, 2011 are eligible to start collecting EI special benefits.

The provision of new EI special benefits to the self-employed is expected to allow self-employed women and men to better balance work and family responsibilities, while facilitating labour force attachment.

The EI measures described above are available to assist Canadians in a number of different situations throughout their working lives. The recent economic downturn presented additional challenges for unemployed workers. Canada's Economic Action

Plan responded with timely, temporary and targeted measures, providing enhanced support through the EI program. Although, these measures are temporary, they will continue to provide support into 2011, including extended EI regular benefits for long-tenured workers, and extensions to the duration of Work-Sharing agreements.

The Government also provided additional support to Canadians through the Career Transition Assistance (CTA) initiative to extend EI regular benefits for eligible individuals participating in longer-term training. Claimants who meet the eligibility criteria may begin their training until May 2011 and can continue to receive benefits as late as May 2012. More than 14,000 long-tenured unemployed workers have received additional assistance through the CTA in order to participate in long-term training.

Targeted Supports

Some groups, including Aboriginal people, newcomers, persons with disabilities, youth, and older workers may have difficulty accessing labour market opportunities. The Government provides targeted supports to several specific groups to facilitate skills development and training and encourage labour market attachment.

Aboriginal People

The skills development and training of Aboriginal people is supported through several initiatives. The Government is providing \$1.6 billion over five years (until 2015) for the Aboriginal Skills and Employment Training Strategy (ASETS) to support a continuum of skills

ASETS and its predecessor, the Aboriginal Human Resources Development Strategy, have assisted over 593,000 Aboriginal people to create career-focused employment action plans, helped approximately 185,000 Aboriginal people return to work, and supported 65,000 Aboriginal people in returning to school for training.

development for Aboriginal women and men. Women are expected to represent almost half of client interventions under the new ASETS. The Government is also providing \$210 million over five years for the Skills and Partnership Fund (SPF), a partnership-based, opportunity-driven fund that encourages innovative projects and will result in approximately 1,500 to 2,000 additional Aboriginal people employed per year.

Canada's Economic Action Plan introduced the Aboriginal Skills and Training Strategic Investment Fund (ASTSIF) with an investment of \$75 million over two years (2009-2010 and 2010-2011), and extended the Aboriginal Skills and Employment Partnership (ASEP) with an additional \$100 million over three years (2009-2010 to 2011-2012). By 2012, these initiatives will have provided a variety of job and skills training supports to close to 13,000 Aboriginal Canadians to address barriers to employment and improve labour market integration.

Newcomers to Canada

Modernizing the immigration system is crucial to building a competitive and prosperous Canada. The Government has introduced several measures, both when selecting immigrants and post-arrival, to support Canada's economic and labour market objectives and to foster successful labour market integration.

The Government uses various tools to contribute to these ends. Recently, the Government refocused the Federal Skilled Worker Program, which is the primary federal avenue for selecting economic immigrants, to make it more responsive to labour market needs. The Government has also expanded the Provincial Nominee Program, which allows participating provinces and territories to nominate foreign nationals who meet the labour needs specific to each jurisdiction.

The Canadian Immigration Integration Project provides detailed labour market information to economic immigrants before they arrive in Canada so that they can make informed decisions about their future. Additional funding of \$15 million over the next three years has been provided to the Association of Canadian Community Colleges to expand these services in India, China, and the Philippines.

While many newcomers successfully integrate into Canada's labour market without additional supports, others have difficulty securing employment that best suits their education and qualifications. This is in part because their credentials are not always fully recognized. While the responsibility of recognizing foreign credentials rests with provinces and territories, the federal government plays a facilitative and leadership role in strengthening Canada's Foreign Credential Recognition system and in providing information, path-finding and referral services to immigrants in Canada and overseas. This system helps to remove barriers to their successful labour market integration in employment commensurate with their skills and experience.

In November 2009, the federal, provincial, and territorial governments announced the *Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications*. In 2010, activities focused on working with the first set of target occupations identified in the *Pan-Canadian Framework*, namely Architects, Engineers, Financial Auditors and Accountants, Medical Laboratory Technologists, Occupational Therapists, Pharmacists, Physiotherapists, and Registered Nurses.

In 2009, Canada's Economic Action Plan committed an additional \$50 million over two years to support the efforts of governments in addressing barriers to credential recognition in Canada.

Assessment processes within all Canadian jurisdictions meet the one-year commitment to timely service outlined in the *Framework* for the first eight target occupations. This means that internationally trained professionals who submit an application to be licensed or registered to work in these fields will be advised within one year how their qualifications compare to Canadian standards. In some cases, they may also be informed of additional requirements, or be directed to alternative career choices that would benefit from their skills and experience.

Even those newcomers who have successfully settled in Canadian society with recognized qualifications may face challenges to entering the labour market. To address these barriers the Government, through its settlement program, funds activities such as job search help, skills training, provision of labour market information and workplace orientation, and other services intended to equip newcomers with the skills, information, and support they need to enter the labour market. In addition, in conjunction with partners, the Government has developed bridge programs, such as the Enhanced

Language Training (ELT) Initiative, to facilitate the labour market entry of internationally trained professionals.

Persons with Disabilities

Each year, ELT projects across Canada serve approximately 3,500 to 4,500 clients, demonstrably improving their employment-related skills, including: language skills; knowledge of, and experience with, the Canadian work environment; job-finding skills; preparation for licensure exams; and, the development of mentors and networks.

HUMA notes that employer awareness is a critical part of an inclusive labour force and that persons with disabilities should have the opportunity to use their skills to their fullest capacity and access assistance to prepare for, obtain and maintain employment. The Government of Canada shares this view, and supports the active participation of women and men with disabilities in the labour market.

As well as the supports provided through the LMAs and LMDAs, provinces receive dedicated funding for programs and services to improve the employment situation of persons with disabilities through the Labour Market Agreements for Persons with Disabilities (LMAPDs). Each year, over \$218 million is transferred from the Government of Canada to provinces through the LMAPDs. A wide range of activities may be supported under LMAPDs, including employment counselling, career planning, pre-employment preparation, post-secondary education, skills training, wage subsidies, self-employment assistance, technical aids, and other supports.

The Government of Canada also invests \$30 million annually in the Opportunities Fund for Persons with Disabilities (OF). In response to the changing needs of persons with disabilities and the critical role that employers can play, the OF program has been adjusted to increase investments in employer awareness and to ensure that best practices with return service delivery models are widely shared.

The OF program has helped over 60,000 Canadians with disabilities improve their labour market integration by supporting training and skills development in addition to increasing and facilitating access to job opportunities.

The Canada Pension Plan Disability (CPPD) program provides basic earnings replacement to eligible Canada Pension Plan (CPP) contributors who are unable to work because of a severe and prolonged disability. In 2008-2009, women represented 52 percent of the CPPD caseload (compared to 45 percent in 1997-1998), due to their rising levels of labour market participation. Since disability can be dynamic, and many CPPD recipients would like to try to return to work, CPPD encourages clients to work to their potential and offers a range of return-to-work supports, including those tailored to individual needs.

Youth

Investing in skills and employment for Canada's youth contributes to a strong economy now and in the future. The Government of Canada has many labour market programs for youth, including programs under the Youth Employment Strategy (YES), which provides almost \$340 million in ongoing support to help young Canadians enter and stay in the labour market.

Specifically, the objective is to help young people acquire the skills and work experience they need to overcome barriers to gaining and maintaining employment. YES is a horizontal initiative delivered by 11 federal departments and includes three key programs: Skills Link, Career Focus and Summer Work Experience, which also includes the Canada Summer Jobs (CSJ) Initiative. Beginning in 2011, \$10 million in additional annual funding was permanently allocated to CSJ which will result in 3,500 additional jobs for youth each summer.

In 2010, the entire YES served almost 86,000 youth. This included more than 46,000 youth through the Skills Link program, close to 3,000 under the Career Focus program, and almost 37,000 jobs created for students through the CSJ.

Older Workers

The Government of Canada believes that older workers possess invaluable knowledge and skills. The Government has a longstanding record of supporting unemployed older workers who face particular challenges in finding new employment. Launched in 2006, as a temporary measure, the Targeted Initiative for Older Workers (TIOW) was designed in order to address their specific needs. TIOW is a federal-provincial/territorial cost-shared initiative to provide employment assistance services and employability improvement activities, such as skills upgrading and work experience, to improve the employability of unemployed older workers aged 55 to 64 living in vulnerable communities.

Through the years, TIOW has received continuous support and has been a key part of the Government's response to the economic downturn. The initiative was extended for three years in Budget 2008, with a \$90 million enhancement, and most recently enriched by \$60 million in Budget 2009, Canada's Economic Action Plan, for a total investment of \$220 million.

TIOW targets 'vulnerable' communities - cities and towns with a population of 250,000 or less, where jobs are harder to find as they experience ongoing high unemployment or rely significantly on an employer or industry that has experienced downsizing or closure. All provinces and territories participate in TIOW, making the Initiative national in scope. The Initiative has been successful in helping close to 14,000 displaced older workers re-enter the workforce.

Post-Secondary Education

Education is an essential stepping stone to participation in the labour market and fundamental to ensuring economic security for individuals and families. Moreover, a strong economy and labour market depend upon a skilled and educated workforce. The Government of Canada's objective is to create the best-educated, most skilled, and most flexible workforce in the world, particularly in an economy that increasingly relies on knowledgeable and innovative workers. The Government supports provinces and territories in ensuring that Canadians can access post-secondary education. The Government also provides many direct supports to Canadians to assist with the costs of post-secondary education.

In 2010-2011, the Government is providing almost \$10.4 billion in federal support for post-secondary education. Of this, over \$3.4 billion is provided to provinces and territories through the Canada Social

The \$3.4 billion provided to provinces and territories through the CST includes the additional investment of \$800 million, starting in 2008-2009, to strengthen the quality and competitiveness of Canada's post-secondary education system.

Transfer (CST), a block transfer, and approximately \$7 billion is provided through direct support and tax measures to Canadian students, their families, institutions, and researchers.

Through the Canada Student Loans Program (CSLP) and Canada Student Grants Program (CSGP), the Government of Canada works to improve access to and completion of post-secondary education for all Canadians. Through the CSLP and CSGP, the Government provides both loans and grants to assist students with the cost of post-secondary education.

For the 2009-2010 school year, federal loans and grants were provided to over 400,000 post-secondary students across Canada.

The Government introduced the new CSGP in 2009 which, last year alone, provided non-repayable grants to approximately 290,000 students from low- and middle-income families, students with permanent disabilities, and low-income students with children. Students from low-income families accounted for approximately 190,000 recipients of the grant.

Over 150,000 additional students received grants in 2009-2010. That is more than double the amount compared to the previous program. As a grants program, the CSGP funds do not need to be repaid by students and their families.

In 2009, the Government also introduced a new support for students experiencing difficulty in repaying their loans. Under the new Repayment Assistance Plan (RAP) and Repayment Assistance Plan for Borrowers with Permanent Disabilities (RAP-PD), borrowers who are having difficulty paying back their student loan debt are expected to pay back only what they can reasonably afford based on their family income and family size, with monthly payments limited to no more than 20 percent of family income.

In addition to these direct supports, the Government also encourages early savings for post-secondary education through the Canada Education Savings Program. The program offers a grant, the Canada Learning Bond (CLB), specifically targeted to help parents, friends, and family members save early for the post-secondary education of children in modest-income families.

ENSURING ECONOMIC SECURITY

The Government of Canada is committed to strengthening the economic security of Canadian individuals and families, enabling them to remain resilient. While labour force participation fosters economic prosperity, the Government recognizes that some individuals may face barriers to participation and require additional support to help

them reach their full potential. The Government works closely with provinces and territories to address the economic security of diverse groups of Canadian men and women. The Government also provides targeted investments to specific groups, such as families with children, working-age Canadians, Aboriginal people, persons with disabilities, and seniors. HUMA recognizes the barriers facing many of these groups in their analysis of low-income trends in Canada. The Government of Canada also understands the challenges confronted by these groups and provides a variety of measures, such as benefits for families with children or tax supports for persons with disabilities, to assist vulnerable Canadians in achieving success. These measures assist Canadians in a variety of circumstances, rather than taking a one-size-fits-all approach.

Federal-Provincial/Territorial (F-P/T) Investments

Many of the initiatives that address the economic security and well-being of Canadians fall under provincial and territorial jurisdiction. The Government of Canada works closely the provinces and territories in tackling challenges related to poverty, housing, and homelessness.

The Government of Canada provides substantial funding to provinces and territories through the CST, the Canada Health Transfer (CHT), and the Equalization and the Territorial Formula Financing (TFF) transfers that may be used to support poverty reduction initiatives.

Through the CST, the Government of Canada provides significant, growing financial support to provincial and territorial governments to assist them in the provision of social assistance and social services.

Budget 2007 renewed and strengthened the CST, by extending the funding framework to 2013-2014, legislating an annual 3 percent escalator, and increasing base funding levels. At the same time, the transfer was moved to an equal per capita cash basis and new investments were made to facilitate this move to equal cash support for all Canadians. The Government also increased the transparency of the support provided through the CST by providing information on the notional allocation of support among the three priority areas (post-secondary education, social assistance and social programs, and programs for children).

As a result, in 2011-2012, total CST cash support will total \$11.5 billion, with about \$8 billion notionally allocated to social assistance and programs for children. Total CST support will reach \$12.2 billion in 2013-2014 as a result of the annual escalator. Provinces and territories have the flexibility to allocate this growing funding to the supported areas according to their own needs and priorities, which may include measures relating to poverty reduction.

The Government of Canada also provides significant unconditional annual funding to provinces and territories through the Equalization and the TFF transfers. This funding supports provincial and territorial governments in the provision of programs and services to their residents according to their needs and priorities, which may also include poverty reduction measures. In 2011-2012, the Equalization and TFF transfers will amount to \$14.7 billion and \$2.9 billion, respectively.

The Government recognizes the linkages between economic security and the health of Canadians, while respecting provincial/territorial jurisdiction. Although health care is but one aspect among many determinants of health, the Government of Canada makes significant contributions to provinces and territories in support of health care delivery. This includes over \$25 billion in cash support provided through the CHT in 2010-2011 alone. As a result of the annual escalator of six percent, the CHT cash transfer will reach \$27 billion in 2011-2012 and over \$30 billion by 2013-2014.

The Government also provided \$8.2 billion in 2010-2011 in tax credits and direct spending initiatives in areas of federal responsibility. This \$8.2 billion consists of \$7 billion in direct support, including First Nations' and veterans' health care, health protection, disease prevention, and health-related research, and approximately \$1.2 billion in medical and caregiver tax credits.

Broad Supports through the Tax System

The Government of Canada also provides support to low- and modest-income Canadians through the tax system. Actions taken by the Government since 2006 will reduce taxes on individuals and families by about \$160 billion over 2008-09 and the following five fiscal years, with low- and middle-income Canadians being the principal beneficiaries. In 2011, about 30 percent of the personal income tax relief provided by the Government since 2006 will go to Canadians with incomes under \$41,544. As a result of the tax relief measures the Government has introduced, more than one million low-income Canadians have been removed from the tax rolls altogether.

Key personal income tax measures that benefit low- and modest-income Canadians include increasing the Age Credit amount for low- and modest-income seniors, introducing and enhancing the Working Income Tax Benefit and increasing the basic personal amount and related amounts for low-income spouses and eligible dependants. Even Canadians who do not earn enough to pay personal income tax can benefit from the two-percentage-point reduction in the Goods and Services Tax (GST) rate. Maintaining the GST credit level, while reducing the GST by two percentage points, translates into more than \$1.1 billion in benefits annually for low- and modest-income Canadians.

Families with Children

Families are the building block of Canadian society and the Government of Canada is strengthening their economic security.

The Government provides significant income support to Canadian families with children to help them with the costs of raising their children. The majority of these benefits go to low- and middle-income families. The CCTB, including the NCB Supplement, provides a tax-free monthly benefit of up to \$3,436 per year for the first eligible child under the age of 18 (\$6,632 for two children).

The Government believes that parents know best when it comes to determining the type of child care that best suits their family's needs. In order to help them with their choice, the Government introduced the Universal Child Care Benefit (UCCB), which provides families with up to \$1,200 per year for each child under the age of six.

Budget 2010 improved the taxation of the UCCB to ensure that single-parent families receive tax treatment comparable to that of two-

The UCCB provides approximately \$2.6 billion each year to 1.5 million families on behalf of over 2 million children to offer all parents of young children choice in child care.

parent families. Budget 2010 also improved the allocation of child benefits, including the UCCB, for shared-custody parents. Parents who share custody of a child more or less equally may each receive one half of the UCCB amount on a monthly basis.

The federal personal income tax system also provides significant tax relief for families with children. The Child Tax Credit (CTC), introduced in Budget 2007, provides tax relief of up to \$320 per child in 2011. The GST Credit child component provides up to \$131 per child per year (higher for single parents) in the 2010-11 benefit year. The Eligible Dependant Credit (EDC), increased in Budget 2007 and again in Budget 2009, provides single parents with up to \$1,579 of tax relief in 2011. As a result of actions taken by the Government since 2006, the average Canadian family of four will pay almost \$3,000 less in tax in 2011.

Partnerships are key to addressing economic security challenges for Canadian families with children. F-P/T governments¹ work in partnership on the F-P/T NCB initiative to help prevent and reduce the depth of child poverty, to promote attachment to the labour force by ensuring that families will always be better off as a result of working, and to reduce overlap and duplication by harmonizing program objectives and benefits through simplified administration.

The NCB has been successful in reducing the incidence of families with children living in low income and in reducing the severity of low income for those families who continue to live below the low-income threshold.

Provinces and territories have primary responsibility for the design and delivery of social and educational services for families and children including early learning and child care services. In 2010-2011, almost \$6 billion is being provided by the Government for children through transfers to provinces and territories, direct spending, and tax measures for families. To date, this is the largest investment in this area of any federal government in Canada's history. The CST provides funding in support of the 2000 F-P/T Early Childhood Development (ECD) initiative and the 2003 F-P/T Multilateral Framework on Early Learning and Child Care (ELCC). Since 2007, the Government has transferred an additional \$250 million each year to support the creation of new child care spaces across the country. Altogether, the Government of Canada is transferring approximately \$1.2 billion in 2010-2011 to provinces and territories in support of families with young children through the CST, which will grow to almost \$1.3 billion by 2013-2014.

Federal Initiatives for Specific Groups

The Government of Canada invests in targeted measures to help support the economic

¹ Although the Government of Quebec has stated that it agrees with the NCB's basic principles, it has chosen not to participate in order to maintain control over income support for children in Quebec. However, it has adopted an approach similar to the NCB.

security of particular groups, including persons with disabilities, and seniors. This approach allows the Government to focus on meeting the specific needs of particularly vulnerable segments of Canada's population, rather than using a one-size-fits-all approach.

Persons with Disabilities

The Government makes significant investments annually in targeted benefits and services to Canadians with disabilities and those who care for them, as well as those with above-average medical expenses.

The March 2010 ratification of the United Nations *Convention on the Rights of Persons with Disabilities* demonstrates the Government of Canada's commitment to removing obstacles and creating opportunities for persons with disabilities. It is the culmination of collaboration over many years by all levels of government working together with members of the disability community. The Government is taking action to build on this momentum and continues efforts towards building an inclusive society for all.

The Registered Disability Savings Plan (RDSP), introduced in Budget 2007, helps parents and grandparents of children with severe disabilities to better provide for their child's long-term financial security, with additional provisions for low- and modest-income families. The Government has also worked with provinces and territories to ensure that RDSP assets and income do not affect eligibility for provincial/territorial income support programs. Over 40,000 RDSPs have been opened since its inception.

The Disability Tax Credit (DTC) recognizes that persons with disabilities and those who care for them face extra disability-related expenses that reduce their ability to pay tax.

Additional measures that recognize the needs of persons with disabilities include the Child Disability Benefit (CDB), the Medical Expense Tax Credit (METC), the Disability Supplement of the WITB, the Caregiver Credit, the Infirm Dependant Credit, CPP Disability Benefits, Veterans' Disability Benefits, and EI Sickness Benefits.

CPP Disability benefits paid approximately \$3.6 billion in benefits in 2008-2009 to 311,000 beneficiaries and 87,000 of their dependent children.

In addition to these targeted benefits and services, the Enabling Accessibility Fund (EAF) supports community-based projects across Canada that improve accessibility, remove barriers, and enable Canadians with disabilities to participate in and contribute to their community. To date, the EAF has supported over 300 projects in communities all across the country. Budget 2010 builds on the success of the EAF by extending the program and providing an additional \$45 million over the next three years.

Seniors

Canada has a diversified retirement income system based on a mix of public and private pensions including tax assistance to private retirement savings. This system supports the economic security of all seniors and has contributed to the dramatic reduction in low income among seniors over the past three decades. The low-income

rate among seniors in Canada has declined significantly, from 21.4 percent in 1980 to 5.8 percent in 2008, according to Statistics Canada's post-tax Low Income Cut-Offs (LICOs). The low-income rate among seniors in Canada is now one of the lowest rates among member countries of the Organisation for Economic Cooperation and Development (OECD). Canada has had significant success in reducing low income among seniors, and the Government remains committed to helping the most vulnerable seniors across the country.

Canada's retirement income system is part of our success. The OAS pension provides a basis upon which Canada's seniors, 65 years of age or over, may build additional income from other sources, such as the Canada and Quebec Pension Plans (CPP/QPP), Registered Retirement Savings Plans (RRSPs), and other personal savings, regardless of pre-retirement earnings. Additional support for low-income seniors with little or no income apart from the OAS pension is provided through the income-tested GIS. Together, the OAS pension and the GIS provide low-income seniors with a minimum income guarantee. Eligibility for OAS benefits is not based on pre-retirement earnings, which is an important feature for older women, who may have had frequent interruptions in labour market participation or may have worked at home.

Of the 4.7 million seniors who received OAS benefits in 2009-2010, 2.6 million (55.8 percent) were women, including 1 million who also received the GIS (63.2 percent of GIS beneficiaries).

The Government of Canada has taken steps to allow seniors to keep more of their earnings. For GIS recipients, Budget 2008 increased the amount that can be earned before GIS

In 2009-2010, OAS was provided to 4.7 million seniors through the basic pension, and GIS payments were provided to 1.6 million low-income OAS pensioners.

benefits are reduced from \$500 to \$3,500. Since 2006, the GIS benefit has been increased by 7 percent, above indexation. The Government of Canada also introduced the Tax-Free Savings Account (TFSA) and ensured that neither income earned in a TFSA nor withdrawals from it affect eligibility for federal income-tested benefits and credits, including GIS. As well, the amount that seniors can earn before having to pay income tax has increased as a result of the Government's actions since 2006, including increases to the Age Credit and Pension Income Credit amounts.

The Government has also significantly simplified the application process for the GIS. In 2007, the Government introduced automatic renewal of the GIS so eligible seniors who file a tax return no longer have to reapply each year, once an initial application is made. In 2009-2010, 95.8 percent of GIS recipients had their benefit automatically renewed, based on tax returns. The Government continues to improve services to help ensure that eligible seniors receive the benefits to which they are entitled.

To build on this record, the Government has engaged in a public discussion with Canadians on retirement-income adequacy and security. Following public consultations last spring, at the December 2010 Finance Ministers Meeting, F-P/T Finance Ministers agreed on a framework for defined contribution Pooled Registered Pension Plans (PRPPs). These plans will assist Canadians, including the self-employed, in meeting their retirement objectives by providing access to a new, low-cost pension option.

F-P/T governments will work collaboratively over the coming months to implement PRPPs, taking into account the perspectives of employers, employees and those that may offer PRPPs in developing legislation to implement these plans. The federal government will also develop modifications to the tax rules to accommodate PRPPs.

The Government also remains committed to fostering better financial literacy for Canadians. To that end, the Government will review the Task Force on Financial Literacy report to be released in early 2011 and will respond to the recommendations coming out of the report.

Finance Ministers also reviewed work done on a range of options for the CPP and agreed officials should continue work. Given the long-term nature of pension arrangements, it is important to ensure that any expansion to the CPP is carefully considered.

Support for Communities

The Government of Canada values the important role played by communities and community-based organizations and understands that solutions to social challenges are often identified and addressed locally through community efforts. HUMA draws attention to community organizations as key players in addressing needs in neighbourhoods across Canada. HUMA also emphasizes the importance of support from and partnerships with various levels of government. The Government provides various initiatives to support community-based solutions and continues to improve these initiatives to ensure that local organizations have the supports needed to carry out their work and effect important change.

The Government recognizes the significant and innovative contributions of the not-for-profit (NFP)/voluntary sector in developing community-based initiatives across Canada. To assist these organizations, the Government is committed to establishing social partnerships that support multi-sectoral initiatives to address complex social issues in communities.

The Social Development Partnerships Program (SDPP) is a grant and contribution program that supports investments in NFP organizations to help improve life outcomes for persons with disabilities, children and families and other vulnerable populations. The SDPP consists of two primary components: Children and Families / Social Partnerships (\$8.3 million annually) and People with Disabilities (\$11 million annually).

In January 2009, following a positive evaluation, the SDPP was extended to March 2012 contingent on program transformation. To ensure the SDPP continues to be relevant and effective, the Government is now reflecting on SDPP's design, keeping in mind that many social problems persist overtime, are interrelated and are best addressed by community actions that are connected and mutually-reinforcing. As such, the stakeholders will be engaged on program design to ensure the views of all are well understood.

The new Treasury Board Policy and Directive on Transfer Payments provide departments with increased flexibility for the management and delivery of grants and contributions. The focus is on improving access to and awareness of government

programs for Canadians, and reducing administrative burden for applicants and recipients. Work is underway at Human Resources and Skills Development Canada (HRSDC) - the department that manages the majority of grants and contributions for the NFP and voluntary sector, to pool resources for multiple projects under one agreement. This "single window" approach is being designed to address and support, in a more comprehensive way, the complex social challenges that communities currently face. As well, in November 2010, a new website was launched by HRSDC that provides clear and easy-to-find information about funding opportunities and how to apply in order to facilitate fair access by all partners, including smaller NFP and voluntary organizations. Work is underway in 2011 to enhance this website and eventually provide on-line services for application, funding agreements, payment and reporting.

In January 2011, the Prime Minister announced the creation of a new volunteer awards program to recognize the outstanding contributions of Canadians who volunteer their time, energy and talents to helping others, as well as local business leaders and individuals from not-for-profit organizations that make a difference in their communities.

HOUSING AND HOMELESSNESS

The Government of Canada recognizes that accessing housing remains a challenge for some Canadians. The Government is working in partnership with provinces and territories, municipalities, Aboriginals, the not-for-profit and voluntary sectors, the private sector, local organizations, and communities to address housing and homelessness challenges.

In 2008, the Government of Canada approved funding for housing and homelessness initiatives at \$387.9 million per year for five years to 2014, for total funding of \$1.9 billion. This included a two-year program renewal of the Affordable Housing Initiative (AHI), the Government's housing renovation programs, including the Residential Rehabilitation Assistance Programs (RRAP), and the Homelessness Partnering Strategy (HPS). The overall five-year funding renewal provided an opportunity to consider how best to move forward in order to continue to respond effectively to the needs of Canadians. In the fall of 2009, the Government consulted with provinces and territories, community partners, the private sector, and national and Aboriginal stakeholders to consider how best to use investments for the remaining three years (2011-2014).

Housing

Assisted Housing

Canadians are among the best-housed in the world and 80 percent have their housing needs met in the private market. The Government continues to work with its partners to improve housing choice and affordability by providing support and assistance across a broad continuum, from shelter and supports for those at greatest risk, to transitional and supportive housing to help people live more independently.

Through Canada Mortgage and Housing Corporation (CMHC), the Government helps Canadians to access affordable, quality housing. The Government invests in a range of programs and initiatives to address housing issues.

The RRAP and related renovation programs involve \$128.1 million in annual federal funding to help preserve the quality of affordable housing for low-income Canadians, including: seniors, persons with disabilities, and Aboriginal people. Since 1973, the renovation programs have benefitted some 825,000 low-income households.

The Government of Canada is continuing housing program funding at current funding levels of \$253.1 million per year for the remaining three years (2011-2014) and is working with provinces and territories on delivery arrangements to best meet the diverse housing needs of low-income Canadians. The federal government understands that housing challenges differ from coast to coast to coast. Local needs and priorities will be targeted to maximize effective housing solutions.

The Government also provides \$1.7 billion annually in support of 620,000 households living in existing social housing units, which supplies these Canadians with quality housing at affordable rates. Of the \$1.7 billion, \$151 million is provided annually by the Government of Canada to support existing housing for Aboriginal households living off-reserve. The Government also provides an estimated \$277 million per year for the construction and renovation of housing on-reserve.

CMHC's Affordable Housing Centre provides support for the development of affordable housing by non-profit and private sector proponents with little or no public subsidy. Since its inception, the Centre has facilitated the production of over 53,000 affordable housing units for low-income clients, including families with children, and older women.

Canada's Economic Action Plan

In 2009, Canada's Economic Action Plan announced more than \$2 billion over two years to build new affordable housing and to repair existing social housing, including housing on-reserve and in the North, and housing for seniors and persons with disabilities. As reported in the Seventh Report to Canadians on Canada's Economic Action Plan measures, concrete results are evident. Over 12,200 projects are underway or completed to improve social housing and First Nations housing across Canada.

Over \$2 billion over two years was announced under Canada's Economic Action Plan. \$1 billion was allocated to the renovation and retrofit of social housing; \$400 million to build more housing for seniors; \$75 million for new housing for persons with disabilities; \$200 million for Northern housing; and \$400 million for on-reserve renovation and retrofit.

In particular, over 7,700 construction and renovation projects are underway or have been completed, including the construction of 350 projects for low-income seniors and persons with disabilities and the renovation of 7,350 existing social housing projects nationwide. These projects support some of the most vulnerable in our communities, such as single-parent families, recent immigrants, and Aboriginal Canadians living off-reserve. Over 206 projects are underway or completed in the North to address their

housing needs. In addition, \$400 million is being invested over two years in support of housing for over 3000 projects in close to 500 First Nations communities.

The Government of Canada is also investing \$150 million in 2009-10 and 2010-11 to renovate and retrofit federally administered social housing. Currently, there are over 1,300 projects underway or completed.

Canada's Economic Action Plan also provides up to \$2 billion over two years in low-cost loans to municipalities through CMHC to fund housing-related municipal infrastructure projects. To date, 234 low-cost loans have been approved.

Housing Accessibility

The Government also supports housing accessibility for persons with disabilities and mobility limitations through several measures. For example, individuals eligible for the DTC purchasing a more accessible or functional home are eligible for tax support through the First-Time

CMHC renovation programs that improve accessible housing for persons with disabilities include, for example, the Residential Rehabilitation Assistance Program for Persons with Disabilities (RRAP-D), and the Home Adaptation for Seniors' Independence Program (HASI).

Home Buyers' Tax Credit and the Home Buyers' Plan, even if they are not first time home buyers. Renovation and construction expenses incurred to allow an individual who has a severe and prolonged mobility impairment or lacks normal physical development to gain access to or be more mobile and functional within a dwelling may be claimed under the METC. Tax relief is also provided through the METC for a wide variety of devices which can make a home more accessible (e.g. stair glides or hand rails).

CMHC also undertakes research to improve housing for persons with disabilities. The results of this research are used to provide advice on home design techniques that can be incorporated to better accommodate a person with a disability who would be visiting or living in a new home.

Homelessness

The Government of Canada has kept its commitment and renewed the HPS for three years, until 2014, at the current funding level of \$134.8 million per year. The HPS funding will continue to assist low-income Canadians and those who are homeless or at risk of homelessness, including low-income seniors, persons with disabilities, recent immigrants, and Aboriginal people in need of support.

The HPS encourages communities to focus on long-term solutions to homelessness. Sixty-one Designated Communities across Canada, which were selected in 2000 based on consultation and highest need, are required to develop Community Plans that reflect communities' unique priorities and facilitate collaboration among all levels of government, Aboriginal partners, and the private and NFP and voluntary sectors. Ten-year homelessness plans, housing-first approaches, and longer-term solutions have also been developed in several cities.

The renewed HPS will work to further strengthen relationships with provinces and territories, building on the successful partnerships to date. Other program enhancements include: greater support for rural and remote communities; ensuring culturally relevant programming and services for Aboriginal women and men who are homeless or at risk of homelessness; developing linkages between mental health and homelessness; increasing the relevance and dissemination of research; reinforcing accountability for results; and, improving data sharing and collection.

Recognizing the linkages between homelessness and both physical and mental health, a total of 16 Community Plans explicitly identify health-related issues among their priorities.

Moreover, in 2008, the Government provided the Mental Health Commission of Canada (MHCC) with \$110 million over five years to support innovative demonstration projects to develop best practices to help Canadians facing mental health and homelessness challenges. Demonstration projects based on a housing-first approach are underway in five cities across Canada. The research projects will collectively develop a body of evidence to help Canada become a world leader in providing services to homeless people living with mental illness.

Under the HPS, the Surplus Federal Real Property for Homelessness Initiative (SFRPHI) makes surplus federal properties available to community organizations, the NFP and voluntary sector, and other levels of government to support projects that help prevent and reduce homelessness. SFRPHI is an effective way of ensuring that surplus federal properties are put to good use to help vulnerable Canadians.

CONCLUSION

The Government of Canada shares HUMA's objective of tackling poverty in Canada, and is addressing many of the challenges raised in *Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada*.

Poverty reduction cannot be accomplished without the support of all levels of government and the NFP and voluntary sectors, the private sector, and communities. The Government's approach to poverty reduction includes labour market participation, ensuring economic security, and investments in housing. The best long-term strategy to combat poverty is the sustained employment of Canadians, and the Government is making significant investments toward this goal. The Government is also making targeted investments to strengthen the economic security of Canadian individuals and families, with an emphasis on those who face particular barriers, to ensure their security and stability. Finally, the Government is investing in programs to improve access to and quality of housing for Canadians, and to alleviate homelessness.

The Government will take the Committee's recommendations under advisement as it continues to find ways to help Canadian men and women succeed, and continue to evaluate the effectiveness of its programs with a focus on results for Canadians. The Government is constantly making improvements and adjustments to ensure that our investments are making a positive difference in the lives of Canadians and their families.

ACRONYMS

ACG	Apprenticeship Completion Grant
AHI	Affordable Housing Initiative
AIG	Apprenticeship Incentive Grant
ASEP	Aboriginal Skills Employment Partnerships
ASETS	Aboriginal Skills Employment and Training Strategy
ASTSIF	Aboriginal Skills and Training Strategic Investment Fund
CCTB	Canada Child Tax Benefit
CDB	Child Disability Benefit
CHT	Canada Health Transfer
CLB	Canada Learning Bond
CMHC	Canada Mortgage and Housing Corporation
CPP	Canada Pension Plan
CPPD	Canada Pension Plan Disability
CSGP	Canada Student Grants Program
CSJ	Canada Summer Jobs Initiative
CSLP	Canada Student Loans Program
CST	Canada Social Transfer
CTA	Career Transition Assistance
CTC	Child Tax Credit
DTC	Disability Tax Credit
EAF	Enabling Accessibility Fund
ECD	Early Childhood Development
EDC	Eligible Dependant Credit
EI	Employment Insurance
ELCC	Early Learning and Child Care
ELT	Enhanced Language Training Initiative
F-P/T	Federal-Provincial/Territorial
GIS	Guaranteed Income Supplement
GST	Goods and Services Tax
HASI	Home Adaptation for Seniors' Independence Program
HPS	Homelessness Partnering Strategy
HRSDC	Human Resources and Skills Development Canada
HUMA	Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities
LICOs	Low Income Cut-Offs
LMAs	Labour Market Agreements
LMAPDs	Labour Market Agreements for Persons with Disabilities
LMDAs	Labour Market Development Agreements
METC	Medical Expense Tax Credit
MHCC	Mental Health Commission of Canada
NCB	National Child Benefit
NFP	Not-for-profit
OAS	Old Age Security
OECD	Organisation for Economic Cooperation and Development
OF	Opportunities Fund for Persons with Disabilities
OLEs	Office of Literacy and Essential Skills

QPP	Quebec Pension Plan
PRPPs	Pooled Registered Pension Plans
RAP	Repayment Assistance Plan
RAP-PD	Repayment Assistance Plan for Borrowers with Permanent Disabilities
RDSP	Registered Disability Savings Plan
RRAP	Residential Rehabilitation Assistance Program
RRAP-D	Residential Rehabilitation Assistance Program for Persons with Disabilities
RRSPs	Registered Retirement Savings Plans
SDPP	Social Development Partnerships Program
SFRPHI	Surplus Federal Real Property for Homelessness Initiative
SPF	Skills and Partnership Fund
STTF	Strategic Training and Transition Fund
TFF	Territorial Formula Financing
TFSA	Tax-Free Savings Account
TIOW	Targeted Initiative for Older Workers
UCCB	Universal Child Care Benefit
WEPP	Wage Earner Protection Program
WITB	Working Income Tax Benefit
YES	Youth Employment Strategy