CALEDON
INSTITUTE OF
SOCIAL POLICY

The federal role in poverty reduction

presentation to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

by

Ken Battle and Sherri Torjman

March 10, 2009

The federal role in poverty reduction

presentation to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

by

Ken Battle and Sherri Torjman

March 10, 2009

ISBN 1-55382-361-3

Published by:

Caledon Institute of Social Policy
1390 Prince of Wales Drive, Suite 401
Ottawa, ON K2C 3N6
CANADA
Phone: (613) 729-3340
Fax: (613) 729-3896
E-mail: caledon@caledoninst.org
Website: *www.caledoninst.org*

Table of Contents

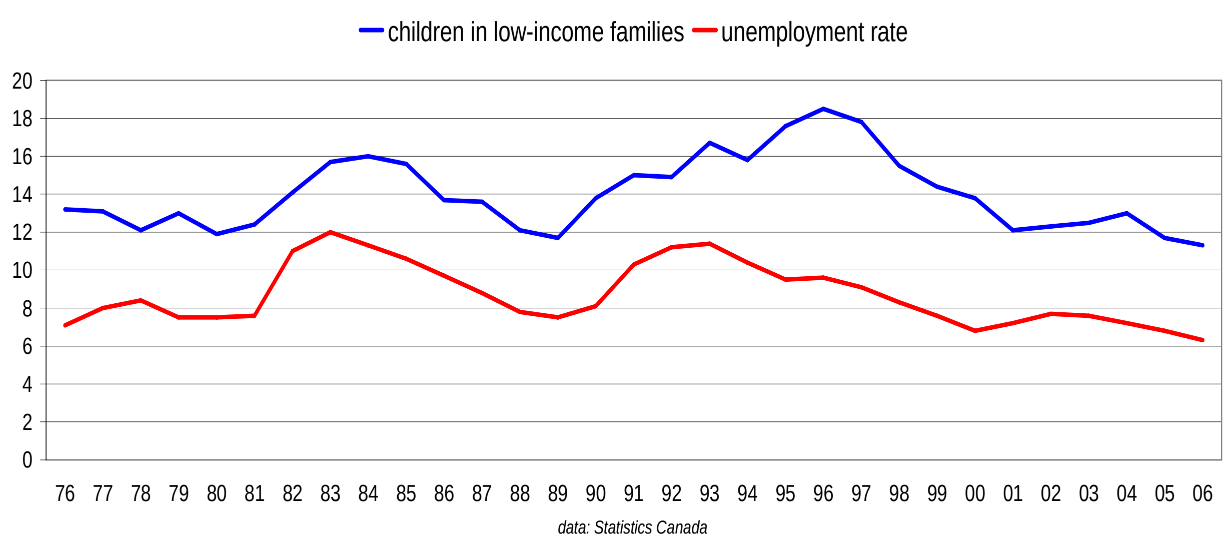
Introduction

Social advocates often cite the 1989 all-party Resolution of the House of Commons to ‘abolish’ child poverty by 2000 as proof of the abject failure of the federal government. In 1989, a substantial 11.7 percent of children lived in low-income families, but it was even worse by 2000 – 13.8 percent. At last count, in 2006, 11.3 percent of children lived in low-income families, only fractionally less than the 11.7 percent figure for 1989 – and a long way off the supposed 0 percent target for 2000.

But the picture is more complicated than it may seem. For one thing, the famous 1989 Resolution has been mythologized somewhat; in fact, the actual wording of the Resolution is that Canada “should seek to achieve the goal of eliminating poverty among Canadian children by the year 2000.” There is a world of difference between seeking and achieving. We interpret the careful phrasing of the Resolution as recognition that reducing child poverty all the way to 0 would be a difficult if not quixotic quest, doomed to failure. However, contrary to the government’s critics, there has been some seeking to achieve that goal, notably the federal-provincial National Child Benefit reform that started in 1998, though it never pretended to attempt to abolish child poverty outright.

The 1989 Resolution against poverty could not have been worse timed from the point of view of the federal government. A key determinant of the poverty rate is the state of the economy. When the Resolution was passed in 1989, child poverty (11.7 percent that year) had been declining since its peak of 16.0 percent in 1984 following the early 1980s recession. After 1989,

Figure 1
Low-income rate for children
versus unemployment rate, 1976-2006

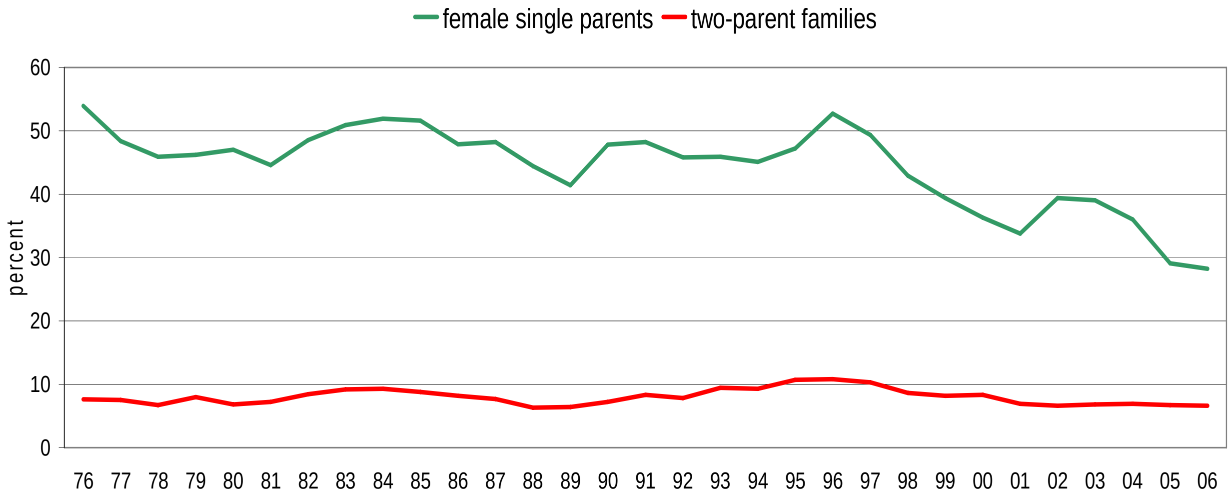


the early 1990s recession drove the child poverty rate back up to 18.5 percent by 1996, and then it fell again to 13.8 percent in 2000 and 11.3 percent by 2006. So even if Ottawa had announced an anti-poverty initiative in immediate response to the 1989 Resolution, it would have been swimming upstream against the flood of rising poverty caused by the recession.

Figure 1 shows the close correspondence between the trends in the low-income rate for children and the unemployment rate, the latter a key indicator of the health of the economy. Canada's jobless rate rose sharply from 7.5 percent in 1989 to 11.4 percent in 1993, then declined to 6.3 percent in 2006. The low-income rate for children shows the same up-and-down pattern, climbing from 11.7 percent in 1989 to a peak of 18.5 percent in 1996 and then declining to 11.3 percent by 2006.

The lesson here is that it is especially hard to reduce poverty when the economy is in bad shape: Economic reality trumps social policy. The significant multi-year increase in federal child benefits that started in 1989 may have played some small role in the improvement in the child poverty rate after 1996, but it was falling unemployment and growth in the economy that drove the trend down so significantly. Thanks largely to increasing employment and somewhat to improvements in child benefits, the poverty rate for female-led single-parent families was almost cut in half from 52.7 percent in 1996 to 28.2 percent in 2006.

Figure 2
Low-income rate, female-led one-parent families and two-parent families, 1976-2006



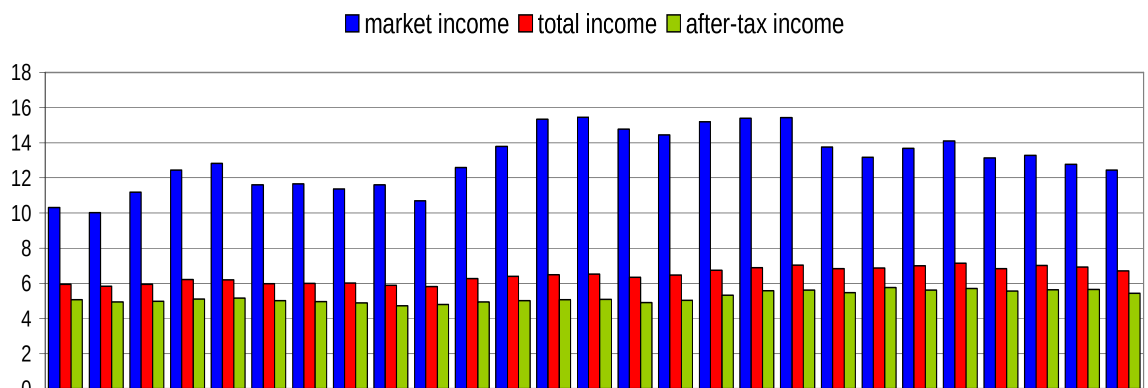
data: Statistics Canada

Female-led single-parent families face a much higher risk of low income than do two-parent families, as demonstrated in Figure 2. However, the gap between them has narrowed somewhat since the mid-1990s due to the larger proportionate decline in poverty for single-parent mothers than two-parent families. In 1996, the low-income rate for female-led lone parent families was a very high 52.7 percent – almost 4.9 times the 10.8 percent rate for two-parent families. By 2006, the low-income rate for female-led lone parent families had decreased to 28.2 percent as opposed to 6.6 percent for two-parent families – 4.3 times greater.

Another lesson is that, to fairly measure the impact of social programs on poverty, we must also calculate the low-income rate based on market income (i.e., income from employment, savings, private pensions and other private sources) and compare it to the low-income rate after income taxes and income programs. Otherwise during recessions, even if governments boost social spending, they could be unfairly criticized as failing to address poverty, when in fact income programs at least slow the increase in the poverty numbers.

However, the powerful force of market-driven poverty does not mean that government is powerless to do anything about the problem. In fact, governments have made more progress against poverty and income inequality than many people realize – even though there is still a long way to go and the challenge is daunting.

Figure 3
Gap in income shares of families in the top and bottom quintiles, by definition of income, 1980-2006



	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06
market income	10.3	10.0	11.2	12.4	12.8	11.6	11.7	11.4	11.6	10.7	12.6	13.8	15.3	15.4	14.8	14.5	15.2	15.4	15.4	13.8	13.2	13.7	14.1	13.1	13.3	12.8	12.4
total income	5.9	5.8	6.0	6.2	6.2	6.0	6.0	6.0	5.9	5.8	6.3	6.4	6.5	6.5	6.3	6.5	6.8	6.9	7.0	6.8	6.9	7.0	7.1	6.8	7.0	6.9	6.7
after-tax income	5.1	4.9	5.0	5.1	5.2	5.0	5.0	4.9	4.7	4.8	4.9	5.0	5.1	5.1	4.9	5.0	5.3	5.6	5.6	5.5	5.8	5.6	5.7	5.6	5.6	5.7	5.4

data: Statistics Canada

Figure 3 shows the gap between families in the top and bottom income quintiles (i.e., fifths) using three definitions of income – market income (from earnings, investments, private pensions, rent and other non-governmental sources), total income (market income plus income from government programs such as old age pensions, the Canada and Quebec Pension Plans, Employment Insurance, child benefits and welfare) and after-tax income (total income less federal and provincial/territorial income taxes).

High-income families received almost half (46.0 percent) of market income at last count, 2006, which is 12.4 times the small 3.7 percent share for families in the lowest group. But when we shift from market to total income, upper-income families' share of total income falls to 42.3 percent whereas the share of families in the lowest group increases to 6.3 percent – narrowing the gap considerably to 6.7 times. Families in the highest quintile got 39.6 percent of after-tax income as opposed to 7.3 percent for those in the bottom group, further reducing the gap to 5.4 times.

The blue bars indicate the gap in shares of market income between families in the highest and lowest quintiles. Inequality in market income as measured by the gap between the well-off and the poor is large and has varied considerably over the years, ranging from a low of 10.0 times in 1981 to a high of 15.4 times in 1993, 1997 and 1998.

The gap in total income, shown by the red bars, is smaller – from a low of 5.8 times in 1981 and 1989 to a high of 7.1 in 2002 – though has crept up a bit since the mid-1990s.

The after-tax income gap has remained much the same over the years even when market income inequality has increased, as illustrated in Figure 3.

Income inequality is wide no matter what definition of income we use. However, government intervention in the marketplace in the form of income programs and income taxes lessens the income gap significantly.

Poverty is a complex, diverse and tough issue that requires a range of interventions by a number of actors – all three orders of government, employers, unions, educational and health institutions, voluntary organizations and communities. Close cooperation between the federal and provincial/territorial governments is particularly important.

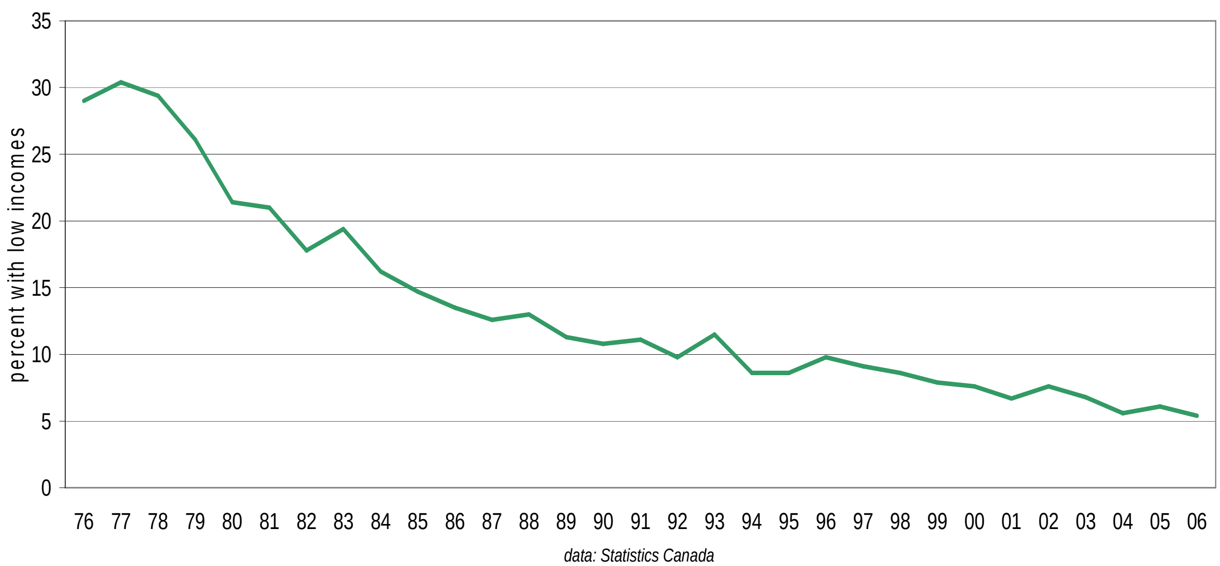
We believe that the federal government has the dominant role to play in tackling reduction. It can reduce poverty, it does reduce poverty and it should reduce poverty a lot more.

Ottawa has not followed the example of other governments at home and abroad – including Newfoundland, Quebec and Ontario, as well as the UK and Ireland – which have launched formal poverty reduction strategies replete with analysis, evaluation, reform initiatives and targets. But the federal government does have at its disposal some potentially powerful instruments to help reduce poverty, which can serve as key elements of a full-blown poverty reduction strategy.

This morning, we will briefly discuss some examples of federal programs that can help reduce poverty, and offer some suggestions for improving their poverty reduction capacity. We distinguish between incremental improvements to existing programs and deeper changes to the architecture of social policy.

Although the federal role in poverty reduction takes mainly the form of income security programs, it also has roles to play in financially supporting services provided by provinces and territories. The federal government also can help create an enabling environment that supports community interventions to reduce poverty.

Figure 4
Low-income rate, seniors in Canada, 1976-2006



seniors' benefits

Canada has made substantial strides in reducing poverty among the elderly, the rate plummeting from 29.0 percent in 1976 to 5.4 percent in 2006 as illustrated in Figure 4. Canada ranks third lowest among 23 industrialized nations, bested only by Finland (5.2 percent) and Sweden (2.7 percent).

This huge reduction in poverty is due largely to improvements in public pension programs (Old Age Security, the Guaranteed Income Supplement and the Canada and Quebec Pension Plans) and the historic rise in the labour force participation of women, who thereby become eligible for pensions in their own right from the Canada and Quebec Pension Plans and employer-sponsored plans (though of women belong only to the latter).

However, the work is not finished: Some seniors remain in poverty – 16.1 percent of single elderly women and 14.0 percent of single elderly men – and many more live just above the poverty line.

The Guaranteed Income Supplement for low-income seniors received small increases in 2005, the first real improvements in 22 years (for single seniors, by $216 in 1995 and by $43 in 1996, and for senior couples by $348 in 1995 and $696 in 1996). Even a small improvement in the GIS will move enough seniors above the poverty line to make a (similarly modest) dent in the low income statistics.

Further improvements to the GIS are an obvious incremental way to improve the incomes of the elderly poor. Another change, which would be architectural because it involves the structure of social policy, is to convert the existing age credit – which is nonrefundable and so does not help the poorest of the elderly poor who owe no income tax – to a refundable credit that would reach the poorest seniors who are below the taxpaying threshold.

child benefits

Ottawa has significantly boosted the Canada Child Tax Benefit, a major social program that also served as its contribution to the federal-provincial/territorial National Child Benefit reform of the architecture of child benefits in Canada that began in 1997. Maximum payments for the first child rose from $1,520 in July 1996 to $3,416 in July 2009. Caledon and other groups have set a maximum $5,000 CCTB as the target for a mature child benefit that reduces poverty and helps parents with their childrearing expenses. This is an incremental reform that can be easily achieved in coming years.

Child benefits take a hefty whack out of the poverty statistics. If there were no federal child benefits, the low-income rate for families with children would be 15.0 percent. Under the current system of federal child benefits, the low-income rate for families with children is 9.3 percent. Caledon's proposal for a $5,000 maximum CCTB would reduce that figure to 8.3 percent.

Without federal child benefits, there would be an estimated 566,600 low-income families with children. That number is 352,800 under present child benefits and would fall to 312,800 under our proposed $5,000 Canada Child Tax Benefit.

The average depth of poverty, $10,159 in the absence of federal child benefits, is $7,546 under the current system and would be $7,153 under our option.

Substantial increases in federal child benefits in recent years have enabled them to contribute a growing share of income over the years for poor families. For a single parent in Ontario with one child under 6 and earned income of $15,000, federal child benefits rose from 15.0 percent of income in 1993 to 15.8 percent in 1988, 22.1 percent in 2005 and 29.8 percent in

2007. Under our proposed $5,000 Canada Child Tax Benefit, the 2007 rate would reach 33.3 percent – one-third of earnings.

The National Child Benefit reform involves more than just an increase in cash benefits. It aims at eliminating that part of the welfare wall that was caused by the irrational system of welfare-embedded child benefits. Early exploratory evaluation evidence suggests that the National Child Benefit reform has helped reduced welfare caseloads by assisting some families to get over the welfare wall.

help for the working poor

In 2007 the federal government filled a big hole in Canada's architecture of income security by creating the Working Income Tax Benefit, a program that supplements the earnings of the working poor. WITB has two major objectives – to reduce disincentives to work for Canadians recipients stuck behind the welfare wall, and to enhance incentives to work among the working poor. So it does more than just provide a cash benefit: It also is intended to provide an incentive to work.

An important feature of WITB is that the federal government allows provinces and territories to configure the program to fit with their income security systems and priorities. So far Quebec, BC and Nunavut have done so.

In its first two years WITB was very lean, providing a small benefit and only to those working poor employed part-time or part-year. The 2009 Budget substantially boosted the Working Income Tax Benefit, from a maximum $510 for single recipients in 2008 to $925 in 2009 – a hefty real (i.e., inflation-adjusted) increase of 77.2 percent. The net income level where eligibility for WITB ends will increase from $13,081 in 2008 to $16,667 in 2009.

For single parents and couples, the maximum WITB payment will rise from $1,044 in 2008 to $1,680 in 2009, for a substantial real increase of 60.9 percent. The net family income level above which eligibility for WITB ends will rise from $21,576 in 2008 to $25,700 in 2009.

But even with these improvements, the Working Income Tax Benefit will not reach all working poor Canadians. Take the case of a worker living in Toronto whose earnings equal the after-tax low income cut-off, an estimated $18,670 in 2009. That amount is $2,012 above the $16,667 level where eligibility for WITB ends. To receive the maximum benefit of $925 from WITB in 2009, the most a worker can make is $10,500 – far ($8,170) below the $18,670 level for someone earning at the poverty line. (see comment in my e-mail about this)

Ottawa should continue to grow WITB through incremental improvements over time – so that it extends higher up the income ladder and becomes a substantial income support for Canadians who work but remain poor.

Employment Insurance

Unemployment insurance should act as an automatic economic stabilizer in a modern economy such as Canada's. It must fulfill a dual role during an economic downturn. It should provide income support by replacing lost wages for the growing ranks of the unemployed, including those with low incomes. And, by injecting money into the economy, it should help sustain businesses that rely upon consumer spending.

But Employment Insurance – the name change from Unemployment Insurance that accompanied Ottawa's draconian cuts in 1996 – is a troubled program that has broken the social insurance contract between Ottawa and employed Canadians. Virtually all employees pay Employment Insurance premiums, but only some can draw upon the program's income benefits and employment services when they become unemployed. The flawed social insurance contract effectively discriminates against low-wage workers, most of them in nonstandard jobs. Women fare worse than men.

Employment Insurance tends to exclude the long-term unemployed, recent immigrants, the underemployed, new workers, part-time workers (including persons with disabilities and Canadians working part time due to family care responsibilities) and workers in precarious jobs. Most low-wage workers are excluded from Employment Insurance. The program does not cover the self-employed or those who are self-employed as 'independent' contractors.

Coverage of the unemployed has fallen from 83 percent in 1990 to 43 percent in 2008, which is the lowest ever. There is a gender gap – only 39.1 percent of unemployed women received regular Employment Insurance benefits in 2008 as opposed to 45.5 percent of jobless men. This gap has widened in recent years from 2.0 percentage points in 1996 to 6.4 percentage points in 2008.

Benefits are by no means generous. The maximum weekly regular benefit is $447 in 2009 or a maximum $22,350 taking into account the 2009 Budget's increase of up to five weeks for a maximum of 50 weeks; in 1995, it was $595 in inflation-adjusted terms ($448 in current dollars). Today's maximum weekly benefit is just three-quarters of what it was in 1995.

In 2007, maximum average benefits for women ($298) amounted to $13,410 – $4,544 below the after-tax LICO for a metropolitan area of 500,000 or more residents ($17,954). In 2007, maximum average benefits for men ($360) amounted to $16,200 – $1,754 below the after-tax LICO for a metro area ($17,954).

The 2009 Budget chose only to temporarily improve matters for the minority of the unemployed who qualify for benefits because they meet existing work requirements. Current Employment Insurance beneficiaries, and those who lose their jobs over the next two years and meet the eligibility requirements, will draw benefits for an extra five weeks, up to a maximum of 50 weeks.

Progressive groups have called for changes to Employment Insurance to address the low coverage and benefit problems, as well as the inequities caused by the variable entrance requirement whereby weeks worked to qualify for benefits and the duration of benefits depends on the regional unemployment rate (58 of them).

There is growing consensus among Canadians that EI must be restored, and no dearth of suggestions for how to do it. For example, the Canadian Labour Congress has recommended:

1. uniform entrance requirement of 360 hours to replace both variable entrance requirements and the 600 hours required for special benefits (e.g., maternity and parental)

2. earnings replacement rate raised from current 55 percent to 60 percent of insurable earnings, and on the best 12 weeks of earnings (not the current 26 weeks of actual earnings)

3. extend maximum duration of benefits up to 50 weeks (which Ottawa did, but only temporarily)

4. eliminate the 2-week waiting period.

The Caledon Institute concurs in terms of immediate changes to Employment Insurance to strengthen its capacity to help fight the recession. We recommended levelling the playing field on qualifying rules and duration of benefits and boosting the program's earnings-replacement level to 70 or 75 percent.

But these changes, while welcome, are not enough to solve the deep-rooted weaknesses of Employment Insurance. Caledon has been working on a new architecture for adult benefits in which reform of Employment Insurance would play a key role along with a radically reformed welfare system.

We do not have the time today to sketch out our ideas, except to say that we envisage a three-tier core adult benefits system made up by two federal unemployment programs, an employment preparation system operated by the provinces and territories that would replace much of welfare, and a federal basic income program for persons with severe disabilities and others who cannot be expected to work. The three tiers would fit into the context of an overall system architecture including allied services and benefits.

The first tier, unemployment assistance, would be a modernized system of time-limited income support for the temporarily unemployed, with a non-contributory income tested component (Temporary Income Program) and a contributory income replacement component (Employment Insurance) working together, analogous to OAS/GIS and C/QPP.

Temporary Income (TI)

- time-limited (e.g., six months) income-tested component that is non-contributory serving temporarily unemployed who do not qualify for EI
- time limits could be adjusted to be regionally sensitive
- could also deliver paid parental leave and other social benefits
- could be delivered as tax credit with retrospective income testing or through a current income reporting system

Employment Insurance (EI)

- contributory social insurance component provides enhanced income replacement (70-75 percent of insurable earnings)
- simplified structure with no regionalization (which is instead shifted into income-tested component if deemed politically necessary)

disability income

An estimated half million Canadians with disabilities rely on provincial and territorial welfare programs for their income, due largely to the fact that persons with disabilities have significantly lower and more sporadic participation in the labour force.

Among the working age population (15-64), 36.5 percent of men with disabilities did not work in 2000 – almost three times the 12.8 percent figure for men without disabilities. Close to half (46.7 percent) of women with disabilities did not work – double the 22.5 percent figure for women without disabilities.

Only 34.9 percent of men with disabilities had full-time, all-year employment compared with 53.2 percent of men without disabilities. The comparable figures for women are 23.2 percent for those with disabilities and 37.4 percent of those without disabilities.

As a result of wide-ranging employment barriers, persons with disabilities often have no choice but to depend on various income security programs for most or all of their income. Most must rely on social assistance (welfare) because they are not able to qualify for income programs whose eligibility involves significant attachment to the labour market. Persons with disabilities comprise, on average, close to half (45.5 percent) of the social assistance caseload throughout the country.

Welfare benefits fall below poverty levels, virtually ensuring a life of low income for recipients with disabilities. Their low income is compounded by the fact that most persons with severe disabilities incur additional costs related to their disability. These may be direct expenses in the form of aids or equipment and household or vehicle modification. There may also be indirect costs such as wear and tear on clothing, travel to accessible shopping or additional babysitting costs for a child with a severe disability.

Strict asset rules within social assistance prevent persons with disabilities from receiving additional cash or gifts to make their lives even slightly more bearable. (On a positive note, most jurisdictions have fully or partly exempted the value of the newly introduced federal Registered Disability Savings Plan whose purpose is to ensure a good life, or at least a slightly better life, for persons with disabilities.)

Social assistance was never intended to provide lifetime income. Its original and continuing purpose is to serve as a benefit of last resort in the absence of other sources of income and until the gap can be filled in some other way – typically through employment.

One possible alternative that Caledon has been exploring as part of architectural reform for persons with disabilities is an income-tested basic program that would provide adequate long-term financial support with no time limits for persons with severe disabilities. The proposed new measure would be financed and operated by the federal government and modelled on its Guaranteed Income Supplement.

Benefit levels could equal the combined Old Age Security (OAS) and Guaranteed Income Supplement (GIS) payments, which are widely regarded as having eliminated the deepest poverty among the elderly. In 2008, seniors with no other income receive an annual maximum $13,731 from OAS and GIS. The proposed new disability income program would pay the same maximum amount. As with OAS and GIS, benefits would be adjusted quarterly in line with the Consumer Price Index.

Eligibility for the new benefit would be on the basis of a modified test currently used for two other federal measures – the disability tax credit and Canada Pension Plan disability benefit.

Because most social assistance recipients with severe disabilities would move off provincial/territorial welfare and onto the proposed new federal program, the provinces and territories would reap substantial savings. Under the terms of a negotiated accord, provinces and territories could use these savings to invest in a comprehensive system of disability supports, including assistance for independent living, employment and community participation.

The first and immediate step that the federal government could take in moving toward this type of comprehensive reform would be to make refundable the current nonrefundable disability tax credit that helps offset the additional (sometimes referred to as 'hidden') costs of disability. Currently (2008 tax year), the disability tax credit provides federal tax savings of a maximum $1,053. This change would provide assistance to the thousands of persons with disabilities with incomes too low to benefit from the current nonrefundable disability tax credit.

early learning and child care

High-quality early learning and child care services are not just sound social policy: They equally are crucial elements of economic policy because they invest in the critical first years of human capital development and allow parents to work or study.

From an economic perspective, high-quality affordable child care enables labour market participation, education and training. It is a vital component of an anti-poverty strategy in that it can make the difference between a below- and above-poverty line income for many single parents and couples.

Canada lags embarrassingly behind other advanced nations when it comes to early learning and child care. The demand for quality, affordable services far outstrips the available supply. Among 25 OECD countries surveyed recently, Canada ranked last along with Ireland on a set of internationally applicable benchmarks for early childhood care and education.

The federal government has a pivotal role to play in contributing to a secure financial base for this crucial investment. Ottawa should make a significant commitment to support this infrastructure as it did in the federal-provincial/territorial Early Childhood Development Agreement in signed in 2000 and the Agreement on Early Learning and Child Care in 2003.

Federal investment in this sector would recognize high-quality child care not only as an essential support to tackling poverty, but also as an economic stimulus strategy. Canadians need good-quality, affordable child care in order to participate in the labour market. Moreover the child care system itself creates jobs for early childhood educators – primarily for women, many of whom feel that they have been left out of the employment creation picture through all the funds announced for shovel-ready infrastructure.

social housing

The availability of high-quality, affordable housing is another core component of any poverty reduction strategy. It is also an important form of infrastructure spending that will help create jobs, if spent expeditiously.

We were pleased to see that as part of its economic stimulus package, Ottawa announced a one-time $1 billion injection over the next two years for renovation and energy retrofits to improve the quality and energy efficiency of up to 200,000 social housing units throughout the country. This federal spending is to be matched 50-50 by the provinces and territories.

The 2009 federal Budget also allocated targeted funds over two years for First Nations reserves ($400 million), seniors ($400 million), the North ($200 million) and persons with disabilities ($75 million).

Over the longer term, the new $1 billion federal investment will build on the $1.9 billion over five years that the federal government announced in September 2008 to extend housing and homelessness programs for low-income Canadians. These programs include the Affordable Housing Initiative, Homelessness Partnering Strategy and housing renovation programs, such as the Residential Rehabilitation Assistance Program.

In a recent media interview, however, the Minister of Human Resources and Skills Development reinforced the one-time nature of the government investment in social housing. She stated that the money was intended for economic stimulus purpose and did not represent a policy shift to a larger federal role in social housing. Why not?

As a vital component of a serious anti-poverty strategy, Canada needs a comprehensive strategic and long-term plan for affordable housing that involves all players including Ottawa, the provincial and territorial governments, municipalities and the voluntary sector. The federal government can play a crucial leadership role in addition to its financial investment.

social infrastructure

An essential component of a robust poverty reduction strategy is a focus on place – not just the four walls and roof where families live, but the broader community that includes the amenities which contribute to a good-quality life.

Our understanding of the importance of these amenities derives from research into resilience that has documented the role of non-income resources in helping families cope with the stress of life below the poverty line and protecting children from its risks. Studies on population health have also found links between community design and amenities, and health and social well-being.

Strong neighbourhoods are created through safe community spaces and activities that encourage positive participation. These safe spaces comprise essential social infrastructure, which is as important as traditional physical infrastructure – i.e., local hardware in the form of roads, sewers, water systems and other elements that form its physical plant.

Schools are a leading example of community spaces that serve important social needs – in addition, of course, to their primary educational role. They can provide a locale for before- and after-school child care and early learning services. They can be convenient centres for organizing continuing education, cultural and recreational activities. They can act as places for residents to meet and discuss common concerns, such as community health or safety, or for parents to learn language skills or improve their literacy proficiency.

The 2009 Budget established a two-year $4 billion Infrastructure Stimulus Fund to enable provinces/territories and municipalities to repair, renew and upgrade infrastructure. A sum of $1 billion over five years was allocated to the Green Infrastructure Fund to support projects related to sustainable energy. A maximum $2 billion has been set aside for the repair, retrofit and expansion of postsecondary educational facilities.

The Budget also announced up to $500 million over the next two years for infrastructure in smaller communities whose resource-dependent economies are being hit hard by the recession.

Two new agencies – for northern economic development and for southern Ontario – are being created to bolster economic activity in these regions.

In addition to providing the physical spaces that can be used for social purposes, social infrastructure includes programs that contribute to positive well-being. There are strong links between participation in recreation and cultural activities, and good physical health, mental health and social well-being.

We were pleased to see the allocation of $500 million over two years to build and renew community recreation facilities across Canada. Caledon had called for this type of investment over a previous budgetary measure that took the form of what we termed a 'designer' tax break for participation in fitness programs, which benefits primarily middle- and higher-income Canadians – and for so few dollars in tax savings ($75) that it makes no real difference. Nor can such minor tax cuts for individual taxpayers possibly substitute for the significant investments required to upgrade, repair and renew community spaces, such as recreation facilities.

The problem with infrastructure investment is that political and regulatory barriers invariably get in the way of expeditious spending. The latter is crucial given the explicit purpose of infrastructure measures – to counter rising unemployment through the immediate creation of jobs. Nearly $8 billion in previously announced infrastructure funding has gone unspent and accumulated on the federal books. Delays in implementation mean that the monies could go into the economy at a time when it will already be growing again.

enabling environment

Many communities throughout the country are engaged in long-term comprehensive efforts to find local solutions to reduce poverty. The federal government can support these initiatives by providing direct assistance or indirect aid in the form of data collection and interpretation, and cross-community learning.

It is difficult to find financial backing for long-term comprehensive work. All orders of government, community funders and private funders prefer to support specific, narrowly defined projects where they can see the immediate results of their investment. A related problem is that funding tends to be directed toward short-term interventions, while comprehensive initiatives that tackle complex and stubborn problems – such as poverty – often involve a long-term time frame.

The collection and analysis of poverty data are crucial for developing strategic community approaches. But relevant statistical data that aid in this type of neighbourhood-based targeting are often difficult to obtain at the local level.

National data generally are not easily disaggregated, making it difficult for communities to paint their own profile. Statistics Canada currently charges a substantial sum for unpublished data, which makes this information inaccessible to most community organizations. Governments can help by providing the required figures or the technical assistance to enable communities to interpret the data.

Learning is another area that usually does not emerge spontaneously in communities. It is a process that must be carefully developed and strategically pursued. Governments can play an important role in supporting cross-community learning to enable the application of effective local approaches.