



Government  
of Canada

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du Canada

**GOVERNMENT RESPONSE TO THE FINAL REPORT OF  
THE STANDING SENATE COMMITTEE ON SOCIAL AFFAIRS,  
SCIENCE AND TECHNOLOGY'S SUBCOMMITTEE ON CITIES  
ENTITLED, *IN FROM THE MARGINS: A CALL TO ACTION ON  
POVERTY, HOUSING AND HOMELESSNESS***

## **HELPING FAMILIES PROSPER**

The Government of Canada welcomes the occasion to respond to the Final Report of the Standing Senate Committee on Social Affairs, Science and Technology's Subcommittee on Cities entitled, *In from the Margins: A Call to Action on Poverty, Housing and Homelessness*.

As the Committee points out, these challenges are highly complex and interconnected and require the involvement of all levels of government, as well as the not-for-profit and voluntary sectors, the private sector, and communities. Many of the recommendations fall within areas of shared responsibility between the federal and provincial/territorial governments, underscoring the need for coordination and partnership. The Government of Canada is addressing the issues of poverty, housing, and homelessness in collaboration with a range of stakeholders and provincial and territorial governments.

By putting in place the right economic and fiscal conditions, the Government supports the labour market participation of all Canadians, which in turn promotes strong communities, fosters economic prosperity, and ensures that individuals are able to support themselves and their families. At the same time, some Canadians require additional help to achieve security and stability. This Response highlights the Government's approach to ensuring that Canadians have the opportunity to succeed.

When the Subcommittee began its study for the Report, Canada was experiencing a period of strong economic growth with growing labour force participation and a declining incidence of low income. Over the course of its two-year study, Canada's economy shifted as our country experienced the impact of the global economic downturn. The Government of Canada responded in a timely manner by introducing Canada's Economic Action Plan (2009). *Budget 2010: Leading the Way on Jobs and Growth* reaffirms the Government's supports to year two of the Economic Action Plan and made new investments in jobs and economic growth. These critical investments, many of which are highlighted in this Response, have mitigated the impact of recent economic challenges, aided in transitioning to a period of economic recovery, and contributed to the overall 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. The Government of Canada is committed to maintaining and creating jobs and to helping Canadian workers and their families both in prosperous and challenging economic times. A wide variety of federal measures and initiatives have been put in place to support the labour force participation of Canadian men and women and to ensure that they are able to provide for themselves and their families.

## Labour Market Supports

### Working Income Tax Benefit

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 helps to reduce the “welfare wall” by ensuring that individuals are in a better financial position when they secure employment. The WITB is a central part of the Government of Canada’s objective of making work pay.

*In 2007, close to one million working Canadian families received tax assistance through the WITB.*

Through the Economic Action Plan, the WITB was enhanced by \$580 million, effectively doubling the initial investment.

### Wage Earner Protection Program

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 expanded under the Economic Action Plan to include coverage of unpaid severance pay and termination pay.

*Between January 27, 2009 and July 28, 2010, more than 22,000 WEPP claimants received more than \$48 million in overall payments. The maximum individual WEPP payment is currently \$3,323.*

### Employment Insurance

The Government of Canada continues to help Canadians navigate temporary periods of unemployment.

The Employment Insurance (EI) program is designed to respond automatically to local labour market changes. As an insurance-based program, EI functions as a result of premiums paid by employers and by workers so that eligible workers may collect benefits if they are unable to work due to: temporary unemployment; sickness; pregnancy; caring for a newborn or adopted child; or, if they are providing care or support to a gravely ill family member. EI follows the same best practices as other insurance programs, including the two-week waiting period, which is similar to the deductible portion of private insurance plans.

*In 2009, 86.2 percent of unemployed individuals who had paid premiums and then were laid off or quit with just cause were eligible to receive EI benefits.*

In addition, 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.

The recent economic downturn presented additional challenges for temporarily unemployed workers. Canada's Economic Action Plan responded with targeted measures, providing enhanced, temporary supports through the EI program, including support for long-tenured workers and enhancements to the Work-Sharing program.

*Many of these EI enhancements have had positive outcomes in helping temporarily unemployed individuals transition into the current period of economic recovery. Over 845,000 EI claimants have benefited from the additional five weeks of EI benefits.*

*Over 11,000 long-tenured workers benefited from the Career Transition Assistance (CTA) initiative to help them renew or upgrade their skills while receiving regular EI benefits.*

The Government also provided between 5 to 20 weeks of additional benefits to more than 111,750 long-tenured workers to date. The Economic Action Plan and Budget 2010 both temporarily increased the flexibility and extended the duration of Work-Sharing agreements. Between February 2009 and March 2010, Work-Sharing allowed more than 255,000 individuals to avoid layoffs by offering them EI income support to work a reduced work week while their company recovers.

EI special benefits have also been made available to 2.6 million self-employed workers in Canada. 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 provision of new EI maternity and parental 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. While the majority of the self-employed are male (approximately 65 percent in 2008), self-employed women are an increasingly important driver of innovation and job creation in the country, and about one-third of these women are of childbearing age.

## **Training and Skills Development**

Recognizing that the most effective long-term strategy to fight poverty is sustained employment, the Government has made unprecedented investments in skills training to help Canadians get back into the workforce. Canadians can succeed when they have the training and skills required to meet the demands of the labour force both today and tomorrow. The Government of Canada contributes to training and skills development programs that help Canadians develop and upgrade necessary skills throughout their lives.

The Government invested more than \$4 billion in training programs in 2009-2010, benefiting more than 1.2 million Canadians. This includes both existing commitments and investments from the Economic Action Plan.

The Government works in conjunction with provincial and territorial governments to support training and skills development, recognizing that provinces and territories are best placed to determine, design, and deliver employment programs and services to 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 and \$500 million annually through separate Labour Market Agreements (LMAs). The funding provided to provinces and territories was temporarily increased for two years as part of the Economic Action Plan through an additional \$1 billion to the LMDAs and a \$500 million Strategic Training and Transition Fund (STTF), which allows provinces and territories to better assist unemployed individuals.

This funding is targeted to programs and services that help men and women obtain employment skills and improve their labour market participation by providing assistance with tuition, income support, and other associated training costs. Provinces and territories are responsible for the design and delivery of these programs and services that are similar to employment benefits and support measures previously delivered by the Government.

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

In addition, in 2010-2011, the Government is allocating 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.

## **Targeted Supports**

Some groups, including Aboriginal people, newcomers, persons with disabilities, youth, and older workers may have difficulty accessing labour market opportunities and may require additional training supports.

### 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 Employment and Training Strategy (ASETS) to support a continuum of skills development for Aboriginal

*Since 1999, ASETS and its predecessor, the Aboriginal Human Resources Development Strategy, have assisted over 560,000 Aboriginal people to create career-focused employment action plans, helped approximately 176,000 Aboriginal people return to work, and supported 61,000 Aboriginal people in returning to school for training.*

people. In addition, the Government provides \$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 Aboriginal people employed per year.

In addition, Canada's Economic Action Plan introduced the Aboriginal Skills 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 more than 11,500 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 improve the way immigration supports Canada's economic and labour market objectives.

Through the Federal Skilled Worker Program, for example, the Government selects immigrants who have the skills and experience to succeed in the Canadian job market.

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 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. In November 2009, the federal, provincial, and territorial governments announced the *Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications*.

Even those newcomers who have successfully settled in Canadian society with recognized qualifications may face challenges to entering the labour market, including insufficient language ability. To address these barriers the Government, through its settlement program, funds activities such as job search help, skills

*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.*

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

Persons with disabilities may also require targeted supports in order to fully participate in the labour market. Since 2004, over \$218 million is transferred annually in Labour Market Agreements for Persons with Disabilities (LMAPDs) funding to provinces for programs and services to improve the employment situation of Canadians with

disabilities that has a focus on education and training. The Government of Canada also invests \$30 million annually in the Opportunities Fund for Persons with Disabilities (OF).

*Since 1997, 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.*

In addition, Canada Pension Plan Disability (CPP-D) provides financial assistance to Canada Pension Plan (CPP) contributors who are unable to work because of a severe and prolonged disability. Since disability is dynamic, and many CPP-D recipients would like to return to work, CPP-D encourages clients to work to their potential and offers 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 Youth Employment Strategy encompasses a number of programs to help young Canadians obtain career information, develop skills, find good jobs, and stay employed, establishing a foundation for life-long self-sufficiency.

The Canada Summer Jobs (CSJ) program funds work experience for students, particularly in the not-for-profit sector. With additional funding from Canada's Economic Action Plan, total funding for 2009-2010 and 2010-2011 will reach \$107.5 million. It is anticipated that, for summer 2010, the CSJ supported the creation of almost 39,000 jobs.

The Skills Link initiative helps youth facing barriers to employment obtain the knowledge and develop the broad range of skills and work experience they need to participate in the job market while Career Focus helps post-secondary graduates obtain work experience in their field. Budget 2010 committed an additional \$60 million to the Skills Link and Career Focus programs.

In addition, the Government of Canada 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 160,000 Canadians, while the more recent ACG has already helped close to 30,000.

### Older Workers

Older workers in vulnerable communities face their own challenges in finding employment, which is why Budget 2008 provided additional funds and extended the Targeted Initiative for Older Workers (TIOW) until March 2012. The TIOW is a federal-provincial/territorial employment program that provides a range of employment activities for unemployed older workers and helps them stay in the workforce.

To better support these workers and their families, the Economic Action Plan provided an additional \$60 million over three years, raising TIOW funding to \$50 million per year. This initiative helps unemployed older workers in communities experiencing ongoing high unemployment or relying heavily upon a single sector or a single employer facing adjustments.

## Education

Education is an essential stepping stone to participation in the labour market and fundamental to ensuring economic security for Canadians individuals and their families. Moreover, a strong economy and labour market depend upon a skilled and educated workforce. In partnership with provincial and territorial governments, the Government of Canada supports education for young Canadians to ensure that they are prepared for the jobs of tomorrow.

### Elementary and Secondary Education

In Canada, provinces and territories have jurisdiction for elementary and secondary education, with the exception of First Nations living on-reserve.

The Government invests approximately \$1.4 billion annually to support 119,000 First Nations elementary and secondary students living on-reserve, and works to support improved First Nations education outcomes in partnership with First Nations communities and provinces, often through tripartite education agreements.<sup>1</sup> In addition, Budget 2010 committed \$30 million over two years to support an agreement for K-12 education for First Nations students, to ensure that their education and results are comparable to those off-reserve.

The Government also supports young Canadians through Pathways to Education Canada, a unique program of early interventions and support for high school students. This community-based, volunteer-supported program provides tutoring, mentoring, counseling, and financial support to disadvantaged youth and their families, and has an established record of reducing high school drop-out rates and increasing the post-secondary enrolment of students from inner-city high schools. In Budget 2010, the Government announced that it would provide \$20 million in funding to support this vital program.

### Post-Secondary Education

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 \$10.5 billion in federal support for post-secondary education. Of this, over \$3.4 billion is provided to provinces and territories through the Canada Social Transfer (CST),

*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.*

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<sup>1</sup> The Government of Canada has agreements with Nova Scotia (1997), British Columbia (2006), New Brunswick (2008), Manitoba (2009), and Alberta (2010).

a block transfer, and approximately \$7.1 billion is provided through direct support and tax measures to Canadian students, their families, institutions, and researchers.

Several federal tax measures have also been put in place to mitigate the cost of post-secondary education. Overall, \$1.6 billion is provided through the tax system to help students and their families save for future education, as well as recognize the costs of tuition and other education expenses.

The Government provides both loans and grants to assist students with the cost of post-secondary education, through the Canada Student Loans Program (CSLP) and the Canada Student Grants Program (CSGP).

In 2009, the Government introduced a new and improved student grants system and repayment assistance programs.

Under the new Repayment Assistance Plan (RAP), 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. The Government also provides assistance to low-income families for their children's post-secondary education through the Canada Learning Bond (CLB).

*For the 2009-2010 school year, nearly \$2.6 billion in federal loans and grants was provided to approximately 410,000 post-secondary students across Canada.*

*This includes approximately \$500 million provided through the CSGP to approximately 285,000 students from low- and middle-income families, students with permanent disabilities, and low-income students with children. Students from low-income families received 189,000 of these grants. Over 140,000 additional students will receive grants compared to the previous program. As a grants program, the CSGP funds do not need to be repaid by students and their families.*

*In addition to the CSLP and CSGP, the Post-Secondary Education Program supports approximately 22,000 First Nations and Inuit students to pursue post-secondary education with an approximately \$300 million annual investment.*

Through these substantial investments in learning, training, and education, the Government of Canada helps Canadians to fully participate in the labour market and to help build a stronger economy for future generations. The Government will continue to invest in these important areas to ensure that all Canadians, including those who may require additional supports, are able to reach their full potential.

## **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, Canadians in specific circumstances may also benefit from other investments to ensure their security and stability. The Government works closely with provinces and territories to address the economic security of Canadians. The Government also provides targeted investments to specific groups, such as families with children, working-age Canadians, Aboriginal people, persons with disabilities, and seniors.

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

Many of the initiatives that address the economic security and health of Canadians fall under provincial and territorial jurisdiction. The Government of Canada commends the provinces and territories for their continued efforts in tackling challenges related to poverty, housing, and homelessness. To assist provinces and territories in their efforts, the Government provides significant financial supports through the major transfers, particularly the CST and the Canada Health Transfer (CHT). The Government is also working together with provinces and territories through F-P/T initiatives such as the National Child Benefit (NCB).

The CST provides funding to provinces and territories for post-secondary education, programs for children, and social assistance and social services. As a block transfer, the CST accords provinces and territories the responsibility and flexibility to allocate funding to the supported areas according to their respective needs and priorities.

In Budget 2007, the Government renewed the CST to 2013-2014 and strengthened it by legislating an annual three percent increase and enhancing CST cash support levels. With these investments, support for social programs and programs for children through the CST has grown to approximately \$7.8 billion in 2010-2011. Total federal cash transfers through the CST amount to \$11.2 billion in 2010-2011 and will grow to \$12.2 billion by 2013-2014 as a result of the annual escalator.

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 over \$30 billion by 2013-2014.

The Government also provides \$8.2 billion 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.

In addition, the Government of Canada provides significant financial support to provincial and territorial governments on an ongoing basis to assist them in the provision of programs and services through two unconditional transfers, Equalization and Territorial Formula Financing (TFF). Equalization enables less prosperous provincial governments to provide their residents with public services that are reasonably comparable to those in other provinces, at reasonably comparable levels of taxation. TFF provides territorial governments with funding to support public services, in recognition of the higher cost of providing programs and services in the North. In 2010-2011, support provided through the Equalization program totalled \$14.4 billion and through TFF, \$2.7 billion.

### **Broad Supports through the Tax System**

The Government of Canada also provides support to low- and modest-income Canadians through the tax system. Over 2008-2009 and the following five fiscal years, the Government committed almost \$160 billion to tax relief for individuals and families, with low- and middle-income Canadians being the principal beneficiaries. In 2010, over 30 percent of the personal income tax relief provided by the Government will go to Canadians with incomes under \$40,970. Key personal income tax measures that benefit low- and modest-income Canadians include increasing the Age Credit amount for low- and modest-income seniors, 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 Canada Child Tax Benefit (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 CCTB provides approximately \$10 billion each year to 3.3 million families.*

The Government recognizes 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-parent families.

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

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 \$315 per child in 2010. The GST Credit child component provides up to \$131 per child per year (higher for single parents). The Eligible Dependant Credit (EDC), increased in Budget 2007 and again in Budget 2009, provides single parents with up to \$1,557 of tax relief in 2010.

Partnerships are key to addressing economic security challenges for Canadian families with children. F-P/T governments<sup>2</sup> 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 Federal-Provincial/Territorial (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 security of particular groups including Aboriginal people, 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.

#### Aboriginal People

The Government of Canada provides funding under the Income Assistance Program to band councils and organizations to deliver income assistance programming to those ordinarily residing on-reserve.

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<sup>2</sup> 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.

The Government also provides a range of complementary programs to address the economic security of urban Aboriginal people. Since 1997, the Government of Canada has supported initiatives aimed at increasing the economic participation of urban Aboriginal people through the Urban Aboriginal Strategy (UAS).

In 2007, the Government renewed its commitment for five years with total funding of \$68.5 million. The UAS coordinates the efforts of federal departments and leverages investments from the provinces/municipalities and the private sector to help improve the economic participation of urban Aboriginal people. The UAS also supports urban Aboriginal housing by mobilizing and coordinating partnership efforts among all stakeholders.

### Persons with Disabilities

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

The historic 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.

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, the CPP-D, Veterans' Disability benefits, and EI Sickness Benefits.

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

In 2008-2009, women represented 52 percent of the CPP-D caseload (compared to 45 percent in 1997-1998), due to their rising levels of labour market participation.

In addition to these targeted benefits and services, the Enabling Accessibility Fund (EAF) supports community-based projects across Canada that improve accessibility, reduce barriers, and enable Canadians, regardless of physical ability, to participate in and contribute to their community and the economy. 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. 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. Seniors in Canada have seen their low-income rate decline 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).

The Old Age Security (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 Guaranteed Income Supplement (GIS). Together, the OAS pension and GIS provide eligible seniors with a minimum income guarantee.

*OAS benefits (the OAS pension and the GIS) form the Government's largest social program. In 2009-2010, \$34.7 billion was provided through the OAS pension to 4.7 million seniors in Canada, including \$7.7 billion in GIS payments to 1.6 million seniors.*

The income available to seniors through the OAS pension and the GIS is particularly helpful for older women, who may have had frequent interruptions in labour market participation or who may have worked at home. In 2007, the Government improved the application process for the GIS by introducing the 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.

*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 recent steps to allow seniors to keep more of their earnings. For GIS recipients, Budget 2008 increased the amount that can be earned from \$500 to \$3,500 before GIS benefits are reduced. As well, the amount that seniors can earn before having to pay income tax has increased. A single senior can have an annual net income of up to \$18,828 and a senior couple can have up to \$37,656 in net income before paying tax for the 2010 tax year, as a result of personal income tax reductions, including the Age Credit. The Government increased the Age Credit amount by \$1,000 on two occasions which is providing tax relief to 2.2 million Canadian seniors.

To build on this record, the Government has engaged in a public discussion with Canadians on retirement-income adequacy and security. Following public consultations this past Spring, at the June 2010 Finance Ministers Meeting, federal, provincial and territorial Finance Ministers agreed to explore three specific system improvements:

1) pension regulation and tax changes to encourage more retirement savings by allowing broad-based, defined contribution pension arrangements for multiple employers, employees and the self-employed; 2) promoting financial literacy to empower individuals to make the best decisions and take more responsibility for their own retirement; and, 3) a modest, phased-in, and fully funded enhancement to the Canada Pension Plan.

The proposals seek to create a strong private and public balance, acknowledging the importance of effective government support as well as personal responsibility. Detailed options for each of these proposals are under study and development for further review by federal, provincial and territorial Finance Ministers.

By working with provinces and territories, improving the tax system, and providing direct supports to targeted groups who require additional assistance, the Government of Canada is strengthening the economic security of Canadian individuals and families as a complement to supporting their labour market participation.

## **HOUSING AND HOMELESSNESS**

Without a place to call home, some Canadian men and women face additional barriers to securing a job and supporting their families. 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.

By facilitating the functioning of the private housing and mortgage markets, the Government helps maximize opportunities for Canadians to obtain adequate and affordable housing in the private market without direct government assistance. This approach has largely proven to be effective. Canadians are among the best-housed in the world and 80 percent have their housing needs met in the private market.

For those whose needs cannot be met in the marketplace, the Government works 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.

On September 4, 2008, the Government of Canada approved funding for housing and homelessness initiatives at \$387.9 million per year for five years to March 31, 2014, for total funding of \$1.9 billion. This includes a two-year 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). 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

Through Canada Mortgage and Housing Corporation (CMHC), the Government helps Canadians to access affordable, quality housing. The Government recognizes the importance of investing in a range of programs and initiatives to address housing issues. These programs and initiatives include the AHF and a suite of renovation programs, including the RRAP.

*As of March 31, 2010, over \$1 billion has been committed and/or announced under the AHF for the provision of almost 47,000 units across Canada since the program's inception in 2001.*

*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 (on- and off-reserve).*

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, about \$151 million is allocated to 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.

*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.*

Additionally, up to \$2 billion over two years will be available in direct, low-cost loans to municipalities through CMHC for housing-related infrastructure such as sewers, water lines, and neighbourhood regeneration projects. In total, the Economic Action Plan will provide for \$7.8 billion in tax relief and funding to stimulate the housing sector and improve housing across Canada.

Through its Affordable Housing Centre, CMHC offers a broad range of products, services, and programs to help in the development of affordable housing projects. The Affordable Housing Centre has a team of experts on affordable housing that work with groups and individuals to connect them with the resources, knowledge, and contacts needed for their affordable housing proposals.

CMHC also offers mortgage insurance to ensure that Canadians have access to low cost homeownership financing in all parts of the country. In addition, CMHC is the only insurer of loans for rental properties, nursing and retirement homes, and social housing. Mortgage insurance lowers the cost of financing and helps make this housing more affordable.

## Homelessness

The Government invests \$134.8 million annually to work directly with communities and bring partners together to address homelessness at the local level through the Homelessness Partnering Strategy (HPS), which was introduced in 2007.

The HPS encourages communities to focus on long-term solutions to homelessness. Sixty-one Designated Communities across Canada, which were selected based on 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 not-for-profit and voluntary sectors. Ten-year homelessness plans, which include housing-first approaches and longer-term solutions, have also been developed in several cities.

Many of the 61 Designated Communities identify Aboriginal homelessness as a priority and are encouraged to include Aboriginal people in community-planning processes and investment decisions. Specific funding is available under the HPS to partner with Aboriginal groups to ensure that services meet the precise and unique needs of off-reserve homeless Aboriginal people in cities and rural areas.

*As of July 2010, over \$406 million has been invested under the HPS, since its inception, for more than 1,200 projects in communities across Canada to prevent and reduce homelessness.*

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.

In addition, 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 not-for-profit 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 is addressing the complex and interconnected issues raised in the Final Report of the Standing Senate Committee on Social Affairs, Science and Technology's Subcommittee on Cities, *In from the Margins: A Call to Action on Poverty, Housing and Homelessness*.

Recognizing that the best long-term strategy to fighting poverty is the sustained employment of Canadians, the Government will continue to make investments toward that goal. The success of these investments largely depends upon the efforts of communities to identify and address local issues. The 2010 Speech from the Throne highlighted the crucial role that communities play in tackling social challenges on the

“frontlines.” The Government remains committed to supporting these significant and innovative contributions.

The Government of Canada will also continue to uphold its international human rights obligations related to poverty, housing, and homelessness, such as those contained in the *International Convention on the Elimination of All Forms of Racial Discrimination*, the *Convention on the Elimination of All Forms of Discrimination against Women*, and the *Convention on the Rights of Persons with Disabilities*. The Government will persist in its careful review of any new legislation and amendments in light of such international obligations.

During the recent economic downturn, the Government made significant additional investments under Canada’s Economic Action Plan. These investments continued under Budget 2010, and remain critical to mitigating the effects of the downturn and ensuring a successful economic recovery.

The Government is taking real action to address many of the issues raised in this report. The Government will take the Committee’s recommendations under advisement as it continues to find ways to help Canadians succeed.

## ACRONYMS

<b>ACG</b>	Apprenticeship Completion Grant
<b>AHI</b>	Affordable Housing Initiative
<b>AIG</b>	Apprenticeship Incentive Grant
<b>ASEP</b>	Aboriginal Skills Employment Partnerships
<b>ASETS</b>	Aboriginal Skills Employment and Training Strategy
<b>ASTSIF</b>	Aboriginal Skills and Training Strategic Investment Fund
<b>CCTB</b>	Canada Child Tax Benefit
<b>CDB</b>	Child Disability Benefit
<b>CHT</b>	Canada Health Transfer
<b>CLB</b>	Canada Learning Bond
<b>CMHC</b>	Canada Mortgage and Housing Corporation
<b>CPP</b>	Canada Pension Plan
<b>CPP-D</b>	Canada Pension Plan-Disability
<b>CSGP</b>	Canada Student Grants Program
<b>CSJ</b>	Canada Summer Jobs
<b>CSLP</b>	Canada Student Loans Program
<b>CST</b>	Canada Social Transfer
<b>CTA</b>	Career Transition Assistance
<b>CTC</b>	Child Tax Credit
<b>DTC</b>	Disability Tax Credit
<b>EAF</b>	Enabling Accessibility Fund
<b>ECD</b>	Early Childhood Development
<b>EDC</b>	Eligible Dependant Credit
<b>EI</b>	Employment Insurance
<b>ELCC</b>	Early Learning and Child Care
<b>ELT</b>	Enhanced Language Training Initiative
<b>F-P/T</b>	Federal-Provincial/Territorial
<b>GIS</b>	Guaranteed Income Supplement
<b>GST</b>	Goods and Services Tax
<b>HPS</b>	Homelessness Partnering Strategy
<b>LICOs</b>	Low Income Cut-Offs
<b>LMAs</b>	Labour Market Agreements
<b>LMAPDs</b>	Labour Market Agreements for Persons with Disabilities
<b>LMDAs</b>	Labour Market Development Agreements
<b>METC</b>	Medical Expense Tax Credit
<b>MHCC</b>	Mental Health Commission of Canada
<b>NCB</b>	National Child Benefit
<b>OAS</b>	Old Age Security
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OF</b>	Opportunities Fund for Persons with Disabilities
<b>OLES</b>	Office of Literacy and Essential Skills
<b>P/T</b>	Province/Territory or Provincial/Territorial
<b>QPP</b>	Quebec Pension Plan
<b>RAP</b>	Repayment Assistance Plan

<b>RDSP</b>	Registered Disability Savings Plan
<b>RRAP</b>	Residential Rehabilitation Assistance Program
<b>RRSP</b>	Registered Retirement Savings Plan
<b>SFRPHI</b>	Surplus Federal Real Property for Homelessness Initiative
<b>SPF</b>	Skills and Partnership Fund
<b>STTF</b>	Strategic Training and Transition Fund
<b>TFF</b>	Territorial Formula Financing
<b>TIOW</b>	Targeted Initiatives for Older Workers
<b>UAS</b>	Urban Aboriginal Strategy
<b>UCCB</b>	Universal Child Care Benefit
<b>WEPP</b>	Wage Earner Protection Program
<b>WITB</b>	Working Income Tax Benefit