

Food Banks Canada's Reaction to the 2012 Federal Budget

A. Federal Budget 2012 – A short overview

→ The Headlines

With the 2012 budget, the federal government has produced a careful, limited plan for its work in the coming year. Priority issues include:

- Reducing barriers to developing and exporting natural resources (oil, gas, minerals, etc.)
- Creating an environment for economic growth to occur
- Reducing federal expenditures and the size of the federal government
- Maintaining transfers to provinces and individuals (apart from the Canada Health Transfer, which will be less generous)

Reactions to the budget have been very mixed, as illustrated by the below quotes.

→ The View from the Right

Andrew Coyne in the National Post:

“You fiscal conservatives who hung on all this time, while the Harper Conservatives ran up spending to levels no previous government had ever dreamt of — you who stood by the party through the years of minority government while it discarded every principle it had ever held and every commitment it had ever made — you who swallowed all of this in the belief that, one day, the Conservatives would win their long-sought majority, and all your compromises would prove to have been worthwhile: you, ladies and gentlemen, have been had.”

→ The View from the Left

Thomas Walkom in the Toronto Star:

“Stephen Harper is remaking the country. That is the message of Thursday's federal budget. That is its meaning. It is not a convulsive remake. Like the Prime Minister himself, it is slow, relentless and inexorable. What matters in the budget is not the immediate impact of \$5.2 billion in annual spending cutbacks announced by Finance Minister Jim Flaherty. Rather, it is the attempt to gradually transform Canada, from a country in which private and social needs live in uneasy balance to one where the urge for profit dominates.”

→ What it Means – In a Nutshell

The above quotes reflect a disappointment on the right and a wariness on the left – the budget seems to be not as bad as progressives had feared, and not as radical as conservatives had hoped.

One thing is certain: this is truly a conservative budget in that it continues a trend toward the federal government distancing itself from social problems, with a consequent expansion of the role of provinces, charities and non-profits in issues such as poverty, household food insecurity and homelessness.

Food Banks Canada has examined the budget, guided by the following question: how will it affect people who need help from food banks, or who may need help in the future? Does it improve their chances to gain the education, training and job opportunities they need? Does it help keep them from falling too deeply into poverty when experiencing hard times? From this perspective, there are positive and negative elements to the budget plan. There are also several significant issues outlined in the budget documents that are too vague to judge, and that we will be watching in the coming months.

B. Our Perspective: Positive Elements of Budget 2012

Food Banks Canada welcomed several elements of the 2012 federal budget, including the following:

- **Maintaining the strength of the Canada Social Transfer**

In *HungerCount 2011*, Food Banks Canada called on the federal government to “maintain the current annual increase of 3% to the Canada Social Transfer (CST) to provincial governments.” Budget 2012 makes this commitment for 2014–15 and subsequent years, with a review not scheduled until 2024.

Maintaining the CST will provide a predictable source of funding for provincial and territorial post-secondary education, welfare and child care – as long as provinces commit to using CST funds for these purposes.

- **Investment in Mental Health Research** (\$5.2 million in 2012–13)

These funds will help the Mood Disorders Society of Canada and the Mental Health Commission of Canada to establish a network of mental health professionals focused on addressing depression, suicide prevention and post-traumatic stress disorder. This is meant as a start-up fund, and the network will thereafter be dependent on other private and public sector funders to continue their work.

The budget also mentions a commitment to addressing mental health issues in Aboriginal communities.

◦ **Creating opportunities for more Canadians to work in well-paying jobs**

The Conservative government is strongly focused on efforts to open up new markets for Canadian goods, particularly in India and the Asia-Pacific region. This has the potential to create jobs in many sectors across the country, including resource extraction, manufacturing, farming and fishing.

The federal government seems to understand that too many Canadians do not have the skills to compete for today's well-paying jobs. To address this, the budget contains limited measures to help groups that tend to struggle in the labour market:

- Enhancing information on where job opportunities are
- Further improvement of the recognition of foreign credentials among new immigrants
- Measures to improve labour market participation of youth, people with disabilities, and Aboriginal peoples
- Funding for development of a First Nation Education Act, and for improvement of on-reserve schools and education

C. Our Perspective: Negative Elements of Budget 2012

While the 2012 budget contains several measures that may have a positive impact on low income Canadians, other proposed changes will result in a decline in services and supports for vulnerable people.

In our *HungerCount 2011* report, we called for six central federal policy changes that would significantly reduce the need for food banks in Canada:

1. Invest in affordable housing
2. Protect Canada's most vulnerable seniors
3. Update Employment Insurance
4. Support disadvantaged workers
5. Invest in early learning and child care
6. Maintain a strong Canada Social Transfer

With the exception of recommendations 4 and 6, we see either backward movement or no mention of the above. For example, housing affordability is not mentioned in the budget, nor is there any new spending on early learning or child care. We expand on what we see as backward steps below.

◦ **Increase of Old Age Security eligibility from 65 to 67 years**

Though the federal government invested an additional \$300 million in the Guaranteed Income Supplement (part of the OAS) last year, our [Response to the 2011 Federal Budget](#) showed that this investment did not have a substantive effect on poverty rates among seniors.

Changes outlined in this year's budget mean that Canadians who are currently 53 years of age and under will have to wait an extra two years to begin collecting Old Age Security (OAS). This will have a disproportionate effect on Canadians with the lowest incomes, who are unemployed or working in low-paying jobs. This means two more years of struggling to get by, eating poorly, utilizing the services of food banks, living in substandard housing – all of which negatively impact physical and mental health.

◦ **Little support for the long-term unemployed**

The federal government, through Labour Market Development Agreements (LMDA) and Labour Market Agreements (LMA), provides funds to the provinces for adult education and training. The large majority of these funds are restricted to people eligible for Employment Insurance, i.e. for those who have recently lost a job. There is little federal support for programs focused on the long-term unemployed, i.e. people who have not been able to develop a strong attachment to the labour force. Apart from the limited funding mentioned above, the 2012 budget proposes no changes to levels of support for this population.

◦ **Elimination of funding to the National Council of Welfare**

The National Council of Welfare (established in 1969 as an advisory body to the federal government) has for years provided unique, essential information on welfare programs in every province and territory. It has also created valuable research on the cost of poverty, and has brought a welcome focus to issues of Aboriginal and child poverty. The loss of this organization is a loss to non-profits, charities and advocates across the country.

D. Looking Forward

There are a number of elements in the 2012 budget whose future effects are unclear. Below are a few of the issues we will be keeping a close eye on.

◦ **Increased reporting requirements and oversight of charities**

The budget plan notes that the federal government is considering additional oversight measures to “ensure that charities devote their resources primarily to charitable, rather than political, activities, and to enhance public transparency and accountability in this area.” As Imagine Canada has noted, these measures may add administrative costs to charities, and could work to discourage donations. Without detailed plans, it is difficult to judge the likely effects of these measures.

◦ **Increased requirements of Employment Insurance and on-reserve welfare recipients**

The budget plan mentions that the federal government “will introduce legislation to strengthen and clarify what is required of claimants who are receiving regular EI benefits and are looking for work.” It also notes that it will act to “reduce disincentives to accepting all available work prior to applying to the EI program by permanently revising the way benefits are calculated.”

In a related vein, the plan mentions a “commitment to improve the incentives in the on-reserve Income Assistance Program while encouraging those who can work to access training so they are better equipped for employment,” as well as a promise to “work with First Nations to encourage those who can work to access training and, more broadly, to improve the incentives for labour market participation in this program.”

Food Banks Canada will be watching for details of these changes, to ensure that program requirements do not have negative outcomes for EI and welfare recipients.

If you have questions or comments, please contact Shawn Pegg, Director of Policy and Research at Food Banks Canada, at shawn@foodbankscanada.ca .

About Food Banks Canada

Food Banks Canada is the national charitable organization representing the food bank community across Canada. Our Members, Affiliate Member food banks, and their respective agencies serve approximately 85% of people accessing emergency food programs nationwide. We work to support food banks in the short term, and to find long term solutions to hunger in Canada.