

**Budget 2012 - Issues affecting Children and Youth
Background Analysis
National Alliance for Children and Youth
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The March 29th tabling of the federal budget by Finance Minister Flaherty announced both good and bad news for children and youth serving agencies across Canada.

The budget is very business oriented, with most measures focussed on business innovation, competitiveness, and market development. While continuing with the government's general theme of "supporting families", the budget provides little in terms of specific measures or supports for children and families.

***Supporting Families and Communities** by protecting the health and safety of all Canadians and their communities; keeping taxes low for families and individuals; and protecting Canada's natural environment and wildlife for future generations¹.*

While the overall budget is presented at a high level of summary, details are provided about some specific program expenditures relevant to children and youth such as a 7.5% increase in funding for the Youth Employment Strategy:

Providing an additional \$50 million over two years to the Youth Employment Strategy to assist more young people in gaining tangible skills and experience².

Young workers entering the workforce are facing an uncertain job market. At the same time, some sectors are facing growth-limiting labour shortages, which young Canadians should be equipped to fill. The Government currently invests more than \$330 million annually to support young Canadians through the Youth Employment Strategy, including youth at risk and recent post-secondary graduates. Last year alone, this investment helped to connect nearly 70,000 Canadian youth with the work experience and skills training they need to build a foundation for success in the job market. Economic Action Plan 2012 builds on this investment by providing an additional \$50 million over two years to assist more young people in gaining tangible skills and experience. This funding will focus on connecting young Canadians with jobs in fields that are in high demand³.

However, the government choose to eliminate funding for the \$14 million Katimavik program in a very high profile manner while claiming that its commitment continues to fund other more cost-effective programs:

The Government will eliminate the Katimavik program. Our Government is committed to giving our young people the opportunities they deserve, and we will achieve that by funding programs that benefit

¹ Jobs Growth and Long Term Prosperity - Economic Action Plan 2012 Page 49

² Budget Page 135

³ Budget Page 140

large numbers of young people at a reasonable cost rather than concentrating available funding on a very small number of participants at an excessive per-person cost. Our Government is proud to continue to invest in affordable, effective programming that engages youth, including Encounters with Canada, Forum for Young Canadians, and organizations that support youth, like the YMCA. Canadian Heritage will continue to invest over \$105 million in youth programming to allow almost 100,000 young people to learn about their country⁴.

Of further concern to NACY and its members will be the significant reductions in overall departmental expenditures which could affect services, grants, and contributions in a variety of ways:

- \$309.9 million at Health (6.4% of the spending reviewed)
- \$191.1 million at Heritage (6.9% of the spending reviewed)
- \$286.7 million at HRSDC (3.8% of the spending reviewed)⁵

The government has announced commitments and investments to improve First Nations education in response to the February 2012 report of the National Panel on First Nations Education:

Economic Action Plan 2012 commits the Government to introduce legislation, and explore new funding mechanisms, for First Nations elementary and secondary education, and proposes \$275 million over three years to support First Nations education.

To help ensure readiness for the new First Nations education system to be outlined in legislation, this budget will invest \$100 million over three years for First Nations education to provide early literacy programming and other supports and services to First Nations schools and students, and to strengthen their relationships with provincial school systems. To complement these investments in First Nations education programming, this budget will invest \$175 million over three years to build and renovate schools on reserve, providing First Nations youth with better learning environments. This will build on investments in on-reserve school infrastructure made as part of Canada's Economic Action Plan between 2009 and 2011⁶.

The government specifically mentions young people as an important focus of helping First Nations on Reserve to access the labour force through incentives and training:

Canada's young Aboriginal population has tremendous potential for long-term success and economic prosperity, and our Government is committed to helping them achieve their full potential⁷.

⁴ Budget Page 218

⁵ Budget 2012 – Summary of items affecting the charitable and non profit sector. Imagine Canada

⁶ Jobs Growth and Long Term Prosperity - Economic Action Plan 2012 Page 149

⁷ Budget Page 150

Building on previous commitments addressing family violence on reserves:

Economic Action Plan 2012 proposes \$11.9 million for the Family Violence Prevention Program in 2012–13, bringing the total budget for the program to \$30.4 million for an additional year⁸.

While aboriginal mental health programs are mentioned as a component of supporting families and communities, no specific investments were announced:

Economic Action Plan 2012 commits to working with Aboriginal communities and organizations, provinces and territories to improve the mental health and well-being of Aboriginal peoples in Canada.

Health Canada currently invests over \$100 million annually to support mental health programs and services for Aboriginal peoples through community level mental health initiatives, addiction and substance abuse treatment centres, and the National Aboriginal Youth Suicide Prevention Strategy⁹.

In terms of supporting effective government-community partnerships, the budget announced that they will consider “social finance” initiatives while continuing to reform grants and contributions management:

Economic Action Plan 2012 announces that the Government will continue to explore social finance instruments as a way to further encourage the development of government-community partnerships.

The Minister of Human Resources and Skills Development is modernizing the administration of grants and contributions to reduce red tape and make it easier to access funding. The Minister is also testing ways to maximize the impact of federal spending to support community-level partnerships, including pay-for-performance agreements and encouraging leveraging of private sector resources.

Building on these partnerships and the work of the Canadian Task Force on Social Finance, the Government will continue to support the momentum building around social finance initiatives and will explore social finance instruments. For example, social impact bonds hold promise as a tool to further encourage the development of government-community partnerships. Details will be announced by the Minister of Human Resources and Skills Development over the coming months¹⁰.

Continuing infrastructure stimulus measures from prior years, new investments were announced to support Provincial, Territorial and Municipal infrastructure which may indirectly benefit children and youth serving agencies:

Community-based facilities contribute to the quality of life in small communities and large urban centres across Canada. To support repairs and

⁸ Budget Page 172

⁹ Budget Page 173

¹⁰ Budget Page 173

improvements to existing facilities, such as community centres, Economic Action Plan 2012 proposes \$150 million over two years for the establishment of a Community Infrastructure Improvement Fund. This new Fund will improve the quality of facilities enjoyed by Canadians while supporting job creation in communities across the country.

The Fund will be delivered by the regional development agencies and will support projects on a cost-shared basis in partnership with municipalities, community organizations and not-for-profit entities. Projects will be selected on the basis of their readiness to proceed and the anticipated economic benefits, including job creation¹¹.

The budget does contain a specific section entitled “Enhancing Transparency and Accountability for Charities” which proposes tightening enforcement of rules limiting political activities for registered charities, providing an additional \$8 million to CRA over the next two years to carry out the measures:

Economic Action Plan 2012 proposes 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.

Given their unique perspectives and expertise, it is broadly recognized that charities make a valuable contribution to the development of public policy in Canada. Accordingly, under the Income Tax Act charities may devote a limited amount of their resources to non-partisan political activities that are related to their charitable purposes.

Recently, concerns have been raised that some charities may not be respecting the rules regarding political activities. There have also been calls for greater public transparency related to the political activities of charities, including the extent to which they may be funded by foreign sources.

Accordingly, to enhance charities’ compliance with the rules with respect to political activities, Economic Action Plan 2012 proposes that the CRA:

- Enhance its education and compliance activities with respect to political activities by charities.*
- Improve transparency by requiring charities to provide more information on their political activities, including the extent to which these are funded by foreign sources.¹²*

The budget also announces a series of measures to improve the flexibility and administration of Registered Disability Savings Plans (RDSP) for children with severe disabilities¹³.

In terms of health and social transfers, the budget confirms plans previously announced by the government to continue transfers to provinces and territories on a “sustainable and predictable” track. With more than \$59 billion transferred per

¹¹ Budget Page 156

¹² Budget Pages 204-205

¹³ Budget Pages 180-183

year for health care, education, and other programs and services, this funding currently represents 24% of total federal program spending. Health transfers will be increased by 6% per year for the next 5 years, with social transfers increasing at a 3% rate:

The Canada Social Transfer (CST) provides financial support to provinces and territories for post-secondary education, social assistance and social services, as well as programs for children. Recognizing the importance of this funding for the delivery of social programs, the Government will introduce legislation to continue the 3-per-cent escalator for the CST for 2014–15 and subsequent years. The CST will also be reviewed in 2024¹⁴.

Conclusions

While there are certainly some investments and commitments in Economic Action Plan 2012 to support children and youth, overall there are many more unknowns such as the impact of the significant cuts within federal departments themselves, the ability of the government to work with other partners in addressing issues such as First Nations Education, and the impact and implications of CRA surveillance of “political activities” by charities.

Perhaps this is why there has not been significant public commentary about Budget 2012 by children and youth serving agencies thus far – not much to say, really.

For a copy of Economic Action Plan 2012, go to
<http://www.budget.gc.ca/2012/home-accueil-eng.html>

For an overview of the budget from a nonprofit perspective, see Imagine Canada’s “Summary of items affecting the charitable and nonprofit sector” at
http://www.imaginecanada.ca/files/www/en/publicpolicy/budget_2012_analysis.pdf

For an analysis of what is missing from a child development and rights perspective, see the Canadian Coalition for the Rights of Children at:
<http://rightsofchildren.ca/wp-content/uploads/Children-and-Budget-2012.pdf>

¹⁴ Budget Page 191