



# Canadian Council on Social Development Conseil canadien de développement social

## **Submission to the House of Commons Standing Committee on Finance - 2007**

The Canadian Council on Social Development (CCSD) is pleased to make a submission to the House Commons Standing Committee on Finance. Our submission relates to the Canada Social Transfer and to the future of Canada's social programs.

The CCSD is the country's oldest not for profit social policy and research organization. We are membership-based representing a diverse mixture of national, provincial and community organizations as well as individuals.

### ***The current context:***

Let us begin by emphasizing that since the beginning of this decade a strong economy has brought much prosperity to our country and delivered important social gains for Canada.

However, many in our cities and communities across our country have not benefited from these good times. Despite our strong economy, too many are being left behind.

The gap is growing between the wealthiest and the poorest, homelessness continues to grow, conditions for aboriginals on and off reserve are abysmal and an increasing number of new Canadians are struggling for years in poverty.

So while we are doing well from a strictly economic perspective, daunting social challenges persist.

This is truly the time to step back and take stock. CCSD's members and partners are worried about these social challenges. They believe this country is capable of maximizing its resources to establish fairness and improved social outcomes for all.

Moreover, we know that unless these challenges are addressed, in the long run, Canada's economic competitiveness will suffer.

### ***The Canada Social Transfer:***

The CCSD recognizes that the Canada Social Transfer, in and of itself, will not resolve all of Canada's social challenges. But it can – and should – be a key instrument that can address some of these challenges.

In a recent letter to the CCSD, the Minister of Finance, the Honourable James Flaherty agreed with our position and wrote the following:

*“CST funding touches the lives of every Canadian, supporting provinces and territories in delivering social assistance and social services that reduce poverty and protect vulnerable Canadians...”*

In 2004, the CCSD published a discussion document calling attention to the importance of the CST. We made the case that problems with the Canada Social Transfer needed to be addressed if the provinces were to have the necessary resources and tools to effectively support their social programs. We also showed that since the cuts of the mid-1990s, those programmes, and consequently many Canadian families, had suffered significantly.

On behalf of our members, partners and stakeholders we proposed a four point agenda:

- 1) Splitting the CST into two parts (social programs and post-secondary education) for better accountability and transparency;
- 2) Increasing funding to the CST and then ensuring predictability and stability through an escalator mechanism;
- 3) Finding common principles through broad engagement with Canadians;
- 4) Measuring and monitoring outcomes, sharing innovation and sharing best practices.

### ***The 2007 federal budget***

The steps announced in Budget 2007 with regard to the CST provide the beginnings of a process which will help tackle the challenge of getting things done in communities. We are encouraged by these positive – but preliminary changes.

The last budget has taken positive steps on the two first points put forward by the CCSD.

1. In splitting the CST into different parts (social programs, post-secondary education and early childhood and learning programs), the government has provided much needed transparency to the CST. This measure can facilitate a better understanding and tracking of funds transferred and earmarked for specific purposes. This is a sound measure that will build better accountability in the coming years.

As a policy and research organization whose work involves reporting on social investment and social outcomes, we have had a longstanding interest in tracking funds “earmarked” for social development. Many CCSD members, stakeholders and partners work with and for Canadians on a daily basis. In their lives, accountability means making sure that the money spent and how it is spent makes a real difference to communities and the people they serve - and not just in the short term. And that is why the second point on our agenda is so important.

2. Increased funding and predictability and stability of this funding is part of the sound planning and effective investment that will ensure that provinces will be able to count on specific resources to support their social programs and serve Canadians effectively. It was an excellent first step to extend the CST to 2014 and to increase cash payments through the use of an escalator. This sets the tone for a model that works.

### ***Where to from here?***

While the increase is an important step, more federal investment is required to fund programmes at adequate levels to truly improve social outcomes. The escalator for the CHT has been set at 6% while the level for the CST has been set at 3%.

Since the mid 1990s' health care funding has come to significantly dominate transfer payments to the provinces. Funds for social programs have shrunk as a proportion of the total transfer envelope. With only a 3% escalator for the CST, the gap will continue to grow between health care funding and the support for our social programs.

The evidence speaks volumes. Investment in social programs improves health outcomes. This flagging investment is fuelling a growing gap. It is a move in the wrong direction.

### **RECOMMENDATION 1:**

***That the decision about the level of escalator for the CST (i.e. 3%) be reviewed and increased in order to restore the funding to its 1994-5 levels (in real terms) as quickly as possible and to ensure that the gap between health and social transfers does not continue to grow.***

While we are pleased with the progress made in this recent budget on the two first points, the two next points proposed in our agenda -- common principles and goals and monitoring outcomes -- are equally important. We would urge the Standing Committee on Finance to examine them very carefully.

Moving forward on the four points in our proposed agenda would entail a comprehensive approach to the funding of social programs for Canadians.

Increases to the CST provide an opportune time for a collective dialogue about common principles and objectives. Obviously there are complexities to this task. The provinces must have the freedom and flexibility to be able to develop their own programmes and services and responses to their distinct realities. A set of broad common principles and objectives and a vision for the future of our social programs should not be an obstacle to this.

Given the importance of strong social programs for the future prosperity of Canada, any discussion on objectives and goals should be done through a broad engagement with Canadians.

The CCSD also wishes to underscore the strategic importance of measuring, monitoring and sharing innovation. Social investment reaps rewards. But to paraphrase Albert

Einstein, not everything that counts in a community can be counted. An important part of the work of strengthening the CST is an agreement on what needs to be measured and how we can best measure and monitor social outcomes.

The measuring process allows for the testing of assumptions. Learning how – and if - actions are working provides the kind of clear thinking that will maximize our investments as a country, and genuinely improve social outcomes. Despite acknowledged shortcomings, economic measurement tools such as the GDP, are used in setting goals and tracking success. Social development goals deserve no less.

The CCSD knows that if Canada is to succeed economically, it will need to succeed socially. Monitoring this and reporting back to Canadians on how we are doing as a country is crucial in this regard.

The government has recognized the importance of monitoring and has begun to do so. For instance Federal, provincial and territorial governments work together to report on the National Child Benefit (NCB) initiative. This is done through a NCB Governance and Accountability Framework and is seen as an essential process to inform Canadians about the progress towards meeting the goals of the NCB.

The CCSD proposes that Canada build on this experience and develop a more comprehensive approach to measuring and monitoring its investments and impacts.

Over the past few years health care issues have dominated the media and public debate. But the real life experiences of our members and partners repeatedly show that the best prevention and cost savings come from early learning and child care, affordable housing, safe communities, education and training. Every day in communities across Canada, solutions are being developed and challenges are being met. By the same token, there are too few meaningful ways that communities can come together to share innovation and best practice. Facilitating collaboration and communication between and among these communities is a straightforward yet powerful way to mine the depths of experience, pragmatism and wisdom that is the hallmark of social and community development.

Our approach to this challenge is very much grounded in the decentralized nature of our Canadian Federal system. We recognize that Canada is one of the most decentralized countries in the world when it comes to social policy.

This decentralization of powers creates some real challenges that unitary nations such as the UK or New Zealand do not face. Because of this, many have been concerned about the lack of a cohesive approach, the patchwork of programs and services, and the potential lack of equity across the country.

But while our system creates some of these challenges, it also affords opportunities that we have not capitalized on in the past.

One of the strengths of our Federation should lie in our potential to harness the experiences, innovations and best practices of community leaders across the country.

When we listen to our stakeholders and members, the message is clear. They want a way to better understand what others are doing, what is working and not working and how these learnings can be transferred and shared for better policy development, better programme delivery and better services on the ground – a better life for people in their communities.

Canada's collective investment in social programs is considerable. Such an investment calls for developing the means to share these learnings and better understand what works, what doesn't, and what would work better. And do it in a timely way. This is just good business.

In his letter to the CCSD' Minister Flaherty agreed. He wrote:

*“The Government shares your view that engaging Canadians to find common principles, measure and monitor outcomes and share innovation and best practice is important. Canadians want to know how governments are funding key priorities and what results they are getting for these significant taxpayer-funded investments.”*

## **RECOMMENDATIONS 2 and 3**

***That the government of Canada, in collaboration with the provinces and territories, engage into a broad consultation with Canadians to develop a set of common principles and objectives and a vision for the future of our social programs;***

***And:***

***That the Government of Canada, in collaboration with the provinces and territories, and in consultation, as well, with other stakeholders, develop a comprehensive strategy to measure and monitor our social programs and social outcomes and to foster the sharing of best practice and innovation across the country.***

## **Conclusion**

The Canada Social Transfer is a crucial instrument to allow Canada to provide strong social programs to all Canadians. This in turn is good for the economic competitiveness of the country.

Progress has been made on in strengthening the CST but more needs to be done.

The Canadian Council on Social Development urges the Standing Committee on Finance to carefully review its 3 recommendations.

Moving forward on these three fronts will accomplish much for Canada and Canadians in the years to come.