

## Environment, arts get short shrift in budget (Fedbudget-Losers)

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OTTAWA - The federal budget's key anti-poverty measure cures one headache and causes another.

Changes to the tax treatment of the \$100-a-month Universal Child Care Benefit to help single-parent families "will create new inequities," says the Caledon Institute of Social Policy, an Ottawa-based think-tank known for its work on social security.

Critics of the benefit have long complained that it is subject to income tax, penalizing single-parent families in particular. Last week's budget acknowledged that, until now, single-parents could end up paying more tax on their \$100 per child benefit than a two-parent family with the same income.

The budget set out to address the problem by allowing single-parent families to claim the payments as income for their dependents. The new measure means most single-parent families will likely avoid paying any tax on their \$100 because the money will be claimed as their children's income.

But the change means two-parent families will end up paying more taxes on their benefit than single-parent families of the same income.

"This is patently unfair," says the Caledon Institute. "So the UCCB will remain a complicated and virtually incomprehensible social program in terms of its real as opposed to apparent value to families."

Officials at the Department of Finance said the change was intended to ensure consistent tax treatment between two-parent and single-parent families, since single-parent families can't take advantage of a spouse's lower income to claim the benefit.

The Caledon Institute, like many other social policy groups, has opposed the benefit from the start. But even the conservative Institute of Marriage and Family Canada, which is supportive of the scheme, sees the inequity in the recent changes.

"It doesn't solve the problem," said executive director Dave Quist. He hopes the measure is merely the first step toward income splitting for all families.

The budget estimates that the changes will result in about \$168 extra a year for each single-parent family per child under age six. The cost to the federal treasury is a modest \$5 million a year.

It's one of the few direct anti-poverty measures in the budget at a time when poverty is on the rise in the aftermath of the recession.

While the official picture of what the recession did to poverty during the recession won't be ready for a couple of years, there are already several indicators that point to a deterioration. Use of food banks has risen, aggregate wages have dropped, unemployment is still substantial, and bankruptcies have jumped, said Roger Sauve, author of a major report on family finances for the Vanier Institute of the Family.

At the same time, thousands of people are exhausting their employment insurance benefits and are applying for welfare, the Caledon Institute says. In January in Ontario, for example, 10,000 new people joined the welfare ranks.

"We need to keep helping those who need a hand up," Finance Minister Jim Flaherty said in the opening words of his budget speech.

For the government, that means continuing with its stimulus package that improved and extended EI benefits and also spent billions on job-creating infrastructure projects.

Ottawa figures its stimulus created or maintained 130,000 jobs in 2009 and 220,000 in 2010. But officials also acknowledge that those numbers are based on a model that has not been checked against reality.

Analysts say it's next to impossible to know if the stimulus spending has alleviated the pain of the recession for the country's most vulnerable people.

"The fiscal shot in the arm, though necessary, was a shot in the dark," the Caledon Institute says. "The impact of stimulus spending in the board rooms, on factory floors and in the pocket books of the nation will be known only after the economy is clearly out of recession and the economists do their analyses."