

# **HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**COMMUNITY SERVICES**

**Tuesday, June 11, 2013**

**Legislative Chamber**

**Canadian Centre for Policy Alternatives - Nova Scotia  
Alternative Provincial Budget 2013**

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In Attendance:

Ms. Kim Langille  
Legislative Committee Clerk

**WITNESSES**

Dr. Christine Saulnier  
Director,  
Canadian Centre for Policy Alternatives - Nova Scotia

Ms. Pamela Harrison  
Coordinator,  
Transition House Association of Nova Scotia

**HALIFAX, TUESDAY, JUNE 11, 2013**

**STANDING COMMITTEE ON COMMUNITY SERVICES**

1:00 P.M.

**CHAIRMAN**  
Mr. Jim Morton

MR. CHAIRMAN: Good afternoon, everybody. I think we'll begin the meeting. We're assembled in a space we don't usually use for this meeting, but welcome to it, everybody. My name is Jim Morton, and I'm the chairman of the Standing Committee on Community Services. Our witnesses today are from the Canadian Centre for Policy Alternatives. They'll have a chance to introduce themselves in just a moment.

Before we begin our business, I would like to welcome those people who are in the gallery today visiting and here on the floor. Certainly everybody is welcome at this committee. I would like to remind you that in the event of some emergency, if we had to evacuate the building, the expectation is that we would exit this Chamber and leave the building to Granville Street - down one flight of stairs and out to Granville Street - and gather in the parking lot across the street, between the credit union and the Dennis Building. It's something I need to say, but hopefully we won't need to use that.

If somebody has not switched off their cellphone, and I'm probably one of those, please do that so that we don't interrupt the proceedings.

I think we shall begin with committee introductions, and I will start on my left.

[The committee members introduced themselves.]

MR. CHAIRMAN: As I mentioned, our witnesses are from the Canadian Centre for Policy Alternatives' Nova Scotia office. I will ask our witnesses to introduce themselves, and then I expect that you have a presentation to make. We will follow that with questions and discussions. So if you'd please introduce yourselves, to begin with.

MS. CHRISTINE SAULNIER: I'm the Nova Scotia Director of the Canadian Centre for Policy Alternatives. We are here to talk about the alternative budget, so I've asked Pamela to come as a member of the alternative budget working group.

MS. PAMELA HARRISON: I'm the Provincial Coordinator for the Transition House Association and was part of the development of the alternative budget this year.

MR. CHAIRMAN: Thank you. So if you'll go ahead with your presentation, please.

MS. SAULNIER: So you'll need to picture about 20 people behind me who collaborated on the alternative budget, some of whom have sent their regrets. I was hoping that some people could be here, in particular Tammy Findlay who is a professor at Mount Saint Vincent and who was our lead on Early Learning and Child Care and is a specialist in child care policy. But I will pinch-hit for her today.

I thought I'd begin just by very briefly talking about the CCPA and the alternative budget so you understand the context in which I'm presenting to you the proposals that are specifically of interest to the committee. The Canadian centre's Nova Scotia office has been here since 1999; the CCPA - its acronym - is an independent, non-partisan research organization and a registered charity. Our mandate is to achieve a socially and economically just society and one that respects and sustains our environment.

We're funded with support from our national office in Ottawa and by our Nova Scotia donors and members, both individual and organizational. Our research is peer reviewed and overseen by an independent research advisory committee. The alternative budget in many ways is a signature document for CCPA. The first one was actually the alternative federal budget published in 1995, and that's when Paul Martin was there. The alternative budget itself starts out from a set of social justice values: human dignity and freedom, fairness, equality, environmental sustainability, and the public good.

It's around these values that a group of representatives of civil society organizations, as well as researchers and academics, come together. We develop a set of fiscal policy measures that reflect these values, and we create a sophisticated and workable budgetary framework within which they are met. The framework indeed acknowledges the political and economic realities of the jurisdiction in which the alternative budget is created.

It is a "what if" exercise - what a government could do to achieve certain social, economic, and environmental outcomes. In Nova Scotia our working group usually

involves, as I said, about 20 people. The list is actually in the alternative budget document; if you look on Page 6 under the Preamble, you'll see all of the participants for this year's alternative budget.

Each year our working group agrees to a theme, and I'll just briefly tell you what this year's budget's theme was, and that was *Strengthening Connections, Connecting Communities*. How and why we connect as well as the barriers that prevent us from making more meaningful connections say a lot about our society. You can think about connections in many different ways. Around our table we saw them in terms of linkages that sometimes serve as safety nets; as ways that we communicate; as ties that bind our community members; as places where we connect with our neighbours; the ways we connect when we use technology, telephone or other; as ways we connect in terms of transportation; as ways we connect in terms of eating a meal and our connections to those who produce the food for that meal - indeed, the strength of our connections is one measure of the health of our very democracy, of our communities, and us as individuals.

In many ways, you could say we live in a really complex interconnected world that is in some ways really hyper-connected. But we need to step back and carefully consider these connections - where they're broken, and what we might do to strengthen them. This year's alternative budget pays particular attention to those least connected: the alienated, the marginalized, and discriminated against.

It is our contention and yours, we know, that everyone deserves meaningful opportunities to contribute to our society and our democracy. These opportunities are lacking for some people or there are too many barriers for them to be able to take up opportunities when they're offered. These barriers include racism, ableism, and homophobia; gender discrimination and sexism ensure that women and girls from marginalized communities face additional barriers.

By not addressing inequalities we are missing out because we are forgoing the important contributions that these groups could be making. Indeed, we are wasting investments that have been made, whether in our education system or elsewhere. Unless our governments begin to implement policies, whether that's spending and taxation - which we spent a lot of time on in terms of developing our fiscal framework and I won't talk to you about that today - unless we begin implementing policies that benefit more of us, the legitimacy of our political institutions will increasingly be called into question and our democracy threatened. Idle No More and the rise of the 99 per cent are likely only the beginning. For our alternative budget, public services are an essential part of redistributing wealth and moving towards this equal society.

As I say, I don't have time to go over our overall framework, but I'll specifically now turn to talk to you about poverty reduction and income assistance and then briefly to our proposals in terms of Early Learning and Child Care. You'll know that this budget came out before the provincial budget actually came down, and there may be some things

in that budget that would have changed our recommendations. I'm presenting to you what was in our alternative budget because we have not met to revise those as of yet, but I can certainly take question-and-answer on what happened since then.

In terms of poverty reduction, in a way we begin in terms of thinking about what our proposals would be, what our strategic investments would be, and by looking at some of the calculations we've done previously around the cost of poverty. We released a report a few years back - and again, I'm sorry, I can't get into the full methodology, which is quite complicated on the cost of poverty - but we begin with that data, which shows us that the financial cost of poverty is estimated to be \$2.4 billion per year in Nova Scotia. That's a huge sum. It's equivalent to about 7 per cent of Nova Scotia's GDP. This corresponds to as much as \$2,600 per person per year. In terms as direct cost to government, what we've calculated is \$600 million per year - that's about 7 per cent of the Nova Scotia Government budget.

These are the quantifiable costs of poverty that we've been able to calculate, and they don't include current direct spending in terms of income assistance. Rather, this methodology looks at the research that tells us the effect that living in poverty has. For example, the effect on health, which then affects our health care costs, and the effect on somebody's ability to be productive in the labour market, which then affects our government in terms of lost revenue and our society in terms of lost growth.

This calculation, as I say, doesn't include income assistance. We recognize that there will always be a need for social investment, and indeed, our recommendation is for an increased investment.

What has been calculated in our other offices - and our B.C. office has done a lot of work in this area as well - is that it could cost as much as half as much to actually eliminate poverty. That is, if we are to shift the way that we think about social policy, and instead of looking at it in terms of short-term spending, we look at it more in terms of long-term investment in eliminating poverty, it may cost us half as much as the current system is costing us.

That's the backdrop for our "breaking the cycle of poverty" section, and in that section - and our single largest investment in our alternative budget is income supports. While addressing poverty is never just about income, it's always about income, so we look at some of the improvements that have been made. New measures such as the Poverty Reduction and Affordable Living tax credits are all intended, along with the Nova Scotia Child Benefit, to supplement the incomes of low-income people. Such measures are definitely important, but the income they generate is not sufficient to make a significant impact on poverty. The incomes of people who cannot work and who must rely entirely on income assistance to survive are well below any poverty line. The one that we show in the alternative budget, if you look at Table 4 and Page 50, is the Market Basket Measure. It's

an illustration of what the poverty gap is - how much is income assistance compared to that poverty line?

The first recommendation we make is that the government investigate the benefits of a guaranteed livable income. We didn't actually make a recommendation that the government move there, because we'd need some data that isn't available to us to calculate in terms of that. We'd like to see the government take a serious look at a GLI, if you will. When we look at the research and the evidence around GLI, the first thing to note is that it provides incomes to those regardless of employment status and it isn't targeted to any family type. As an individual or family earns income from other sources, the guarantee is reduced; the lower the reduction rate, the higher the incentive to earn income through work.

There are considerable concrete savings, so we can look in particular to the Manitoba Mincome experience, where an entire community experiment involved using a guarantee livable income. The data is just starting to come out on that, but significant data - for example, 8.5 per cent reduction in hospitalization rate for participants. That's significant when we think about health care costs. There was a notable reduction in accident and injury rates, as well as mental health visits. That's what accounting for that reduction. Furthermore, high school completion rates improved significantly during the experiment. In fact, in terms of that community, only one-third of families actually qualified for the support in any given year, but it's very interesting to note that even those that didn't qualify found that knowing that the Income Security Program was there was a significant part of helping them in terms of their security, and it actually improved their well-being as well.

We need, in fact, to consider this kind of program because we need to move away, we argue, from the stigmatizing Social Assistance Program. We realize that would take some time and take some serious study. We, therefore, make other recommendations. For example, one of the first things in terms of actual income supports right now is increasing the Affordable Living Tax Credit. That tax credit is an important tax credit, so we recommend increasing it by 15 per cent. The amounts that I provide here out of context of the alternative budget framework probably are really not the point I'm trying to make to you today. It is about the principles and values underneath those.

In terms of social assistance, it is our contention that it should ensure people can sustain themselves in dignity: that they can eat healthy, live in adequate housing, clothe themselves, and meet other basic needs such as access to transportation and basic communication tools. With that in mind, we actually provide a 50 per cent increase of total welfare income for each family.

Our second recommendation - and I know you've heard some of this from one of our participants, Michael Bradfield, who has presented to your committee around the earnings clawback - our recommendation is that all Employment Support and Income

Assistance recipients should retain \$300 per month plus 50 per cent of their earnings. Currently, only those in supported employment are able to do the \$300 per month, and currently it's only 30 per cent above, so \$300 per month plus 30 per cent. We recommend \$300 per month plus 50 per cent of earnings. For us it's about ensuring that there's a reasonable earnings exemption that would help workers to remain or re-enter in the workforce. That transition is a really critical piece. It can bridge to a better job. It can lower the barriers and ease people into the workforce.

We also recommend and point out first that ESIA applicants, those who are applying to ESIA in the first place, have no earnings exemptions. In other words, if an employed person comes and applies to ESIA, all of their earnings are taken into account, no matter how low they are. That means that families who are working, but not able to pay for their basic needs - food, shelter, and clothing - may still not be eligible for assistance because there's nothing there, so we would recommend that the same recommendation be applied to applicants.

A third recommendation is that it be made possible to average earnings over a longer period, so when calculating earnings exemptions to take into account short-term temporary work is to look more at maybe averaging over the year rather than month to month.

Just thinking about where we're at in terms of income assistance and the gap that exists, for us direct personal income transfers are definitely important. As I said, poverty is not always about income, but income is absolutely critical. For us, it's also about what people can do with their money. It's about publicly-funded supportive housing, which Pamela will be talking to you about; it's about the investments in early learning and child care, which I will turn to; and it's about improving Pharmacare - this is consistent with our alternative budget approach. We favour public organization and delivery of programs, some of which need to be universal. They all need to be monitored and accounted for so that they reach the greatest number of Nova Scotians who are in need.

That's the income assistance part and I'm going to now move to early learning, and I won't take too much time on that. Early learning and child care fits into all of this. Early learning and child care is a vital social policy. It fosters equality and inclusion and it's a leveller, if you will.

Did you know that just having children puts couples at a 40 per cent risk of poverty? There's a selling point to have children in our province, and it's not just our province; this is Canadian data. Did you know that lone parents have one in two chances of being poor? In the 2011 Early Childhood Education Index, indeed, only three provinces in Canada received a passing grade. Nova Scotia received a 5 out of 15. The index looks at governance, funding, quality, accountability, and access to care for 2- to 5-year-olds.



Like much of the country, Nova Scotia relies on a market-based approach to child care. The result, as the research has indicated, is a triple-market failure, if you will. It is a patchwork system that results in high fees for parents, low wages for the primarily female child care workforce, and unmet demand.

There is certainly consensus in this province that we need a system, that the alternative budget suggests that that system needs to be universal, it needs to be a quality system, developmentally appropriate, non-profit, democratically governed, and appropriate for First Nations.

Public funding is currently provided - and that's not just Nova Scotia Government funding but federal funding - primarily in terms of individualized forms: tax breaks, parent cheques, and fee subsidies based on family eligibility. The current approach has not created more choice and it is our contention that public funding cannot continue to be squandered on a current market-based approach.

The Nova Scotia Government has focused much of its additional funding for child care to the provision of subsidies. However, Nova Scotia still has a very low rate of children receiving subsidies as a percentage of regulated spaces. In 2009 that was 21 per cent; in 2012 it has risen to 27 per cent. Most provinces are in the range of 30 per cent to 40 per cent.

In addition, we have a very targeted system. The more critical problem is that subsidies do not guarantee either accessibility or affordability, they don't guarantee more spaces, and they don't guarantee lower costs. This is especially concerning when we think about Nova Scotia's children who need equal learning opportunities, when we think about parents struggling to balance work and family responsibilities; 70 per cent of women work outside the home in our province, and rural communities in particular are facing child care shortages.

The female-dominated child care workforce is one of the most underpaid sectors in our country; the lowest hourly median wage for child care workers is in Nova Scotia. In 2012, that was \$12.84 an hour; in 1998 it was \$11.62. In an early learning and child care system, the provision of child care and early learning is a social service. It's like health care, it's like public education. It is our contention that it should not be a profit-making venture. With changes in the funding formula that allow for-profit providers to access public funding, most of the new growth in child care has come from that sector. The risk of sacrificing quality for profit is too high, with less accountability to the community. Indeed, the risk of for-profits pulling up stakes is higher as well. The data shows that between April 2011 and March 2012, 18 centres closed in our province; 16 of them were for-profit, two of them were non-profit.

We make recommendations around a planned investment approach. We would like to see this government follow the World Health Organization's recommendations around

how much of our GDP should actually go to early learning and child care, and that's at least 1 per cent of GDP. Currently we're at 0.37 per cent.

We have lots of evidence coming out of Quebec in terms of a universal system - I won't get into that but I can certainly answer some questions about that. You've also heard, I think, some evidence presented to this committee about that.

I'm going to end there in terms of my part, and Pamela is going to present to you in terms of housing.

MS. PAMELA HARRISON: Thank you, Christine. We were really tempted to do a comparison to our recommendations to the Housing Strategy that came out following the election; however, you don't have that much time so we're going to spare you that.

We're going to talk a little bit about what we had suggested and you'll see some things that are close and some things that are quite different. I think we can all agree that we need housing that is adequate, safe, and affordable. I want to say that we include seniors, people with disabilities, low-income Nova Scotians, and the most vulnerable of our citizens: those who are homeless or near homeless.

Both the Nova Scotia Government and the federal government have made a commitment to a housing-first policy which will focus on, to quote the Nova Scotia Housing Strategy, ". . . helping people find secure, stable housing as the foundation for rebuilding their lives. With housing in place, a network of services and treatment can help someone suffering from addiction or mental illness cope with their condition, and make a steady reconnection to society."

According to the Canada Mortgage and Housing Corporation, housing is affordable if households are not required to spend more than 30 per cent of their gross income on housing costs - that's mortgage, or rent, and heat. The average rent as of 2011 for a bachelor apartment in Halifax is \$670 and a one-bedroom, \$753. For single Nova Scotians on income assistance, the maximum housing allowance is \$535, with a personal allowance of \$238.

With that total income of \$773, those on income assistance are not able to access adequate, affordable, and safe housing at anywhere near 30 per cent of their income. Now let's look at a single person working in minimum wage for 35 hours a week. They have a gross monthly income of \$1,442, which would put their 30 per cent at \$432, well below the average cost of apartments in Halifax.

How do we address these and other shortcomings for those with low incomes or on income assistance, or for seniors or persons with disabilities? We need a significant and large investment in all types of housing in order to respond to the thousands of Nova Scotians on a wait-list for current subsidized housing, regardless of its adequacy or safety.

The Nova Scotia Government's Housing Support Worker Program in the HRM has been successful in matching people's needs with available housing, sustaining that housing, and preventing eviction for vulnerable clients who need minimal supports. The alternative budget suggested 13 new housing support workers to be located outside of HRM and to serve all areas of the province, including dedicated workers to support off-reserve Aboriginal women and to serve African Nova Scotian women.

When we consider the Housing First approach - meaning that we house vulnerable Nova Scotians immediately and wrap services around them - what would that look like? Existing Housing First options are small. Most are serving people in the HRM, and the organizations are stretched to the maximum to provide adequate supports with only their core workers.

We understand that the Department of Community Services is moving away from funding shelter and/or housing that requires supports, yet that is exactly what Housing First means. As well, there are fewer than 40 second-stage housing units for abused women in the province, and last year our organization served 2,000 women and children. That's just our organization.

The alternate budget suggested investing \$300,000 in a fund to retrofit housing units with enhanced security measures to serve as second-stage housing in rural Nova Scotia. This funding would cover security monitoring for 50 units, which costs approximately \$220,000 per year and a one-time cost of \$80,000 for their installations. Our budget also recommended additional funding of \$1.8 million to provide to non-profit organizations operating second- and third-stage housing for additional staffing, to enable appropriate programming and supports as required by those residents.

To replace the Nova Scotia Housing Development Corporation, the province has established Housing Nova Scotia, reporting to the Department of Community Services with clear priorities, budget, and timelines, and in part, addressing our recommendations. We recommended a different model: funding for establishing a separate housing department that would include a housing secretariat answering to a full-fledged minister, and shifting housing staff and funding from the Department of Community Services.

The alternative budget also suggested increasing the amount of provincial funding earmarked to build affordable housing units by allocating \$200 million over three years, beginning with \$60 million this year. I believe the budget had \$3 million for this year. Housing and supports need to meet the specific needs of women at risk, as well as targeted supports to other at-risk groups, including youth, families, African Nova Scotians, and Aboriginal persons, as well as people with disabilities.

Other recommendations would be: increasing funding to other existing housing programs, like home ownership and repair and public housing subsidies, and that would be about \$3 million; providing a \$1.2 million investment for funding to target co-operative

housing for artists and students; an additional \$2 million for rent supplements targeted to non-profit providers; and a continuation of the pressure on the federal government to establish and fund a pan-Canada housing strategy and to prioritize immediate and substantial investment to address the housing crisis for First Nation communities on and off reserve.

We are disappointed that the new housing strategy does not address rent controls. The housing rental and building lot markets in Halifax and surrounding areas are already being impacted by the expected influx of people who want to take advantage of the shipbuilding contracts. The alternative budget recommends reinstating rent control on rental increases and providing funding of just under \$1 million to pay for additional enforcement officers in each county to ensure that the legislation is enforced around health and safety standards and accessibility standards.

In reviewing the Nova Scotia housing strategy document, we are encouraged by the recognition of the needs of our most vulnerable citizens. We understand that the Bloomfield mixed-market development will begin over the next 12 months, and it is our hope that the first - and majority of - housing opportunities will be for those who need adequate, safe, and affordable housing. We will be watching for details on the small town and rural projects that are set to begin over the next two years. Most importantly, we are hopeful that in the next 12 months, when Housing First and Aging in Place initiatives will begin, these new opportunities will significantly lower the number of vulnerable Nova Scotians looking for housing and supports.

At the same time, we recommend that shelters and other homeless-serving organizations be provided with sufficient funding to support the movement of men, women, and children to more stable housing opportunities. Even as the Housing First approach takes hold, there will always be a need to adequately support shelters and homeless-serving organizations. Housing First is not a matter of reallocation of resources. It is about a fundamental understanding that there will always be a need for some level of homeless shelters and transition houses, appropriately funded. Our best result will be when these facilities are smaller and less busy, and our focus can be on vibrant and thriving Housing First communities.

The Nova Scotia housing strategy makes reference to ongoing stakeholder engagement, which will take the form of an advisory board. We understand that members of that board are being appointed by the government. This advisory board needs to properly reflect those Nova Scotians who will use the new housing and support systems. The board also needs to include those with expertise in Housing First, supportive and supported housing, and the additional barriers to adequate and safe housing in the rural and remote areas of the province. Thank you.

MR. CHAIRMAN: Thank you both, Dr. Saulnier and Ms. Harrison.

I do have a speakers' list. I was going to say I don't have anyone on it, but - Ms. Casey.

HON. KAREN CASEY: Thank you for the presentation. I do want to focus my question on the early learning component. You mentioned that your alternative budget was prepared, and that perhaps there have been new developments since that time. One of the developments was the announcement of an early learning initiative. We did go and listen to that announcement with interest, but as has been mentioned about the housing strategy, very few details, and we have been waiting for those other details. We've been waiting for the announcement. We know the McCain Foundation is going to be strongly supporting that initiative, but there's no detail coming on that.

I guess my question to you would be, in your alternative budget, how do you see the early learning initiative being a universal initiative?

DR. SAULNIER: I agree, we're waiting for some details on what that initiative will look like. For us it is looking to programs like the ones available in Quebec, so it is looking at a program that is affordable and accessible but universal, so all children would be able to access something that is affordable to them. So it's not about subsidies and direct individual payments, but it is about a system.

We do talk about this a little bit more in our education system, where we talk about possibly looking at a hub system and having early learning integrated into that. We know that part of the change that has come since we wrote this was that early learning is now part of the Education and Early Childhood Development Department, so that looks like there is some fit in terms of what we were recommending. That is what we are looking at: a system that is similar to what we see developing in Quebec. There are developments in other provinces where it's universal, in that it's still a voluntary system but parents can access a quality, regulated, publicly-funded program.

MS. CASEY: Thank you. I think your use of the word "voluntary" is important, because we know that some of the families who could best benefit from some of the early learning services and programs do not - for a number of reasons - take advantage of that.

I'm wondering if you're aware of any program that is universal, in that it can be accessed by anyone at all, but how you can support those families so that their children do get to access that? Sometimes when you leave it to individuals, as I said, for a number of reasons, their children don't benefit from those because they don't participate. What suggestions would you have for how that problem could be addressed?

DR. SAULNIER: I think the system necessarily has to be a voluntary system. Like housing, there need to be supports in place and incentives in terms of - the hub system is one that allows an incentive. So if people are already going to a hub for other programs, they become acquainted with an early learning and child care centre that now is accessible

and affordable and provides supports that are part of this hub system. I think that's a real incentive. If it becomes part of your community and part of where you go for other things, then you're more likely to access the program. I think that's why the hub system is a critical part of this. It's thinking about how we integrate early learning and child care into other supports in the community so that it just becomes a go-to place.

MS. CASEY: Just one follow-up question with respect to the hubs. That word is out there now, and people are wondering what that really looks like and how do you establish a hub and whose responsibility is it? Collective departments? Is it community? How does that all happen? From your perspective, what does a hub school mean in the community?

DR. SAULNIER: What does it mean? It means that there is a place families know they can go to get the various kinds of supports that their families need. When I go back to what I said about public services and about a place where - about not just income supports - which in some ways it's absolutely critical - but supports that bring people together in a community are such a critical part of the public services that we deliver in ways that people are going to access them.

A hub is what it is. I mean, if you can picture what a hub is, things flow from a hub. It is a real heart of a community. So as we struggle with questions about education and about schools and about enrolment, we need to be thinking a little bit differently about how those institutions play a different role, and a very important role, in some communities. To me, the hub is a great way to figuratively think about what that means, or what that could mean.

MS. CASEY: Transportation in rural Nova Scotia presents a real challenge for that concept. I won't take any more time with questions, but I think it's something that needs to be further explored, because it will be the biggest challenge that we have.

MR. CHAIRMAN: Thank you, Ms. Casey. Mr. Burrill, and then Mr. Bain.

MR. GARY BURRILL: I really appreciate the chance to have you speak to the alternative budget. I want to say I know I speak for a lot of people for whom the annual release of the alternative budget is one of the most important things in economic thinking that happens each year in the province. It means a lot to a lot of people, including me.

I just want to ask you a little about the actual budget this year, in comparison with some of the recommendations that were made. In particular, on the revenue side in the actual budget, there is the adoption of one of the key recommendations of the alternative budget. This has to do with the fifth tax bracket and maintaining the higher level of income taxation for people earning over \$150,000 in the context of a balanced budget, rather than considering that just as a temporary measure for the period when budgets were in. That's something where the alternative budget had made a strong recommendation, and it's

something that is quite striking in the current budget. I wonder if you have any comment about the significance of that provision in the current budget.

DR. SAULNIER: As you know, our overall framework is dependent on a progressive tax system and we make various recommendations around making the tax system more progressive. One of them is making that fifth tax bracket a permanent bracket. We were pleased to see that the fifth bracket is still on the books and it should be made permanent. When that change was made of course there were some people in that bracket, or I guess with the surtax taken off, that we actually think that there is room to raise the progressive taxation on the top still but we're absolutely pleased to see the fifth tax bracket and want to see it permanent.

MR. BURRILL: Thinking too in a more general way about taxes, it is very frequently argued here in this House - probably nowhere more strenuously than from the chair where I'm sitting at the moment - that the principal obstacle to the achievement of the goals of social justice and shared prosperity is that taxes are too high, that this is problem one, that problem one could be solved, that the obstacle would be removed and we would have a clear shot at the goal. It's often incorrectly alleged in the course of making this argument that Nova Scotia has the highest taxes in the country; that's not, as you know, true. In a general sense the alternative budget is really one of, as they say, the key documents on the taxation question that we get each year in Nova Scotia. I wonder if you would mind addressing this general reasoning that taxation levels in themselves are the impediment to social progress.

DR. SAULNIER: Yes, I'd say - and even in presenting the alternative budget it is difficult to present our spending proposals without presenting our revenue proposals. In fact, I'd say we shouldn't be having a taxation discussion without talking about what we're going to do with taxation. That old adage that we've been hearing I think in the last three or four years is we do need to have an adult conversation on taxation that needs to be directly connected to what we would be doing with the revenue. I think one of the impediments is not high taxation, and we can point to reports that don't come out of our office but come out of KPMG or others, that show that Nova Scotia is a competitive tax province, and so we can point to that.

For us, it is about asking those questions around what the need is in our province - what services do we need to be providing to our citizens, how is it that people make decisions around which province they move to and whether they remain in that province. The research tell us that the taxation levels actually are not up in the top three. Wages and salaries is at the number one so let's look at our wages and salaries in this province, we're near the bottom - competing with P.E.I. for the bottom. Those are things that we need to be looking at and then again at what can we spend our money on in this province? Early learning and child care is one of those things, if we want to attract young families we need to be able to provide a system that is seamless, that is quality, that is accessible.

We need appropriate taxation levels in order to do that so I won't have that debate around taxation without having the debate around what services we need. It is the cost of our democracy and we have demands and needs in this province that need to be met. You know that we have a full fiscal framework that ensures that we can cover the strategic priorities that we recommend in our budget and taxation, progressive taxation - that is ensuring that people with the ability to pay a fair amount is a critical part of that. We have seen cuts mostly - not coming from here but coming from the federal government, that ensures that that's not the case. I know that, again, Mike Bradfield has presented to you in terms of where we're at, in terms of real effective tax rates and it isn't fair that those at the bottom are paying similar tax rates to those at the top, that isn't fair.

For us it is getting to a place where people pay fairly and that we can be able to use that revenue for what is needed in this province.

MR. BURRILL: Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Burrill. Mr. Bain?

MR. KEITH BAIN: Thank you very much, Mr. Chairman, and thank you for being here this afternoon. I guess we'll keep on the education topic at this point. We talked about early learning and child care, and you stressed the need for it to be a universal system. What I wanted to ask is, do you believe that this should be a publicly-funded system, or are you speaking more of the creation of more subsidized child care centres, curriculum? Maybe you could expand on that.

DR. SAULNIER: No, we are looking at a publicly-funded system, so something that is seamless - not about subsidies that go directly to parents, but a system very similar to our education system. That's how we should think about early learning and child care. So that is shifting away from our current focus, absolutely.

MR. BAIN: Your budget also calls for the end of standardized testing. I guess my question would be, how did you come to this decision, and what would that mean in practical terms?

DR. SAULNIER: So you're talking about our proposals in terms of P-12 education and standardized testing?

MR. BAIN: Yes.

DR. SAULNIER: The alternative budget is collaborative, so we have various people around the table who take a lead on the education section; I'm turning to that section in the budget. In terms of thinking about the resources in our education system and what is required in terms of the kinds of recommendations we're making, we are recommending at the very least that we have a look at how standardized testing - the whole "teaching to the



test” is not the best use of our resources. Part of the role of the alternative budget is to get us to step back and say, how much money are we spending on standardized testing? How is it integrated into the system in terms of the goals of the system?

For us, we look at what is happening in the African Nova Scotian communities. For example, how are we trying to better ensure educational equity? So the standardized testing budget was just one that came out this year as something where - the other thing that we do in the budget is think about reallocating resources, and it was one that we said, let’s think about whether it’s necessary to have the kind of standardized testing we have in order to have the accountability and measurability that we need.

Whether we end up actually eliminating standardized testing is not really the point of the recommendation we’re making. It’s that we’re not even really stepping back from that. We’re continually going to a place where there’s more standardized testing, and we’re trying to fit students into this place, but we’re not stepping back from the system and really thinking about the original purpose of the standardized testing.

I’m not sure if I’ve answered your question. I’m sorry, I’m going through the education section of the budget, which I didn’t know we were talking about today or I would have brought somebody else with me. That’s really pinch-hitting for me.

MR. BAIN: That’s fine. You did mention that we need a form of accountability or ability to measure, so what are you proposing? If it’s not a standardized test, what do you propose would be that measure that we could use?

DR. SAULNIER: I’m not going to go any further into the education proposals, because I don’t feel ready to do that with you, but I can . . .

MR. BAIN: I appreciate that. It’s not a problem.

DR. SAULNIER: Thank you.

MR. BAIN: If I could - I’m still talking education, but not in that vein. One of the things in your document is that you would restore funding to public education that was cut in the past two years. I think you budget \$30 million, but in reality, it was \$65 million that was cut.

I guess my question is, would you alter your budget to account for that \$65 million, or do you feel that the \$30 million is enough?

DR. SAULNIER: Well, that was part of the consensus that we reached at the table. We realized that at the same time finding an actual number for what was cut - because the government did put money back into the system, so it was hard to figure out exactly if it was \$65 million. That was the number that was out there. But around our table, in terms of

where we were with strategic priorities, we agreed to put back at least \$30 million of the maybe \$65 million that was cut at some point as a way to think about - we certainly didn't agree that the education system could be cut for us.

In terms of thinking about how we match funding, enrolment isn't the critical piece, so for us it's an opportunity to really think about how we provide education in our province. Simply cutting based on lower enrolment is not the place where we wanted to go, so we put half back with some recommendations around moving forward, and certainly not cutting based on lower enrolment.

MR. BAIN: I have other questions, Mr. Chairman, but I will allow some of the other . . .

MR. CHAIRMAN: All right, then. We may have time for other ones, but Ms. Regan at this point.

MS. KELLY REGAN: I have questions in about three different areas. I think we'll just start off with education again. In terms of the cuts, the OECD has said the return on investment in education is roughly 10 per cent. They've cut \$65 million and another \$11 million coming this year. Can you speak to the broad impact of what happens when you cut like that from an education system? What sorts of things would be the long-term impacts?

DR. SAULNIER: Absolutely, education is the leveller, as I said, around early learning and child care. One of the things that I usually present, and I don't have it here today, is the multiplier effect. It's difficult to know what that is, whether that's in terms of jobs or GDP. In a province with an economy that is very open, it is hard to assess the implications on that front.

There is lots of research out there in terms of the impact of education and how critical that is, whether you're looking at poverty reduction or health outcomes. Absolutely it's a critical piece - early learning and child care, the multiplier effect is huge in terms of the money that we would save. Very similar to education P-12, I'm seeing what you're saying. There is lots of evidence around the importance of public education that's quality education that's provided in the community - very similar evidence out there on early learning and child care. In some ways, way more critical at the 0-6 because of the physiological part of that.

So I don't have the data with me, but there is lots of evidence.

MS. REGAN: In terms of child care, there was a period of time where I was a single mom and I worked shift work. I can tell you that accessing child care was brutal, and I had a patchwork of arrangements. If you go to work at 4:30 a.m., as I did, and you have two little kids and you're going to be working until 6:30 p.m. - sometimes I did do that too -

there was no way you could access any kind of child care outside your home. It wasn't going to happen.

I will move on to housing. Ms. Harrison, when the housing strategy came out we expressed concern about the lack of detail in the strategy. We have seen the strategy being used to deny funding to housing organizations. I'm thinking of Morris House, for example. I do have concerns about what it means for organizations that provide housing, whether it's second stage for women coming out of transition houses or whether it's people who are experiencing homelessness for other reasons. Could you just speak to that?

MS. HARRISON: I think that we would share your concern about the lack of details. Like many strategies, it gets built as it goes along, and sometimes that's necessary, sometimes it's not. I belong to a committee that gets special presentations from government. People from the new housing corporation came and spoke to us on Friday. I asked some of those questions and asked for details.

On the one hand we're talking about - I guess I would ask this question to begin with. We're talking about not creating ghettos anymore, not creating blocks of low-income housing, and having mixed housing. I asked myself, how can you legislate that? That would be my first question.

The second question is when we talk about Housing First, we're talking about a much more complex level of supports than are able to be given at this point in time by most non-profit organizations, given their funding.

I am as concerned as you are and will be looking and I like to stay hopeful until I have no reason to be hopeful, so I am going to believe and I will be watching closely - people who know me know I do watch closely - I want to see what that's actually going to look like. I was, I have to say, heartened to some degree to hear that, say, the Bloomfield mixed housing that I heard on Friday, contrary to rumours in the community, is that the affordable housing - although I don't know what definition we're using yet so there is some discussion to be had there - the affordable and the market level housing units will be built at the same time.

What's disappointing to me is that 60 per cent of the units - 300 of the 500 units at Bloomfield - will be market-value units, so that money is going to be used to support the other ones. I'm still not sure for whom those units are being built because we don't know what that looks like.

As I mentioned in my brief, most of the people about whom we've been talking today would not qualify under the 30 per cent so what is affordable going to look like for them? I, again, will be open to that discussion and I think it will be really important that we hold the strategy - I know a lot of these folks quite well and we've worked together for years - hold them to the timelines and hold them to the idea of transparency and ensure that

the people who are sitting at the Advisory Committee do have the ear of the minister and that their input is used appropriately.

I always think that the best policy and the best strategy is built both from the top down and the bottom up. Somewhere in that middle we get the best mix and so much of it are still question marks at this point but again, I'm prepared to be very optimistic until someone proves it otherwise.

MS. REGAN: So you're not concerned about the fact that Morris House was denied funding and that the housing strategy was used as the reason why it was denied?

MS. HARRISON: I don't know who said that, I can't speak to that, but I'm always concerned when a potential opportunity for young people to have a supported living environment is not considered. I don't have any details about that. I mean there have been other situations like that.

I know with the youth workers that were created last year, there was some suggestion that there was an opportunity to work with children or youth to get them back into their homes. I think my response to that would be that they're not there now for very good reasons. I think that the general public who don't work in shelter and supportive housing environments look at youth who seem to be well fed or appropriate in many ways and they think, why aren't they at home? Why are they hanging around the streets? Why should we be supporting them? Nobody knows what the history is behind that and those of us who work with young people know really clearly that they come with multiple barriers, multiple traumas, multiple challenges. So the kind of supports that we're talking about when we say housing first are really the kind of thing that we're looking at at Morris House.

MS. REGAN: Thank you, and if I could have just one more question.

MR. CHAIRMAN: Absolutely. Please go ahead, Ms. Regan.

MS. REGAN: So we have an older population and we don't have a lot of young people and a lot of young people are leaving the province now to find work. You say your alternative budget is a jobs and growth budget. We know the bulk of Nova Scotians work for small and medium-size employers, I'm wondering if you can speak to \$0.5 billion going to large corporations? Do you think that we should be, in fact, directing money more towards small and medium-size companies and is the return higher for these investments when it comes to job creation?

DR. SAULNIER: A question about the overall arching framework, I think, in terms of the alternative budget. We do talk about community economic development and we recommend some principles in terms of making those kinds of decisions. For us, again in terms of job growth, our recommendations around income assistance - for one, if we are

putting the money in the hands of those living in poverty, they have pent-up demand, they're going to spend it in our communities. That's something that we actually have to be thinking about in terms of an economic strategy. We know that won't be squandered. We also know that an investment in early learning and child care is probably the best thing that this province can do.

So we make recommendations that are also based on thinking about the multiplier effect in terms of job creation and in terms of GDP, but they're also, again, about the things that we know attract people to our province and keep people here - so community economic development and some of the recommendations we make around co-operatives, around community economic development, around things like a women's equality action plan, around African Nova Scotians - they're all about that. They're all focused on part of that effect, the effect in our economy in terms of growing jobs and growing our economy. Investments in our post-secondary education system are a critical piece; investing in our Nova Scotia Community College. All those pieces do fit together in terms of the jobs and growth budget. That's where it comes down to.

We make recommendations around a StartUp Nova Scotia Equity Fund, particularly targeted to youth - so thinking about the kinds of entrepreneurial activities that we want to have in our province. We do say that some of the things that the government has done in terms of supporting business development in this province have been good. We want to see more stakes in the community - so whether that's the government taking a stake in a business or stakes in terms of ensuring that the community has a say and that the community is very well aware of what is happening and that a corporation can't just come in and leave. All of that is in there and fits into our alternative framework, for sure.

MS. REGAN: So you're okay with big money going to big corporations?

DR. SAULNIER: We have made recommendations around corporate-led development and some of the principles that should go into that. We actually recommend that we eliminate NSBI. You can have a look at some of the recommendations we make around that. Would we have made the same decisions in this framework? No. Our framework is what it is - it's about social and economic justice and environmental sustainability. Some of those decisions wouldn't have fit and that's why we've made some of the recommendations we have. We want to see more transparency and more democratic accountability for those decisions, and we want to see more meaningful community input, absolutely.

MR. CHAIRMAN: I am going to go back to Mr. Burrill at this point who is next on my list.

MR. BURRILL: I was wanting to just think with you a bit about the economics of public debt. This is an area where the thinking in the alternative budget seems to me quite singular and striking. In a way I guess it's fair to say that there is a pretty widely held view

- maybe almost a consensus - that public debt is an inherently bad thing, even that the measure of the competence of a government is its ability to not have public debt. This is certainly a view that we hear a lot, but it's not the view in your document. It seems to me a very different way about thinking about debts and deficits than we normally encounter.

It seems to me that behind the whole fiscal discussion in the alternative budget is a different idea - a different framework - one that is, not saying in so many words, but nevertheless is putting across the thought that there is, indeed, such a thing as constructive public debt. There's such a thing as wise public debt or prudent public debt. In fact, in Nova Scotia there are even pretty good reasons for thinking that this ought to be a way that we should be thinking more increasingly about public debt. This seems to me like a new note in this conversation and I was wondering if you would comment a little on it.

DR. SAULNIER: If you'll note one of the differences between our alternative budget and the current budget is that we don't balance. That again was a decision that we made at our table based on - we have economists who sit at our table and we have discussions at our table.

For us, the relative size of the debt - so looking at debt-to-GDP, which is really the only way that we should be talking about the debt - has led us to a consensus at our table that the debt and deficit are manageable and that the debt is declining, that our deficit is declining, that given that the low interest rates that exist right now Nova Scotia is in a reasonable fiscal position, and that we should be making public investments that have high rates of return right now.

In many ways, I think the way to describe our approach is to think about the debt as deferred taxation. That goes back to our initial conversation, which is that we need a more progressive tax system that enables us to actually pay for the services that we require. Now, some of those services have an impact - whether that's in terms of the benefits that mean that we save money down the road; if we have an early learning and child care system, that's a quality system, and those kids come out more ready for school - so there are savings down the road. We need to invest that today. Today is a good day to do so.

We definitely push back on even talking about the debt load as just a raw number. We need to think about it in terms of the GDP and in terms of what we can manage, and we need to think about it in terms of low interest rates and the needs in our province. Yes, we do eventually balance; we do eventually come, in terms of debt-to-GDP, to a very similar place to the one the current government comes to, but only a few years out. We make significant investments straight up front, so yes, our framework does absolutely push back on that entire argument.

MR. CHAIRMAN: Ms. Raymond.

MS. MICHELE RAYMOND: There are so many issues you have raised, and some of them are things that I know we have been thinking about for a long time in different contexts. One of the things that I am always particular struck by is the question around land tenure and homeownership and so on. I was hearing just this morning that the OECD has recognized Canada as having one of the most overvalued housing markets in the developed world, which is hugely concerning. We also know that we've got one of the fastest-growing housing markets here in Halifax.

I was particular struck by your italicization of the word "housing market." This is one of the things that really worries me when we look at housing as a consumer good, as something which is bought and sold, traded up and so on. We appear to have a significant speculative market at this point, and what I'm wondering about is whether you even know where to go to look at what percentage of building permits being issued at any time are going to (a) be occupied within 12 months of construction beginning and (b) fall at or below market rent. Have you found any measure for that?

MS. HARRISON: No, that's not something that's been in our purview at the moment, but I don't disagree with you. I think that if you looked at it, if you really did a study, you would see a lot of speculation here. That was one of the reasons why we recommended rent control. We're not going to house everybody in Housing First or affordable housing, so how do we make fair and equitable opportunities for other people to live in? Housing isn't for everybody, so how are we going to control the rents?

You look at other provinces who have done it really well. The argument has been that it will stagnate the housing development market. That has not been the case in Manitoba or in other places, and a fair and reasonable adjustment would make living accommodation, regardless of what you choose, more effective and more affordable for all Nova Scotians. I think we would still encourage the government to take a look at that as a reasonable way to go. The situations that were in place when our rent controls were taken away don't exist today.

MS. RAYMOND: My understanding, and maybe you can confirm this, is not only that vacancy rates were really abnormal but also that it was the time and that the immediate justification was actually that interest rates were at those historically high levels, which meant that landlords who had any kind of mortgage arrangements and so on were finding themselves unable to keep up with - the rents they were charging were not keeping up with but when rent controls were removed - they were, in fact, removed wholesale - there was no question of tying them to interest rates or looking at restoring them when interest rates came down to what are now historically low levels or anywhere in between. Is that your understanding?

MS. HARRISON: Yes, and two factors. There seems to be a will to balance the needs of landlords or land owners against the needs of those people who are going to occupy those places. I think the occupiers are losing the battle and I think that we really

need to be careful around this housing strategy that we don't create more distance for some of these folks.

There are always those folks who are in the middle, they don't fall under income assistance - the middle class, if you will - and there are real issues there around housing. I'm seeing more and more people, young people, who are not going to be able to afford housing and it's not the norm everywhere that everybody owns a home and certainly it's not the norm that everybody owns a six- or seven-bedroom home. The houses seem to be getting bigger. We're struggling with the idea of housing density here in Halifax and yet the people who struggle the most to either rent or own are having the most challenges. I think we really need to consider that.

We have thousands of people on a wait list for affordable housing now. No matter how good the strategy is those wait lists are not going to disappear. Those people are still going to be in need so what are we going to do about that?

MS. RAYMOND: That's one of the questions I have as well, at what level the alternative budget is able to engage municipalities as well. I have very real concerns about the impact of property taxation and zoning as well. You talked about the difficulties of actually creating genuinely mixed housing developments when, of course, you do have at the moment in some parts of the province some relatively rigid zoning regimens.

Does the alternative budget have a component which looks at engaging municipal development policies around housing?

DR. SAULNIER: The critical piece in this year's alternative budget and was in last year's is around municipal income tax. We want to see us move away from property tax into municipal income tax, which is about understanding that our municipalities are not able to provide the level of services that they need to be providing. We produced an alternative municipal budget just for HRM this year and that was the first time that we directly engaged, in terms of budgeting, at the municipal level and certainly want to do more of that. Other than that piece in here which recognizes that the relationship that exists currently, in terms of the provincial budgeting process, we would like to see that move which would open up other doors and opportunities, I think.

MS. RAYMOND: Can I ask another?

MR. CHAIRMAN: Yes, please go ahead. Maybe a final question.

MS. RAYMOND: A totally different topic, actually, if that's okay. I'm sorry that I'm not as familiar with this year's budget as I should be but something that I'm always really interested in in this exercise of course is how one looks at the revenues from - well I mean there's that popular word, the sin taxes and so on, but taxes which are being used as deterrents for what are socially very costly behaviours - socially, health-wise,



economically, costly behaviours that we spend a great deal of social and economic capital in trying to remedy. So to some degree some of these taxes are simply meant as deterrents.

Do you have a model for looking at sort of, what is the appropriate use or proportion of use for those additional revenues, which are really meant as deterrents, and the allocation of those to the remediation? I mean I'm thinking of alcohol, gaming, tobacco, that kind of thing - is there sort of a generally accepted measure as to what proportion of these kinds of deterrent windfalls should go to remediation?

DR. SAULNIER: We don't make a recommendation in our budgets. Part of what I'd come to when I was listening to you speak about revenue is - of course the piece of the puzzle that we're not talking about is the federal government. So in terms of the kinds of choices that we would like to be making here, the federal government has a huge impact on those choices.

I don't think provincial governments ever went down the road thinking they wanted to be as dependent on alcohol and gaming revenues as many are or smoking tobacco taxes, for sure. There are certain realities that mean that in terms of taxation, we have that question again around what is the role of taxes - whether it's a disincentive, whether it's an incentive, because taxes can work in that way as well. What are the pressures in terms of the adequate revenue that's required and working to a place where I think we want to go, which is what you're speaking to - so what are the goals and outcomes?

I mean, we have to have that entire big conversation. Picking that piece out in the current context is really difficult to do.

MS. RAYMOND: The whole thing about there's only one taxpayer, only one citizen, et cetera. Thank you so much.

MR. CHAIRMAN: Ms. Casey.

MS. CASEY: I'd like to go back to the early learning piece and just a couple of questions around that. What do you have in your alternative budget to support the full implementation of early learning in the province?

DR. SAULNIER: In terms of the evidence that I was pointing to - I mean, some of the evidence that's coming out of the Province of Quebec in particular is quite striking. If you look at Quebec, one of the striking things that comes out of the research is that we know that since the universal child care program has been in existence, that the female labour participation rate went from the lowest in Canada to now being one of the highest.

That's one factor that we actually need to be explicitly talking about and that's why I said we talk about a women's equality action plan - early learning and child care is a critical piece of that and, in fact, we all benefit from it. If we can ensure that women are

either working at fuller-time jobs or able to enter the workforce and remain in the workforce, as we saw in Quebec, then that is a good outcome for all of us.

The other thing that they saw there is that post-secondary education attendance actually increased for women in the Province of Quebec. Again, it's thinking about the multi-faceted evidence that comes out in terms of the - let me see if I can find it here - the other part of that is that it's not just about early learning and child care. It is thinking about things like paid leave, but on the early learning program, some researchers are pointing to the fact that child poverty rates in Quebec have been cut by 50 per cent. That's in that time period where we have implemented a universal child care program.

The other part, which is critical in terms of the government is that the system is paying for itself. We think that's partially because of the numbers of women who have entered the workforce, which then increases the revenue because we have more economic growth, but in terms of the return on investment, that early learning program in Quebec is paying for itself.

The federal government is definitely getting revenues back without really directly investing and the Quebec Government is getting its investments back. So it's a clear win-win all around, and that's not even looking at all of the range of evidence around the outcomes for the child. That's some of the evidence that's presented in terms of making the case for an early learning and child care system.

MS. CASEY: Perhaps my question wasn't clear. I don't think there's any question that everybody recognizes the benefits of an early learning program. My question was, what in your alternative budget would you put as a dollar figure to do full implementation of an early learning program in the Province of Nova Scotia?

DR. SAULNIER: Our recommendation is that we get to a place where we're at 1 per cent of GDP, which is about - as the World Health Organization says - is what we should be spending in terms of having an early learning system. We, in this year's budget, begin an incremental investment of \$10 million and that's our recommendation. Currently we're about 0.37 per cent of GDP, and our recommendation is that we get to 1 per cent.

MS. CASEY: Thank you, that answers my question. I do have another part, we know that - you talked about the \$65 million and it truly was an impact of \$65 million on what boards were able to deliver to their students simply because of the reduction in funding from the department to the boards but also the boards having to pick up the inflationary costs which had not been theirs before, those had been funded. When those were added together, that \$65 million came from the NSSBA and the NSTU, when you combined the direct cuts and inflationary costs.

I think you mentioned putting \$30 million back into public education. Recognizing that the full impact on kids was \$65 million, how would you redirect that \$30 million so there would be no negative impact on kids?

DR. SAULNIER: Why is it that we only invested the \$30 million? We would get to a place in our public education system where we are looking at the system as a whole and figuring out what it would require to fund it but it has to fit - in terms of our alternative budget we're trying to think about what the priorities are in the system and what recommendations we made. We said \$30 million in terms of some of the recommendations and you can have a look at some of them, some of them of which are targeted.

For us, again, our theme this year was looking at those who have fallen through some of the systems and through the gaps and so we make recommendations in terms of Primary to Grade 12 that look at the individualized - sorry, again, education is not my public policy area on this committee but the funding cut over the past while has been troubling, absolutely. We recognize that the boards have been struggling with that. For us it was about putting money back into the system recognizing that we don't want to see front-line teachers being cut. We actually want to see a system that ensures that the most marginalized are actually being provided the services that they require.

Our recommendations in some ways are targeted to that and that's where we came to in terms of a consensus. We don't do a budget that looks at what we would do next year, so maybe our recommendation next year is that we start from a place where all of the current spending is actually indexed and then we go from there.

I guess that's a roundabout way of saying that while the number that was out there was \$65 million, there were reinvestments made in the education system by the government and we recognize that it wasn't exactly \$65 million in terms of thinking about where the education system is currently.

MR. CHAIRMAN: Mr. Bain.

MR. BAIN: Just a couple of questions to finish up on my side. In your report, you cite high unemployment numbers as a real issue being faced by this province. You did mention on the Community Services side the fact that workers could retain 50 per cent of their earnings. That would be one step but I guess my question would be where do you see opportunities for job creation? It's fine to say the numbers are high but where do you see opportunities for job creation in this province?

DR. SAULNIER: For us in terms of the alternative budget, we do make lots of recommendations around public investment that would absolutely create jobs. The other things we focus on are the community economic development initiatives and I think building on some of the work that the government has done whether that's around social enterprise and those kinds of initiatives. The investment in housing is a huge job creator;

the investment in early learning and child care is a huge job creator. Unfortunately because people in that sector, their wages are low so you're looking at a really huge return on your money if you're investing in early learning and child care in terms of the labour intensiveness of that sector. Those things actually do create jobs.

I'm not somebody who believes that the private sector is the only one that can create jobs. The public sector has a significant role to make in terms of us achieving the goals that we set out in our budget. All of the things that we invest in would actually create jobs. If you're looking at income supports, you're increasing demand in the economy.

Consumer demand has a huge impact on our small businesses, whether that's the small grocer in the community or otherwise. We need to be thinking about workers as consumers as well. We need to be thinking about workers in terms of who they are. There are people in a family so if we're providing these kinds of supports and allowing them, whether that's to keep more money in their pocket because they're spending less on child care or less on housing because there's rent control, then we are stimulating the economy, so there's lots of jobs that are created.

We didn't do the jobs multiplier as the alternative federal budget does, in terms of exactly how many jobs would be created, but we know that this kind of investment and the multiplier effect is huge for all of the investments that we've made.

MR. BAIN: If I could, Mr. Chairman, just one more question.

MR. CHAIRMAN: One more, Mr. Bain.

MR. BAIN: It will go to Ms. Harrison, I guess, and it's about second and third stage housing. You did say in your opening remarks that there are a number of communities throughout the province that don't have access to these facilities. I guess my question would be, with the \$1.8 million that's earmarked, would that be used to address some of those problems or would it be used to enhance the programs where they already exist?

MS. HARRISON: I would say there's a little bit of both there, Mr. Bain. I think we need to be creative and work with existing organizations in the rural communities and see what it looks like for them. A lot of the support systems are focused in the HRM. The need, I think, is great in some of the smaller communities so we have to work with those organizations and say what is it that you need? How can we help you? What is a creative way of building that capacity?

I think my example of instead of building bricks and mortar for second stage housing, we would actually work with existing landlords to heighten the security in certain units and apartment buildings; therefore, they become safer for women who are out there with no protections at all, and then take the supports to them. That's one kind of creative

idea that's not bricks and mortar. There are lots of places where bricks and mortar are going to be expected to be built and we would work within those communities to do so.

One of the things I am excited about, although perhaps I might be a little overly optimistic, there is an opportunity here to be really creative. I think the system is set up so the way that you apply for funding as a non-profit or a profit-based business is that there's nothing that won't be considered and that is new. I think that has lots of possibilities.

MR. BAIN: So you're saying though that it will look after the existing programs that are there but it's more of an outreach now into the other areas of the province, more so than moving out of metro, I guess, would be the . . .

MS. HARRISON: Well, there's very little outside of metro, I can tell you that. We have fortunately some women's centres in some of the smaller communities, some transition houses. There are very few supports for people who are homeless or who are at risk of homelessness. What happens is that many, many people who use these systems cannot go forward, just as folks in Halifax who are without ongoing supports. It's not about finding somebody a place to live and leaving them there, it's about how we can wrap supports around them so the quality of their life gets to a point where they're actually investing in it themselves, that they're able to do that and that what they can't manage themselves we try to support.

MR. BAIN: Thank you for that. Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Bain. Ms. Regan.

MS. REGAN: I have just a couple of questions. Dr. Saulnier, you said that the province's debt was declining. Did you mean the debt-to-GDP?

DR. SAULNIER: Yes.

MS. REGAN: Okay, because the absolute measure of debt has not. Okay, I just wanted to clarify that.

I was just wondering, there has been a lot of talk about austerity agendas and the impact this has on social services. I was just wondering if you could speak to that a bit and how an austerity agenda could have an impact on Nova Scotia.

DR. SAULNIER: I think the economists - well, economists don't ever have a consensus but on the austerity question there is perhaps almost one, and that is that it is negative all around, whether you're looking at cutting public services and thus affecting citizens in that way, whether it's looking at cutting good jobs in our communities or whether it's looking at the impact that that has on our economic growth. We're concerned about what we've seen since some of the austerity programs have come in with cuts and

when we think about the role of the public sector it makes no sense to move forward on an austerity agenda. We've made that case again and again that we don't want to see cuts in the public sector, we really want to see good public services. Those cuts have a detrimental effect, they have a multiplier effect, they have an effect in our communities when somebody loses a good public sector job and they have to move.

Absolutely, austerity is not the way to go. It's not the way that's going to get us to a place where we are lowering our unemployment rate, and in fact we'll see likely a place where our unemployment would go up if not just because of the cuts to the Public Service, the multiplier effect there is quite significant.

MS. REGAN: In terms of the cuts to the EI program, what I'm seeing in my office is people who have in the past gone on EI for short periods of time, often each year, have suddenly had the rug pulled out from underneath them. They're exceedingly worried, they're very stressed, and these folks often don't have great medical plans or anything like that. So what I'm seeing, I think, is just people who are panicking because they don't know how they're going to, for example, make it through the summer or make it through the winter depending on what their job is.

DR. SAULNIER: Absolutely, it's really concerning to see the most recent stats around EI coverage. Unfortunately I think you're going to be seeing provincial governments having to fill some of those gaps and so more people are going to be turning to the Employment Support and Income Assistance Program. I think some of the recommendations we're making - whether that's averaging earnings over the year, earnings exemptions, or considering them when people are applying for income assistance - has to do with what we anticipate seeing, and that's people who no longer can access EI, have no other choice, they will be turning to income assistance.

That's another piece of this puzzle that our governments have to be planning for, our provincial government unfortunately. There is lots of downloading and offloading that is happening because of some of the decisions made by the federal government, so you know, they're in this room and it has a huge implication.

MR. CHAIRMAN: I think we've reached the end of those people who have indicated that they want to speak but one of the challenges of being the chairman is not usually getting a chance to ask a question and I'm thinking that maybe there is enough time in our agenda for me to just raise a point in any case, with the indulgence of the committee.

One of the things - just as I've been looking at the alternative budget and listening to the discussion today, I think I'm saying this accurately - that you're proposing, within the context of the alternative budget, a program of progressive taxation, more universal services generally that will be publicly funded. All those notions I find myself having some sympathy with and yet in this House I quite often hear other kinds of messages and certainly as I go about my day-to-day business in the community that I represent as well I

hear I great deal of talk, as I think Mr. Burrill alluded to earlier, that taxes are too high, that perhaps some citizens are under-responsible and therefore should change their behaviours, that perhaps services could be offered more effectively in the marketplace as opposed in the Public Service.

I'm guess I'm wondering how you might respond to those two ideas juxtaposed and whether, through the Canadian Centre for Policy Alternatives, you see yourselves as having any role in influencing public attitude in that regard. I'm just kind of curious as to how you might comment on those two things, or that range of things.

DR. SAULNIER: Absolutely, I mean that's why we do the alternative budget, it's a tool to demystify some budgetary decisions, it's a tool to try and help citizens to think about and juxtapose some of the choices that are available. How high taxes are, how low taxes are, you can't actually say that according to what we say. It's not about whether taxes are too high, it's about whether taxes are paying for the services that we as Nova Scotians need and want to see, whether for us or our neighbours. Sometimes what our neighbours need helps us as well.

That's a critical piece of why we do the alternative budget, the debt is a good example - to juxtapose what it means when you're looking at billions of dollars? What kinds of choices could we be making, and let's have that conversation. That includes us thinking about our neighbours. When we make recommendations around progressive taxation and our tax system, it is so people understand what the effective tax rate is. What does it mean in the end for somebody who's at the very top of the income scale and for somebody who's at the very bottom?

For many people, it is a surprise to see some of the data that we're presenting. It is, and I hope that is the tool - I hope that's how it is received and we have debates around this. In many ways when you think about taxation and you think about progressive and you sit down and say, if we agree that people who have the ability to pay should be paying fairly, what does our current system look like? What does that mean? What does that mean in terms of income taxes, what does that mean in terms of consumption taxes? What does that mean in terms of the different levels of our government and their ability to provide services that we expect as citizens?

Let's not separate those things. That's what we try to do in our alternative budgets, that's exactly why we publish it.

MR. CHAIRMAN: I am conscious that we're reaching close to the end of our available time, but does anybody have a final burning question that they need to ask? Okay. I would like to ask either Dr. Saulnier or Ms. Harrison, one or both, if you have any final comments you would like to make this afternoon?

DR. SAULNIER: I'd like to underline that we have lots of evidence that points to the fact that the kinds of policies that we present, the kinds of choices that we present in our alternative budget would benefit us all. I go back to the World Economic Forum, it's striking that that forum for the second year in a row identified income inequality as the biggest threat to economic stability in our world. They looked at 50 risks facing our countries in terms of making decisions - income inequality is the one they said risks destabilizing global society. But the evidence shows us that in fact it's not about us sacrificing to address income inequality, it's that we all benefit if we actually address it.

I'm glad that we have more evidence that tells us that this should be the priority of our government. That's what underlines our alternative budget. I guess I would underline that and say thank you very much for inviting us here today. I wish we could do it again and I'll bring more of my working group with me to answer your questions. In fact, we will be beginning our work on the next alternative budget probably in the next couple of weeks. I thank you for this opportunity.

MR. CHAIRMAN: Thank you both for being here. What we'll do now is take a very brief recess - we do have some other committee business to attend to before we leave here today - to give our witnesses a chance to pack up. They're welcome to stay and observe us do some housekeeping business but perhaps won't wish to do that.

[2:39 p.m. The committee recessed.]

[2:42 p.m. The committee reconvened.]

MR. CHAIRMAN: As I mentioned before our break, we have just a bit more business to attend to as you'll note on the agenda that's before you. First of all, in our March meeting, we had asked - the Department of Community Services were witnesses on that day and we had asked for some additional information, which was delivered to us on May 15<sup>th</sup>. I think everybody has received that prior to today, but I just wanted to make sure that you have seen it.

The other reason for bringing this forward today is that we have made an agreement in this committee, as you'll recall, that before posting this information on-line we would have the agreement of the committee. Are you in agreement that this information that has been received might be posted in due course? I'm seeing nods and I don't see any disagreements so we'll take that as a go-forward. Thank you for that.

I also wanted to remind you that we agreed in our last meeting that the caucus witness lists would be put forward during the course of the summer. I think the date that we used was August 1<sup>st</sup> to have that in the hands of the clerk. So this is a reminder that perhaps we all have a task to do if it's not yet complete - if you could do that in a timely fashion. It might be a little bit more challenging over the summer when everybody is kind of focused



on some individual things, but if you could attend to that it would be very helpful to help us move forward.

What I think might be the final thing is our next meeting date. Typically we would meet on the first Tuesday of the month. As quite often happens with our committee, the first Tuesday is the day after Labour Day and that is why you'll see September 3<sup>rd</sup> or 10<sup>th</sup> on the agenda. I think I would suggest the 10<sup>th</sup> if that's an acceptable plan. Again, seeing nods of the head, we'll take that as a consensus.

I guess the other thing I would say then about the meeting on September 10<sup>th</sup> as we go forward, we do have several - I think two or three - more items on our list of approved witnesses. The clerk will pursue those possibilities and schedule one of them for the 10<sup>th</sup>, if that's possible. We will also plan to use that meeting for future witness selection as well, at least as a go-forward plan.

Is there any other business that we should be attending to before I announce adjournment?

Hearing none, thank you very much for all of your work this afternoon and I will declare the meeting adjourned. (Interruption) I heard "Have a good summer", which is a very useful thing to read into the microphone. Have a great summer everybody.

[The committee adjourned at 2:46 p.m.]