

Opposition passes controversial RESP bill

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OTTAWA (CUP) – All three federal opposition parties combined forces last week to pass legislation to allow parents to make massive donations to their children's education. Some observers were baffled and many are calling it bad policy.

If the private member's bill introduced by Liberal MP Dan McTeague (Pickering-Scarborough East, Ont.) passes through the Senate, it would allow parents to make a \$5,000 tax-deductible contribution annually to Registered Education Savings Plans (RESP) for their children.

The Liberals, NDP and Bloc Quebecois all supported the bill at third reading. It passed a Commons vote by a margin of 158-122.

Observers are now scratching their heads, wondering how a Conservative government can introduce progressive low-income grants for students, while the more liberal opposition promotes tax-break policies that benefit high-income earners.

Alex Usher, the director of Canada's Education Policy Institute, blasted the bill for introducing what he called "bad public policy."

"You have a Conservative government that is now the champion of grants to low-income students, which I think is probably the most effective means of using public funds for post-secondary education," he said, referring to the new Canada Student Grant Program announced in the budget.

"And you have the allegedly progressive parties, the Liberals and New Democrats, suggesting that the way forward is to give tax breaks as far as possible to predominantly upper-income families who can already afford to go to school," he said.

Usher suggested that only middle- and upper-income families will benefit from the bill, because only they can afford to contribute to RESPs in the first place.

According to 2002 Statistics Canada data, over 40 per cent of RESPs in that year were held by families whose household income was over \$40,000.

Households with annual incomes between \$26,000–\$40,000 accounted for less than 30 per cent of RESPs, and only 13 per cent of RESPs were held by households earning less than \$15,000 a year.

Usher said that the bill does nothing to increase access to post-secondary education.

McTeague denied the claim, but admitted that the bill was not targeted to low-income families.

“The proposal I'm making is indeed targeted to the middle class, and that would include a large number of students who do not currently benefit from the existing regime,” he said.

McTeague said that almost half of students who have family members contributing to RESPs come from families with incomes of less than \$60,000.

He went on to cite Statistics Canada data which pointed to 10 per cent of contributing families that make less than \$20,000 per year.

Usher, however, didn't understand how the NDP, “which likes to think of itself as promoting the downtrodden,” could have supported the bill.

“Frankly, they've abandoned any pretense to having the moral high ground on issues relating to how public money is spent in terms of access. It's a disgrace,” he said.

The NDP's post-secondary education critic, MP Denise Savoie (Victoria, B.C.) defended her vote for the bill, though admitted that it was bad policy.

“I didn't think it was a good bill and I raised a whole range of issues at committee when I was there,” she said.

“But given the choice between some help and none at all, I couldn't in good conscience . . . reject the bill and leave middle-income [families] with no help at all,” Savoie said.

“As one university president I spoke to on Sunday said, this is great politics but bad policy. I agree with that,” she continued.

Zach Churchill, the national director of the Canadian Alliance of Student Associations, offered tenuous support to the bill, which he said had some value.

"We think it's positive that a member of Parliament has brought forward a student cause and championed a student cause in the House of Commons," he said.

"But if this bill is trying to create opportunities for more students to participate in the post-secondary education system, it is missing the mark."

Churchill wasn't critical of the opposition parties for banding together to pass the bill, and was instead supportive of the move.

"It's a positive thing to see at least three of the opposition parties in the House unite around a post-secondary issue," he said.

Canadian Federation of Students National Chairperson Amanda Aziz agreed with Usher's claim that the bill is bad policy.

"Registered Education Savings Programs are not a good use of federal dollars when it comes to post-secondary education. Most post-secondary stakeholders would agree," she said.

Aziz hoped that when the bill goes to the Senate it will not receive Royal Assent, a hope echoed by the Conservatives.

"We would like to see the Senate not move forward with this bill. We'll be fighting for that. This money could be spent so much better in other places," Aziz said.

"It's just not where government priority needs to be, in terms of our education system.

Conservative Senators are expected to delay the passage of the bill.

Finance Minister Jim Flaherty, however, will introduce measures in budget implementation legislation later this month that will effectively nullify McTeague's bill.

The Tories have all but dared the opposition to vote against those measures, which would signal a loss of confidence in the government and trigger a federal election.

Usher, however, was skeptical that this issue would trigger an election.

"I don't think anyone expects one (an election) to be ignited by a private members' bill, to start with. I've never heard that," he said.

"We've never had one run on education. I don't think we have an election on this one, either."

He said that if the RESP bill does spark an election, it will be the Conservatives' to lose.

"I can't think of a better issue, if I were Stephen Harper and I wanted to tell people I'm not a Bay Street Conservative, I'm a Main Street Conservative," he said. "It's a gift."

Savoie said she would be happy to fight an election on this issue.

"If [Tories] raise it during elections, I would welcome it, because it really would allow me to contrast what I know our platform is going to be with their peace-meal approach [to education]," she said.