END CHILD & FAMILY POVERTY IN CANADA

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Missing the Target: Children and Families in Poverty Left Out of Budget 2015

Toronto – Touted as family-friendly, the 2015 federal budget misses its target by providing costly tax cuts to the wealthy at the expense of the pressing needs of the majority of Canada's children and families, including those in poverty.

"This budget is out of step with the realities of the majority of families in Canada who struggle to afford child care and housing on virtually stagnant incomes from coast to coast to coast. Over 19% of children in Canada, 1.3 million, live in poverty, yet this budget will not address their struggles," said Anita Khanna, National Coordinator of Campaign 2000. "Low and moderate income families are left out of the vision for Canada outlined in this budget. Targeting tax relief to those in the highest income brackets through income splitting and increasing the limit on Tax Free Savings Accounts, while increasing the Universal Child Care Benefit, is expensive, inefficient and a sure path to greater income inequality. "

Growing research shows the Universal Child Care Benefit (UCCB) is ineffective in providing choice in child care and is an inefficient expenditure of tax dollars, delivering the same monthly cheque to families with a $200,000 income and a $20,000 income. The benefit is taxable, but an increasingly less progressive tax system does not tax it back efficiently from the affluent. "The increased UCCB covers, at most, only 4 days of infant care per month. The result is no choice in child care for those in low income who are forced to delay or forgo entry into the labour market, and a benefit that is taxed back from those with higher incomes," Khanna added.

"The fundamental point is that this government continues to focus on the fiscal fetish of a balanced budget, ignoring the needs of Canadians, especially those trying to survive on low, and often fixed, incomes," says Dr. Michael Bradfield, a retired Professor of Economics at Dalhousie University. "Clearly, it is the top income people who have the discretionary income to save for TFSAs. Splitting incomes also favours the rich."

The budget's introduction of income splitting for families with a higher earning spouse is not embraced by all of its target demographic. "Following the recent birth of my son and the start of my parental leave, my family may receive a small tax break from income splitting," says new parent and lawyer, Clare McMullen-Crummey. "Income splitting will provide us with little benefit as we enter this exciting but costly chapter of our lives as parents. We would 100% much rather have access to high quality, affordable childcare for our son in the crucial early years of his development rather than receive a small, one-time tax break."

Child care expert Martha Friendly of Childcare Research and Resource Unit remarks, "Until income splitting came along, I thought the UCCB was the worst piece of social policy I'd ever seen. Canadians need child care that all families can afford, not emptying the coffers to benefit the few. This budget does nothing to address national child care crisis and is out of touch with families' daily realities."

Campaign 2000's research shows that families would benefit much more if funds spent on the UCCB were added to the Canada Child Tax Benefit and the National Child Benefit Supplement (CCTB/NCBS), progressive family income support programs already in place and providing income support to 90% of children in Canada. "A bolstered CCTB/NCBS of $5,600/child/year coupled with access to affordable and high quality child care is a smart spending plan that addresses the needs of low and moderate income families today and tomorrow," said Khanna.

Campaign 2000 is a non-partisan, cross-Canada coalition of over 120 organizations committed to ending child & family poverty in Canada. www.campaign2000.ca

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