CAMPAIGN 2000
END CHILD & FAMILY POVERTY

# The case for investing in poverty reduction

**Pre-budget submission**

**House of Commons Standing Committee on Finance**

**August 2017**

Anita Khanna
National Coordinator, Campaign 2000

c/o Family Service Toronto
202-128A Sterling Road Toronto, Ontario M6R 2B7
Tel: 416 595-9230, ext. 250
E-mail: anitakh@familyservicetoronto.org
www.campaign2000.ca & www.familyservicetoronto.org

## Executive Summary

*Recommendations*

- Provide funding for initiatives of the anticipated Canadian Poverty Reduction Strategy (CPRS). This funding must be available to support policies and programs in 2018. Budget 2018 should also earmark funding for poverty reduction measures over the long term in a strategy that is guided by targets and timelines.

- Allocate funding toward compliance with the ruling from the Canadian Human Rights Tribunal to 1) provide adequate/fair funding for child welfare services on reserve and 2) ensure the application of Jordan's Principle extends beyond cases of disabilities and short-term illnesses.

- Allocate funding towards implementing the 94 Calls to Action from the Truth and Reconciliation Commission.

- Poverty-proof the Canada Child Benefit (CCB):

  -Effective 2018, index the CCB to inflation annually. Investment in indexation in the 2018 budget must be cumulative of 2016, 2017 and 2018.

  -Invest in the CCB so that it reaches such a level so as to reduce Canada's child poverty rate by 50% in by 2020, according to the Low Income Measure After Tax derived from Taxfiler data.

  -Dedicate funding to a proactive effort to ensure uptake of the CCB in First Nations communities.

  - Re-examine eligibility for the CCB to ensure parent/s' immigration status is not a barrier. Those currently excluded are people in Canada without regularized status who have children, including those who are failed refugee claimants who have applied for humanitarian and compassionate consideration and sponsored spouses with conditional permanent residence who have separated from the sponsoring spouse, all of whom may well be filing tax returns.

- Increase funding for the Canada Social Transfer (CST). Remove arbitrary growth restrictions, provide sufficient, stable and predictable funding that recognizes regional economic variations, and ensures that both federal and provincial governments are accountable for meeting their human rights obligations and service standards of providing adequate income support for all low income Canadians who are without other adequate means of support.

- Create a targeted GST credit top-up of $1,800 per adult and child for those living below the poverty line. This top-up will go to all low-income people regardless of family type and is projected to lift 560,000 people out of poverty – half of whom are children.

- To meet international benchmarks, we call for early learning and child care funds to be bolstered and investment accelerated such that ECEC funds ramp up over 10 years to represent at least 1% of GDP.

- Adequately fund the National Housing Strategy, particularly social housing. Ensure rent-geared-to-income subsidies are maintained over the long-term for households in need. Re-examine the definition of affordability as the current definition at 80% of average market rent remains unaffordable for too many families.

- Support population health by implementing an enhanced Medicare program that includes pharmacare, dentistry and various rehabilitation services

### *About Campaign 2000*

Campaign 2000 is a non-partisan, cross-Canada public education movement to build awareness and support for the 1989 all-party House of Commons resolution to end child poverty in Canada by the year 2000. Our coalition of 120 partners is committed to holding the federal government accountable for action against child and family poverty. We have been at the forefront of developing child benefit proposals, including the National Child Benefit Supplement in 1998. In 2012, we proposed a streamlined, progressive and more generous benefit system very similar in design to the Canada Child Benefit.

We have consistently stated that child poverty is not inevitable, but that it is a result of policy choices. Federal politicians pledged to end child poverty in 1989, 2009 and 2015. Shamefully, poverty continues to deprive over 1.3 million children of their only childhood.

For decades, we have called for a federal anti-poverty plan to deliver on federal, all-party commitments to eliminate child poverty and poverty for all. We are encouraged by the government's development of Canada's first Poverty Reduction Strategy (CPRS). The articulation of definitive poverty reduction targets and clear timelines for their achievement will be crucial to the CPRS' success.

### *Child and Family Poverty in Canada Today*

Today, nearly 1 in 5 children – 18.5% - live in poverty with their families (LIM-AT).[i] Shamefully, 60% of status First Nations children on reserve live in poverty. Poverty rates are disproportionately higher among children in families that are racialized, Indigenous, recent immigrants, living with disability or led by a female lone parent. While the early years are crucial to child development, the rate of poverty for children under six years of age is 19.7%.

Good public policy matters and has been effective in reducing child poverty. Indeed, without government transfers over 2 million children would live in poverty. However, to date, policy inputs against poverty have been small and poverty reduction too limited. History has shown us that no one-off policy change can ensure that no child goes hungry, is denied opportunity or spared the indignity of poverty. Eradicating poverty must include addressing the multitude of barriers that families face and requires investment in Budget 2018.

***Federal Investment in Poverty Reduction is Vital to Canada's Future***

With the CPRS under development, it is time for government to adopt a poverty reduction lens on all policy decisions to ensure that people most in need benefit from programs meant to improve quality of life and restore dignity.

It is time to redesign the social contract for the modern era. The social safety net built by previous generations has been torn to tatters. A new social contract must address inequities faced by Indigenous people head on – confronting colonialism and cultural genocide at the roots of poverty. A new social contract can only be effective with strong policy responses to *today's* challenges: precarious, part-time work; dismal social assistance rates; hunger and food insecurity;[ii] entrenched inequities based on race, gender, disability; limited access to training; a growing income and asset gap between the rich and poor; limitations in access to vital healthcare (medication, dentistry, physio and occupational therapy) and shortages of affordable housing and quality childcare.

Strong federal leadership is essential to combatting poverty and extends beyond coordination of the programs and efforts pursued by other levels of government. Strong federal leadership entails collaboration, equity, flexibility, insistence on clear goals and accountability for results. A pan-Canadian stance is also essential – we need the federal government to address regional variations in income security and social programs that perpetuate poverty. The federal government must also renew the use of the federal spending power to support provinces and territories in taking poverty reduction action within their constitutional spheres. The federal government must set benchmarks for progress against poverty and launch change into action through investments in the programs and solutions needed to make poverty history in Canada.

Redesigning the social contract to ensure opportunity, well-being and success for all people in Canada requires rebuilding Canada's fiscal capacity. Recent positive steps in this direction are welcome, but more action is needed so Canada can move from laggard to world leader in its investments in social programs to combat our high rates of poverty.

Fair taxation is a strong lever to reduce income and health disparities. Restoring fiscal capacity lost over decades of tax cuts is essential to support investments in public programs and services and to reduce income inequality. To address poverty comprehensively, government must eliminate regressive tax expenditures that favour the wealthy and large corporations and restore progressivity to the personal income tax system.

***Budget 2018 Priorities***

- Provide funding for initiatives of the anticipated Canadian Poverty Reduction Strategy (CPRS). This funding must be available to support policies and programs in 2018 and earmark funding for poverty reduction measures over the long term.

- The CPRS must be guided by targets and timelines based on a commitment to allocate the required level of investments in income support and services and ensure progress. The plan must be secured in legislation and identify key roles for all levels of government and recognize the particularities of how Québec pursues social policy in the Canadian context. In addition, there must be stringent reporting requirements to ensure transparency in assessing whether targets are met.

- Allocate funding required for the Canadian government's compliance with the ruling from the Canadian Human Rights Tribunal to 1) provide adequate/fair funding for child welfare services on reserve and 2) ensure the application of Jordan's Principle extends beyond cases of disabilities and short-term illnesses to ensure jurisdictional disputes do not compromise the health of First Nations children.

- Allocate funding towards implementing the 94 Calls to Action from the Truth and Reconciliation Commission to address the child poverty crisis afflicting Indigenous families.

- Poverty-proof the Canada Child Benefit (CCB):

  -Effective 2018, the CCB must be indexed to inflation on an annual basis. Investment in indexation in the 2018 budget must be cumulative of 2016, 2017 and 2018.

  -Create a long-term approach to investing in the CCB so that it reaches such a level so as to reduce Canada's child poverty rate by 50% by 2020, according to the Low Income Measure After Tax derived from Taxfiler data.

  -Dedicate funding to a proactive effort to ensure uptake of the CCB in First Nations communities. Tax filing rates in these communities are estimated at 50%, given that the requirement to do so is dependent on source of income.

  - Re-examine eligibility for the CCB to ensure parent/s' immigration status is not a barrier. Canadian citizens, permanent residents, protected persons, and temporary residents for at least 18 months are eligible for the CCB. This excludes people in Canada without regularized status who have children, including those who are failed refugee claimants who have applied for humanitarian and compassionate consideration and sponsored spouses with conditional permanent residence who have separated from the sponsoring spouse, all of whom may well be filing tax returns.

- Stabilize Transfer Payments Establish standards regarding the adequacy and quality of income assistance and social services delivered by provinces and territories and increase funding for the Canada Social Transfer (CST) as required to meet these standards. Remove arbitrary growth restrictions, provide sufficient, stable and predictable funding that recognizes regional economic variations, and ensures that both federal and provincial governments are accountable for meeting their human rights obligations and service standards of providing adequate income support for all low income Canadians who are without other adequate means of support.

- Create A New GST Credit Top-Up - We support the recommendation of the 2017 Alternative Federal Budget to create a targeted GST credit top-up of $1,800 per adult and child for those living below the poverty line. This top-up will go to all low-income people regardless of family type and is projected to lift 560,000 people out of poverty – half of whom are children. This new GST credit top-up will also reduce income inequality as an effective method of income redistribution to those with lower incomes.

- We welcome Budget 2017’s 10-year commitment to early learning and child care funding. We note that building a universal, affordable, high quality system will require greater resources. Therefore, we call for funds to be bolstered and investment accelerated such that ECEC funds ramp up over 10 years to represent at least 1% of GDP, consistent with international benchmarks.

- Provide adequate funding for the anticipated National Housing Strategy, particularly for social housing. Ensure rent-geared-to-income subsidies are maintained over the long-term for households in need. Re-examine the definition of affordability as the current definition at 80% of average market rent remains unaffordable for too many families.

- Support population health by implementing an enhanced Medicare program that includes pharmacare, dentistry and various rehabilitation services given that many Canadians do not have workplace benefits.

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[i] All data can be found in Campaign 2000’s 2016 National Report Card: A Road Map for Eradicating Child and Family Poverty. (November 2016). For the full report, visit: http://campaign2000.ca/wp-content/uploads/2016/11/Campaign2000NationalReportCard2016Eng.pdf

[ii] **Food insecurity** is defined as inadequate or insecure access to food due to financial constraints. See http://proof.utoronto.ca/food-insecurity.