

**2019** | Report Card on Child and Family Poverty in Canada



## **2020: SETTING THE STAGE FOR A POVERTY-FREE CANADA**

**CAMPAIGN 2000**  
**END CHILD & FAMILY POVERTY**



**FAMILY SERVICE TORONTO**  
For People. For Change.



**United Way**  
Greater Toronto

# 2020: Setting the Stage for a Poverty-Free Canada

## Campaign 2000 Report Card on Child and Family Poverty in Canada

### INTRODUCTION

Strong public policy and political will can end poverty in Canada.

In 1989, all federally represented parties voted unanimously in the House of Commons to end child poverty by the year 2000. After the passing of this resolution, rates of child poverty continued to rise before they decreased. Thirty years later, there are over 1.35 million children living in poverty with their families in Canada today and income inequality, the gap between the rich and poor, has grown to unjustifiable heights.

We have missed the opportunity to end poverty for a whole generation of children.

Precarious and low wage work is widespread and social assistance rates remain abysmally low creating a floor that is only one small step above destitution. The rise in housing costs, food prices, childcare fees and costs of prescription medication along with other necessities means families are left to make difficult choices every day about what they can afford and what they must do without. Inequality and poverty are rooted in systemic discrimination and stratified along lines of Indigenous identity, race, gender, immigration status (or lack of), ability, among other social, cultural and economic locations that result in specific populations being unable to access opportunities available to all other Canadians.

Poverty is never inevitable.

The historic federal poverty reduction strategy and official poverty measure became law this past year and is a welcomed re-commitment from the government to address poverty over the long term. But targets that are too low, timelines that are too far away, measurements that do not account for some of the most marginalized in our communities and no new budget commitments means that

families and children will continue to endure the harsh health and social impacts of poverty.

Canada has the resources to end poverty.

In this report, Campaign 2000 sets the stage for a poverty-free Canada. We examine the critical role that government transfers play in reducing poverty, in particular the Canada Child Benefit after its first full year of implementation, and make key recommendations for enhancements. In addition to boosting incomes through transfers, labour market interventions, high-quality accessible public services and community-building initiatives in low-income communities are needed if child poverty is to be eradicated.

Direction can be taken from the number of strategies, action plans and expert committee reports generated through government and civil society initiatives related to poverty eradication in the areas of truth and reconciliation, missing and murdered Indigenous women and girls, housing, food security, labour, childcare and pharmacare. Where they are rooted in human rights and intersectional gender analysis, these documents can provide both the conceptual and practical frameworks to identify and remove systemic barriers through policy initiatives, allocation of public resources and independent accountability mechanisms particularly where they have been informed by communities impacted by marginalization and people with lived expertise of poverty, whose involvement is integral to implementation and evaluation.

As we begin a new decade under the mandate of a new minority government, we have a unique opportunity for collaboration on the shared goal of ending poverty for all. We simply cannot afford to fail another generation of children.

## RECOMMENDATIONS

Campaign 2000: End Child and Family Poverty, a diverse pan-Canadian coalition, recommends the Government of Canada:

- Strengthen the Poverty Reduction Strategy through strategic investments to meet more ambitious poverty reduction targets. An investment of \$6 billion should be allocated in Budget 2020 with the goal of reducing poverty by 50% between 2015 – 2025 based on the Census Family Low Income Measure After Tax using T1 Family File data. The Poverty Reduction Act should recognize the right to an adequate standard of living and contain mechanisms to realize these rights such as an all-party appointed advisory council and a poverty reduction advocate who can investigate major systemic issues.
- Increase the Canada Child Benefit so that it, in combination with a proposed new benefit called the Dignity Dividend, supports the target of a 50% reduction in child poverty by 2025 according to the CFLIM-AT calculated through tax filer data. Government should ensure access to the benefit for families living at higher rates of poverty such as First Nations families on reserve, children whose parents have irregular immigration status, women in shelters fleeing violence and results in 50% reduction of poverty rates in these communities by 2025.
- Collaborate with First Nations,<sup>i</sup> Inuit and Métis governments and Indigenous<sup>ii</sup> organizations to develop plans to prevent, reduce and eradicate child and family poverty in Indigenous communities. Fiscal relationships are critical to Nation to Nation relationships and must ensure: respect for inherent rights, treaties, title and jurisdiction; full participation in economic growth; sufficient, predictable, long-term funding for First Nations governments and institutions to achieve wellbeing; and evidence-based closure of socio-economic outcome gaps by collecting data to support measurement and reconciliation.
- Comply with the rulings of the Canadian Human Rights Tribunal by providing adequate funding for child welfare services on reserve, compensation to children and parents and grandparents of children who were unnecessarily placed in care because of discrimination and ensure the full application of Jordan's Principle for First Nations communities.<sup>iii</sup>
- In 2020-21, transfer \$1 billion to provinces/ territories/Indigenous communities for building accessible, affordable, high quality, inclusive early learning and childcare (ELCC) with the understanding that earmarked funds for ELCC will grow by an additional \$1 billion annually. Make federal transfer funds conditional on evidence-based provincial/territorial implementation approaches to building accessible, affordable, high quality, inclusive ELCC systems. Initiate childcare system-building needed to ensure that ELCC meets families/children's needs by bringing together provinces/territories/Indigenous communities/stakeholders to collaborate on key system elements such as a childcare workforce strategy.
- Increase funding for the Canada Social Transfer by \$4 billion and remove arbitrary growth restrictions. Provide sufficient, stable and predictable funding that recognizes regional economic variations, and ensure that both federal and provincial governments are accountable for meeting their human rights obligations to provide adequate income support for all low income Canadians. This will require the development of minimum standards for income benefits and social services funded through the Transfer, which allow necessary flexibility to provinces and territories.

As part of this, ensure income supplements are not deducted from assistance. Children in lone parent families should retain child support payments, child-related Employment Insurance (EI) benefits should not be deducted from provincial income or disability benefits and the federal government should initiate binding agreements with provinces and territories to ensure no portion of the CCB is deducted.<sup>iv</sup>

- Create sustaining, quality employment opportunities. Immediately implement a \$15/hour minimum wage within federally regulated industries indexed annually to inflation as part of the Modernizing Federal Labour Standards review and deliver on the recommendations from the expert panel on modern federal labour standards including further

research on minimum wage policy and protections for workers in non-standard work. Reforms such as reducing the number of qualifying hours to 360, increasing sick benefit duration and raising inadequate benefit levels would go a long way to improving the lives of unemployed workers across the country.

- Enact proactive strategies, including improved employment equity in the public and private sectors that extends to 2SLGBTQIA+<sup>v</sup> communities. Implement a sensible training strategy accessible to those not on EI.
- Enhance the National Housing Co-Investment Fund with an additional \$3 billion annually for new builds and repairs to existing units, allocate \$2 billion annually for new supportive housing for vulnerable populations, double the federal contribution to the Canada Housing Benefit and continue its expansion such that it becomes a universal benefit rather than rationed. Accelerate the co-development of the three distinctions-based Indigenous housing strategies and commit to a fourth complementary Indigenous Housing Strategy to effectively address the needs of urban and rural Indigenous people. Ensure that the accountability and remedial mechanisms for those affected by ongoing systemic housing issues are independent, fully resourced and implemented immediately.
- Commit to implementing a universal, comprehensive, public pharmacare plan based on the principles and recommendations in the Hoskins report that start with legislation and budget commitments in 2020. Enhance the Canadian medicare program to include dental, vision and various rehabilitation services.
- Ensure that the food policy for Canada, Everyone at the Table, announced in 2019, utilize income-based interventions to address the needs of low-income families.
- Address growing income inequality by continuing to restore fairness to the personal income taxation system, re-introducing the principle of taxation based on ability to pay and close regressive tax loopholes.

## MEASURING POVERTY

In 2019, the government of Canada adopted the Poverty Reduction Act, entrenching the Market Basket Measure (MBM) as the Official Poverty Line into law.

The MBM establishes a low income threshold by costing out a basket of goods and services that an individual or family would need to purchase to be considered to have a “modest” and “basic” standard of living. This basket includes costs for food, clothing, shelter, transportation, and a category of other essential items. Baskets have been costed out for 50 different regions across the country to take into consideration local standard of living costs. Disposable income is calculated by after tax total income, which includes government transfers, and deducts certain “non-discretionary” expenditures.<sup>vi</sup> If an individual or family cannot afford the basket for their region with their disposable income they are considered living below the poverty line.<sup>vii</sup>

The MBM has some very serious limitations. Conceptually, it is an absolute measure of material deprivation only comparing income to the cost of a basket of goods and services. Highly subjective in its construction, choices have been made about what and how much of each item go into a basket without defining what a “modest” standard of living is. Discretionary spending is calculated using the Canadian Income Survey (CIS), which uses a small population sample size. Certain important non-discretionary items have been left out of the basket including childcare, prescription medication and mandatory payroll deductions (and instead are deducted from total income when calculating disposable income), and shelter costs are underestimated. This all contributes to reduced poverty thresholds.

The MBM is not applicable to the territories nor First Nations reserves, leaving out communities with some of the highest prevalence and depths of poverty in the country. There is a commitment in the poverty reduction strategy to explore indicators with Indigenous organizations, but no timelines are attached to that process.

The poverty reduction strategy rightly strives to achieve dignity, inclusion and resiliency for all. It uses human rights and intersectional gender frameworks, but as solely an indicator of material deprivation, the MBM misses out on indicating whether progress is actually being achieved in the removal of systemic barriers, attainment of inclusion and the improvement of resiliency.

The MBM is currently under review, with an updated version expected in February 2020. This update will rebase the measure to 2018 consumption patterns, prices and statistical practices<sup>viii</sup> but the use of the current thresholds, established ten years ago, significantly underestimates the rate and prevalence of poverty.

This report relies on data from the T1 Family File (T1FF) tax filer data, a reliable and broad source of annual income data. According to Statistics Canada, 73% of Canadians file taxes and the T1FF captures the income situation of 95% of families with children through child benefit records.<sup>ix</sup> As well, the T1FF comprises communities that are excluded from Census and CIS calculations of poverty rates. Among these are First Nations people living on reserve, the populations of the territories, people residing in institutions such as hospitals or prisons and of parents who are under 18. By contrast, all these groups are excluded from Census and CIS low income counts.<sup>xi</sup>

Relative measures are tied to the growth of the economy and illustrate how that growth is distributed.<sup>xii</sup> A relative measure, the Low Income Measure (LIM) is one of the most observed indicators of well-being. It is especially useful in tracking changes in living standards and identifying groups at risk of social exclusion by comparing the situation of low income individuals and families to that of the rest of society. The Census Family Low Income Measure (CFLIM) threshold, used in this report, is defined as 50% of median income adjusted by family size. It establishes a transparent and clearly defined norm;<sup>xiii</sup> as incomes rise or fall, so does the threshold. After Tax measures (CFLIM-AT) capture the impact of taxes and government transfers on incomes.

The poverty rate has declined faster in recent years with the use of the MBM. Chart 1 illustrates the difference in poverty rates using the MBM (child poverty rate of 9% or 622,000 children living in poverty) as compared to the CFLIM-AT (18.6% child poverty rate or 1,356,980 children living in poverty) in 2017. The MBM shows 278,000 children have been lifted out of poverty between 2015 – 2017<sup>xiv</sup>, whereas CFLIM-AT shows that number to be 145,730.<sup>xv</sup> These children, who are not considered to be living in poverty according to the MBM but are considered living in poverty according to the CFLIM-AT, will still experience stress and negative health outcomes associated with poverty and policies and programs must ensure that their welfare is also addressed.

Chart 1: Child Poverty Rate Comparison: MBM vs CFLIM

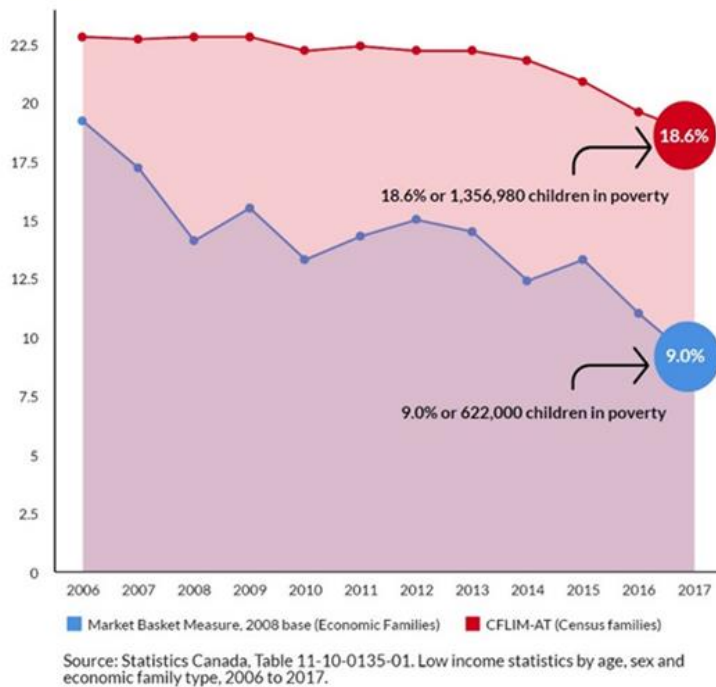


Fig. 1 Census Family Low Income Measure, After-Tax 2017

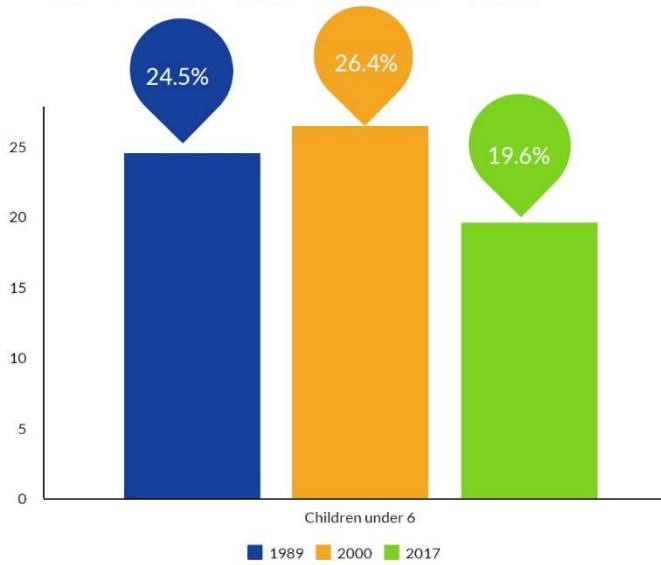
Family Type	CFLIM-AT (\$)
Single person (no child)	21,234
Lone parent with one child	30,029
Lone parent with two children	36,778
Couple with one child	36,778
Couple with two children	42,468

Source: Statistics Canada, Table G. Technical Reference Guide for the Annual Income Estimates for Census Families, Individuals and Seniors. T1 Family File, Final Estimates, 2017.

## CHILD AND FAMILY POVERTY IN CANADA TODAY

The most recent data demonstrates that the rate of child and family poverty continues to be unacceptably high, with 1,356,980 children living in families with after-tax income below the Census Family Low Income Measure, After Tax. This represents 18.6% of children under 18 experiencing the corrosive effects of poverty. Of particular concern is the rate of preschool children under six which is higher at 19.6%, representing 462,360 children (chart 2).

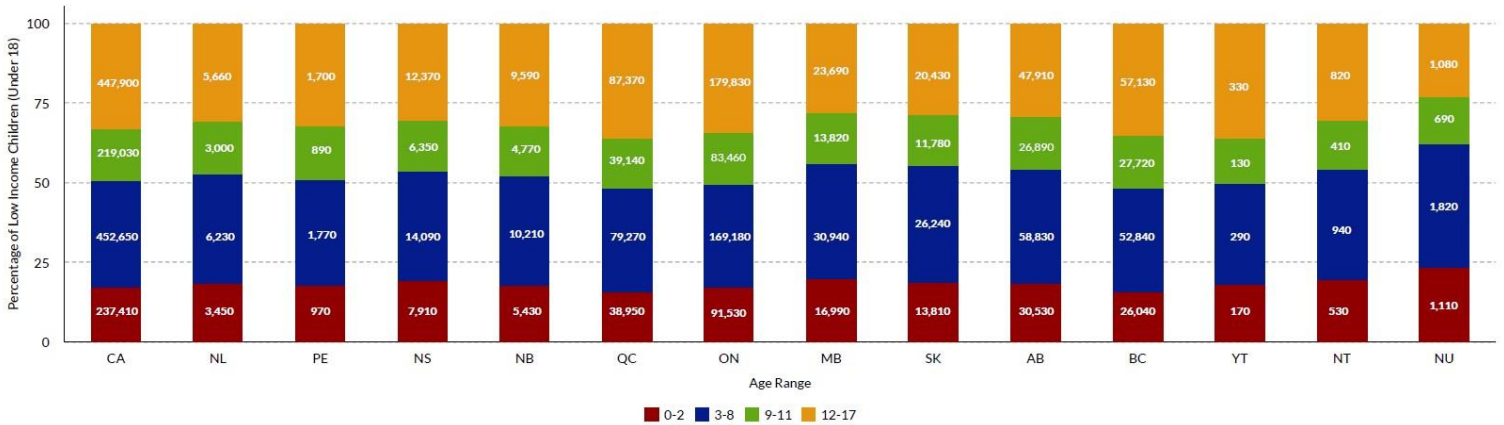
Chart 2: Child Poverty in Canada, Children under 6



Source: Statistics Canada, custom tabulation. Income Statistics Division, Annual Income Estimates for Census Families and Individuals, T1 Family Files, 1989, 2000, 2017.

In 2017, 17.5% of all children living in poverty were ages two and under, 33.4% ages three to eight, 16.1% ages nine to eleven and 33% ages twelve to seventeen (chart 3). The prevalence of child poverty varies considerably within age groups with children under two experiencing the highest rate (20.7%) and nine to eleven-year olds the lowest (17.6%). Meanwhile, poverty rates for children three to eight and twelve to seventeen were 18.4% and 18.2% respectively.

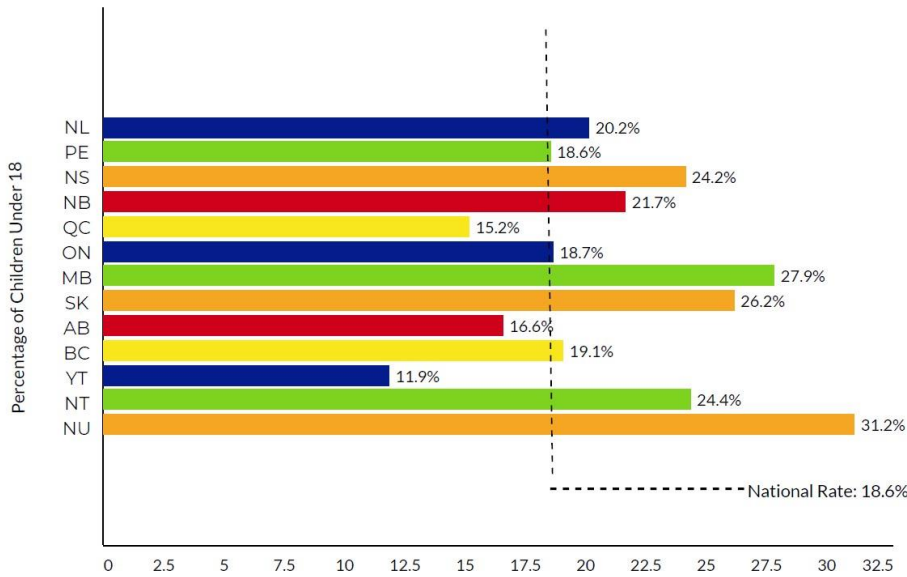
Chart 3: Number of Children in Families Below After-Tax LIM, by Age Group



Source: Statistics Canada, custom tabulation. T1 Family File, 2017.

Child and family poverty rates varied by place, with Nunavut exhibiting the highest child poverty rate in Canada at 31.2% and Yukon the lowest at 11.9%. Among the provinces, the highest child poverty rate was in Manitoba (27.9%) and the lowest was in Quebec (15.2%). In total, seven province had poverty rates above the national rate. Included among these were Newfoundland and Labrador, Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, British Columbia (chart 4).

Chart 4: Child Poverty Across Canada, Children under 18



Source: Statistics Canada, custom tabulation. T1 Family File, 2017.

In 2017, there were 145,730 fewer children living in poverty than in 2015, the year prior to the introduction of the Canada Child Benefit, reflecting a 9.7% decline in the poverty rate in that time.

Across the country, there was considerable variation in the percentage change in the child poverty rate between 2015 and 2017. In the Territories, rates in Yukon and Nunavut declined by 23.3% and 14.2% respectively, while the Northwest Territories showed no change at all. Among provinces meanwhile, Prince Edward Island experienced the largest decrease at 14.9%, and Saskatchewan the smallest at 0.7%. Newfoundland and Labrador, Nova Scotia, Manitoba, Saskatchewan, Alberta and the Northwest Territories all exhibited decrease in rates below that of Canada as a whole.

While the Canada Child Benefit made an important difference in reducing child poverty, it is not the only factor contributing to this modest decline. Other factors may include small gains in weekly earnings, and improved employment opportunities resulting from moderate economic growth over this period.

While such positive change is welcome, it is also clear that much more remains to be done if child poverty is to be eliminated.

### Some Groups More at Risk than Others

Child and family poverty is not equally distributed throughout the Canadian population. Some groups are much more seriously affected. Among those with the highest prevalence of child poverty are racialized groups, recent immigrants and most significantly, children of Indigenous identity.

According to the 2016 Census, Indigenous children both on and off-reserve have child and family poverty rates that are shockingly higher than all other groups in Canada.<sup>xvi</sup> Among Indigenous Peoples, status First Nation children living both on reserve and off-reserve experience the highest poverty rates of 53% and 41% respectively. Across Canada, 32% of non-status First Nations children were living in poverty as were 25% of Inuit children and 22% of Metis children.

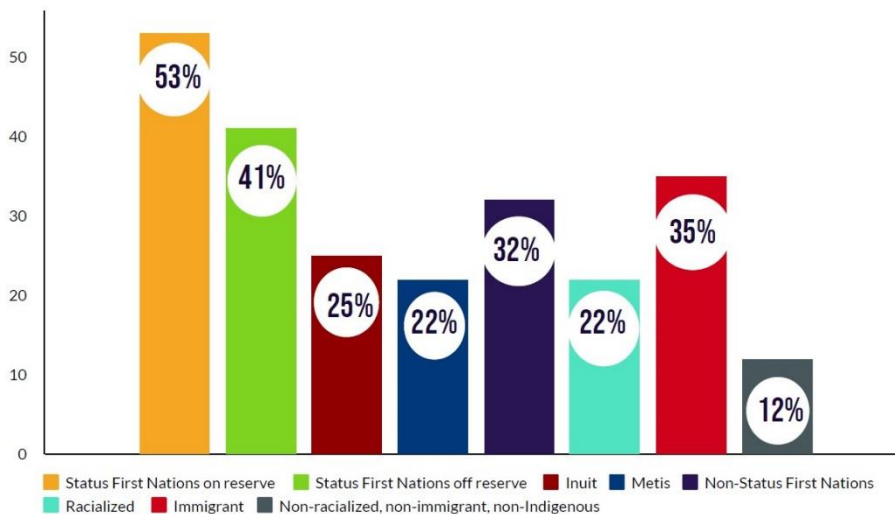


Similarly, children of former or current landed immigrants or permanent residents had a poverty rate of 35%. Racialized children<sup>xvii</sup> had a poverty rate of 22%.

This presents a stark contrast when we consider that only 12% of non-Indigenous, non-immigrant, non-racialized children are exposed to poverty (chart 5).

**Opportunity for All: Canada’s first Poverty Reduction Strategy** is deficient in not specifying that each of these highly affected groups should experience decreases in the rate of child and family poverty at least as large as those experienced by the general population.

Chart 5: Child Poverty in Indigenous Communities, 2016



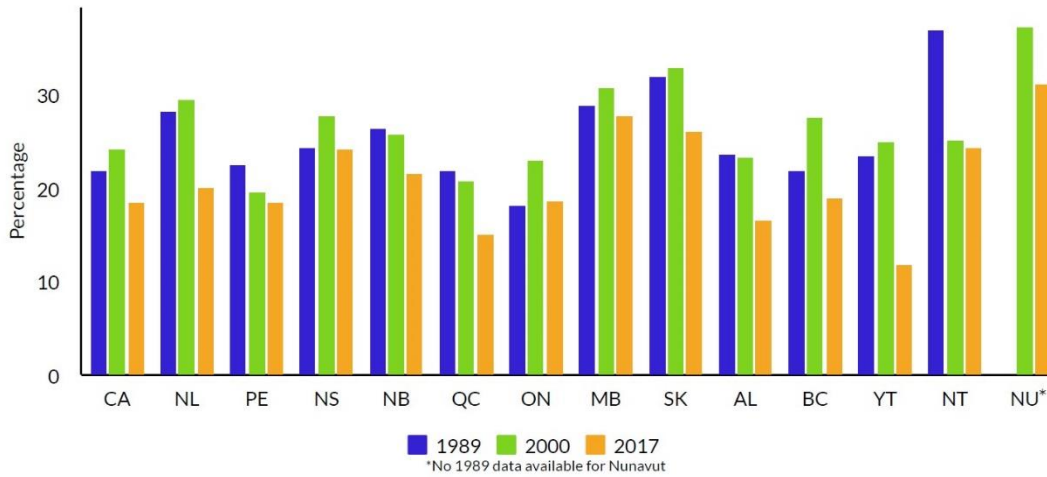
Source: Statistics Canada, custom tabulation. As reported in "Towards Justice: Tackling Indigenous Child Poverty in Canada" by Upstream, 2019.

### How well have we done since 1989 Resolution to Eliminate Child Poverty by 2000

*It is useful to consider Canada’s child poverty rate in international perspective. This year the Organization for Economic Cooperation and Development<sup>xviii</sup> reported that Canada had the twenty-first highest child poverty rate of 36 member countries reporting. There is clearly evidence from many other countries with advanced economies that Canada can do better.*

Has the rate of child and family poverty improved over time? Since 1989, the year in which the House of Commons unanimously voted to end child poverty by the year 2000, progress has been minimal. Over the 28 years between 1989 and 2017, the national child poverty rate has decreased by 3.3 percentage points (chart 6). This is an average decrease of .12 percentage points per year. At this rate it will take 155.8 years to eliminate child and family poverty.

**Chart 6: Child Poverty Rates 1989, 2000, 2017 (Under 18)**



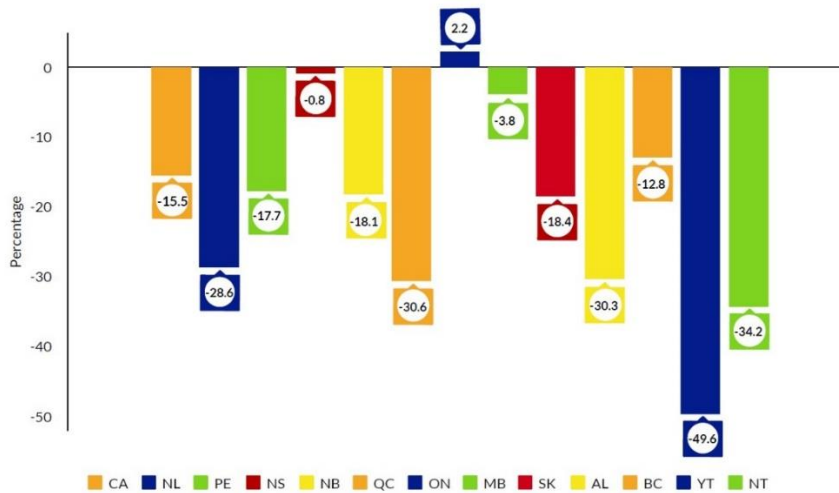
Source: Statistics Canada, T1 Family Files, 1989, 2000, 2017.

Decreases in child poverty rates have not been felt evenly across the country. Every province and territory other than Ontario experienced decreases between 1989 and 2017. The largest decrease is in Yukon (49.6%) and the smallest in Nova Scotia (0.8%). In Ontario, the child poverty rate increased by 2.2% in that time (chart 7).

However, progress overall has been better in the eighteen years between 2000 and 2017, demonstrating a decrease of 5.5 percentage points or .31 percentage points per year. There has also been a clear downward trend since 2011 (chart 8).

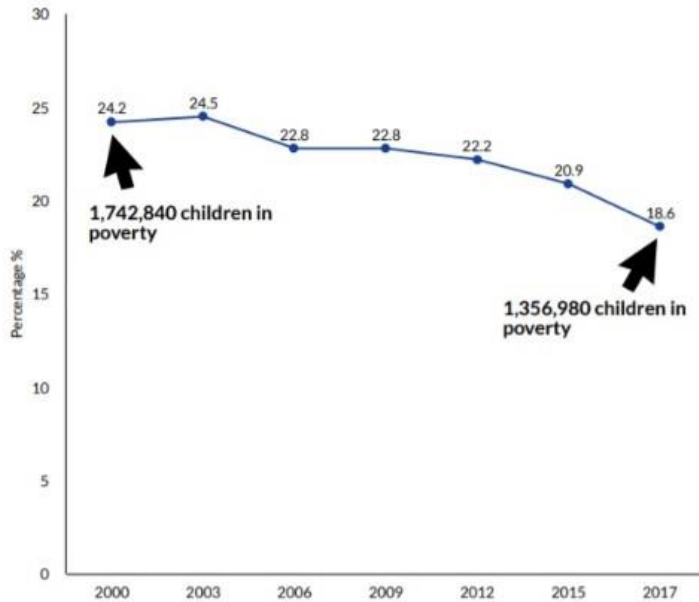
This is encouraging but the rate of decrease must grow much larger and across every region to make more significant progress.

**Chart 7: Change in Child Poverty Rates 1989 to 2017 (Under 18)**



Source: Statistics Canada, T1 Family Files, 1989 and 2017.

Chart 8: Children in Low-Income Families in Canada 2000-2017



Source: Statistics Canada, Table 11-10-00018-01. After-tax low income status of tax filers and dependents based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition, 2000 to 2017.

## Reducing Child Poverty Matters

Why should child and family poverty matter? Why should we insist that child and family poverty be the target of more assertive public policy interventions?

First, there is a moral reason. As a community, Canadians hold a collective responsibility not only to protect children from harm but to protect their rights and quality of life as citizens and residents of Canada. They are among the most vulnerable<sup>xix</sup> in our population.

Second, decades of research have demonstrated the seriousness and range of the effects of child poverty. A 2019 consensus report<sup>xx</sup> of experts assembled by the National Academies of Sciences, Engineering and Medicine in the United States has come to the following conclusion after reviewing the research literature:

We find overwhelming evidence from this literature that, on average, a child growing up in a family whose income is below the poverty line experiences worse outcomes than a child from a wealthier family in virtually every dimension, from physical and mental health, to educational attainment and labor market success, to risky behaviors and delinquency.<sup>xxi</sup>

The expert panel concludes that these differential outcomes are caused by income poverty and are not the result of other factors correlated with income poverty:

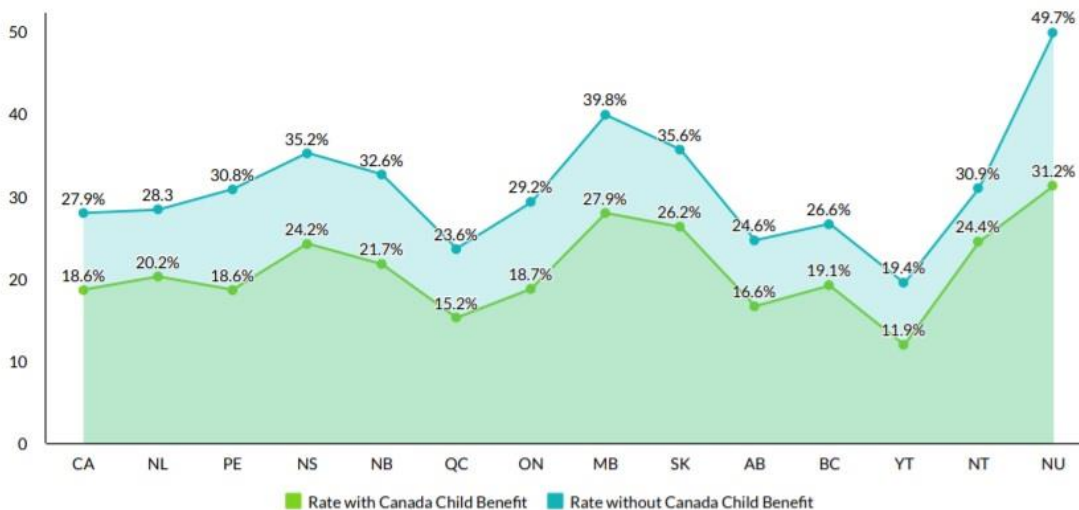
The weight of the causal evidence indicates that income poverty itself causes negative child outcomes, especially when it begins in early childhood and/or persists throughout a large share of a child's life. Many programs that alleviate

poverty either directly, by providing income transfers, or indirectly, by providing food, housing, or medical care, have been shown to improve child well-being.<sup>xxii</sup>

Our enlightened self-interest should lead us to favour more effort to reduce child poverty because it generates cost to manage the negative outcomes of child poverty and it limits the development of the human capital of children who grow up in poverty to maximize their contribution to the economy and society.

Third, we have evidence that well-designed income transfer programs can effectively decrease child and family poverty. Without the Canada Child Benefit in 2017 the child poverty rate would have been 27.9%.<sup>xxiii</sup> Therefore, the Canada Child Benefit alone has reduced child poverty in Canada by 9.3 percentage points (chart 9).

**Chart 9: Impact of Canada Child Benefit on the Child Poverty Rate for Children Under 18. Canada, Provinces and Territories, 2017**

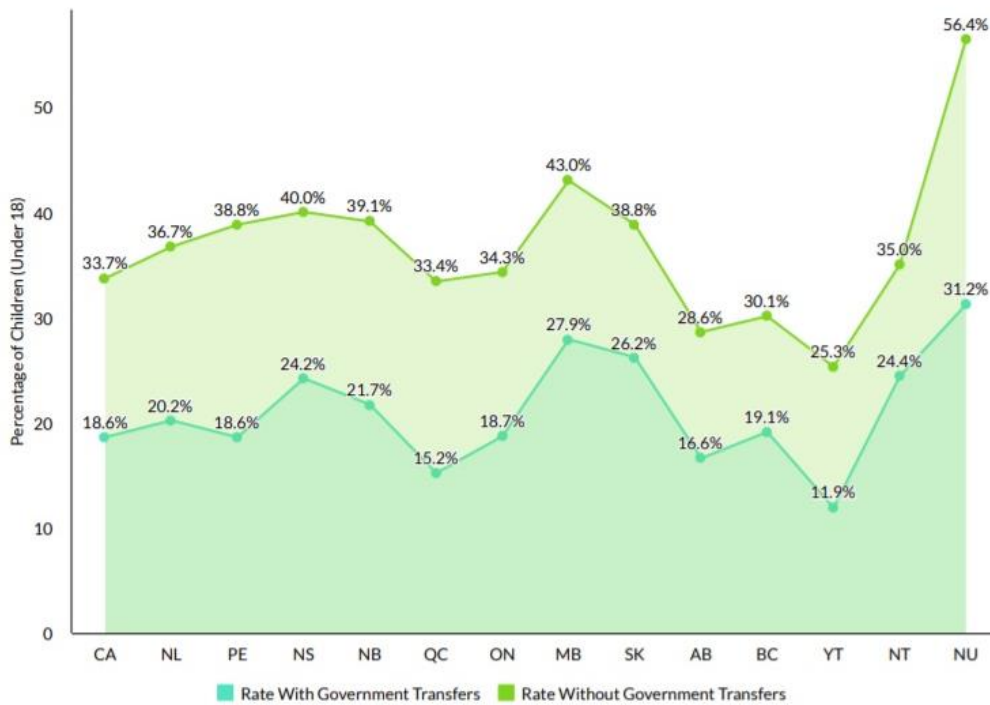


Source: Statistics Canada, custom tabulation. T1 Family File, 2017.

If we removed all government transfers, the child poverty rate in 2017 would have been 33.7%.<sup>xxiv</sup> Total federal, provincial, territorial and municipal transfers have reduced child and family poverty by 15.1 percentage points in 2017 (chart 10).

There are good reasons to reduce child and family poverty based both on our values and evidence of the impacts of child and family poverty. We have shown that we know what to do. Why are we not doing more?

Chart 10: Impact of Government Transfers on the Child Poverty Rate for Children Under 18. Canada, Provinces and Territories, 2017



Source: Statistics Canada, custom tabulation. T1 Family Files, 2017.

## ASSESSING CANADA’S FIRST POVERTY REDUCTION STRATEGY

The federal government released Canada’s first poverty reduction strategy on August 21, 2018. We have found that this strategy embodies both opportunity and risk with regard to the eradication of poverty, including child and family poverty.

The prime opportunity is that this strategy and the reporting requirements in the Poverty Reduction Act, which came into force on July 9, 2019, officially establishes poverty reduction on the long-term federal government policy agenda.

The prime risk is that the release of the strategy and the limited targets selected may contribute to an inaccurate narrative that the social and economic problem of poverty has been solved, or at least is well on the way to solution, and that no further action is needed. That might syphon off public and political pressure for more assertive public policy and allow governments to avoid necessary action.

A secondary risk is that the target in the poverty reduction strategy and Act of a 50% reduction from a 2015 base year by 2030 may become a limiting ceiling rather than a floor for further action.

The current minority parliament presents an opening for parties to work together to improve the poverty reduction strategy and act. The following would be a good start:

**Official Poverty Line** - Replace the absolute Market Basket Measure with the relative Low Income Measure, After Tax. The Market Basket Measure is an indicator of material deprivation and does not measure the many other aspects of poverty included in the strategy’s definition: “the condition of a person who is deprived of the resources, means, choices and power necessary to

acquire and maintain a basic level of living standards and to facilitate integration and participation in society”. Living standards and social participation are expressions of the norms of a particular society. The capacity to conform is best indicated by a person’s position within the related income hierarchy, not just the ability to purchase a particular market basket of goods and services.

- Relative measures such as the Low Income Measure are far more policy relevant because they are much more strongly related to health status, child development, performance of risky behaviours, educational and occupational outcomes.<sup>xxv</sup>
- We recommend using the Market Basket Measure (MBM) as a supplementary measure to the Low Income Measure in order to describe variations in material deprivation in a manner sensitive to local market conditions once it has been improved to accurately reflect current Canadian norms regarding standards of living. The basket must be costed annually and contents reviewed regularly to insure consistency with changes in living standards, scientific knowledge and technological developments. The basket should also reflect variations in cultural preferences.
- Currently, the Market Basket Measure does not apply to First Nations Reserves nor the Territories where there are some of the highest rates of poverty in the country. We recommend the government co-develop indicators for material deprivation as well as health and well-being indicators with Indigenous led communities and organizations and commit to reasonable timeframes for the development of these measures.

**The difference between the poverty reduction performance of the Market Basket Measure and the Low Income Measure after tax is significant. The Market Basket Measure indicates child poverty rate was reduced by 32.3% between 2015 and 2017 from 13.3% in 2015 to 9.0%.<sup>xxvi</sup> The Census Family Low Income Measure, After Tax indicates only an 9.7% decrease.<sup>xxvii</sup> The percentage decrease is almost three times greater using the Market Basket Measure (chart 1)**

**Source of Data for Targets** – Progress toward targets should be assessed using estimates from T1 Family File based on tax returns and Canada Child Benefit receipt rather than the Canadian Income Survey. Estimates from the T1 Family File involve a larger, more inclusive sample (including First Nations Communities) with less systematic and random error and are therefore more accurate.

**More Ambitious Targets and Time Lines** – The strategy and Act should commit to a 50% reduction in poverty between 2015 and 2025 based on the Census Family Low Income Measure After Tax using T1 Family File data rather than a 50% reduction by 2030 based on the Market Basket Measure using Canadian Income Survey data.

- This target and these timelines should be the same for Indigenous, immigrant and racialized groups and other groups who experience higher rates of poverty such as female-led lone parent households.

**Implementation and Budget Plan** – A detailed implementation plan describing the timeline for the introduction and expansion of the range of programs and policies needed to achieve the targets should be included in the strategy, along with their coverage and cost. These elements are now completely absent from the strategy.

**Poverty Reduction Strategy Act** - Add to the Act a recognition and implementation of the right to an adequate standard of living following from Canada’s international human rights obligations. This could be similar to the declaration in the National Housing Strategy Act that “the right to adequate housing is a fundamental human right affirmed in international law”. The Poverty Reduction Act should also contain fully resourced and independent mechanisms to realize these rights such as those embedded in the National Housing Strategy Act.

**Advisory Council** - The Advisory Council is too closely tied to government to effectively further public accountability. Members are appointed by the government, the Council advises and reports to the Minister, who must then table the report in parliament. The Council is not guaranteed the necessary research resources and does not have a mandate to report directly to the House of Commons or to the public. The advisory council should be appointed by an all-party committee and should have the mandate and resources to evaluate the government's efforts and report to the House of Commons. This Council must not be dissolved once the target of reducing poverty by 50% below the level of poverty in 2015 is achieved. Rather, it must be resourced to continue working until all poverty is eradicated across the country.

## ERADICATING CHILD & FAMILY POVERTY AMONG INDIGENOUS PEOPLES

Urgent action is needed to address the severe poverty rates found within Indigenous communities across the country where one in four Indigenous people live in poverty.<sup>xxxviii</sup> Child poverty rates are staggering, particularly when disaggregated from the general population and using a distinctions-based framework.

According to Census data, of all Indigenous communities, status First Nations children experience the highest level of poverty with 53% living in poverty in First Nations communities on reserve and 41% living in poverty in all other communities.<sup>xxix</sup> Inuit children experience poverty rates of 25% and Metis children 22%. This is compared to 35% recent immigrant children, 22% of racialized children and 12% of non racialized, non-Indigenous children living in poverty throughout Canada (chart 5).<sup>xxx</sup>

It is an imperative to be able to measure levels of poverty within Indigenous communities. Canada now has an official poverty measure, the Market Basket Measure (MBM), but it does not yet apply to First Nation reserves nor the territories.<sup>xxxi</sup> According to the after-tax Low-Income Measure, trends between Census 2006 and 2016 show little decline in child poverty rates for Indigenous children<sup>xxxii</sup>.

Examining rates spatially on a federal riding level reveals exceptionally high poverty rates in northern communities. The two ridings with the highest child poverty rates in the country, Churchill—Keewatinook Aski Manitoba (63.4%) and Desnethé--Mississippi--Churchill River (59.4%), are also home to large First Nations communities.<sup>xxxiii</sup> Of the 367 reserves that Census data is available for, 297 communities fell below the Low-Income Measure and many more fell very close to it.<sup>xxxiv</sup> The 27 communities at the lowest end reported total median incomes of less than \$10,000.<sup>xxxv</sup>

The federal government must officially acknowledge that poverty exists in dire levels on First Nation reserves and in the territories. It must work in full partnership with First Nations, Inuit and Metis rights holders to develop measurements and indicators to track, reduce and ultimately eliminate poverty in all Indigenous communities.

It is well documented that ongoing colonial government structures, historic dispossession of land and discrimination against Indigenous peoples continue to create conditions of social and economic marginalization, violence and genocide. These conditions manifest in higher rates of poverty, gender-based violence, high rates of suicide, substance use, homelessness, unemployment, food insecurity, lack of access to clean drinking water and barriers to employment and education than in non-Indigenous communities. These conditions and manifestations are a result of systemic disparities, discrimination and social exclusion within which Indigenous Peoples must survive and provide for their children.<sup>xxxvi</sup>

First Nations children and families living on reserve and in the Territories receive public services funded by the federal government. Since confederation, these services have fallen significantly short of what other Canadians receive.<sup>xxxvii</sup> In 1996, the federal government capped funding increases to public services on reserves to 2%, not allowing for adjustment based on need or population growth.<sup>xxxviii</sup> The Spirit Bear Plan to End Inequalities in Public Services for First Nations Children, Youth and Families contains important actions that the federal government should take immediately.

The government took important steps in Budget 2019 by investing \$1.2 billion over three years beginning in 2019-20 to continue the implementation of Jordan's Principle and we note that between July 2016 and August 31, 2019, 358,000 requests for services have been approved. However, as with all other core services and programs, this investment does not account for inflation, population growth, nor non-status children who are recognized by their First Nation who may be eligible for services<sup>xxxix</sup> and more needs to be done to ensure eligible families are provided with the correct information about the program. Budget 2019 also falls short in closing gaps in other services that First Nation families access for health and wellbeing including housing, water, and addictions/mental health services.<sup>xi</sup>

To date, Canada has received 9 non-compliance orders from the Canadian Human Rights Tribunal (CHRT) for inequitable funding related for child welfare services on reserve and lack of adherence to Jordan's Principle. In a landmark ruling, the most recent order from September 2019 found that the Government of Canada "willfully and recklessly" discriminates against First Nations children and ordered the maximum amount payable to impacted families.<sup>xii</sup> We urge the federal government to immediately pay full compensation to First Nations children and families.

Special attention must be paid to The Final Report on the National Inquiry into Missing and Murdered Indigenous Women and Girls released June 2019, which clearly lays out the connection, among others, between social and economic marginalization with the disappearance and death of Indigenous women, girls and 2SLGBTQQIA peoples. Indigenous women are more likely to live in poverty than non-Indigenous women and Indigenous men – 44% of Indigenous women living on reserve and 47% living off reserve live in poverty.<sup>xiii</sup> First Nations people are underrepresented in the labour market and First Nations women experience further marginalization. They are less likely to be employed (63.4% of women compared with 70.8% of men) and more likely to work part-time (19.6% women compared to 6.7% of men living off-reserve).<sup>xiii</sup> First Nations women have a median income of \$17,641 while the median income for Inuit women is \$20,477 and Metis women \$22,306.<sup>xiv</sup>

The lack of financial means has serious consequences for First Nations, Inuit and Metis women, girls and 2SLGBTQQIA peoples. They are at far greater risk of homelessness, food insecurity, mental and physical health issues.<sup>xv</sup> Poverty and the insecurity that results from it put women at much higher risk for violence. Lack of employment, infrastructure including housing, transit, and childcare, and the high cost of living, especially in the north, make it exceptionally difficult for women to leave violent relationships and cause conditions for women, girls and 2SLGBTQQIA peoples to be vulnerable to violence.

#### Recommendations:

- Implement the Spirit Bear Plan to end inequalities across public services, including immediate compliance with the CHRT ruling.
- Collaborate with First Nations, Inuit and Metis governments, Indigenous organizations and Indigenous women and women serving organizations to prevent, reduce and eradicate child and family poverty using a distinctions-based approach.
- Fiscal relationships are critical to Nation to Nation relationships and must ensure respect for inherent rights, treaties, title and jurisdiction; full participation in economic growth; sufficient, predictable, long-term funding for First Nations governments and institutions to achieve wellbeing; and evidence-based closure of socio-economic outcome gaps by collecting data to support measurement and reporting.<sup>xvii</sup>
- Accelerate implementation of the 94 Calls to Action from the Truth and Reconciliation Commission and recommendations from the Royal Commission on Aboriginal Peoples.
- Adopt the 231 Calls to Justice to end genocide from the Final Report on the National Inquiry into Missing and Murdered Indigenous Women and Girls and under the leadership of Indigenous women and women's organizations accelerate the development of a fully resourced National Action Plan.



## TARGETED ACTION CAN LIFT MARGINALIZED CHILDREN OUT OF POVERTY

Persistent inequalities that are rooted in historic and ongoing discrimination based on Indigenous identity, race, ability, class, creed, language, immigration status (or lack of), family status, gender identity, expression and orientation, age, geographic location among other equity grounds continue to exist in Canada. Children and families from these communities face marginalization and social exclusion that perpetuate poverty and take many forms: overrepresentation in child welfare systems, disproportionate incarceration, interactions with border officials, low-wage part-time or precarious work, wage gaps, discrimination in employment opportunities and housing access and discrimination in access to services based on immigration status, among others. Marginalized communities lag in every measure of well-being, whether wages, income, housing, education, health or life expectancy.<sup>xlviii</sup> That is why we call on government to target poverty reduction measures to marginalized groups and to ensure their poverty rates are reduced by half by the year 2025 according to the Low Income Measure.

The Canada Child Benefit (CCB) is one of the most important instruments of child poverty reduction. Yet many people from marginalized communities who are vulnerable to poverty and eligible to receive the CCB face barriers to accessing this benefit, including women living in shelters with their children, people facing gender-based violence, Indigenous parents living on reserve or in the north, new immigrants, refugee claimants and people with precarious immigration status.<sup>xlix</sup> There are 236,000 First Nations children living on and off reserve. There is no data on First Nations tax filing rates, but estimates suggest that 30-40% of these families (fewer living off reserve) are actually accessing this benefit.<sup>li</sup>

Eligibility for the CCB is defined by the Income Tax Act. It arbitrarily and unfairly excludes a number of vulnerable children including children of people who are waiting for their refugee hearing, children of people who have unsuccessfully claimed refugee status but who are unable to leave the country because the government considers the receiving countries too dangerous and children born in Canada to parents of irregular status. These families do not benefit from the CCB despite being residents and having the same obligations to file and pay income taxes. They are caught in a system that requires them to contribute but excludes them from benefitting. It is by virtue of their irregular status that children from these families need the support of the CCB.<sup>lii</sup>

CCB transfers through the income tax system are not in itself adequate to ending poverty. In order to reduce poverty among diverse marginalized communities, we propose a suite of recommendations including:

- Commit to reducing poverty among marginalized families and children by 50% by the year 2025 according to the Low Income Measure.
- Ensure **all** families living at higher rates of poverty have access to the CCB.
- Apply employment equity criteria to jobs created through federal infrastructure investments so that parents who are members of groups experiencing discrimination have equal access to the opportunities.
- Work with the provinces, territories and regulatory bodies to create harmonized systems for assessing and recognizing qualifications to streamline the international credential recognition processes for skilled immigrants to Canada.
- Provide core funding that allows for full cost recovery and ensures financial stability of diverse feminist and women's rights organizations. Ensure the national action plan is fully resourced and addresses all forms of violence against women and gender-based violence.
- Enable 755,000 people to benefit from the Disability Tax Credit by making it refundable.<sup>liii</sup>
- Ensure Building A Foundation for Change: Canada's Anti-Racism Strategy 2019-2022 is results-oriented and produces long term, sustainable change secured in Anti-Racism Legislation.
- Implement disaggregated data collection across the federal government to support planning for targeted poverty reduction measures and quantify the impact of poverty reduction strategies (including in health, mental health, well-being, education, housing, income earnings, wealth accumulation, food security and more). Strengthen the

use of Gender Based Analysis Plus (GBA+) to develop policy and budgets and inform decision-making across all government departments.

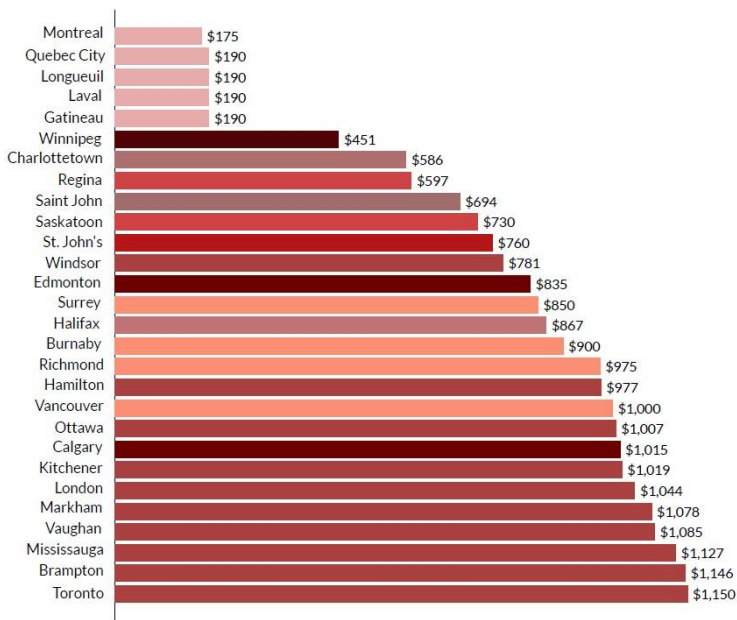
## CHILDCARE FOR ALL: NECESSARY FOR ERADICATING CHILD AND FAMILY POVERTY

*Many social programs support families, but childcare is the backbone of them all* - National Council of Welfare (1999)

Universal early childhood education and care (ECEC) services promote healthy child development, social inclusion and inclusion of children with vulnerabilities while meeting parents' work needs and supporting local communities. The consensus among early childhood experts is that universal ECEC programs are: non-compulsory; affordable (either no fees or low, geared to income fees); inclusive; and available to all families who so choose.<sup>iv</sup> ECEC should be a universal entitlement, not a targeted program serving only low income children or a commodity for families who can pay high fees. All the evidence shows this to be the most equitable, effective way to support families and children across the economic spectrum. While unequal access to ECEC is often a concern even in well-developed universal ECEC systems, the best policy thinking recommends addressing specialized needs within universal approaches rather than targeting scarce resources to those most in need.<sup>iv</sup>

For too many Canadian families, finding childcare is still like winning the lottery-- a matter of luck. Canada remains an outlier— one of a few wealthy countries with no real plan for building a universal ECEC system. Consequently, families are forced to rely on an ECEC patchwork funded mostly by their fees. There is limited, if any, planning to develop and expand ECEC services as communities develop other essential services such as schools, roads or sewers and parents are left to face a free marketplace in which there may or may not be ECEC services available to meet their needs.

Chart 11: Median Monthly Preschool Fees Across Canada



Source: "Median preschool-age fee in 2018 (monthly)", as reported in "Developmental Milestones: Child Care Fees in Canada's Big Cities 2018", Canadian Centre for Policy Alternatives, 2019.

Across the country, families face these challenges:

**There is far from enough childcare to meet families' needs.** With regulated childcare centre spaces for fewer than 3 in 10 (28.9%) children 0 – 5 years<sup>lvi</sup>, securing a suitable, quality space for an infant, toddler or child with a disability is daunting or impossible in most communities. Additionally, 2018 research that assessed the availability of licensed childcare in relation to child population at the neighbourhood level determined that approximately 776,000 0-5-year-olds across Canada – 44% of children younger than school-age – live in “childcare deserts” where childcare availability is scarce.<sup>lvii</sup>

**Childcare remains unaffordable for most families, especially those relying on low income.** Because public funding for childcare is so limited, parents shoulder most of the cost. For infants, the mean monthly fee in Toronto is \$1,685 per month – as much as rent or a mortgage.<sup>lviii</sup> In provinces that set fees and provide more operational funding, parent fees are much lower. Outside Quebec,<sup>lix</sup> provincial/territorial fee subsidy systems either result in high surcharge rates (other than Ontario) or long subsidy waiting lists (Ontario) for low income parents. Ironically, Canada's childcare fee subsidy systems create barriers for the low-income families they're intended to serve.

**The quality of Canadian childcare is too often less than optimal.** To develop and expand the high-quality childcare shown to benefit children, more public funding and a workforce strategy are both needed if well-educated early childhood educators with decent salaries and benefits are to be attracted and retained in the field.<sup>lx</sup>

**Lack of childcare hinders efforts to close the gender employment gap and the gender wage gap, especially for low income women.** Canadian mothers of young children are in the labour force in big numbers, with 77% of whose youngest children are 3 – 5 years-old in employment. The gap between the labour force participation rate of women and men is greatest in urban areas with the highest cost and least availability of regulated childcare.<sup>lxi</sup>

Campaign 2000 was most disappointed that the Canadian Poverty Reduction Strategy does not have direct links or targets for childcare. While high quality childcare is beneficial for all children, it is an especially important countermeasure to the negative effects of poverty for low income children. For parents – especially Indigenous, newcomer mothers and those with disabilities - seeking to avoid falling into poverty and struggling to participate in education, training, employment or community activities, access to quality childcare is essential.

Next Steps:

Campaign 2000's partners across Canada have welcomed federal re-engagement in early learning and child care (ELCC) with provinces/territories/ Indigenous communities through the Multilateral Framework on Early Learning and Child Care (2017) and Indigenous ELCC Frameworks (2018), with the first round of three-year agreements with provinces/territories.<sup>lxii</sup> This significant first step in a multiyear process must now ramp up to meet the needs of all Canadian families by building a high quality, affordable childcare system for all.

Campaign 2000, in partnership with many organizations, led by Child Care Now,<sup>lxiii</sup> looks forward to working with all ELCC-supporting parties in Canada's new Parliament to operationalize the Affordable Childcare for All Plan endorsed by more than 100 organizations. Taking a phased-in approach to make ELCC available, affordable, high quality and inclusive for all families across Canada, the Plan calls for an earmarked ELCC increase in Canada's federal budget to \$1 billion in 2020, and further increases of \$1 billion each year until Canada meets internationally recommended spending benchmarks and achieves a mature system.

Recommendations:

- Negotiate provincial/territorial childcare agreements with solid implementation plans and timetables and make federal transfer payments conditional on agreements being met.
- Enact federal childcare legislation that enshrines Canada's commitment to public childcare and sets out principles and

conditions for ELCC federal transfer payments similar to the Canada Health Act.

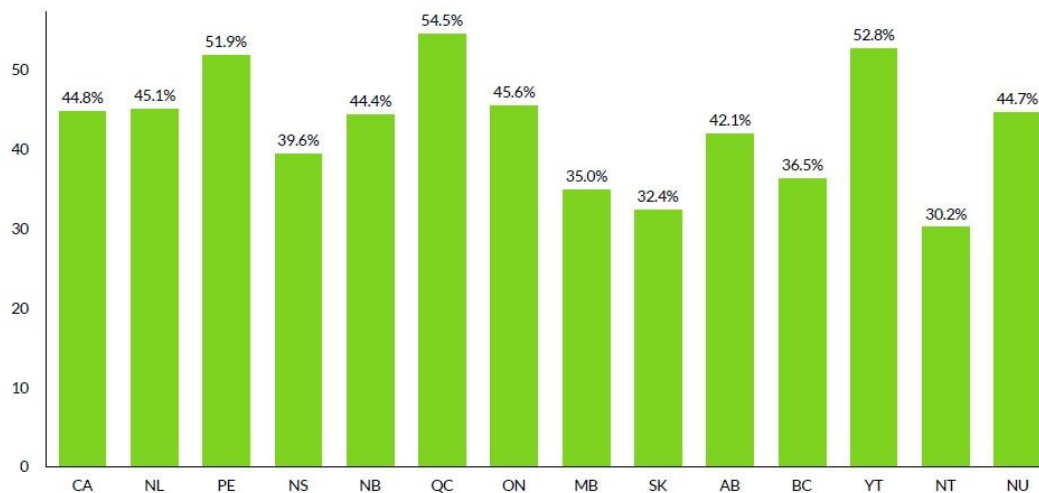
- Establish a federal childcare secretariat within the federal government to facilitate collaboration with provinces/territories, Indigenous Peoples, experts and stakeholders and coordinate ELCC initiatives such as a workforce strategy and innovation.
- Establish a national data and research strategy to inform evidence-based policy development.
- Reinstate funding for community stakeholders/researchers/experts/advocates to strengthen the capacity of the childcare sector to support affordable, high-quality, inclusive childcare services that are responsive to the needs of parents, children and communities.

## BOOSTING FAMILY INCOMES

Boosting the incomes of families with children is one of the key strategies in eradicating child and family poverty. This includes both increasing employment income, which is discussed elsewhere in this report, and supplementing or substituting for employment income through government transfer payments.

Government transfers are an important component of poverty eradication. Research has demonstrated that other sources of income have not decreased the poverty rate between 2000 and 2016.<sup>lxiv</sup> Transfers from all levels of government protected more than 1.1 million children from poverty in 2017.

Chart 12: Percent Reduction in the Number of Children in Poverty as a Result of Government Transfers (Under 18)



Source: Statistics Canada, custom tabulation. T1 Family Files, 2017.

This section provides recommendations to improve two key government transfers: the Canada Child Benefit and provincial and territorial social assistance.

### Canada Child Benefit

In 2017, the Canada Child Benefit (CCB) prevented 684,340 children under 18 from living in poverty. This represents a 9.3 percentage point decrease in the national child poverty rate from 27.9% to 18.6%. Among children under 6, the CCB succeeded in reducing the poverty rate from 29.3% to 19.6%. The significant impact of the CCB is seen in every province and territory.

**Chart 13: Percent Reduction in the Number of Children in Poverty as a Result of Receiving CCB (Under 18)**



Source: Statistics Canada, custom tabulation. T1 Family File, 2017.

### The following recommendations are made to enhance the impact of the CCB

In the 2019 election the Liberals promised a 15% increase for children under the age of one but we recommend a broader range of reforms:

- Increase the CCB so that it, in combination with a proposed new benefit called the Dignity Dividend, achieves a 50% reduction in child poverty by 2025 according to the CFLIM-AT calculated through taxfiler data.
- Implement a new Targeted Dignity Dividend to provide \$1,800 per adult and per child for those living below the poverty line. As detailed in the 2019 Alternative Federal Budget, the Dignity Dividend functions like a top up to the GST credit to lift 450,000 people out of poverty, half of whom are children.<sup>lxv</sup>
- Amend the Income Tax Act by repealing s.122.6 (e) which ties eligibility for the CCB to the immigration status of the applicant parent. For some children, their parents' immigration status is a barrier to accessing the CCB. This amendment will ensure every parent in Canada who is considered a resident for tax purposes eligibility for CCB regardless of immigration status.<sup>lxvi</sup>
- Provide assistance to parents in various kinds of shelters, especially women fleeing violence, so they can file their taxes and receive the CCB.<sup>lxvii</sup>
- Initiate agreements with the provinces and territories to ensure children in families receiving income/social assistance have no portion of the CCB deducted from their already meagre incomes. Provinces and territories have committed not to claw back but more certainty is needed.

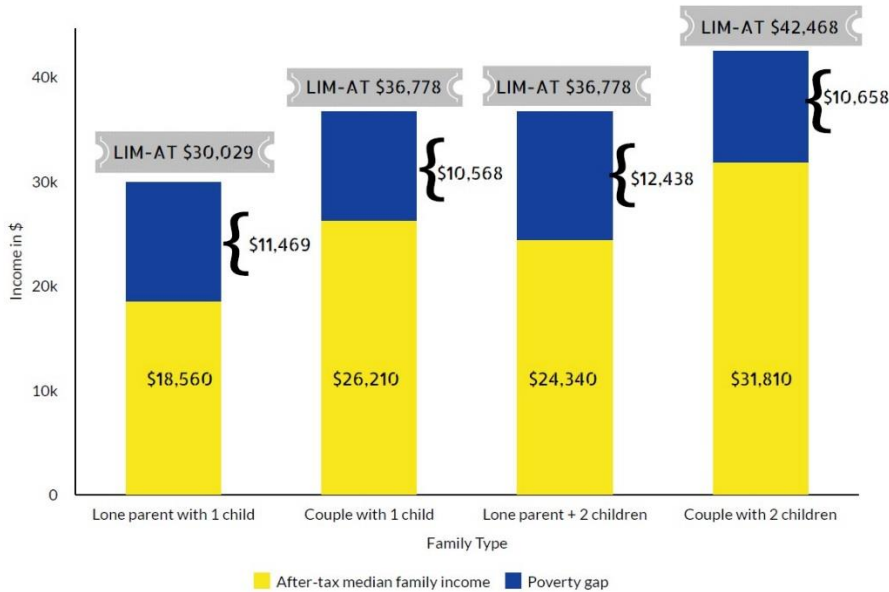
### Provincial and Territorial Social Assistance Programs

Provinces and territories are responsible for last resort social assistance programs, often referred to as welfare, with partial funding from the federal government through a virtually unconditional block grant, the Canada Social Transfer. These social assistance programs vary throughout the country, but all leave families with an inadequate level of income that is below the

CFLIM After Tax<sup>lxviii</sup> threshold. They are disempowering and stigmatizing to recipients because of intrusive surveillance and regulation<sup>lxix</sup> and children living in these families live with both stigma and poverty.

Low social assistance benefits contribute to the depth of child and family poverty. The gap between median incomes of low income families and the CFLIM-AT threshold ranges from \$10,568 for a couple with one child to \$12,438 for a single parent with two children. A couple with two children experienced a gap of \$10,658 and a single parent with one child experienced a gap of \$11,469 (chart 14). At minimum, social assistance rates should bring families to the LIM threshold.

Chart 14: Depth of Child Poverty in Canada, 2017



Source: Statistics Canada. Table F-20 After-tax low income status of census families (census family low income measures, CFLIM-AT) by family type and family composition, adjusted methodology, 2017.

**The following recommendations are made to improve social assistance programs:**

- The federal government should negotiate with the provinces and territories minimum adequacy standards for social assistance benefits. The standard for benefit amount should require that all social assistance benefits must attain the threshold level of the CFLIM-AT (calculated from taxfiler data) for a particular family size. Beyond this, recipients who live in areas with significantly higher costs of living, whether in urban or remote rural and northern areas, should receive benefits that reflect the value of these increased costs. These standards should then be integrated into the Canada Social Transfer as conditions.
- The Canada Social Transfer should be re-designed to provide sufficient, stable and predictable funding that recognizes economic variation between provinces and territories. Arbitrary growth limits should be removed.
- We call for a \$4 billion increase to the Canada Social Transfer as a down payment to address the implementation of minimum adequacy standards.
- The federal government should collaborate with provinces and territories to:
  - Ensure that children in lone parent families receiving social assistance retain child support payments currently deducted from their families' incomes.
  - Ensure that child related EI benefits are not deducted from provincial income or disability benefits.

These should be included as conditions in the Canada Social Transfer.

With federal government leadership, provinces and territories should consider evolving social assistance programs to the rights

based approach of a universal basic income.<sup>lxx</sup> A universal basic income based on the negative income tax approach would guarantee an income floor for all Canadians without intrusive examination of the reason for need. There would be no work conditions and therefore no surveillance and enforcement related to work; there is evidence that basic income involves only small work disincentive effects and may increase work efforts in some cases.<sup>lxxi</sup> There is also evidence that a basic income can have positive health and educational effects<sup>lxxii</sup> and can eliminate stigmatization<sup>lxxiii</sup>

## WORK IS STILL NOT A PATHWAY OUT OF POVERTY

The nature of the changing workplace is particularly challenging for parents who have been hard hit by the growth of precarious and low wage work. Indigenous people, women, racialized people and immigrants are more likely to be in these situations. Most face precarious work characterized by low wages or income; lack of security resulting from short-term contracts and involuntary part-time status and lack of opportunity especially for skills training and career development.<sup>lxxiv</sup> Precarious work makes it difficult for parents to spend time with their children, afford and schedule childcare and budget for the household. The nature of their jobs is often risky, stressful and offer little opportunity for learning and advancement.

For low income parents, some of the dangerous spill-over effects of precarious work include the likelihood that they will not have health or dental benefits and must figure out how to pay for medications and dental check ups. These workers often have insufficient hours to qualify for Employment Insurance (EI). Reforms to EI in the 1990s and changes in the labour market significantly changed the number of unemployed workers who are eligible to claim EI. Since the beginning of the 21<sup>st</sup> century about 40% of unemployed workers have been eligible to make EI claims, with a lower proportion – under 30% - in urban Canada.<sup>lxxv</sup> Women also access EI benefits at a lower rate. For low income families, maternity and parental leave are not necessarily accessible. Recent statistics show that 56% of mothers with incomes below \$30,000/year do not qualify for maternity/parental benefits in Canada, excluding Quebec, compared with 14.6% of mothers in the same income bracket in Quebec.<sup>lxxvi</sup>

A recent analysis of minimum wage workers in Canada has disturbing signals about work as a pathway out of poverty. Statistics Canada's review of minimum wage data for the past two decades (2008 – 2018) shows that the proportion of Canadians earning minimum wage has doubled. Notably, minimum wage workers are not largely the teenagers pursuing their first jobs. Just under half (47.7%) of Canada's minimum wage workers are older than 25. As well, it is discouraging that one in three minimum wage workers holds a post-secondary degree.<sup>lxxvii</sup>

It is important to note that many parents living on low-income endure these difficult conditions despite the fact full time work at the minimum wage rate would not bring a lone-parent led family with one child above the poverty line in any province or territory. Recent analysis of child poverty rates by electoral ridings shows that even in the 20% of ridings with the highest rate of child and family poverty – ranging from 24% to 63% - the labour force participation rate is robust. In these 67 ridings, almost two out of three adults (62.5%) older than 15 are in paid work.<sup>lxxviii</sup>

Campaign 2000 recognizes recent positive steps by government, including the reduction of the number of hours needed to qualify for EI from 910 to between 420-700 hours over the previous 52 weeks and the reduced waiting period for EI, now one week. We also note the importance of recent negotiations with the provinces and territories to improve retirement incomes through the Canada Pension Plan. The Canada Workers Benefit, which replaces the Working Income Tax Credit, provides modest increases in the refundable tax credit for low income workers. Still, the maximum of \$2,335 for families is reduced at annual income of \$17,025 which is woefully low and needs review.

With children comprising 35% of food bank recipients<sup>lxxix</sup> and food insecurity- the inadequate or insecure access to food as a result of financial limitations<sup>lxxx</sup> - being more prevalent in households with children, families need greater economic security today. With only four out of ten unemployed workers who qualify for EI benefits, many may be forced to turn to social assistance

or to take unsafe, unstable, low-wage work that perpetuates poverty.

In addition to contributing to material deprivation, precarious work takes its toll on the physical and mental health of workers and exerts an enormous strain on Canada's health and social services. With nearly one third of Canadians "very stressed about money,"<sup>lxxxix</sup> more robust public policies and government action are essential to achieve a more equal society and to create quality jobs, implement fair taxation and fund public services and programs.

Further improvements are needed to support families. Our recommendations address:

**1. Employment Standards:**

- Immediately implement a \$15/hour minimum wage within federally regulated industries that is indexed annually to inflation.

**2. Employment and Underemployment:**

- Create public employment programs for regions and populations with high unemployment and those with a high concentration of low-wage workers such as youth, Indigenous and racialized people, women and newcomers.<sup>lxxxii</sup>
- Address under-employment and enhance equity through infrastructure funding with obligations in hiring and pre-apprenticeship training for marginalized groups, including Community Benefits Agreements.<sup>lxxxiii</sup>
- Implement a Green Jobs Strategy to build skills for green industries, address climate change and ensure a just transition from extractive industries.

**3. Reform of Employment Insurance**

- Ensure precariously and temporarily employed workers have access to benefits and that benefit rates are adequate.
- Reduce the qualifying hours in all regions to 360 hours for regular benefits and 300 hours for special benefits.
- Boost benefit rates above the already too low 55% of normal earnings.
- Restore migrant workers' access to parental benefits.
- Increase sickness benefit duration from 15 weeks to 30 weeks.
- Add an improved low-income supplement based on individual income, rather than household income.

**4. Social Supports for Working Families:**

- Invest in accessible, high quality child care to enable more parents, primarily mothers, to work or pursue training.
- Implement an enhanced Medicare program that includes pharmacare, dentalcare, vision and various rehabilitation services.

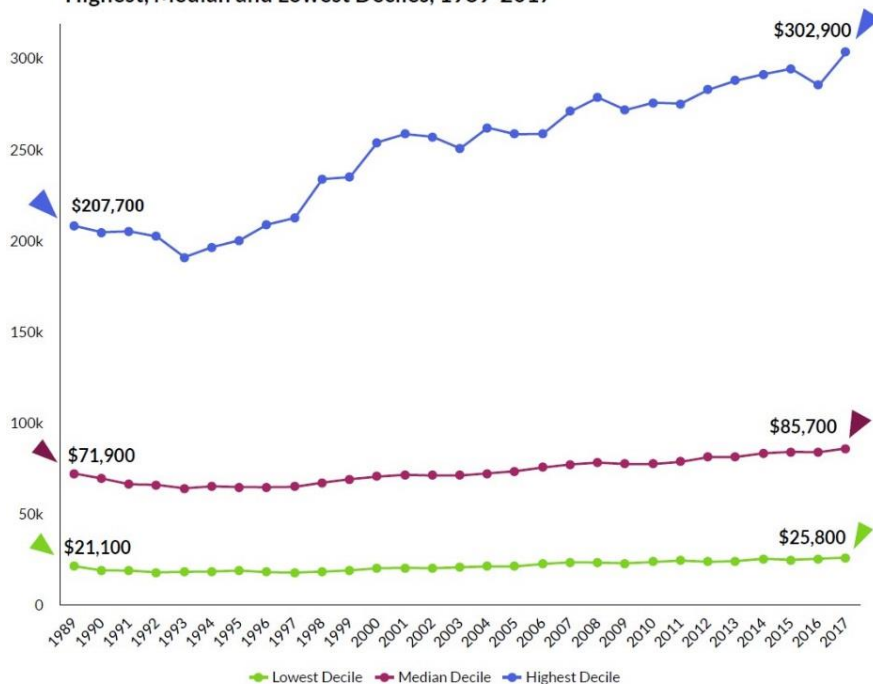
## Tax fairness needed to address income inequality

The widening of the gap between the incomes of the rich and the rest of us demand our thoughtful and timely action. High levels of inequality in society have been linked to negative health, mortality, and educational outcomes.<sup>lxxxiv</sup> The long-term consequences of income inequality may strain our public services while threatening social cohesion overall.

The contrast in income growth from 1989-2017 between families in the lowest, middle and highest deciles is staggering. The average income for those in the highest decile grew by \$95,200 while average incomes in the lowest decile grew by only \$4,700 (2017 constant dollars). Overall, the highest income decile holds 26.9% of total income while the bottom decile holds just 2.3% (chart 15).



Chart 15: Change in Average Income for Economic Families, Comparing Highest, Median and Lowest Deciles, 1989-2017



Source: Statistics Canada, Table 11-10-0192-01 (formerly CANSIM 206-0031), upper income limit, income share and average income by economic family type and income decile, 1989-2017.

In a recent UNICEF study examining inequality in wealthy nations, researchers compare countries in terms of how the lowest income children are faring in contrast to their peers. Canada ranks in the bottom half at 24 out of 41 rich countries. It is distressing that the gap widened between 2008 and 2013 as low incomes rose more slowly than the median.<sup>lxxxv</sup>

The stagnation of income among the lower and middle classes compared to the continued rise of income among the wealthiest tells only half the story. This income gap has occurred in part due to changes in the labour market and in part due to changes in public policy: lower supports to those with lower incomes and greater tax breaks to those with high incomes have exacerbated inequality in Canada.

Choices made about public policy in Canada have facilitated this wealth concentration.<sup>lxxxvi</sup> Making the personal income taxation system, which now disproportionately benefits the richest families in our country, more progressive would contribute to greater equality and would generate significant additional revenue that could be used to fund key elements of the Canadian Poverty Reduction Strategy, the National Housing Strategy and a yet-to-be-established system of universally accessible child care, among other important social infrastructure.

Policy options to consider include: introduction of a 45% inheritance tax—falling between the US rate of 40% and Japan’s 55%. This would generate \$2 billion in additional revenue.<sup>lxxxvii</sup> Closing regressive tax loopholes and offshore tax havens used by the country’s wealthiest Canadians alone would generate billions of dollars to invest in social infrastructure and program, such as taxing capital gains. Capital gains taxed at an equivalent rate as employment income—instead of only including half of the gains in taxable income which provides 92% of its benefits to the top 10% of earners—would increase federal revenue by another \$11 billion.<sup>lxxxviii</sup>

## HOUSING FOR ALL

Lack of access to adequate housing remains a reality for the nearly 1.7 million Canadian households who are in core housing need: they live in housing that is inadequate, unsuitable or unaffordable, and cannot afford to move to more suitable housing in their community.<sup>lxxxix</sup> Women-led sole-parent households, Indigenous, racialized, and immigrant families are disproportionately affected.<sup>xc, xci, xcii</sup> Core housing need is greater for Indigenous households (18.3%)<sup>xciii</sup> who not only face greater affordability issues, but crowding and disrepair as well. One in five Indigenous families are living in housing with need of major repair and one in five live in crowded housing.<sup>xcivxcv</sup>

Homelessness remains at critical levels in much of the country. More than 235,000 people experience homelessness each year, with 35,000 people experiencing homelessness on any given night.<sup>xcvi</sup> Indigenous people are again overrepresented among those who experience homelessness. Nearly 1/3 homeless people self-identify as having Aboriginal identity, while making up only 5% of the general population.<sup>xcvii</sup> The homeless population in every major city across the country is disproportionately Indigenous – in Toronto, Calgary, Vancouver the proportion of homeless people ranges from 10-38% Indigenous; in Winnipeg, Regina and Thunder Bay the proportion rises to over 70%.<sup>xcviii</sup>

The cost of owning or renting a home have risen faster than wages. Of the 36 metropolitan areas in Canada, 23 have no neighbourhoods where a minimum-wage worker can afford a 1-bedroom unit and 31 have no neighbourhoods where a 2-bedroom unit is affordable on a minimum wage.<sup>xcix</sup> Families and individuals continue to languish on social and affordable housing waitlists that continue to grow across the country. Nearly 284,000 Canadian households have at least one member on a waitlist for social and affordable housing and of these, almost 2/3 of them had been waiting for two years or longer.<sup>c</sup>

The recent \$1.4 billion joint Canada-Ontario Housing Benefit announcement as part of the National Housing Strategy will be welcomed relief for the families who are able to access it. Program design and implementation must be based on lessons learned from other portable housing benefit programs and evidence-based research.<sup>ci</sup> The risk of these portable benefits is that they can inflate rents (as homeownership grants can inflate the ownership market). It is crucial that the other essential components of the National Housing Strategy, including building new supply and supportive components, are invested in, sustained and grown.

The review by the Office of the Parliamentary Budget Officer of the National Housing Strategy spending overall has found that total new program spending amounts to only \$16.1B over the life of the strategy with the rest of the \$55 billion announced in Budget 2019 reflecting existing subsidies and new loans, existing planned spending, and provincial/territorial cost-matching.<sup>cii</sup> Overall, this report finds that the strategy largely maintains current levels of funding for current activities and slightly reduces targeted funding for households in core housing need. In order to achieve its stated primary goals: to reduce housing need by 50% and reduce chronic homelessness by 50%, it will be necessary to gradually increase the NHS funding levels. Of concern, the report finds significant reduction in spending on housing for Indigenous peoples living off reserve and concludes that is not clear this strategy will reduce the overall prevalence of housing needs relative to 2017.

Funding to address homelessness through Reaching Home increased. It removed targets tied to Housing First programs, shifting to an outcomes-based approach. The community-based approach will allow for local solutions to be developed and be more responsive to homeless families with children, who often endure hidden homelessness as result of fleeing domestic violence and whose needs are unmet by a Housing First model.<sup>ciii</sup> Fifty percent of respondents to the Point-In-Time survey first experienced homelessness before the age of 25.<sup>civ</sup> Intersections of homelessness and the child welfare system as risk factors for homelessness in adulthood must be explored with funding allocated to innovative models that seek to break this cycle.

Canada has demonstrated leadership and joined a handful of countries that have enshrined the right to housing in federal legislation. Included in the National Housing Strategy Act are important mechanisms to realize and enforce this right through a

National Housing Council, Federal Housing Advocate, Community Tenant Initiatives, and the possibility of hearings into major systemic issues. These bodies must be fully resourced, independent and implemented immediately.

In order to be consistent with this right, and in keeping with Canada's obligations under the Sustainable Development Goals, Reaching Home must aim to end homelessness by 2030. Importantly, a re-assessment of "chronic homelessness" is required to better capture the experiences of families with children, as well as Indigenous peoples, immigrants and refugees, and women fleeing violence.

Moderate investments into housing alone will not be enough to address these issues. These investments are proven to be more beneficial when provided along with varied social supports and services that improve wellbeing, quality and neighbourhood.<sup>cv</sup>

Recommendations:

- Ensure accountability mechanisms enshrined in the NHS Act are independent and fully resourced with stable and consistent funding for the community-based tenant initiative to achieve its goal of greater inclusion and participation of community organizations in housing policy and project decision making.
- A federal commitment to the goal of ending all homelessness by 2030.
- Accelerate the co-development of the three distinctions-based Indigenous housing strategies and commit to a fourth complementary Indigenous Housing Strategy to effectively address the need of urban and rural Indigenous people.<sup>cvi</sup>
- Double the federal contribution to the Canada Housing Benefit and continue its' expansion such that it becomes a universal benefit as opposed to rationed.
- Invest \$2 billion annually to build supportive housing for people with mental and physical health concerns, particularly for vulnerable and marginalized populations.<sup>cvii</sup>
- Invest \$3 billion annually into the National Co-Investment Fund for new social housing supply and the repair, renewal and retrofit of the existing social housing stock.

## POVERTY ERODES PUBLIC HEALTH

For many people living in poverty there not much is left over for all of life's other necessities after housing-related costs are paid for the month, such as adequate food and proper medicine. Nearly 1 in 10 Canadians will delay or skip medication for cost-related reasons and this rate increases in marginalized communities.<sup>cviii</sup> People living in poverty are also disproportionately affected by chronic disease, depression, and higher mortality and morbidity rates, which have been linked to food insecurity, especially early on in life.<sup>cix,cx,cxi</sup>

A Prescription for Canada: Achieving Pharmacare for All, also known as the Hoskins Report, was released in June 2019 and with 60 recommendations, provides a roadmap with feasible timelines to design and implement a universal, comprehensive, public national pharmacare program starting in 2020.

In addition to endorsing a co-pay cap and full co-pay exemption for low income people receiving benefits, the report calls for continued development of pharmacare systems by and for Indigenous people, who disproportionately experience geographic, administrative, and systemic challenges in accessing medication. By adding a gender and equity lens to the implementation process, the government can also identify gaps and specifically plan to deliver safe and equitable pharmacare for people belonging to marginalized groups who may have unique medication needs, such as transgender women and senior women. Better data collection throughout the implementation process will also help to reduce health inequities, including providing more accurate standardized dosages for children, which can act as a barrier to uptake.<sup>cxii</sup>

Canada is the only country in the world with a public health care system that does not provide coverage for prescription drugs

and the patchwork system that is in place not only results in inequitable access to important medications, it creates high costs families and fragments Canada's purchasing power on the global market, increasing costs for both families and businesses.<sup>cxiii</sup> There is no reason to delay implementation, starting immediately with developing federal legislation and budget commitments in 2020.

The Federal government must also take targeted action to reduce household food insecurity for children living in poverty. Household food insecurity affects 1 in 6 Canadian children under the age of 18<sup>cxiv</sup>, a number that increases drastically in Nunavut, where 7 out of 10 Inuit children live in food insecure households<sup>cxv</sup>. The number of food insecure households in Canada overall has been increasing – 12.4% percent of Canadian households were food insecure in 2011–12, up from 11.3% in 2007–08<sup>cxvi</sup>. Black households are nearly twice as likely than white households to have trouble paying for the food they need and 1 in 3 Black children are food-insecure<sup>cxvii</sup>. Canada is also one of the only OECD countries that does not have a National School Food Program, which have been shown to combat food insecurity and reduce the risk of chronic disease in children.<sup>cxviii</sup>

Canada's new Food Policy, released in June 2019, is a first attempt intended to align existing and new food-related policies across many departments and stakeholders. Targets will be developed by a newly created Food Policy Advisory Council and will be aligned to the governments commitments under the UN Sustainable development Goals. But robust, disaggregated and culturally sensitive data will need to be collected and provinces must not be able to opt out of the Canadian Community Health Survey.<sup>cxix</sup>

While more than 60% of households who experience food insecurity are relying on wages as their main source of income,<sup>cxx</sup> recent research shows that severe food insecurity dropped by one-third among low-income households receiving the Canada Child Benefit.<sup>cxxi</sup> Clearly, for many low-income wage earners, simply having a job is not enough. Income-based measures, targeted to marginalized families experiencing greater rates and depths of poverty, must be a key part of a national food security plan.

#### Recommendations:

- Commit to implementing a universal, comprehensive, public pharmacare plan based on the principles and recommendations in the Hoskins report that start with legislation and budget commitments in 2020.
- Enhance the Canadian medicare program to include dentistry, vision and various rehabilitation services.
- Ensure that income-based interventions targeted to families on the lowest-incomes are key components of food security strategies.
- Ensure that Indigenous communities are co-developing strong food systems, pharmacare programs and data collection strategies alongside government.

## ENDNOTES

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<sup>i</sup> According to the Assembly of First Nations: "First Nations' refers to one of three distinct groups recognized as "Aboriginal" in the Constitution Act of 1982. The other two distinct groups characterized as "Aboriginal" are the Métis and the Inuit. There are 634 First Nation communities (also known as reserves) in Canada, with First Nation governments. First Nations have a unique and special relationship the Crown and the people of Canada as set out in the Royal Proclamation of 1763 and manifested in Treaties, the Constitution Acts of 1867 and 1982, Canadian common law and International law and as outlined in the United Nations Declaration on the Rights of Indigenous Peoples." Retrieved from: <http://www.afn.ca/en/about-afn/description-of-the-afnaspx?Language=E&Mode=1&Parl=40&Ses=2&DocId=4254820> (Accessed December 2019)

<sup>ii</sup> The umbrella term Indigenous includes the three primary groups with Aboriginal rights as outlined in Canada's constitution. They are: First Nations, Métis, and Inuit. We name First Nations and use the term Aboriginal deliberately in order to be consistent with the language used in cited sources and to maintain the specificity of reported data.

<sup>iii</sup> Jordan's Principle calls on all government institutions and departments to ensure that children's needs are met first and to resolve jurisdictional disputes later.

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- <sup>iv</sup> Employment and Social Development Canada. (2018). "Opportunity for All: Canada's First Poverty Reduction Strategy", 43. Retrieved from: <https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html> (Accessed December 2019)
- <sup>vv</sup> 2SLGBTQIA represents Two-Spirit, lesbian, gay, bisexual, trans, queer, questioning, intersex and asexual people. Often a "+" symbol is added to include all other sexual orientations, identities, and fluidities.
- <sup>vi</sup> Statistics Canada. (July 2019). "An update on the Market Basket Measure comprehensive review." Non-discretionary expenditures include: Employment Insurance, Canada Pension Plan, Quebec Pension Plan and Registered Pension Plan contributions, union dues, childcare expenses, support payments, public health insurance premiums and direct medical expenses including private insurance premiums, and is also adjusted for mortgage-free homeowners.
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- <sup>xi</sup> Ibid.
- <sup>xii</sup> Hunter, G., and Sanchez, M. (November 2018). "Child and Family Poverty in Saskatchewan: November 2018." University of Regina, Faculty of Social Work.
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- <sup>xv</sup> Statistics Canada. (2019). Table: 11-10-0018-01 (formerly CANSIM 111-0046). After-tax low-income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition, 2017.
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- <sup>xxi</sup> Ibid, page 67.
- <sup>xxii</sup> Ibid, page 89.
- <sup>xxiii</sup> Statistics Canada. (2017). Custom tabulation, Income Statistics Division, T1 Family Files 2017.
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