

CAMPAIGN 2000
END CHILD & FAMILY POVERTY

CAMPAGNE 2000
METTONS FIN À LA PAUVRETÉ
DES ENFANTS ET DES FAMILLES

Budget 2023 Submission, House of Commons Standing Committee on Finance

October 2022

Leila Sarangi
National Director, Campaign 2000
c/o Family Service Toronto
355 Church Street, Toronto ON M5B 0B2

647.393.1097
leilasa@familyservicetoronto.org
www.campaign2000.ca & www.familyservicetoronto.org

Campaign 2000: End Child and Family Poverty is a diverse pan-Canadian coalition of over 120 organizations working to end child and family poverty. We are generously hosted by Family Service Toronto, a large multi-service organization serving the Toronto area.

Immediate priorities for income security

The federal government must create a plan to end poverty in Canada. More ambitious interim targets are needed. The government must commit to reducing overall poverty and poverty in marginalized communities by 50% by 2026, and support these targets with robust investments into the following income security measures:

1. Create a Canada Child Benefit End of Poverty Supplement (CCB-EndPov) targeted to families in deep poverty (\$6.4 billion).
2. Broaden access to the CCB for families with precarious status by repealing legislation tying eligibility to immigration status (\$160 million). Expand the circle of people able to attest to a child's residency, ensuring that kinship, customary care and families caring for children outside a formal arrangement have access to the CCB.
3. Reverse CCB reductions due to receiving CERB for moderate income mothers (\$1.45 billion). Implement CERB Repayment Amnesty for everyone living below or near the low income measure. Immediately cease treating CERB and recovery benefits as taxable income.
4. Create a parallel cash transfer system for marginalized non-taxfilers outside of the personal income tax system (\$100 million).
5. Address gaps in the income security system by implementing a Canadian Livable Income for working age individuals (\$3.9 billion), lowering GIS eligibility for seniors and immediately implementing the Canadian Disability Benefit.
6. Support social assistance adequacy through the Canada Social Transfer; tie investments to adequacy standards (\$2 billion).

Additional recommendations to end child and family poverty

7. Ensure all who are unemployed or underemployed have access to income security measures within a revamped Employment Insurance (EI) program that increases access, amount and duration of benefits.
8. Provide equitable funding for child welfare services on First Nations Reserves and ensure the full application of both Jordan's Principle and the Spirit Bear Plan.
9. Fund full implementation of the 94 Calls to Action from the Truth and Reconciliation Commission and the 231 Calls to Justice from the National Inquiry into Missing and Murdered Indigenous Women and Girls.
10. Invest \$10 billion over three years to support expansion of public and non-profit childcare facilities
11. Ensure that federally financed housing is affordable for low-income families and reflects the diverse needs of families with children. Adopt and robustly fund an Urban, Rural and Northern Indigenous Housing Strategy that articulates clear goals and timelines for the elimination of homelessness and core housing need.
12. Address growing income inequality and generate revenue for poverty reduction programming by eliminating tax loopholes, closing tax havens, taxing extreme wealth, making the personal income tax system more progressive and implementing an excess profit tax focused on corporate pandemic windfalls.

Child and Family Poverty In Canada

Low income families are in crisis. Record inflation is affecting every area of life, and more than 1.4 million children in the provinces are living in food insecure households. Poverty is disproportionately experienced by groups who face systemic marginalization and discrimination including First Nations, Inuit, Métis, racialized, im/migrant, newcomer, children and families with disabilities, in lone mother led families, 2SLSGBTQI+ families, among others.

The poverty rate overall and the poverty rate for children and families declined significantly in 2020 resulting from government transfers to families and individuals at the onset of the pandemic. However, with the expiration of all pandemic benefits, and government seeking repayment from those who have been deemed ineligible, we anticipate a reversal of these rates in subsequent years.

There are two targets in the Canada Poverty Reduction Strategy (CPRS): to reduce poverty by 20% by the year 2020 and by 50% by the year 2030 (from the base year 2015). Both targets were achieved well ahead of schedule – the 20% reduction realized in 2018 and the 50% reduction realized in 2020. This demonstrates there is much more room for ambition as well as how effective government transfers can be at eliminating poverty.

The CPRS must be strengthened with the goal of sustained reduction in overall poverty and poverty within marginalized communities by 50% between 2015 – 2026 based on the CFLIM-AT using taxfiler data.

The Poverty Reduction Act must recognize the right to an adequate standard of living and contain mechanisms to realize this right such as a well-resourced all-party appointed advisory council and a poverty reduction advocate who can investigate major systemic issues.

#1 and #2. Canada Child Benefit (CCB)

[Research by Campaign 2000](#) shows that the CCB is not able to sustain a continued reduction in child poverty without significant additional investment. Budget 2023 must increase investment and target funds to families who have been left in deep poverty. We recommend the non-taxable [End of Poverty Supplement](#), which would provide an additional \$8,500 per year to a family with an earned income of less than \$19,000 for the first child. Additional amounts would be provided for multiple children and the supplement would reduce at a rate of \$0.50 for every additional dollar of income. This supplement would have a dramatic effect on the rates of child poverty, reducing it from 8% in 2023 to 3.6% according to the Market Basket Measure. Single parent families, who are mostly female led and who have extremely high rates of poverty, would see their child poverty rate reduce from 24.3% to 8.4%.

Ensure government transfers are accessible. Repeal s.122.6(e) of the Income Tax Act that ties eligibility of the CCB to immigration status. Enable different government agencies to share information required for caregivers to access benefits, such as birth certificates. Expand the circle of people able to attest to residency and ensure that kinship, customary care, and families caring for children outside a formal care arrangement have access to the CCB.

#3. CERB Repayment Amnesty

According to a recent [report](#) by the Parliamentary Budget Office, child benefit payments were reduced on average by \$606 in 2021/22 because of pandemic benefits being counted into income calculations.

Over three years, these clawbacks will mean that the federal government will spend \$1.45 billion less in child benefit payments.

Although the CERB expired in September 2020, families are still experiencing clawbacks to their Canada Child Benefit. [Working mothers with moderate incomes who have multiple children have experienced the largest reductions to their CCB entitlements](#). For example, a mother with four children who had an earned income of \$33,000 and received the maximum amount of CERB in 2020 would have her CCB reduced by 23%, or \$2,760 in 2022/23.

Clawbacks are not limited to the CCB only; they are being experienced by all refundable tax credits with the exception of the Guaranteed Income Supplement, which is protected from reductions as a result of legislative changes.

Compounding clawbacks, the federal government is continuing to seek repayments from people who have been deemed ineligible or who have received an overpayment of CERB. Repayment plans of any amount will put additional unnecessary pressure on families to meet their basic needs.

The federal government must immediately reverse the CCB reductions for moderate income mothers as a result of receiving CERB and reverse reductions to all refundable tax credits, as well as implement a CERB repayment amnesty for everyone who received CERB and/or the CRB and who are living below or near the after-tax Low Income Measure.

#4. Create a parallel cash transfers system for non-taxfilers

A [2022 federal audit](#) has found that the government struggles to get support to ‘hard-to-reach’ populations. Efforts to broaden the personal tax system are important poverty reduction initiatives and should continue. Regardless of how accessible the tax system becomes, it will not be universal. Those who are most likely to be ‘hard-to-reach’ include people with no fixed address, without citizenship status, who work in informal economies, those who have mental health and/or addictions issues, and others who experience multiple locations of marginalization.

We strongly recommend that the federal government invest to research and develop a [parallel community-based benefit eligibility and delivery system](#) for low-income, marginalized non-taxfilers. The federal government must look to other jurisdictions for best practices on financial inclusion immediately, such as delivery by prepaid reloadable credit card systems implemented in partnership with trusted charities, and in the medium term, such as mobile or digital transfers as poverty elimination efforts.

#5 and #6. Income Security

We support the recommendations in the [2023 Alternative Federal Budget](#), which closes gaps in the income security system. Measures include: lowering the age of eligibility for the Guaranteed Income Supplement (GIS) for seniors from age 65 to age 60, as the poverty rate for this age group is unacceptably high; introducing a new non-taxable benefit for working age adults (replacing the Canada Worker’s Benefit) providing up to \$5,000 for unattached individuals and up to \$7,000 for couples with a net income of \$19,000 or less; and the new Canada Disability Benefit (CDB) providing \$11,040 annually per person targeted to low income individuals.

Further invest \$2 billion into the Canada Social Transfer to support social assistance adequacy, recognizing regional economic variations and meet human rights obligations to provide adequate income support. Bind funding through the CST to minimum standards and make conditional that income supplements including the CCB, Child Support Payments, Child Disability Benefit, child related Employment Insurance benefits and pandemic emergency benefits are not deducted from social assistance.

#7. Invest in Workers

Reform EI with measures to ensure marginalized workers have access with expanded access for premium payers currently excluded; extended access to new enrollees; permanent reduction of qualifying hours; boost the benefit rate (min. \$500 as set by EI temporary reforms); and eliminate the discriminatory 33% benefit rate for extended parental benefits.

#8 and #9. Eradicate Poverty Among First Nations, Inuit and Métis Families

Budget 2022 must provide equitable funding for child welfare services on reserve and fully implement Jordan's Principle and the Spirit Bear Plan. It must also provide full funding for the TRC's 94 Calls to Action and adopt and the MMIWG Inquiry's Calls to Justice.

#10. Child Care for All

Enshrine the right to childcare for all children and families in federal legislation. Ensure that Indigenous rights and jurisdiction are respected and realized by fulfilling the distinctions-based obligations detailed in the Indigenous Early Learning and Child Care Framework.

Significantly boost investment into the federal capital expansion program to \$10 billion over three years to support public and community planned expansion of public and non-profit facilities required to meet demand.

Ensure that maximum affordable parent fees of \$10/day are established for all parents by 2026, with lower or no-fees for lower income parents.

#11. Invest in Housing

Commit to ending all forms of homelessness, not only 'chronic homelessness', to capture diverse experiences of children and families including women and gender diverse people experiencing violence, immigrants and refugees and First Nations, Inuit and Métis Peoples. Accelerate the co-development of Indigenous housing strategies and prioritize the availability of safe and adequate housing for Indigenous women, girls and gender-diverse peoples as recommended in the Calls to Justice. Ensure that federally financed housing is affordable and accessible for low income families with children.

#12. Addressing Income and Wealth Inequality

Economic inequality has been on the rise for decades, and while the pandemic has disproportionately negatively impacted already marginalized communities, wealthy individuals and corporations have been benefitting. Progressive tax measures are powerful tools the government has available to reduce economic inequalities and raise much needed revenues for pandemic recovery and poverty reduction initiatives. These include: a modestly graduated wealth tax; an inheritance tax; eliminating or reducing highly regressive tax measures; and closing tax havens.

We also strongly recommend immediate implementation of an excess profit tax or corporate tax focused on pandemic windfall gains and increasing the corporate tax rate that applies to 'normal' profits.