

CAMPAIGN 2000
END CHILD & FAMILY POVERTY

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METTONS FIN À LA PAUVRETÉ
DES ENFANTS ET DES FAMILLES

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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.

Summary Recommendations

1. Remove growth restrictions and add binding conditions to the Canada Social Transfer (\$2B).
2. Reverse reductions to the Canada Child Benefit (\$1.45B), retire CERB debt and implement a CERB Repayment Amnesty.
3. Enhance adequacy of the CCB (\$5.9B) and expand eligibility (\$160M).
4. Expand annual amount of and eligibility for the Canada Disability Benefit, enable ‘stacking’ with other income benefits.
5. Create a parallel cash transfer system for marginalized non-tax filers outside of the personal income tax system (\$100M).
6. Standardize a \$0-\$10/day child care model; invest into fair compensation for the workforce (\$10B over five years); and increase investments into publicly owned infrastructure (\$15B over five years).
7. Progressively realize the right to housing for children and youth and significantly increase investments into non-market housing.
8. Develop a comprehensive, universal, single payer pharmacare system (\$3.5B annually)

Backgrounder

Poverty in Canada is growing at alarming rates. According to the Market Basket Measure (MBM), the official poverty line, the number of people living in poverty in the provinces alone grew by over one million people to 3,772,000, nearly 10% of the population, in 2022.ⁱ According to taxfiler data, a broader and more reliable data set, nearly 6.5 million people live in poverty, or 17% of the population.ⁱⁱ Not only are more people living in poverty than in years prior, but they are also living in deeper poverty – on average, their incomes are 40% below the low income measure, after tax.ⁱⁱⁱ

Children grow up in poverty because their caregivers live in poverty. Nearly one in seven families with children live with low incomes. This is an increase of over 110,000 families struggling to afford their daily basic needs from 2021.^{iv} Poverty rates are consistently disproportionately higher among groups who face systemic marginalization including First Nation, Inuit and Métis Peoples, racialized, immigrant, 2SLGBTQIA+ families, those with disabilities and lone mother-led families.

It has been five years since the federal poverty reduction strategy was enshrined into legislation. Legislated poverty reduction targets were surpassed during the COVID pandemic with significant investments into temporary emergency relief measures intended to support people who lost work hours, and which had the effect of drastically reducing poverty across all jurisdictions and demographics in the country. The recent rollback on this progress is largely due to the expiration of these temporary benefits.^v The nation’s income support programs act as a patchwork that is severely inadequate and has far too many gaps, but the federal government can use its’ power to quickly and effectively reduce income poverty.

Poverty is dynamic; it is not only about income. It is about the ability to access the same rights, freedoms, opportunities, programs and services that are considered to be the Canadian standard

of living. The recommendations outlined here are the outcome of decades of monitoring poverty in Canada and collaboration with communities living in poverty. More on the Campaign 2000 platform can be found in our national, provincial and territorial report cards at www.campaign2000.ca.

Recommendations

1. Remove growth restrictions and add binding conditions to the Canada Social Transfer (CST) (\$2B).

Investments into the CST could be better leveraged to support social and disability assistance adequacy by removing the arbitrary growth cap of 3%, investing an additional \$2B and recognizing regional economic variations. Bind funding with conditions including that benefit amounts be sizeable enough to meet basic needs; child related benefits including spousal support, are not deducted; and require regular reporting from provinces and territories on how funds are advancing human rights obligations using disaggregated data and local indicators. Require provinces and territories with unspent pandemic transfers, including clawbacks through social and disability recipients who received CERB and CRB, to invest those transfers into social assistance adequacy.

2. Reverse reductions to the Canada Child Benefit (CCB) (\$1.45B), retire CERB debt and implement a CERB Repayment Amnesty.

From 2021 to 2024 the federal government would have spent \$1.45 billion less on CCB payments because CERB and the CRB were included in the CCB income testing.^{vi} We recommend reversing these reductions and providing families with CCB repayments, as was done with the Guaranteed Income Supplement.

Low and no income earners continue to experience hardship and undue stress with post-verification eligibility and repayment processes years after the benefits were received. These are individuals who applied in good faith, who were misinformed by changing eligibility requirements from CRA, were encouraged to apply by social workers and government officials or were mandated to apply by income assistance case managers. Federal appeals processes demonstrate that the threshold for proving eligibility is unusually high. Government is mis-characterizing benefits that contributed to the most significant year over year reduction in poverty rates as ‘overpayments’, ‘ineligibility’ and in some cases, ‘abuse’. We recommend the federal government retire CERB and CRB debt and immediately cease pursuing repayment from low income individuals.

3. Expand eligibility (\$160M), enhance adequacy of the Canada Child Benefit (\$5.9B).

Research by Campaign 2000 shows that the CCB is not able to sustain a continued reduction in child poverty without significant additional investment because it is not large enough to reach families in deep poverty.^{vii} For example, the after-tax poverty gap¹ for a lone parent with two children (the largest of all family types in 202) was \$15,745 and the poverty rate for children growing up in lone-parent households (which are mostly female-led) was 45.3%.

Budget 2025 must increase investment and target funds to families who have been left in deep poverty. We recommend the non-taxable End Poverty Supplement, which would provide an

¹ This is the amount that a family's income falls below the CFLIM-AT measure.

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 substantive effect on the number of children living in poverty, with 307,000 fewer children in poverty, measured by the Market Basket Measure.^{viii}

Expand eligibility to the CCB by repealing s.122.6(e) of the Income Tax Act that ties eligibility for the CCB to immigration status; enable different government agencies to share information required for caregivers to access benefits, such as birth certificates; and 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.

4. Expand amount and eligibility Canada Disability Benefit, enable ‘stacking’ with other income benefits.

The investment into the new Canada Disability Benefit for working age adults in Budget 2024 was an important step in the right direction. However, the annual amount of \$2,400 falls far short of the amount required to realize the federal vision of reducing poverty and supporting the financial security of people with disabilities. We strongly support the recommendations of people with disabilities to immediately increase the amount of the CDB to \$2000/per month for an annual amount of \$24,000. Further, we recommend designing the benefit as a refundable credit which the provinces and territories currently do not claw back, and to rapidly expand the eligibility for people with disabilities. The Disability Tax Credit is an expensive and onerous application process and certain types of disabilities, including mental health challenges, are not eligible. Existing processes to determine eligibility for the Canada Pension Plan Disability, and provincial and territorial disability programs could be used. Importantly, the federal government must continue to engage people with disabilities in broadening out eligibility and meeting poverty eradication targets.

5. Create a parallel cash transfer system for marginalized non-tax filers outside of the personal income tax system (\$100M).

Campaign 2000 supports investments into community-based tax clinics and automatic tax filing to help vulnerable populations access benefits. However, not all vulnerable or systemically marginalized groups will benefit from such programs. The Auditor General found that federal departments overestimate access to benefits and recommended developing a comprehensive action plan to reach people who are not accessing benefits.^{ix} We recommend a parallel direct cash transfer system to ensure income benefits reach those who need them most (i.e., most often those without a permanent address, those without citizenship status, and those who work in informal or cash-based economies). The federal government can look to international jurisdictions for best practices to deliver cash transfers, whether through prepaid reloadable credit cards or electronic transfers. Community organizations with trusted relationships in these communities should be relied upon to provide these cash transfers because they are the most likely to be able to reach these populations.

6. Standardize a \$0-\$10/day child care model; invest into fair compensation for the workforce (\$10B over five years); and increase investments into publicly owned infrastructure (\$15B over five years).

Significant progress has been made in developing a national system of early learning and child care since 2021, which is a crucial component in the solution to eradicate child and family poverty. The creation of child care spaces, however, is not keeping up with demand, and the cost of \$10 a day remains out of reach for low income households. Campaign 2000 supports recommendations in the Alternative Federal Budget 2025 (forthcoming) to include new funding and mechanisms to incentivize provinces and territories to compensate the workforce adequately so that it can grow (\$10B over five years) and expand spaces in publicly-owned facilities, non-profit and Indigenous-owned facilities (\$15B over five years). In addition, we recommend the standardization of a \$0 to \$10 a day maximum sliding scale model of child care per family (versus \$10 average per child) to ensure access for the lowest income households.

7. Progressively realize the right to housing for children and youth and significantly increase investments into non-market housing.

The federal government has made significant investments to accelerate new housing construction, but it does not ensure everyone will have access to adequate housing. The United Nations Committee on the Rights of the Child has recommended Canada progressively guarantee all children from low-income families stable access to affordable, adequate, long-term housing, and the newly established Federal Housing Advocate has recommended that federal funding be better targeted to address the needs of disadvantaged groups.^x Targeted action is needed to support low-income families, prevent homelessness and ensure all children have access to adequate housing. Canada must provide affordable housing for low-income families, ensure the interests of the child are considered in all eviction proceedings, strengthen measures to eliminate homelessness among children and youth and commit to eliminating all forms of homelessness to protect the rights of children. We support the recommendation of the National Right to Housing Network to increase investments into non-market housing to bring Canada in line with average OECD country spending on social housing and establish targets and timelines to increase non-market housing.

8. Develop a comprehensive, universal, single payer pharmacare system (\$3.5B annually).

Important investments have been made in dental care and access to contraceptives and insulin. However, far too many families are making the choice between paying for food, housing, or medication. Now is the time to follow through on the commitment outlined in the House of Commons supply-and-confidence agreement for a national pharmacare program that is truly universal, comprehensive, public and single-payer, providing free coverage for prescribed medicines to everyone in Canada, funded with \$3.5 billion annually for essential medicines as recommended by the 2019 government appointed Advisory Council on the Implementation of National Pharmacare.

Endnotes

ⁱ Statistics Canada. Table 11-10-0135-01 Low income statistics by age, sex and economic family type

ⁱⁱ Statistics Canada. Table 11-10-0018-01 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

ⁱⁱⁱ Ibid

^{iv} Statistics Canada. Table 11-10-0017-01 Census families by family type and family composition including before and after-tax median income of the family

^v Campaign 2000. *Unprecedented Progress on Poverty Reduction Being Undone*. February 2024

<https://campaign2000.ca/wp-content/uploads/2024/02/C2000-2023-Update-on-Child-and-Family-Poverty-in-Canada.pdf>

^{vi} Office of the Parliamentary Budget Officer. *The Impact of the Canada Emergency Response Benefit and the Three Canada Recovery Benefits on the Canada Child Benefit Program*. June 8, 2022. <https://www.pbo-dpb.ca/en/publications/RP-2223-007-M--impact-canada-emergency-response-benefits-three-canada-recovery-benefits-canada-child-benefit-progra--incidence-prestations-canadiennes-urgence-trois-prestations-canadiennes-relevance-economique-programme>

^{vii} Campaign 2000. *Pandemic Lessons: Ending Child and Family Poverty is Possible*. February 14, 2023. https://campaign2000.ca/wp-content/uploads/2023/02/English-Pandemic-Lessons_Ending-Child-and-Family-Poverty-is-Possible_2022-National-Report-Card-on-Child-and-Family-Poverty.pdf

^{viii} Canadian Centre For Policy Alternatives. *Alternative Federal Budget 2025*. Forthcoming.

^{ix} Office of the Auditor General of Canada. *Report 1: Access to Benefits for Hard-to-Reach Populations. Reports of the Auditor General of Canada to the Parliament of Canada*. May 1, 2022, https://www.oag-bvg.gc.ca/internet/English/parl_oag_202205_01_e_44033.html

^x Houle, M. J. (2022). *Housing Is A Human Right: The Office of the Federal Housing Advocate's 2021-2022 Annual Report to the Minister*. Canadian Human Rights Commission. https://housing.chrcreport.ca/pdfs/office_of_the_federal_housing_advocate-annual_report_2021.pdf