

Investing in the Eradication of Child and Family Poverty in Canada

2017 Federal Pre-Budget Consultation

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CAMPAIGN 2000
END CHILD & FAMILY POVERTY

Campaign 2000 is a non-partisan, cross-Canada network of more than 120 national, provincial and community organizations committed to working together to end child and family poverty.

Introduction



Child and family poverty plagues Canada with 1,334,930 children (19%) living in poverty according to tax filer data (LIM AT).¹ While parliamentarians committed to eliminate poverty among children in 1989 by the year 2000² and in 2009 for all persons,³ the necessary action plans never materialized. Shamefully, child poverty affects families in disproportionate numbers who are Indigenous, racialized, recent immigrants, affected by disability or led by a female lone parent. It is noteworthy that Budget 2016 was historic in restructuring federal income supports for families and laying the ground work to turn the tide against Canada's child poverty epidemic and to prevent many other children and families from slipping into poverty. Campaign 2000 supports this approach and was pleased to have contributed to the thinking that led to the efficient design of the new Canada Child Benefit (CCB).

Budget 2017 presents a vital opportunity to build on 2016's investments to eradicate poverty which make smart economic sense. Boosting local economies while building more equitable futures for children is a win-win. Next, the government must poverty-proof investments in the Canada Child Benefit and the Canada Social Transfer, adequately resource the development of a national early childhood education and care (ECEC) framework, earmark funding for housing and address disproportionate poverty rates among marginalized people. Eradicating child poverty and developing a Canadian Poverty Reduction Strategy are key government commitments that require immediate and long term investment.



Ending poverty makes moral and economic sense. Poverty costs government an estimated \$72-86 billion annually, due mainly to health care, criminal justice and social service costs. Campaign 2000 urges government to seize the opportunity to reduce child and family poverty in order to enable opportunity and success for all and secure long-term prosperity for Canada.

Summary of Key Recommendations

- Prioritize long-term investments in the Canadian Poverty Reduction Strategy (CPRS) as a key element of the social infrastructure fund. The CPRS must include both targets and timelines to guide investments and ensure progress. The plan must be secured in legislation, identify key roles for all levels of government and recognize the particularities of how Québec pursues social policy in the Canadian context. In addition, there must be stringent reporting requirements to ensure transparency in assessing whether targets are met.
- Poverty-proof the Canada Child Benefit (CCB):
 - Effective 2017, the CCB must be indexed to inflation on an annual basis. Investment in indexation in the 2017 budget must be cumulative of 2016 and 2017.
 - Create a long-term approach to investing in the CCB so that it reaches a level so as to reduce Canada's child poverty rate by 50% in 5 years.
- Increase funding for the Canada Social Transfer (CST). Remove arbitrary growth restrictions, provide sufficient, stable and predictable funding that recognizes regional economic variations, and ensures that both federal and provincial governments are accountable for meeting their human rights obligations and service standards to provide

adequate income support for all low income Canadians who are without other adequate means of support.

- Commit to a long-term sustained approach to federal funding to support provinces/territories that have created childcare plans and have begun moving toward universal, high quality, comprehensive early childhood education and care (ECEC) systems. A long-term, sustained approach that earmarks federal funds for child care beginning in the 2018 federal budget is required. ECEC funds should ramp up over 10 years to represent at least 1% GDP, consistent with international benchmarks.
- Invest in social housing to reduce poverty. Commit long-term funding to address the looming expiry of federal operating agreements in rent geared to income housing. Re-examine the definition of affordability as the current definition at 80% of average market rent remains unaffordable for too many families. The federal government should set firm requirements of the number of new rental units built annually through the Investment in Affordable Housing fund.
- Allocate funding towards implementing the 94 Calls to Action from the Truth and Reconciliation Commission in order to address the child poverty crisis afflicting Indigenous families.

The pre-budget consultation questions focus on measures to assist individuals, businesses and communities to meet their goals, make contributions to the economy and fulfill their potential. Campaign 2000 believes that eradicating poverty is a key pathway in meeting these objectives and calls on government to adopt a poverty reduction lens on all social policy decisions and discussions.

Eradicating poverty is necessary to ensure stable population health and to provide children with a strong start in life. A well-resourced Canadian Poverty Reduction Strategy (CPRS), encompassing elements such as high quality, affordable child care; accessible education and training opportunities; the development of stable, quality jobs; safe, affordable housing; affordable transportation; adequate income supports that recognize the dignity and rights of recipients; and steps to redress the discrimination suffered by marginalized communities is required to make poverty history.

Canada has the resources, knowledge and commitment to act through the CPRS. Vulnerable children and families must be prioritized now to prevent more poverty and in the long-term to ensure sustained economic and social stability.

The CPRS must include both targets and timelines and be developed in consultation with provincial and territorial governments, Indigenous governments and organizations, non-governmental organizations and people living in poverty.. Strong federal leadership is fundamental to the success of a participatory approach to fighting poverty. To hold government accountable to meeting the strategy's targets and timelines, programs must be backed by long term investments. In addition to the elements specified throughout this submission, the CPRS should include:

- Resources for a plan to eradicate child and family poverty among Indigenous families developed in conjunction with Indigenous organizations.

- A good jobs program that addresses the rise in precarious work, involuntary part-time work and working poverty and includes employment equity in the public and private sectors to address the disproportionate poverty experienced by marginalized people.
- Enhanced extended maternity/parental leave benefits that include all new parents, are more flexible and include a second parent benefit.
- A plan to address growing income inequality by restoring fairness to the personal income tax system and re-introducing the principle of taxation based on ability to pay.

Optimize the Canada Child Benefit to Reduce Poverty

Campaign 2000 welcomes the Canada Child Benefit (CCB). It is a strong policy instrument, as is required to address child and family poverty. To ensure the architecture of the CCB is optimized to reduce child and family poverty, Budget 2017 must address four issues:

- 1) Recent data re-confirm disastrous rates of child poverty among First Nations children. Taking the lead from Indigenous people, government must address the serious issue of take up of the CCB on reserves among First Nations people who are not required to file taxes. Because the CCB is administered through the tax system, the government needs to work with indigenous people to ensure that all families are able to access the CCB.
- 2) Because the CCB has imported the Canada Child Tax Benefit's eligibility criteria, many children in Canada will be unable to access it because of their parent/s' immigration status. These families may be filing tax returns but are unable to claim benefits to which they would otherwise be entitled. Eligibility criteria must be reviewed to provide access to child benefits for children of immigrants and refugee claimants who file taxes. Currently, only Canadian citizens, permanent residents, protected persons, and temporary residents for at least 18 months are eligible for the CCB. This excludes people in Canada without regularized status who have children, including those who are failed refugee claimants who have applied for humanitarian and compassionate consideration and sponsored spouses with conditional permanent residence who have separated from their spouse.
- 3) Immediate indexation is needed to help protect the CCB's purchasing power. We note that the government agrees with the principle of indexation and call for immediate implementation and for indexation in Budget 2017 to be cumulative of 2016/17 levels.
- 4) Government must increase the CCB over time to sustain significant reductions in child and family poverty beyond year one. The base amount of the benefit must be increased in addition to full indexation. The CCB would be further improved with a more progressive benefit reduction rate. The CCB should be increased so that a 50% reduction in the 2015 child poverty rate occurs by 2020.

Rebuild the Canada Social Transfer

It is time for the federal government to increase the Canada Social Transfer. We call for the removal of arbitrary growth restrictions and the provision of sufficient, stable and predictable funding that reflects jurisdictional variations in need and fiscal capacity. The federal government should convene the provinces and territories to negotiate principles of implementation for all programs to ensure all Canadians receive social assistance, social services, child care and post-secondary education of optimal quality. Currently, Canada's tax and transfer system is worse than the OECD average in reducing inequality and poverty, reducing market inequality by 22% in contrast to the OECD average of 27%.

Low social assistance rates leave families in poverty in every jurisdiction in Canada. Both federal and provincial governments must be accountable for meeting their human rights obligations to provide adequate income support for all low income Canadians who are without other adequate means of support. To ensure equitable opportunities and healthy child development, social/income assistance must be stabilized at least 10% above the poverty line.

Enable Success through Vital Programs

Child Care

Canada needs a national Early Childhood Education and Care (ECEC) program, led by the federal government and developed collaboratively with provinces/territories and Indigenous communities. This program requires a well-developed policy framework based on the principles of universality, high quality and comprehensiveness that is guided by targets and timelines and backed by long term investments.

We welcomed Budget 2016's commitment of \$500 million in child care funding in Budget 2017. This funding is a foundational first step upon which to build a comprehensive ECEC policy framework and system. Government must now commit to a long-term sustained approach to federal funding to support provinces/territories that have created plans and have begun moving toward universal, high quality, comprehensive ECEC systems. A long-term, sustained approach that earmarks federal funds for child care beginning in the 2018 federal budget is required. ECEC funds should ramp up over 10 years to represent at least 1% GDP, a proportion consistent with international benchmarks.

Housing

Budget 2016's investments in housing and the current consultations for a National Housing Strategy are noteworthy, positive developments. Recent data show that 730,000 renter households face extreme affordability problems, spending 50% of their incomes on rent. Safe, affordable housing is vital in fighting child poverty. Government must invest in social housing to reduce poverty and 1) commit long-term funding to address the looming expiry of federal operating agreements in rent geared to income housing; 2) Re-examine the definition of affordability as the current definition at 80% of average market rent remains unaffordable for too many families; 3) set firm requirements of the number of new rental units built annually through the Investment in Affordable Housing fund.

Reconciliation

Canada must address disastrous rates of child poverty among First Nations children. Grinding poverty plagues 60% of children on reserve. Canada's Indigenous people have the highest birth rates in the country and have disproportionately high poverty rates. Government must allocate funding to implement the 94 Calls to Action from the Truth and Reconciliation Commission and immediately fix the disparity in funding for First Nations child welfare.

¹ Statistics Canada. Table 111-0015 - Family characteristics, Low Income Measures (LIM), by family type and family type composition, annual, CANSIM.

² Library of Parliament (1989). House of commons debates, 34th parliament, 2nd session, vol. 5. Retrieved from http://parl.canadiana.ca/view/oop.debates_HOC3402_05/443?r=0&s=1

³ House of Parliament (2009). House of commons debate, 40th parliament: 2nd session. Retrieved from <http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&Parl=40&Ses=2&DocId=4254820>