



END CHILD & FAMILY POVERTY IN CANADA

# How Canada Can Meet its Commitment to End Child Poverty in Canada

Submission to  
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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 in Canada

# How Canada can meet its Commitment to End Child Poverty in Canada

## Executive Summary

Nearly 25 years after the unanimous 1989 House of Commons resolution to end child poverty in Canada by the year 2000 and five years after the 2009 unanimous November 24<sup>th</sup> resolution of the House “. . . be it resolved that the Government of Canada, taking into consideration the Committee’s work in this regard, and respecting provincial and territorial jurisdiction, develop an immediate plan to eliminate poverty in Canada for all”, neither the promised poverty elimination nor plans have materialized.

**Most recent data show that 967,000 children and their families – almost 1 child in 7<sup>1</sup> – still live in poverty. It is most disturbing that 4 in 10 of Canada’s indigenous children live in poverty.<sup>2</sup>** Unfortunately, due to a lack of updated statistics from 2012, it is hard to know if Canada has made progress in reducing the child poverty rate in the past year.

More children and their families lived in poverty as of 2011 than they did in 1989 when the House of Commons unanimously resolved to end child poverty in Canada. This situation is not inevitable, but rather is the result of policy decisions that have been made over time.

This brief responds to the themes of a) supporting families and helping vulnerable Canadians by focusing on health, education and training; and b) ensuring prosperous and secure communities, including through support for infrastructure.

While there are additional public investments that are needed to end child poverty in Canada, the following are Campaign 2000’s priority recommendations for the 2015 Federal Budget. We recommend --

- + The Government of Canada take leadership and introduce a federal action plan to reduce and eradicate poverty in consultation with provincial and territorial governments, Aboriginal governments and organizations, non-governmental organizations and people living in poverty. Secured in legislation, this plan will identify key roles for all levels of governments and recognize the particularities of how Québec pursues social policy in the Canadian context.**
- + An enhanced child benefit for low-income families to a maximum of \$5,400 per child (in 2014 dollars and indexed to inflation).**
- + An emergency infusion of \$500 million in 2015 to provinces/territories/and Indigenous communities earmarked for regulated child care as the foundation upon which to build a comprehensive early childhood education and care (ECEC) policy framework and system.**
- + Address the critical need for affordable housing by:**
  - Enhancing the federal homelessness strategy by 10% (\$12 billion) to address persistent homelessness and inflation, and to adopt methods in addition to “Homes First” which is a laudable program but often does not effectively assist families.
  - Doubling the federal Investment in Affordable Housing program to \$500 million annually and completing agreements with the seven provinces and territories that currently do not have an agreement
  - Reversing the decline in overall federal housing investments that lead to fewer federally subsidized homes.

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<sup>1</sup> Statistics Canada. CANSIM table 202-0802 LIM-AT 2011.

<sup>2</sup> Macdonald, D. & Wilson, D. (2013). *Poverty or Prosperity: Indigenous Children in Canada*. Retrieved from [http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2013/06/Poverty\\_or\\_Prospersity\\_Indigenous\\_Children.pdf](http://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2013/06/Poverty_or_Prospersity_Indigenous_Children.pdf)

### **Why the federal government needs to take leadership on poverty eradication**

- **First, it's the right thing to do for children and for all of us**, including for our seniors, our indigenous communities, our newcomers, our people with disabilities, our lone parents and our racialized communities – all of whom are at a much greater risk of living in poverty. Canada needs to act on its commitment to the Convention on the Rights of the Child and other international agreements.
- **Second, child poverty is expensive for all of us**. Twenty per cent of health care spending goes to care for diseases that can be attributed to low income and poor housing.<sup>3</sup> Child poverty produces disease throughout the life cycle, impairs educational attainment and presages employment vulnerability. The Canadian Medical Association recently recommended that all governments give top priority to developing an action plan to eliminate poverty in Canada.<sup>4</sup>
- **Third, we know what needs to be done** – in the last decade we've benefited from numerous reports from governments and non-governmental experts and insights from people with lived experiences of poverty that have all called for federal leadership. The provinces have stepped up to the plate, taken the initiative and shown some success, but “. . . the majority of provinces maintain in their poverty reduction strategies that in order to successfully improve the well-being of their populations, a willing federal partner is required.”<sup>5</sup>
- **Fourth, Canada has the fiscal capacity to act**. The projected \$10 billion surplus by 2018-19 shows that money is not lacking. What may be lacking is the willingness to act on the evidence.

### **The case for federal leadership on eradicating poverty**

The federal government must continue to play a key role in income security, including income transfers to low-income Canadians and support for provincial and territorial governments to meet their responsibilities for health care, social services, income support and post-secondary education. Campaign 2000 was pleased that the November 2010 report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, *Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada*, recommended “that the federal government immediately commit to a federal action plan to reduce poverty in Canada that would see, during its first phase, the implementation of the recommendations in this report.” It is notable that the committee also stated, “that the majority of provinces maintain in their poverty reduction strategies that in order to successfully improve the well-being of their populations, a willing federal partner is required.”<sup>6</sup> Campaign 2000 was pleased that all political parties supported this report in principle, albeit with important caveats.

### **Evidence demonstrates that raising the National Child Benefit to \$5,400 will reduce child poverty**

The Canada Child Tax Benefit (CCTB) and National Child Benefit Supplement (NCBS) for low- and modest-income families, a joint federal, provincial and territorial initiative launched in 1998, has played an important role in preventing and reducing child and family poverty.<sup>7</sup> Currently, eligible families with one

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<sup>3</sup> Dr. Anna Reid. (June 2013). Presentation to All-Party Caucus on Poverty by Canadian Medical Association. Ottawa.

<sup>4</sup> Canadian Medical Association. (2013). *Health Care in Canada: What Makes Us Sick*. Retrieved from [http://www.cma.ca/multimedia/CMA/Content/Images/Inside\\_cma/Advocacy/HCT/What-makes-us-sick\\_en.pdf](http://www.cma.ca/multimedia/CMA/Content/Images/Inside_cma/Advocacy/HCT/What-makes-us-sick_en.pdf)

<sup>5</sup> the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, *Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada*, November 2010, p75

<sup>6</sup> the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, *Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada*, November 2010, p75

<sup>7</sup> The government of Québec has stated that it agrees with the basic principles of the NCB. Québec chose not to participate in the NCB because it wanted to assume control over income support for children in the province; however, it has adopted a similar approach to the NCB.

child can receive up to the maximum combined CCTB/NCB annual payment of \$3,687. The child benefit (CCTB/NCB) is paid monthly to eligible families and is non-taxable, non-refundable, and is based on family size and the previous year's family net income according to one's tax return.

The benefit level, while indexed annually, however, has not been increased since 2007. To retain its important preventive and poverty reduction goals, the NCB needs to be increased to a maximum of \$5,400 (2014 dollars, indexed to inflation). This enhanced benefit, when coupled with full-time work at \$12.50 per hour, would enable a lone parent with one child to lift her family out of poverty. It is important to note that the child benefit is progressive; those with lower incomes receive a larger benefit while those with higher incomes receive a lower benefit. In a sense, the CCTB/NCB begins to address the inequality that many families face.

The CCTB/NCB has a good track record of contributing to lower child poverty rates. Research on the impact of the CCTB/NCB shows that in 2006 alone, the NCB was responsible for preventing 61,900 families with 151,700 children from living in poverty.<sup>8</sup> In 2012, Campaign 2000's commissioned simulation demonstrated that an enhanced child benefit of \$5,400 would bring the child poverty rate down by 15% and lift 174,000 children out of poverty.<sup>9</sup>

### **Canada Still Needs a System of Early Childhood Education and Care Services (ECEC)**

The need for high quality childcare for families across Canada remains urgent.<sup>10</sup> In 2012, there were spaces in regulated childcare centres for about one in five children (22.5%) 0 – 5 years. Yet, the labour force participation rate for mothers of young children remained one of the highest in the OECD. About two-thirds (69.7%) of mothers of children under 2 years and more than three quarters (76.6%) of mothers whose youngest child was 3 – 5 years in Canada were in the labour force in 2012.<sup>11</sup>

It is well recognized that Early Childhood Education and Care (ECEC) has the potential to address multiple social and political objectives including women's equality and employment, poverty reduction, improved child development and well-being, and economic prosperity. However, low-income families in most parts of Canada are often poorly served. All provinces/territories except Quebec provide fee subsidies but these frequently fail to make childcare financially accessible even to eligible parents. In some provinces, even very low income families are expected to pay hefty surcharges above the amount provincial subsidies cover. Data from 2010 showed that since 2001, the percentage of children subsidized has generally been static or even dropped in some instances.

In our view, a system of well-developed ECEC is clearly about more than poverty reduction, but a nation cannot achieve the eradication of poverty without well-developed ECEC. The Campaign 2000 network envisions a national childcare program that is not "one-size-fits-all" but is well-designed, adequately-funded and that encompasses both "care" and "early childhood education" - a system that would grow over time to include all children regardless of their families' work status, region or ability and offer parenting programs for parents staying at home with young children, part-day nursery schools, centres, well-regulated home child

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<sup>8</sup> National Child Benefit. (2013). *National Child Benefit Progress Report 2008*. Retrieved from <http://www.nationalchildbenefit.ca/eng/08/page08.shtml>

<sup>9</sup> This analysis is based on Statistics Canada's Social Policy Simulation Database and Model. The assumptions and calculations underlying the simulation results were prepared by Sid Frankel, Ph.D., University of Manitoba School of Social Work, Laurel Rothman and Andrew Mitchell and the responsibility for the use and interpretation of these data is entirely that of the authors.

<sup>10</sup> Brief submitted to the House of Commons Standing Committee on Finance pre-budget consultation by the Childcare Resource and Research Unit retrieved from <http://www.childcarecanada.org/documents/research-policy-practice/14/08/national-childcare-program-can-address-key-themes-2014-pre-#content>

<sup>11</sup> Ferns, C. & Friendly, M. (2014). *The State of Early Childhood Education and Care 2012*. Retrieved from <http://childcarecanada.org/publications/ecec-canada/14/06/state-early-childhood-education-and-care-canada-2012>

care and out-of-school programs for school-age children. Services would be affordable, publicly-funded, publicly-managed, operated on a not-for-profit basis, participatory, respectful of diversity, and fully inclusive. Childcare would be part of a broader public policy including improved parental leave and other family supports.

### **Investing in Affordable Housing: a Win-Win-Win for families, communities and governments**

Stable, affordable, safe and adequate housing eludes many low-income families across Canada. One in two families with annual incomes of less than \$30,350 live in inadequate, unsuitable and/or unaffordable housing and are four times more likely than average to find themselves inadequately housed.<sup>12</sup> The consequences of raising children in inadequate and insecure housing include poorer health and educational outcomes that may persist over time.

At least 200,000 Canadians experience homelessness in a given year. Of these people, about 22,000 are children – that’s more than one in 10 of the homeless in Canada. It is alarming that children and their families are the fastest growing sub-group of homeless people.<sup>13</sup>

Campaign 2000 was pleased to see the five-year extension of the Homelessness Partnering Strategy in the 2013 budget but disappointed that the level of funding was not increased. To meet the unmet and new needs, we recommend that funding is increased by 10% (\$12 billion) to address persistent homelessness and inflation, and to adopt methods in addition to “Homes First”, a laudable program but often does not effectively assist families.

Because the lack of affordable housing is the largest component of precarious housing, federal leadership and funding is needed to sustain and expand affordable housing.<sup>14</sup> It is essential to: double the federal Investment in Affordable Housing program to \$500 million annually; complete agreements with the provinces and territories that currently do not have an agreement and reverse the decline in overall federal housing investments. As long-term agreements with housing developers are completed, the federal funds need to be re-invested into affordable housing to ensure those units remains affordable.

### **Poverty Reduction and eventual eradication is achievable**

The cost of poverty is high for all Canadians. A plan to eradicate poverty is not a utopian dream, but a credible goal achievable through federal leadership and commitment of resources as other nations have demonstrated.

**In 1989, we made a commitment to eliminate child poverty by the year 2000. We failed because we never acted with conviction and determination. The commitment to eliminate poverty was renewed and extended in November 2009. Let us not dare to fail again. We urge all federal party leaders, with the premiers, civil society, Aboriginal leaders and businesses, to make poverty eradication a national priority and start to work on a plan for poverty eradication.**

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<sup>12</sup> Canadian Housing Observer. (2010). *Recent Trends in Housing: Affordability and Core Housing Need*. Retrieved from [http://www.cmhc.ca/en/corp/about/cahoob/upload/chapter6\\_2010\\_trends\\_in\\_affordability\\_chn.pdf](http://www.cmhc.ca/en/corp/about/cahoob/upload/chapter6_2010_trends_in_affordability_chn.pdf)

<sup>13</sup> Raising the Roof. (2013). *Child and Family Homelessness Initiative*. Retrieved from <http://www.raisingtheroof.org/Our-Programs/Child--Family-Homelessness.aspx>

<sup>14</sup> Personal communication with Michael Shapcott, Wellesley Institute. August 1 2014.