



## **Budget 2024 Submission, House of Commons Standing Committee on Finance August 2023**

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First Call Child and Youth Advocacy Society is a registered charity in British Columbia that works with a non-partisan, cross-sectoral network of affiliate organization to put children and youth first in public awareness and public policy. We conduct research and analysis on child and youth rights and well-being, offer education and training events, and make policy recommendations to promote, strengthen and defend the rights of children and youth in B.C.

We are committed to achieving the following 4 Keys to Success for B.C.'s children and youth:

1. A strong commitment to early childhood development
2. Support in transitions from childhood to youth and adulthood
3. Increased economic equality
4. Safe and caring communities

## Recommendations:

1. Ensure the Canada Child Benefit, in combination with other income measures, raises all families with children above the CFLIM after-tax poverty lines calculated through tax filer data and ensure access to this and other federal benefits for families in population groups with higher rates of poverty, such as newcomer and Indigenous families and children in lone-parent families.
2. Continue to prioritize new early learning and child care investments in Budget 2024 and beyond to establish universal access to a system of high-quality, publicly-funded, inclusive child care for Canadian children with no fees for low-income families.
3. Reduce inequity for lower-income workers and prevent and reduce child and family poverty through Employment Insurance reforms, including maternity and parental benefit reforms, to improve access, duration, and the level of benefits.
4. Increase federal investments through the Canada Social Transfer to support social assistance adequacy and tie investments to adequacy standards that bring welfare incomes up to the CFLIM after-tax poverty thresholds and index them to inflation.
5. Triple the Child Disability Benefit and create a caregivers benefit for those who lose work hours to care for their children with disabilities.
6. Scale up federal housing funding and ensure that federally financed housing is affordable for low-income families and reflects the diverse needs of families with children.
7. Retire the CERB debt, reverse reductions to the Canada Child Benefit based on CERB repayment, implement a CERB Repayment Amnesty for those living in or near poverty.
8. Introduce universal coverage for all Canadians for prescription drugs, dental and eye care, hearing aids, and assistive devices and products as essential aspects of health care.
9. Address growing income inequality and generate revenue for poverty reduction programming and policies by eliminating tax loopholes which favour the affluent, 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.

## What Federal Budget 2024 Can Do for Children in British Columbia and Canada

### 1. Enhance adequacy and extend eligibility of the Canada Child Benefit

Since its inception in 2016, the Canada Child Benefit (CCB) has become the most effective government transfer for families with children. In 2020, without CCB payments, the British Columbia child poverty rate would have been 19.6%, instead of 13.3%, using the CFLIM after-tax measure. Yet the after-tax average poverty gap<sup>1</sup> for a low-income BC lone parent with two children in that year was still \$12,108 and the poverty rate for BC children growing up in lone-parent households (which are mostly female-led) was 38.3% compared to the provincial average of 13.3% for all children.<sup>1</sup>

This illustrates 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. Budget 2024 must increase investment in the CCB and target funds to families who have been left in deep poverty.

For some children, their parents' immigration status is a barrier to accessing the CCB. To address this, broaden access to the CCB for families with precarious status by repealing legislation tying eligibility to immigration status. Every parent in Canada who is considered a resident for tax purposes should be eligible for CCB, regardless of immigration status.

### 2. Prioritize Universal Access to High-Quality Early Learning and Child Care

Too many parents of young children in Canada are still waiting for access to the affordable, inclusive, high-quality child care system that has been promised. Federal policy and investments must ensure that Canadian child care shifts away from the current unequal market model towards an equitable, planned, publicly-funded system, with a long-term policy goal of developing sufficient high-quality, affordable services over time with enough licensed child care spaces for all who choose them.

Budget 2024 investments must contribute to ensuring early childhood educators are paid compensation that reflects their education and the importance of the work they do. It will be essential that new rounds of provincial/territorial action plans ensure quality child care is accessible with no fees for low-income families. Investments must also ensure there are adequate resources and support for the implementation of the Indigenous Early Learning and Child Care Framework.

### 3. Employment Insurance enhancements, including maternity and parental leave benefits

The federal government should enhance Employment Insurance to expand access, duration, and increase benefit levels to prevent and reduce child and family poverty. Too many workers contribute EI premiums but do not qualify for benefits due to eligibility requirements. Low-wage workers cannot survive on the 55% benefit rate while they look for a new job.

Budget 2024 must immediately implement long-awaited Employment Insurance reform with measures including expanding access for premium payers currently excluded; extending access to new enrollees; reducing qualifying

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<sup>1</sup> This is the amount that a family's income falls below the Census Family Low Income After-Tax measure.

hours to 360 hours or 12 weeks Canada-wide; significantly boosting the 55% benefit rates; and introduce a permanent minimum weekly benefit.

It is also time to ensure maternity and parental leave benefits are universally available to all parents (regardless of work status) and that the benefit levels are not less than the CFLIM after-tax poverty lines. Low-wage workers cannot afford to take advantage of these benefits for 52 weeks, or the extended 18 months, as advertised, because their benefits are too low.

#### **4. Ensure adequate social assistance rates – Canada Social Transfer (CST) Reform**

Federal CST investments must support social and disability assistance adequacy through increased investments and requiring greater provincial accountability, such as tying investments to adequacy standards that ensure welfare incomes are adequate to meet basic needs.

Investments into the CST could be better leveraged by removing the arbitrary growth cap of 3%, investing an additional \$2 billion to bring welfare incomes up to the CFLIM after-tax poverty thresholds and indexing assistance rates to inflation. As BC has largely implemented already, prohibit provincial deductions of child benefits and support payments from social assistance recipients. Require regular reporting from provinces and territories on how funds spent through the CST are advancing human rights obligations locally using disaggregated data and local indicators.

#### **5. Increase income support for children with disabilities**

The Child Disability Benefit (CDB) is much too low to significantly improve the quality of life for families and children with disabilities. Families with eligible children with disabilities will receive up to \$3,173 for the 2023-2024 tax year through the CDB. In 2019, the Minister of Disability Inclusion was given a mandate to double the CDB. This mandate has not been met. We support the recommendation from BC Complex Kids Society and other self-advocates to triple the CDB, and create a caregivers benefit for those who lose work hours to care for their children with disabilities.

#### **6. Scale up housing investments to meet the needs of low-income families with children**

Budget 2024 must scale up federal funding to build thousands of new social and affordable rental housing units and maintain existing affordable housing stock to reduce the number of families in core housing need and to eliminate homelessness. The national housing strategy must include a long-term funding commitment to meet these goals and targets for specific low-income populations and those at risk of homelessness.

We recommend that affordability requirements in federal rental housing financing and co-investment funding be changed to ensure that any supported housing development includes a sufficient number of units and a range of unit types that are affordable for, and meet the adequacy needs of, low-income families with children.

#### **7. Stop seeking CERB and CRB repayment from low-income individuals**

From 2021 to 2024 the federal government will spend \$1.45 billion less on Canada Child Benefit (CCB) payments because CERB and the Canada Recovery Benefit have been included in the CCB income test.<sup>ii</sup> We recommend reversing these reductions and providing families with CCB repayments, as was done with the Guaranteed Income Supplement.

Low- and no-income earners are experiencing hardship and undue stress with post-verification eligibility and repayment processes years after the benefits were received in a time of unprecedented crisis. These are individuals who applied in good faith, 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. Government is mischaracterizing benefits that contributed to the most significant year-over-year reduction in poverty rates as ‘overpayments’, ‘ineligibility’ and in some cases, ‘abuse’. We recommend that the federal government retire the CERB and CRB debt and immediately cease pursuing repayment from low-income individuals.

## 8. Implement more comprehensive universal medical care

Access to prescription medication and other essential aspects of medical care remains a challenge for low-income families, including those who are employed in precarious jobs that do not offer benefits. The federal government must work with the provinces and territories to introduce universal coverage for all Canadians for prescription drugs, dental and eye care, hearing aids and assistive devices and products as essential aspects of health care.

## 9. Tax measures to reduce income inequality and generate revenue

Growing income inequality is unsustainable and resulting in visible levels of individual and societal distress.

Corporate profits reached record highs during the pandemic. In 2021, corporate after-tax profits totaled \$435 billion, up from \$332 billion in 2019.<sup>iii</sup> The largest corporations in Canada reduced their effective tax rate to 15% through a myriad of tax loopholes despite a statutory tax rate of 26.5%<sup>iv</sup> and 9% of corporate tax revenue is lost because of tax havens.<sup>v</sup> In itself this statutory rate is lower than in many OECD countries, such as Portugal (31.5%), Australia (30%) and Germany (29.9%).<sup>vi</sup>

First Call recommends that federal Budget 2024 contain measures to reduce income inequality and generate revenue for poverty reduction programming and policies by eliminating tax loopholes which favour the affluent, closing tax havens, taxing extreme wealth, making the personal income tax system more progressive, and implementing an excess profits tax focused on corporate pandemic windfalls.

## Endnotes:

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<sup>i</sup> First Call Child and Youth Advocacy Society, *2022 BC Child Poverty Report Card*. February, 2023. [BC Child Poverty Report Card – First Call Child and Youth Advocacy Society \(firstcallbc.org\)](#)

<sup>ii</sup> 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>

<sup>iii</sup> Statistics Canada. *Table 36-10-0117-01: Undistributed corporation profits (x 1,000,000)*. 2023. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3610011701>

<sup>iv</sup> Cochrane, D. T.. *Unaccountable: How did Canada lose \$30 billion to corporations? Canadians for Tax Fairness*. October 2022. [https://www.taxfairness.ca/sites/default/files/2022-10/oct-2022-tax-gap-report\\_0.pdf](https://www.taxfairness.ca/sites/default/files/2022-10/oct-2022-tax-gap-report_0.pdf)

<sup>v</sup> Torslov, T., Wier, L., & Zucman, G. (2022). *Close to 40% of multinational profits are shifted to tax havens each year*. <https://missingprofits.world/>

<sup>vi</sup> OECD. Stat Table II.1. Statutory corporate income tax rate. [https://stats.oecd.org/index.aspx?DataSetCode=Table\\_II1](https://stats.oecd.org/index.aspx?DataSetCode=Table_II1)