



## **Budget 2025 Submission, House of Commons Standing Committee on Finance July 2025**

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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 organizations 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 2025 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. Restore Immigration, Refugees and Citizenship Canada (IRCC) program funding that was cut in 2025 to community agencies and programs supporting settlement and integration of newcomers to Canada.
4. Reduce inequity for lower-income workers and prevent and reduce child and family poverty through Employment Insurance reforms to improve access, duration, and the level of benefits, including establishing a minimum benefit floor.
5. Reform parental leave benefits to ensure that every newborn in Canada has the right to protected time with a parent or caregiver in the first 12 months (52 weeks) of life.
6. Triple the Child Disability Benefit and create a caregivers benefit for those who lose work hours to care for their children with disabilities.
7. Scale up federal funding for social housing and ensure that federally financed housing is affordable for low-income families and reflects the diverse needs of families with children.
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 highly regressive and expensive tax loopholes that favor the affluent, closing tax havens, taxing extreme wealth, and making the personal income tax system more progressive.

## What Federal Budget 2025 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 2022, without CCB payments, the British Columbia child poverty rate would have been 23.2%, instead of 16.7%, 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 \$16,015, and the poverty rate for BC children growing up in lone-parent households (which are mostly female-led) was 45.5% compared to the provincial average of 16.7% for all children.<sup>1</sup>

This illustrates that the CCB is only able to sustain a continued reduction in child poverty with significant additional investment because it is not large enough to reach families in deep poverty. Budget 2025 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 2025 investments must contribute to ensuring early childhood educators are paid compensation that reflects their education and the importance of the work they do. New rounds of provincial/territorial action plans must ensure quality child care is accessible with no fees for low-income families. Investments must also ensure there are adequate resources and support for implementing the Indigenous Early Learning and Child Care Framework.

### 3. Restore IRCC funding to immigrant and refugee settlement programs that was cut in 2025

The unexpected, drastic funding cuts to settlement programs in British Columbia in early 2025 have decimated service delivery to newcomers across large and small communities in our province. These programs were supporting the settlement and integration of families with children who are already here in Canada. Communities have lost school-based supports for newcomer children and youth and literacy programs with child care for mothers. Some communities have been left with no dedicated services for immigrants and refugees at all.

These cuts were short-sighted. Pulling the rug out from under new Canadian families who need help making connections and getting established will result in hardship and slow their transitions to becoming productive, contributing citizens, while undermining the health and well-being of their children.

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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.

We are calling for immediate reinstatement of the lost funding for these settlement programs that were serving the needs of refugees and immigrant families, especially those with young children.

#### **4. Employment Insurance improvements to reduce poverty**

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 often have no savings to rely on and cannot survive on the 55% benefit rate while they look for a new job.

Budget 2025 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 hours to 360 hours or 12 weeks Canada-wide; boosting the benefit rate from 55% to 65%; and introduce a minimum weekly benefit of \$600.

#### **5. Reform parental leave benefits**

Canada's parental leave program compares poorly to most other high-income countries, more than half of which provide more than six months of fully paid parental leave. International evidence suggests an 80% wage replacement rate is necessary to support children's essential needs and encourage paternal/secondary parent leave.<sup>ii</sup>

Low-wage workers cannot afford to take advantage of Canada's 52 weeks of parental leave benefits, or the extended 18 months, as advertised, because their benefits are too low. Outside of Quebec, about 30% of new parents are ineligible for parental leave, including around 60% of those in low-income and 40% of Indigenous parents.<sup>iii</sup>

We recommend that Canada 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 for the first year after the birth of a newborn.

#### **6. 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 \$3,322 for the 2024-2025 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.

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

Budget 2025 must continue to 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 new funding commitments in the 2024 budget were welcome, but federal investments need a stronger focus on improving affordability criteria across all federal housing programs, subsidies, and tax benefits. We recommend that affordability requirements in federal rental housing financing and co-investment funding be changed to ensure that

any supported housing development includes enough units and a range of unit types that are affordable for, and meet the adequacy needs of, low-income families with children.

## **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, resulting in visible levels of individual and societal distress.

In the first quarter of 2024, corporate after-tax profits totaled \$405 billion.<sup>iv</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 28%<sup>v</sup> and 9% of corporate tax revenue is lost because of tax havens.<sup>vi</sup> This corporate tax rate is lower than in many OECD countries, such as Portugal, Australia and Mexico, all at 30%.<sup>vii</sup>

First Call recommends that the 2026 federal budget 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, and making the personal income tax system more progressive.

## **Endnotes:**

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<sup>i</sup> First Call Child and Youth Advocacy Society, *2024 BC Child Poverty Report Card*. December 2024. [https://firstcallbc.org/wp-content/uploads/2024/12/First\\_Call\\_Report\\_Card\\_2024\\_Final-Dec9.pdf](https://firstcallbc.org/wp-content/uploads/2024/12/First_Call_Report_Card_2024_Final-Dec9.pdf)

<sup>ii</sup> UNICEF Canada, *Parental Leave: For Every Child* (2024). [https://www.unicef.ca/sites/default/files/2024-06/UNICEF\\_Canada\\_Parental\\_Leave\\_Policy\\_Discussion\\_Paper\\_0.pdf](https://www.unicef.ca/sites/default/files/2024-06/UNICEF_Canada_Parental_Leave_Policy_Discussion_Paper_0.pdf).

<sup>iii</sup> Ibid.

<sup>iv</sup> Statistics Canada. *Table 36-10-0117-01: Undistributed corporation profits (x 1,000,000)*. 2024. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3610011701>

<sup>v</sup> <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-tax-rates.html>

<sup>vi</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>vii</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)