Ms Christine Lafrance
Clerk of the Standing Committee on
Finance
House of Commons
Parliament of Canada
Ottawa, Ontario K1A 0A9

April 5, 2013

Dear Ms Lafrance,

Thank you for this opportunity to provide a brief to The Standing Committee on Finance, regarding their study on income inequality in Canada.

I am writing on behalf of the Canadian Association of Neighbourhood Services (CANS). CANS is a charitable association of community-based, multi-service agencies and Neighbourhood Houses located across Canada. Our member agencies support Canadians of all ages in achieving self-determination and in improving the quality of life for themselves, their families, and others in their local neighbourhoods. CANS member agencies are active from coast to coast – Halifax to Vancouver - supporting over a million residents each year. Our member agencies are diverse in form, each responding to the unique needs of their communities, but are united in a commitment to community development and implementing relevant programs and services at the neighbourhood level.

Our member agencies are dedicated to supporting everyone in their communities, and creating bridges of understanding and shared capacity among Canadians of diverse cultural backgrounds, immigration status, ages, incomes and beliefs. We are particularly focused on supporting residents who experience hardship - resulting from difficult economic times, social isolation, systemic barriers, and personal trauma.

Through this day-to-day connection in people's lives we have become keenly aware of the negative impact of growing economic inequality in our communities. While this trend disproportionately affects community members who are already struggling, its impacts also extend to the community-at-large,

undermining a sense of community cohesion, levels of trust, collective efficacy, and overall conditions of social solidarity.

The Spirit Level, Why Equality is Better for Everyone by Richard Wilkinson and Kate Pickett provides an excellent analysis of economic inequality and demonstrates that everyone, including the wealthy, benefit from reduced inequality. This publication summarizes OECD and other socio-economic data from around the world demonstrating that countries with less economic inequality also experience significant social benefits including:

- lower crime rates,
- improved individual health
- higher rates of education
- less social unrest
- lower rates of drug and alcohol abuse
- greater rates of personal happiness

It is clear that reducing economic inequality can make a society more productive and efficient, and provide individuals with an enhanced sense of well-being.

We believe that there is great urgency for the government to highlight the dynamics and impacts of growing economic inequality in our communities. Much of this has been well-documented by recent Canadian studies analysing data on income distribution, labour market conditions, and health indicators.

We believe there are many opportunities for public policy to make a significant difference in addressing income inequality. Indeed, we are quite convinced that these trends will not be reversed in the absence of a formalized commitment from the Government of Canada to reduce income inequality, and a practical plan of action. We also would urge the committee to put in place a process to engage Canadians in this discussion more deliberately and in some depth.

Governments have a great number of tools at their disposal to reduce economic inequality, including fiscal, social and labour market policy levers. Some of the initiatives that we believe would hold the most promise in appreciably reducing economic inequality are as follows:

Changes to fiscal policy:

- Increase tax rates on higher incomes
- Review, limit and/or eliminate tax expenditures: i.e. foregone tax revenue resulting from tax deductions and credits, many of which disproportionately benefit the wealthy
- Tax income from capital (including capital gains) at the same rates as employment income, including limiting or eliminating tax free savings accounts which disproportionately benefit the wealthy. Alternatively, consider some form of inheritance tax
- Eliminate tax avoidance strategies such as offshore tax plans, family trusts, income splitting strategies, etc., which benefit primarily the wealthy

Changes to social policy:

- Increase the National Child Benefit
- Increase accessible, affordable child care
- Expand affordable housing
- Reform income support programs, and increase payments
- Enhance CPP and restore pension benefits for those 65 years and older
- Support for human rights, legal aid, and youth justice programs
- Strengthen the public education system by fully funding all levels of education, including post-secondary and those in First Nations communities
- Implement a national and/or provincial Housing Benefit
- Ensure that all residents of Canada have access to health care, emergency services, income support programs and social services regardless of their immigration status

Changes to labour market policy:

- Increase minimum wages
- Encourage living-wage jobs
- Enhance employment insurance
- Strengthen strategic skills training, apprenticeship, school-to-work transition programs
- Increase the Working Income Tax Benefit
- Reinforce fair working conditions, enforcement of labour standards and support for employment equity
- Reform the temporary migrant worker program to allow workers to apply for permanent resident status and to ensure equal pay for their work

We are confident that there is considerable scope of opportunity for the Government of Canada to actively shape a more equitable, inclusive, healthy and prosperous society. The members of CANS are committed to this objective, and would be happy to play a role in engaging community members in discussions about their aspirations and creative ideas for change.

We thank the Committee for taking leadership on this issue of such fundamental importance to the well-being of all Canadians.

Sincerely

Rob Howarth
President,
Canadian Association of Neighbourhood Services