

Written Submission for the Pre-Budget Consultations in Advance of the 2020 Budget

By: **Community Food Centres
Canada**



community food centres
CANADA good food is just the beginning

Recommendation

- **Recommendation 1:** That the Minister of Finance introduce legislation to make the Disability Tax Credit refundable.

About Community Food Centres Canada

Community Food Centres Canada (CFCC) is a national charity that creates vibrant community food centres and programs in low-income neighbourhoods where food is used as a tool to build health, belonging, and social justice.

CFCC currently supports 11 community food centres nationally, with two more launching in the next year. We also support 150 community food security organizations with grants, trainings, resources, and an annual conference through our Good Food Organizations program. Through our network of community food centres and good food organizations, we are active in 120 communities across Canada.

Across the country, our community food centres serve populations facing significant financial constraints: in 2018, 83% of participants were living below Statistics Canada's low income measure, and 41% received social assistance. Of those participants receiving social assistance, 59% were on disability supports (representing 24% of total community food centre participants).

Context

Canada's Poverty Reduction Strategy has helped to lift 825,000 Canadians out of poverty. This is largely due to the introduction of the Canada Child Benefit and to the increase in the Guaranteed Income Supplement for low-income seniors.

While these interventions have strengthened a vital safety net for Canadian children and seniors, there remains more to be done to support childless Canadians aged 18-64. The Canada Workers Benefit is an important support for low-income workers, but doesn't apply to people who can't work.

Around 2.7 million Canadians live with a severe or very severe disability.¹ People with disabilities are more likely to be low income and unemployed. They also encounter more economic barriers and incur higher costs than people without disabilities, including medical costs, transportation, and utility costs.²

Community Food Centres Canada's Recommendation for Budget 2020

While more must be done for the federal government to reach its goal of decreasing poverty by 50% by 2030, one important first step is to make the Disability Tax Credit (DTC) refundable. The DTC is a non-refundable tax credit aimed at assisting people with disabilities and their caregivers with non-itemizable disability-related expenses. To qualify, an individual must have a disability that is considered severe and prolonged, creating a significant restriction to performing daily activities most or all of the time. The goal of the DTC is to create equity between taxpayers without disabilities and those with disabilities.

Because the DTC is non-refundable, however, it only serves to decrease tax owing and is therefore of little use to people with disabilities living on low incomes, who pay no or little income tax. People

living with severe disabilities are more likely to be unemployed,³ and 30% live under the low income measure (compared with 23% of all people with disabilities and 9% of people without disabilities).⁴

Thus the people who need the most support are not being helped by the DTC. Indeed, of the 2.7 million Canadians living with severe or very severe disabilities, only 1.2 million claim the DTC,⁵ which suggests that a significant number of people who are eligible do not benefit from the DTC as a non-refundable credit.

Making the DTC refundable, as was suggested by the Standing Senate Committee on Social Affairs, Science and Technologyⁱ and the federal government's Disability Advisory Committee,ⁱⁱ would provide low-income Canadians with severe and prolonged disabilities with up to \$1,262.40 per year. For a single person on disability supports living in Ontario, this would represent a 9% increase in their income.

Using Statistics Canada's Social Policy Simulation Database and Model, the Canadian Centre for Policy Alternatives estimates that the cost of converting the DTC to a refundable tax credit would be \$370 million.⁶ This, however, assumes no behaviour change, and it is likely that more Canadians would apply for the DTC if it were refundable. The cost would therefore likely be higher.

While the cost is significant, it would target some of the most vulnerable Canadians and help achieve the goal set forth by Canada's Poverty Reduction Strategy that all Canadians be able to live in dignity.

CFCC therefore recommends that the Minister of Finance introduce legislation to make the Disability Tax Credit refundable.

ⁱ Standing Senate Committee on Social Affairs, Science and Technology (2018). *Breaking Down Barriers: A critical analysis of the Disability Tax Credit and the Registered Disability Savings Plan*. Ottawa, ON: Senate of Canada.

ⁱⁱ Disability Advisory Committee (2019). *Enabling access to disability tax measures*. Ottawa, ON: Disability Advisory Committee.

References

- ¹ Statistics Canada (2019). *Severity of disability for persons with disabilities aged 15 years and over, by age group and sex, Canada, provinces and territories*. Retrieved from <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1310037501>
- ² Standing Senate Committee on Social Affairs, Science and Technology (2018). *Breaking Down Barriers: A critical analysis of the Disability Tax Credit and the Registered Disability Savings Plan*. Ottawa, ON: Senate of Canada.
- ³ Statistics Canada (2017). *A Profile of the Labour Market Experiences of Adults with Disabilities among Canadians aged 15 years and older, 2012*. Retrieved from <https://www150.statcan.gc.ca/n1/pub/89-654-x/89-654-x2015005-eng.htm>
- ⁴ Wall, K (2017). *Low income among persons with a disability in Canada*. Statistics Canada. Retrieved from <https://www150.statcan.gc.ca/n1/pub/75-006-x/2017001/article/54854-eng.htm>
- ⁵ Department of Finance Canada (2019). *Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations 2019*. Retrieved from <https://www.fin.gc.ca/taxexp-depfisc/2019/taxexp-depfisc19-eng.pdf>
- ⁶ Canadian Centre for Policy Alternatives (2018). *No Time to Lose: Alternative Federal Budget 2019*. Retrieved from <https://www.policyalternatives.ca/afb2019>