

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

**By: Community Food Centres
Canada**



community food centres
CANADA good food is just the beginning



centres communautaires d'alimentation
du CANADA la bonne nourriture n'est qu'un début

Recommendations

- **Recommendation 1:** That the Minister of Finance introduce legislation to make the Disability Tax Credit refundable.
- **Recommendation 2:** That the Minister of Finance and the Minister of Families, Children and Social Development explore the creation of a refundable working-age tax credit.

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 13 community food centres nationally, with five more launching in development. We also support 183 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 150 communities across Canada and one-third of federal ridings.

Across the country, our community food centres serve populations facing significant financial constraints: in 2019, 75% of participants were living below Statistics Canada's low income measure, and 36% received social assistance. Of those participants receiving social assistance, 61% were on disability supports (representing 22% of total community food centre participants).

Context

As we recover from COVID-19, the federal government should consider how to restart the Canadian economy equitably. Canada's Poverty Reduction Strategy has helped to lift more than a million Canadians out of poverty. This is largely due to the introduction of the Canada Child Benefit (CCB) and to the increase in the Guaranteed Income Supplement for low-income seniors, both of which have been shown to decrease food insecurity as well as poverty. The CCB, for example, has decreased severe food insecurity among families with children by 30%.¹

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, such as people with severe and prolonged disabilities.

The introduction of the Canada Emergency Response Benefit has reinvigorated a national conversation around a basic income, though this would involve difficult negotiations with provincial and territorial governments and a complex process to replace a web of income supports with one program. The recommendations below avoid these pitfalls but would serve decrease poverty and to create a more significant income floor for all Canadians.

Community Food Centres Canada's Recommendations for Budget 2021

Around 2.7 million Canadians live with a severe or very severe disability.² 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.³

The Disability Tax Credit (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,⁴ and 30% live under the low income measure (compared with 23% of all people with disabilities and 9% of people without disabilities).⁵

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,⁶ 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 Technology⁷ and the federal government's Disability Advisory Committee,⁸ 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.⁹ 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.

Despite the federal government's significant progress in reducing poverty, single working-age adults are the only household type for whom poverty rates have increased.¹⁰ Single adults make up 48.1 per cent of all food bank clients, despite representing 28.2 per cent of the population.¹¹

In part, this has to do with low provincial and territorial social assistance rates. According to the 2016 Census, more than 1.3 million Canadians, or nearly 5 per cent of the population, are on welfare or disability support.¹² But rather than help people transition back to work, social assistance traps people in poverty due to rates that come nowhere near the poverty line: in no jurisdiction do these benefits come close to covering basic needs. In Ontario, for example, a single person on welfare receives \$733 a month,¹³ while the average rent and utilities for a one-bedroom apartment cost \$943.¹⁴ In all provinces and territories, the gap between social assistance income and the Low Income Measure is so large — up to \$16,928 a year in New Brunswick — that people cannot hope to make ends meet.¹⁵ Living with

this kind of precarity can cause physical and mental health effects that make it more difficult to find employment.

While social assistance plays a big part in keeping people in poverty and food insecurity, nearly two-thirds of food-insecure households earn most of their income through salaries or wages.¹⁶ Despite this, the labour market is becoming increasingly precarious. In the last few decades, part-time and temporary work has increased,¹⁷ and the platform and gig economy is growing 33 per cent per year.¹⁸

Indeed, many of the top-growing sectors over the last decade—including retail, accommodation and food services—provide the lowest-quality jobs in terms of wages, benefits, work environment and potential for career advancement.¹⁹ Low-wage jobs tend to come with fewer benefits, such as pensions, health and dental coverage, as well as paid sick leave.²⁰

Working-age adults are increasingly being trapped in poverty by low-wage jobs and insufficient social assistance rates. In order to be successful in reducing poverty by 50 per cent by 2030, Canada's Poverty Reduction Strategy will need to address this and to provide more significant support for childless adults aged 18-64.

CFCC therefore recommends that the Minister of Finance and the Minister of Families, Children and Social Development explore the creation of a refundable working-age tax credit.

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