



Submission to the House of Commons
Standing Committee on Finance

Canadian Association of Food Banks

August 2008

“Improving the tax system to help low-income
Canadians enter and remain in the workforce”

About the Canadian Association of Food Banks

The Canadian Association of Food Banks (CAFB) is a national charitable organization representing the food bank community across Canada. Over 720,000 people access food banks each month - 39% are children. CAFB conducts research, engages in public education and advocates for public policy change to eliminate the causes of hunger and poverty in Canada. In 2007, the CAFB acquired and shared 8 million pounds of food industry donations through its National Food Sharing System for hungry Canadians.

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A. Food Bank Use in Canada

In March 2007, Canadian food banks assisted more than 720,000 adults and children – equivalent in size to the population of New Brunswick. In the same month, affiliated food programs served 2,244,462 meals to those in need.¹

The people served by food bank staff and volunteers come from across the spectrum. For example, 51% of assisted households contain at least one child, and 39% of all those needing help are children under 18 years of age. At any given food bank on any given day, you will see students and seniors, employed and unemployed, single and dual-parent families. It is a problem in every province and territory, in every municipality.

B. Food Bank Use Among Working Canadians

Many find it surprising that Canadians who are working or looking for work need assistance from food banks – but they do. 13.5% of those assisted are currently working, and 5.3% report Employment Insurance (E.I.) as their primary source of income, combining to constitute almost 19% of all those assisted by food banks.

C. Food Bank Use Among Non-Working Canadians

Half of all individuals assisted by food banks report Social Assistance as their primary source of income. Many of these individuals desire, but are unable, to enter the workforce due to a variety of barriers – lack of jobs that pay a living wage, lack of affordable child care, inability of employers to accommodate the needs of people with disabilities, limited job options in high-unemployment areas, etc.

What these two populations have in common is their connection to income sources that do not pay enough for households to live independently:

- The Canadian workforce is increasingly characterized by jobs that are low-paying, part-time and/or temporary, and that offer little in the way of health and other non-wage benefits;^{2,3}

- Social Assistance benefits do not provide living incomes, and have actually declined in real value over the past 15 years.⁴

D. Making it Easier for Low-Income Canadians to Enter and Remain in the Workforce

There are several reasons why the federal government must play a role in increasing low-income Canadians' attachment to the workforce:

- Adequate income is a key determinant of adult and child physical and mental health;
- Many provinces are currently experiencing a skilled "labour crunch," with predictions that the rest of the country will soon follow;
- With predictable, long-term, targeted federal supports that meet high level needs across the country, provincial governments can focus on labour force programs shaped to regional needs.

The federal government can play a role by making further investments in the Canada Child Tax Benefit (CCTB) and Working Income Tax Benefit (WITB):

With increased investment in the CCTB and WITB, the federal government can address two major problems:

1. Working Canadians should not need assistance from food banks to make ends meet;
2. Many non-working Canadians face multiple barriers to entry into the labour force.

Both the CCTB and WITB increase the likelihood that individuals will enter and stay in the workforce:

- The CCTB achieves this by providing funds to parents for child care and other household costs, allowing them more freedom to make the decision to work;
- As a program providing extra income to those with low-paying or part-time jobs, the WITB works as an incentive to those who desire to work, but would be otherwise unable to make the jump from Social Assistance to the workforce.

At the same time, both programs can do better:

- The Canada Child Tax Benefit is an example of federal social policy at its best, but current benefit levels are not adequate to meet the need, particularly given current and predicted rises in the price of energy and food;

- The Working Income Tax Benefit serves too narrow a population, and at its current levels does not truly act as an incentive to work.

How can these two programs be improved?

The Canadian Association of Food Banks recommends the following:

- Increase the value of the Canada Child Tax Benefit to \$5,000 per child, per year;
- Widen eligibility of the WITB to include – with consideration of existing WITB eligibility rules, family size, and community size – all households with earned incomes below the most recent low income cut-off (LICO);
- Apply yearly increases to Basic WITB levels, to a maximum of \$2,400 per year, with concomitant increases to the Family WITB and WITB Supplement.

These recommendations are not radical changes; they are simple and effective improvements that will allow the two programs to meet their stated goals.

ENDNOTES

¹ Canadian Association of Food Banks (2007). *HungerCount 2007*. Toronto: Author. All figures from *HungerCount 2007* unless otherwise indicated.

² Cranford, C.J., Vosko, L.F. & Zukewich, N. (2003). Precarious employment in the Canadian labour market: A statistical portrait. *Just Labour*, 3, 6-22.

³ Scoffield, H. (2008). New national refrain: Can I help you? *Globe and Mail Report on Business*, 27/05/08.

⁴ National Council of Welfare (2006). *Welfare incomes 2005*. Ottawa: Author.