



Recommendations to strengthen the social safety net for people in greatest need

Written submission for the pre-budget
consultations in advance of the 2023
federal budget

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February 2023

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ISBN: 978-1-928003-47-2
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Foreword

In October 2022, Maytree submitted “Strengthening the social safety net for people in greatest need” to the Standing Senate Committee on National Finance regarding considerations for the 2023 federal budget. This submission builds on these considerations to include recommendations for an emergency benefit for people with disabilities, a common definition of affordable housing, and funding to support the acquisition of multi-family rental housing.

Maytree’s recommendations

At Maytree, we believe that the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are protected, respected, and fulfilled for all people living in Canada. Maytree’s submission for the 2023 pre-budget consultation process is focused on ensuring that the federal government take action to strengthen Canada’s social safety net, so that those living in deep poverty can live a life with dignity.

To this end, Maytree recommends that the federal government:

1. Transform part of the Canada Workers Benefit (CWB) into the proposed Canada Working-Age Supplement (CWAS).¹

- This change would only impact the portion of the CWB targeted to unattached single adults and would be further refined to target those who are of working age. Unattached working-age single adults represent over 50 per cent of the 1.8 million people living in deep poverty, and the CWAS would reduce their depth of poverty.
- Implementing the CWAS would require the following parameter changes to the CWB:
 - Adding a floor benefit of \$3,000, which would be provided to those with very little or no employment income. This change is in contrast to the current CWB design, where people need to earn \$3,000 or more to begin receiving the benefit.
 - An employment boost—that is, a benefit that is phased in as earnings increase—of up to \$1,000.
 - A higher maximum benefit amount of up to \$4,000 per year, combining the floor benefit and the employment boost. This maximum is much higher

1 For more details on the proposal, see: Talwar Kapoor, Garima et al. (2022). *How to reduce the depth of single adult poverty in Canada: Proposal for a Canada Working-Age Supplement*. Maytree and Community Food Centres Canada. Accessed at: <https://maytree.com/wp-content/uploads/canada-working-age-supplement-report.pdf>

compared to the current CWB maximum benefit of \$1,395 for unattached single adults.

- An extended reach, meaning that benefits would continue to be provided to those with low and moderate earnings, until adjusted family net income reaches \$49,611, compared to the current threshold of \$32,244.
- The CWAS would be available to 3.1 million single adults. About 2.1 million are new recipients who are currently ineligible to receive the CWB. Importantly, the CWAS would support 1 million people living in deep poverty.
 - Although the CWAS would be available to people with disabilities, it should not replace but complement the development and implementation of the Canada Disability Benefit.
- The CWAS would largely mirror the current structure of the CWB—that is, the personal income tax system would be used for assessment and delivery, and the benefit would be indexed to inflation to protect its value over time.
- The CWAS is estimated to cost \$7.8 billion in total, representing an increase of \$6.9 billion from CWB spending for single adults.

2. Enhance the Canada Workers Benefit disability supplement as a temporary relief measure until the Canada Disability Benefit is created.

- The Canada Disability Benefit is not expected to be implemented until one year after the framework legislation passes. However, many people with disabilities are living in deep poverty now and cannot wait to receive support. As a temporary relief measure, we propose that the Canada Workers Benefit supplement for people with disabilities (CWB-D) should be expanded by:
 - Removing the requirement that recipients must have annual earnings of at least \$1,150 to be eligible;
 - Increasing the maximum annual benefit from \$720 to a level that would have a real impact on reducing the depth of poverty experienced by those with disabilities; and
 - Broadening access to include those who already receive disability-related supports at the provincial, territorial, and/or federal levels (e.g., disability-related social assistance), rather than only those who are eligible for the non-refundable federal disability tax credit.

3. Enhance the Canada Housing Benefit so that it provides more consistent support to renters with lower incomes.

- The 2022 one-time top-up to the Canada Housing Benefit should be made permanent so that it becomes a broader, refundable tax credit for all renters with lower incomes.
- To this end, the federal government should consider renaming this new support—and refrain from calling it a top-up—to avoid confusion with the portable housing benefits that are jointly provided with the provinces and territories through the National Housing Strategy.
 - This is because it appears that this benefit is not in fact a top-up to existing portable housing benefits but, rather, has broader income- and rent-based eligibility criteria that are universally applied across Canada.
 - Although we welcome this additional benefit, the government should clarify this new support’s assessment and delivery method so that all lower-income renters who are eligible will apply.
- The federal government should also remove the requirement for applicants to attest that they are paying at least 30 per cent of their adjusted family net income on shelter. Since the benefit is already income-tested, there is no need for an additional attestation beyond ensuring that applicants are renters, as income is a good proxy for whether a household will be in core housing need. This requirement would be cumbersome for government to implement and could also place an undue burden on lower-income renters, which could discourage some from applying.

4. Work with provincial and territorial governments to ensure alignment with federal initiatives for single working-age adults and renters with lower incomes.

- This means:
 - Developing a common, intergovernmental definition of affordable housing based on income levels, rather than market rents, to ensure that publicly funded housing programs better target people in core housing need.
 - Providing funding for a program that would support non-profit acquisition of multi-family rental housing to be maintained at affordable rates.

- Ensuring that the proposed Canada Working-Age Supplement and the one-time top-up to the Canada Housing Benefit are not met with benefit clawbacks in other provincial and territorial income-based support programs.
- Strengthening bilateral agreements and transfers to ensure that federal investments are not being undermined by provincial and territorial government policies. In practice, this means that federal/provincial/territorial housing agreements should be strengthened so that the goals of the National Housing Strategy, such as focusing on people in greatest need, are better reflected in policies that fall under the agreements. Investments made through the Canada Social Transfer should also be increased to improve the adequacy of support provided through social assistance programs across Canada. Such an increase should be accompanied by stronger accountability mechanisms to ensure that federal funding is used as intended.

Context

Income and housing insecurity are two sides of the same coin

The federal government has taken important steps towards improving supports for lower- and moderate-income families, such as through the creation of the National Housing Strategy and the Canada Child Benefit. But there are still gaps in support that leave some behind.

In 2019, about 3.7 million people, or 10.1 per cent of the population, lived below Canada's Official Poverty Line. Although these overall figures are important to consider, a closer look at how poverty is experienced by family type tells an even more troubling story. For example, in comparing the low-income status of different family types, over 35 per cent of working-age single adults without children had incomes that were below the low-income measure compared to just about 10 per cent of couple families.² This high rate of poverty among single adults without children has been persistent for decades.

Unattached single adults of working-age are also likely to experience deep poverty. **In 2019, of the 1.8 million people with incomes below 75 per cent of Canada's Official Poverty Line, the Market Basket Measure or MBM, half were working-age single adults without children.** In addition, over one million working-age adults with disabilities lived below the MBM.

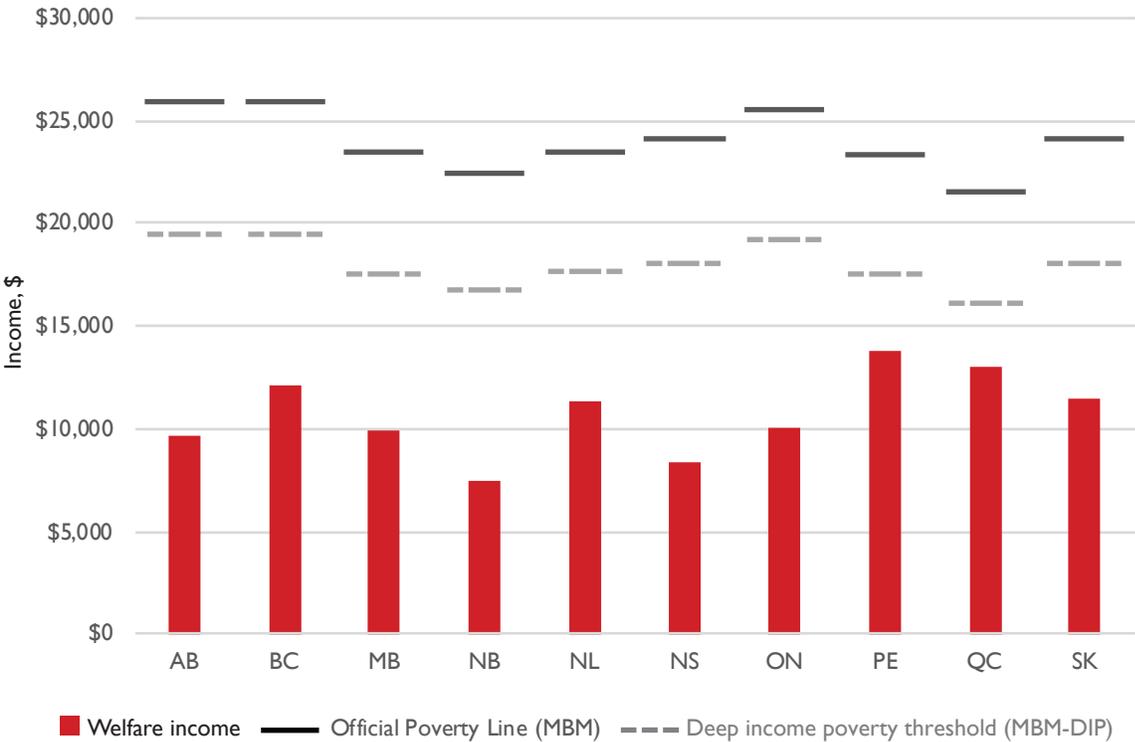
2 Ibid

Being in deep poverty can significantly affect a person’s quality of life. According to a recent report from the Institute for Research on Public Policy, “Living in deep poverty means that individuals and families must use all of their income to meet basic necessities such as shelter and food, making it virtually impossible to address other needs or plan for their future.”³

This sentiment is brought into sharp relief when assessing the total welfare incomes of people receiving social assistance. Maytree’s annual *Welfare in Canada* report shows that unattached single adults face extremely deep rates of poverty across Canada.^{4,5}

Figure 1 – Adequacy of welfare incomes for unattached single adults by province, 2021

a. Unattached single adults considered employable

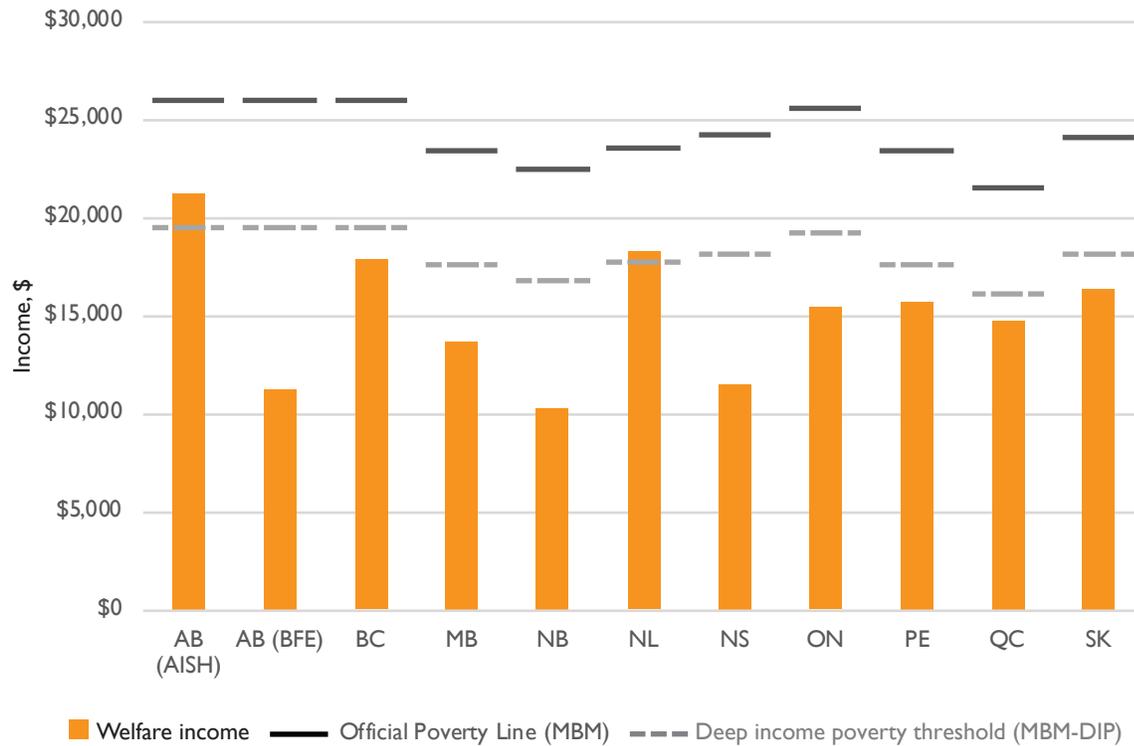


3 Herd, Dean et al. (2020). “Canada’s Forgotten Poor? Putting Singles Living in Deep Poverty on the Policy Radar.” *Institute for Research on Public Policy*. Accessed at: <https://irpp.org/research-studies/canadas-forgotten-poor-putting-singles-living-in-deep-poverty-on-the-policy-radar/>.

4 Welfare incomes include social assistance amounts, benefits, and refundable tax credits.

5 Laidley, Jennefer and Mohy Tabbara. (2022). “Welfare in Canada, 2021.” *Maytree*. Accessed at: <https://maytree.com/welfare-in-canada/>.

b. Unattached single adults with disabilities



Note: All households are receiving social assistance for the first time in 2021, and are assumed to have received it for the entire 2021 calendar year. They are also assumed to not have employment income.

Figure 1a illustrates the depth of poverty that unattached single adults “considered employable” and receiving social assistance experience. Figure 1b provides the welfare incomes of unattached single adults receiving disability social assistance support.^{6,7} Both graphs illustrate the deep poverty that unattached single adults receiving social assistance experience. Efforts from the federal government, as recommended above, are required to help address these challenges.

Another commonly used measure of need in Canada is *core housing need*, which measures how many people are living in housing that is deemed unsuitable, inadequate, or unaffordable. In 2021, Statistics Canada estimates that **10.1 per cent of Canadian households lived in core housing need, with over three-quarters**

6 While the term “considered employable” is a dated term, it is used to denote the differences in benefits provided through social assistance to people considered “able” to work and those with disabilities. This does not reflect modern understandings that some people with disabilities can work.

7 Since the MBM does not take into consideration the additional costs associated with a disability, using existing MBM thresholds under-represents the extent of poverty for people with disabilities.

in need due to affordability challenges. Like income-based poverty measures, the situation was worse for some more than others.⁸

- Of **renter households, 20 per cent were in core housing need**, compared to 5.3 per cent of owner households.
- **People with disabilities were over 1.5 times more likely to experience core housing need** compared to the rest of the population.⁹
- Core housing need rates were **highest in British Columbia and Ontario** and in Canada's primary downtown centres.
- **Couples of all ages were the least likely to live in core housing need**, due to the ability to pool resources to share the cost of expenses.

These trends show that some groups—particularly, working-age single adults and lower-income renters—require enhanced and predictable support to ensure that they can live a life with dignity.

The way that we live, and the cost of living, continues to change

It's important to understand these trends in the context of social and economic changes that have taken place over the past few decades.

For example, the composition of Canadian families, and the way that we live, has shifted dramatically. According to Statistics Canada, **there are more people living alone than ever before**, with 4.4 million people living alone in 2021 compared to 1.7 million people in 1981. Living alone is particularly on the rise in middle-adulthood, with the share of people aged 35 to 44 living alone doubling from 5 per cent in 1981 to 10 per cent in 2021.

On top of this, **growth in the number of households who rent is far outpacing growth in the number of households who own.** From 2011 to 2021, Census data indicates that the number of Canadian renter households grew by just over 21 per cent—over twice the pace of owner households (8.4 per cent) over the same period. This is particularly the case for younger adults aged 25 to 40 years.

These trends are important to consider given that living costs have increased significantly while incomes have remained stagnant. **Rents in particular have soared across the country and continue to increase in Canada's largest cities.**

8 Statistics Canada. (2022). "To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home." Accessed at: <https://www150.statcan.gc.ca/n1/en/daily-quotidien/220921/dq220921b-eng.pdf?st=BKamDVXv>.

9 Randle, Jeff and Zachary Thurston. (2022). "Housing Experiences in Canada: Persons with Disabilities." Statistics Canada. Accessed at: <https://www150.statcan.gc.ca/n1/en/pub/46-28-0001/2021001/article/00011-eng.pdf?st=ByDZrrQM>.

For example, in summer 2022, it was estimated that the average monthly rent for a newly rented one-bedroom apartment in Toronto increased to \$2,269—an increase of 20 per cent compared to the previous year.¹⁰

Adding to this pressure **are high food prices** caused by a combination of supply chain issues, climate change, and global events. According to Statistics Canada, **food prices increased by 9.8 per cent** in August 2022 compared to the previous year. Grocery prices in particular have skyrocketed, representing the fastest increase since 1981. In combination with unaffordable rents, some food banks are reporting that more people are using their services now compared to pre-pandemic years.¹¹

Taken together, these changes call into question whether government programs and services reflect the challenges faced by people across Canada, especially those in deepest need.

The way forward: Addressing gaps in support for those most in need

To address the gaps in support for working-age single adults and lower-income renters, Maytree recommends that the federal government direct investments in budget 2023 to:

1. Transform the Canada Workers Benefit into the Canada-Working Age Supplement for working-age single adults by removing the requirement for attachment to the labour force and increasing the maximum benefit level;
2. Enhance the Canada Workers Benefit disability supplement as a temporary relief measure until the Canada Disability Benefit is created.
3. Enhance the Canada Housing Benefit so that it is a permanent support program for lower-income renters; and
4. Work with provincial and territorial partners to ensure that other supports complement these initiatives and broader federal goals in income security and housing policy.

These recommendations are guided by evidence, focus on those most likely to be in need, and build on the existing foundation of Canada’s social safety net.

10 Barreto Pereira, Ana Paula. (2022). “Toronto apartment rents soar 20% to record with market tightening.” *Bloomberg News*. Accessed at: <https://www.bnnbloomberg.ca/toronto-apartment-rents-soar-20-to-record-withmarket-tightening-1.1798486>.

11 Ricci, Talia. (2022). “GTA food banks say they’re facing the highest demand in their history.” *CBC News*. Accessed at: <https://www.cbc.ca/news/canada/toronto/gta-food-banks-say-theyre-facing-largest-demand-in-history-1.6585801>.

Maytree is pleased to have the opportunity to provide input in advance of the 2023 federal budget. We welcome any questions or comments on our proposed recommendations.