

2026 Federal Pre-Budget Submission: Strengthening Affordability and Reducing Food Insecurity

Submission by Daily Bread Food Bank
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Recommendations

1. Implement a **refundable, income-tested tax credit for low-income renters**, delivered monthly through the Canada Revenue Agency, to improve housing affordability and reduce food insecurity.
2. **Further reform the Disability Tax Credit (DTC)**, which serves as the gateway to the Canada Disability Benefit and many other federal disability supports, by broadening the definition of disability and removing access barriers.
3. **Expand and accelerate automatic tax filing** to ensure people with low incomes can access the federal benefits and credits to which they are entitled.
4. Establish a **Federal Food Donation Tax Credit** for farmers and food producers who donate food to community food programs, to strengthen Canada's food system resilience and support people facing food insecurity.
5. **Modernize Employment Insurance** by reforming eligibility rules and benefits to better reflect today's labour market and provide more equitable and adequate income protection for workers at heightened risk of poverty and food insecurity, including those in part-time, temporary, contract, and other non-standard employment.

Introduction

Daily Bread Food Bank is Canada's largest food bank, providing more than 90% of emergency food support across Toronto through a network of 214 food banks and food programs. In 2025, food bank visits in Toronto reached a record high of over 4.1 million, reflecting deepening affordability pressures and the growing number of households struggling to meet basic needs.

Reducing poverty and food insecurity requires addressing the root causes, including unaffordable housing, insufficient and unstable incomes, and gaps in access to income supports. While recent federal measures such as the Groceries and Essentials Benefit and funding for a permanent National School Food Program are important steps, deeper and faster action is needed.

The recommendations in this submission focus on practical federal measures that can strengthen affordability, improve income security, and reduce pressure on food banks in the near term while helping ensure people in Canada can meet their basic needs and live with dignity.

Recommendation 1: Implement a refundable, income-tested tax credit for low-income renters, delivered monthly through the Canada Revenue Agency, to improve housing affordability and reduce food insecurity.

Unaffordable housing is a key driver of food bank use. As home ownership has become increasingly unattainable, renter households have grown at **more than twice the rate** of homeowner households between 2016 and 2021, and now account for 33.4% of all households in Canada—the highest share on record.ⁱ In cities like Toronto, where renter households make up close to half of all households, low vacancy rates in the most affordable part of the rental market continue to place significant pressure on renters with low incomes.^{ii iii}

Efforts to increase affordable and social housing supply are important, but they will not address the immediate affordability crisis facing renters with low incomes. In the absence of deeply affordable rental options, immediate income-based support is needed.

Nationally, **70%** of food bank clients live in market rental housing, and in Toronto, **more than 90%** of food bank clients are renters or are experiencing homelessness.^{iv v} That pressure is especially acute in Toronto, where the average rent for an occupied one-bedroom unit was over \$1,700 per month in October 2025, while the median monthly income of a person visiting a food bank was approximately \$1,200.^{vi vii} With more than one in ten Torontonians now relying on food banks and one in five clients spending their whole income on rent—including working clients—immediate income-based supports are needed to help renters with low incomes meet basic housing costs.^{viii}

The federal government launched the Canada Housing Benefit (CHB) in 2020 to make housing more affordable. However, a federal evaluation found that the CHB is a partial-gap, non-universal initiative that has reached only about **6% of renter households** living in unaffordable housing.^{ix} Moreover, the initiative is time-limited with funding scheduled to end in 2027/28.

Some provinces such as Manitoba have a Renters Affordability Tax Credit, which provides income-tested rental support through the tax system, although the coverage and benefit levels remain limited and uneven across jurisdictions.

Canada committed to the progressive realization of the right to adequate housing and an adequate standard of living under international treaties, and reaffirmed this commitment in 2019 through the National Housing Strategy Act. The federal government also committed to a National Food Security Strategy to tackle the root causes of food insecurity, including the lack of affordable housing. **A universal, immediate income-based approach to housing affordability for low-income renters across Canada will be critical to closing gaps in current supports and advancing the right to housing for all.**

With affordability pressures continuing to mount, and with current CHB funding set to expire in 2027/28, Budget 2026 should introduce a refundable, income-tested tax credit for low-income renters, delivered monthly through the CRA, to provide immediate housing support.

This would provide timely, scalable support to renters with low incomes, help households afford essentials, and reduce food bank reliance while advancing the right to housing.

Recommendation 2: Further reform the Disability Tax Credit (DTC), which serves as the gateway to the Canada Disability Benefit and many other federal disability supports, by broadening the definition of disability and removing access barriers.

The DTC was originally designed as a non-refundable tax credit intended to offset disability-related costs by reducing the amount of tax owed by people with disabilities or their caregivers. Over time, the DTC has evolved beyond its original tax function and now serves as a key gateway to a wide range of federal disability income supports, including the Canada Disability Benefit (CDB), the Child Disability Benefit, and the Canada Workers Benefit Disability Supplement, among others. Despite this central role, the DTC remains significantly underutilized. Evidence shows that the majority of people with disabilities do not have a DTC certificate, which is a key requirement to access these income supports.^x

The DTC relies on a restrictive and complex definition of disability,^{xi} and the application process itself remains administratively burdensome.^{xii} Applicants often incur significant out-of-pocket costs to have the application form completed, and many are also forced to repeatedly reapply to maintain access.^{xiii}

The federal government made important commitments to improving access to the DTC, including reforms announced in the Budget 2025 and more recently in the Spring Economic Update 2026 aimed at streamlining the application process and expanding who can certify eligibility. These measures represent meaningful progress toward reducing administrative barriers and improving access to disability-related supports. Building on these measures, Budget 2026 should further reform the DTC to reduce exclusion from multiple interconnected disability supports. For many people living in deep poverty, these access barriers translate into substantial lost income.

Budget 2026 should further advance the government's commitment to review and reform the DTC by taking the following measures.

- a) **Broaden the DTC's definition of disability** so it is inclusive of all provincial and territorial disability definitions, ensuring that individuals receiving disability support through social assistance in any province or territory also qualify for federal disability benefits.
- b) Reduce DTC access barriers through targeted reforms to application processes and navigation supports.
 - Introduce **direct federal reimbursement of medical practitioners** completing DTC applications, similar to the existing approach for CPP Disability applications.
 - Reduce the use of unnecessary temporary certificates and establish a simplified renewal process nationwide, building on the Manitoba pilot.
 - Increase funding for the **Disability Benefit Navigation program**, which supports not-for-profit community organizations in helping individuals access the DTC, the CDB, and related provincial and territorial disability benefits.

Recommendation 3: Expand and accelerate automatic tax filing to ensure people with low incomes can access the federal benefits and credits to which they are entitled.

Filing a tax return is the gateway to a range of federal benefits and credits that people rely on for housing, food, and other basic needs. Yet barriers to tax filing continue to shut millions of Canadians out of the income security system. Research shows that 10-12% of Canadians do not file a tax return,^{xv} causing them to miss out on critical benefits such as the GST/HST credit, the Canada Child Benefit, the Canada Disability Benefit, and others. Daily Bread Food Bank found that 30% of food bank clients did not file taxes.^{xvi} If the Canada Revenue Agency (CRA) implements automatic tax filing for non-filers whose information it already has, an estimated \$1.6 billion to \$1.8 billion in additional government benefits could be paid to non-filers between 2024–25 and 2028–29.^{xvii}

Recognizing that many people with low incomes are missing out on valuable benefits and credits because they are not filing an annual tax return, the federal government announced that the CRA will make it easier for Canadians to file and access key benefits starting with the 2026 tax year. Budget 2025 further committed to amending the Income Tax Act to allow the CRA to prepare a pre-filled tax return through CRA My Account for about 1 million lower-income individuals with simple tax situations starting with the 2026 tax year, scaling up to about 5.5 million individuals by the 2028 tax year. Building on the existing SimpleFile service, these measures are intended to provide a simpler and faster way for lower-income Canadians with simple tax situations to file a return and receive benefits.

However, there are several concerns with the current approach, including the slow phase-in of automatic tax filing, a low eligibility income threshold, the three-year cap on deemed tax filing, and a 90-day waiting period after the filing deadline before individuals become eligible for deemed filing.^{xiv} Together, these measures create significant barriers for low-income people seeking to access benefits to which they are entitled.

Automatic tax filing has significant potential to improve equitable access to benefits, but this will depend on how quickly and broadly it is rolled out for people with low incomes.

Budget 2026 should accelerate and broaden automatic tax filing so people with low incomes can access the federal benefits and credits to which they are entitled.

Implementation should include raising the income eligibility threshold, accelerating the phase-in, ensuring continuous access to automatic benefits, and removing the 90-day delay by advancing the review period. As an immediate priority, the federal government should work with provinces and territories to enable automatic access for social assistance recipients, who face some of the greatest barriers to tax filing and benefit access.

Recommendation 4: Establish a Federal Food Donation Tax Credit for farmers and food producers who donate food to community food programs, to strengthen Canada’s food system resilience and support people facing food insecurity.

Canada is experiencing record levels of food insecurity. In 2025, almost 10 million people, or 24% of the population, lived in food-insecure households, including 2.4 million children.^{xix}

These pressures are evident in rising food bank use. Across Canada, food banks recorded more than two million visits in March 2025, the highest monthly total on record and a 99.4% increase since 2019.^{lxxi} In Toronto alone, visits to food banks reached an all-time high of over 4.1 million in 2025.^{lxxii} To meet this growing need, Daily Bread Food Bank is projected to spend \$29 million on purchased food this year—more than 19 times the \$1.5 million spent pre-pandemic. Likewise, food banks across the country, once meant for temporary emergency relief, are being stretched to their limits to meet the record levels of ongoing need at their doors.

Meanwhile, estimates suggest that surplus food, much of it originating from primary producers, contributes up to 25.7 million metric tonnes of carbon dioxide equivalents (CO₂e) annually and represents a lost value of \$58 billion.^{lxxiii}

As the new National Food Security Strategy is developed, it is important to include measures that support local food producers and frontline organizations assisting people experiencing food insecurity in the short term.

Building on existing food donation tax credits in provinces such as Ontario, Nova Scotia, British Columbia, and Quebec, Budget 2026 should establish a permanent Federal Food Donation Tax Credit. The credit should be designed as a non-refundable, stackable tax credit that complements existing provincial credits and provides 25% of the fair market value of fresh and once-processed food donated by farmers and producers to registered charities and community food programs.

A federal Food Donation Tax Credit would support farmers and food producers who donate food, increase access to nutritious food for community food programs, strengthen food system resilience, and reduce surplus-related emissions. It could also support implementation of the National School Food Program at scale.

Recommendation 5: Modernize Employment Insurance by reforming eligibility rules and benefits to better reflect today’s labour market and provide more equitable and adequate income protection for workers at heightened risk of poverty and food insecurity, including those in part-time, temporary, contract, and other non-standard employment.

Canada continues to face elevated unemployment and persistent long-term joblessness. In April 2026, the unemployment rate remained at 6.9%, unchanged year over year, while 22.5% of unemployed people had been searching for work for 27 weeks or more—well above the pre-pandemic average.^{xv xvi} Given ongoing global economic uncertainty, these pressures are unlikely to ease significantly in the near term.

At the same time, employment no longer guarantees financial stability. Working people are now the fastest-growing group of food bank users, underscoring the rise of working poverty alongside broader labour market instability.^{xvii}

Although Employment Insurance remains Canada’s primary temporary income support during unemployment, the program no longer reflects how many people work today. Canada’s labour market has shifted toward gig, contract, temporary, part-time, and other non-standard forms of employment.^{xviii} These jobs are more likely to involve irregular hours, fluctuating earnings, and inconsistent contributions, making it harder for workers to qualify for EI under rules based on insurable hours and continuous employment. As a result, just over one-third of unemployed Canadians receive EI benefits.^{xix} ^{xx} This leaves many workers without adequate support during periods of unemployment, even as EI continues to play an important role in stabilizing the economy during downturns.^{xxi}

While the federal government has introduced temporary EI measures in response to current economic pressures, these changes remain limited and insufficient to modernize the EI system in line with today’s labour market realities.

Budget 2026 should modernize Employment Insurance by reforming eligibility rules and benefits to better reflect today’s labour market and provide more equitable and adequate income protection for workers in part-time, temporary, contract, and other non-standard employment who are at heightened risk of poverty and food insecurity.

Conclusion

As the federal government moves ahead with its plan to build a **stronger, more independent, and resilient Canada** amid global economic uncertainty, it is essential that ensuring people can meet their **basic needs** remains a central priority. Improving housing affordability, income security, and access to benefits is not only critical to reducing poverty and food insecurity; it also supports a more resilient, productive, and inclusive economy.

From Daily Bread Food Bank’s perspective on the front lines of food insecurity, the recommendations in this submission outline practical federal actions to help ensure people in Canada can live with dignity and participate more fully in the country’s economic and social life. We appreciate the opportunity to contribute to this consultation and would welcome the opportunity to continue the conversation.

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