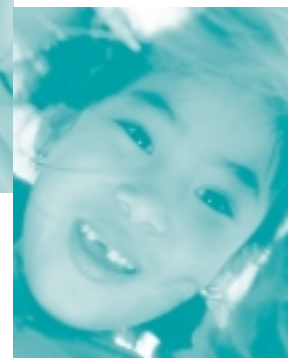




***The National  
Child Benefit***



**2001**  
Progress Report

## What is the National Child Benefit?

In 1998, federal, provincial and territorial governments<sup>1</sup> launched the National Child Benefit (NCB), which includes a First Nations component.

The National Child Benefit aims to:

- prevent and reduce the depth of child poverty in Canada;
- promote labour market attachment by ensuring that families will always be better off as a result of working; and
- reduce overlap and duplication by harmonizing program objectives and benefits across jurisdictions.

The NCB was designed to make it easier for parents to find and keep work by providing child benefits outside of social assistance and to continue enhanced benefits and services for children when parents move into jobs.

The Government of Canada is increasing income support benefits for children in low-income families through the National Child Benefit Supplement component of the Canada Child Tax Benefit.

In turn, most provinces, territories and First Nations adjust the income support benefits they provide for children while ensuring that the full or partial amount is provided under the NCB Supplement.<sup>2</sup> These adjustments have allowed provinces and territories to provide new and expanded benefits and services for low-income families with children that meet the goals of the National Child Benefit.

NCB initiatives focus on child/day care, early childhood and children at-risk services, child benefits and earned income supplements and supplementary health benefits.

Approximately 600 First Nations participate in the NCB, through initiatives that meet priorities of their individual communities and further the goals of the NCB. These initiatives focus on child/day care, child nutrition, early childhood development, employment and training opportunities, and other supports such as cultural/traditional teachings, recreation and youth development.

<sup>1</sup> The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

<sup>2</sup> For a complete description of provincial/territorial social assistance adjustments/reinvestments models please see the National Child Benefit Website at <http://www.nationalchildbenefit.ca>

## Is the National Child Benefit making a difference?

The National Child Benefit (NCB) is improving the situation for families with children and is making a difference in preventing and reducing child poverty. The proportion of families with children living in low income is steadily declining, dropping from 20.4 percent in 1996 to 17.2 percent in 1999. This decline translates into more than 135,000 families with about 201,000 children moving above the Low-Income Cut-Off (LICO) between 1996 and 1999.

These results are mostly due to the strong economic performance experienced in the late 1990s, and the NCB initiative supports this trend in improving the situation for families with children.

*The NCB Progress Report: 2001* contains, for the first time, results of the direct impacts of the NCB on preventing and reducing child poverty. In 1999, as a result of the NCB:

- Approximately 1.2 million families with 2.1 million children saw an average increase in their income.
- Low-income families saw their income increase on average by \$775.
- The number of low-income families with children was reduced by approximately 2.4 percent (or about 16,500 families with approximately 33,800 children).

- There was a reduction of almost 6.5 percent in the low-income gap (the total amount of income families would need to leave low income).

It is expected that the impacts may further increase for 2000 and 2001 and will be reported in future NCB Progress Reports.

## How much is being invested?

The Government of Canada provided about \$7.9 billion in benefits to families through the Canada Child Tax Benefit in 2001-2002, including \$2.5 billion as part of the NCB initiative.

In 2001-2002, provincial and territorial governments along with First Nations spent an estimated total of \$734.7 million on NCB initiatives.

First Nations NCB initiatives are estimated to have totalled \$59.5 million in 2001-2002.

A low-income family with two children in 2002-2003 will receive annual federal child benefits of up to \$4,682, compared with maximum benefits of \$2,540 in 1996, an 84 percent increase.

By 2004, the Canada Child Tax Benefit will reach \$2,500 for a first child and \$2,300 for a second and each subsequent child, totalling \$4,800 for a two-child family.

## National Child Benefit initiatives by provinces, territories and First Nations

As part of the NCB initiative, provinces, territories and First Nations have reinvested and invested more money into programs and services for low-income families with children such as:

**Child benefits and earned income supplements**—to provide low-income families with more money, and help parents stay in jobs, working toward higher wages.

**Child/day care initiatives**—to help low-income families cover the extra child care costs they have because they are working.

**Early childhood services and children-at-risk services**—to support low-income families when their children are very young, so they can give their kids a healthy start in life.

**Supplementary health benefits**—to make sure that families can keep important health benefits when they move from social assistance to work.

**Other NCB initiatives**—programs and services to meet the particular needs of children in each province and territory.

Note: For further information on provincial, territorial and First Nations' NCB reinvestments please refer to Appendix 5 in *The NCB Progress Report: 2001*.

## The Way Ahead

*The National Child Benefit Progress Report: 2001* reveals for the first time that the National Child Benefit has been successful in meeting its goals, particularly in reducing and preventing child poverty. These positive trends demonstrate that the NCB is working and is a good example of federal/provincial/territorial and First Nations co-operation. In addition, a more in-depth evaluation of the National Child Benefit is underway, and will be reported on in detail in the next NCB Progress Report.

In its first three years, the National Child Benefit has put in place the key components of an integrated child benefit system. A stronger national platform of child benefits is being built, along with benefits and services provided by provinces, territories and First Nations. We recognize, however, that challenges remain in addressing child poverty and helping low-income families. The Government of Canada, provinces, territories and First Nations are committed to continue working together towards achieving the goals of the National Child Benefit.