

# NEWS RELEASE



## Canada Child Benefit deemed less effective than claimed in lifting children out of poverty due to lack of targeting; only 91,000 children affected despite additional \$5.6 billion (2019/20)

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**VANCOUVER**—Despite spending an additional \$5.6 billion in 2019-20, the new Canada Child Benefit only moved an estimated 90,900 children above Statistics Canada’s Low-Income Cut-Off, a key measure of low-income, finds a new essay released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“One of the stated goals of the Canada Child Benefit was to help lift children out of poverty, but most of the households that benefit from this new program compared to the previous ones were never living in poverty in the first place,” said Professor Christopher Sarlo, senior fellow at the Fraser Institute and author of *Does the Canada Child Benefit (CCB) Actually Reduce Child Poverty?*

In 2016, the federal government replaced two existing child benefit programs with the Canada Child Benefit (CCB), which provides tax-free payments to eligible families with children under the age of 18.

An estimated 390,600 children would have been in households with income below Statistics Canada’s LICO line in 2019 under the old system. The new CCB reduced that number to an estimated 299,700, a reduction of 90,900. In 2019, LICO was calculated as \$41,406 for a family of four living in a census city with more than 500,000 people.

The decline in child poverty rates improve when an alternative measure of poverty is used, Statistics Canada’s Market Basket Measure (MBM), which the federal government tends to favour, estimates poverty at higher levels of income compared to LICO. In 2019, for instance, the MBM for a family of four ranged up to a little over \$50,000 depending on the city.

An estimated 987,306 children would have lived in households with income below the MBM in 2019 under the old system. The introduction of the CCB reduced that number to 702,942, a reduction of 284,364.

“The CCB program did not target truly low-income families with children and instead deliberately prioritized the middle class,” Sarlo said.

“This is yet another example of the government making grand claims without offering any empirical evidence.”

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