



**THE STATUS AND IMPACT OF
PROVINCIAL/TERRITORIAL RECOVERIES
OF THE NATIONAL CHILD BENEFIT
SUPPLEMENT**

A Background Paper for the

Chronic Disease Prevention Alliance of Canada

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Background

The Chronic Disease Prevention Alliance of Canada (CDPAC) is a networked community of over 60 provincial and national organizations working for a comprehensive system of surveillance, research, policy and programs that will reduce the burden of chronic diseases in Canada. There are many contributing factors to chronic diseases and poverty is one of them. CDPAC commissioned this paper to learn more about one of many policy levers, the National Child Tax Benefit, as a potential contribution to increasing income security for some Canadians.

Introduction

For households that have exhausted all other means of financial support, social assistance is the safety net of last resort in Canada. The system is run by complex rules with funding and administrative responsibilities shared between the provincial/territorial and federal governments. Numerous organizations have called on Canadian governments to reform the current system to better provide those in need with resources sufficient for basic living expenses.

One of the focal points in this debate has been the National Child Benefit (NCB) initiative and the practice by many provincial and territorial governments of recovering (clawing back) funds provided by the National Child Benefit Supplement (NCBS) from households receiving social assistance. The purpose of this paper is to highlight the current status of the recovery of the federal NCBS by provincial and territorial governments and assess the health impact of these policies on low income households. The first section provides some background to the development of child benefits and a description of the NCB itself. This is followed by a focus on the NCBS clawback itself, its current status, whom it affects and how. To provide context for the conclusions, the next sections offer brief summaries of the inadequacy of current welfare rates nationally and the research links between poverty and child health. In the final section, conclusions are drawn from the information presented in the report and suggested next steps are proposed.

The National Child Benefit

History

Canadian governments first officially recognized the need for income assistance to families with children in 1918 when the federal government introduced the Child Tax Exemption. The concept arose out of an understanding that wage rates are not related to family size and that low wage jobs are insufficient to meet the needs of families with children. The objective of early policy directions not only focused on positively influencing child health and well-being through increased family incomes, there were also economic reasons. Concerns about global trade, international competition and pressure to increase labour productivity by suppressing wages were important drivers of family benefits (Warriner, 2005). The rationale was that not providing child-specific allowances to families would result in minimum wages and average wages, and the demand for higher wages among unions and the public, being driven higher, inhibiting global competitiveness.

Several key reports in the 1970s revisited income security issues, including child poverty. In 1978, the federal government introduced the Refundable Child Tax Credit program that, for the first time, used the personal income tax system to deliver benefits to families based on income and family size.

In 1991, the Report of the Standing Senate Committee on Social Affairs, Science and Technology, *Children in Poverty*, recommended a national child benefit consisting of the Family Allowance and an enhanced Refundable Child Tax Credit. By the early 1990s, the prevalence of poverty had risen dramatically such that over 21% of Canadian children were living in families with incomes below Statistics Canada's low income cutoffs (LICOs) (Canadian Council on Social Development). In 1994, a federal Social Security Review discussion paper proposed options for the reform of child benefits, noting that the key to addressing child poverty should be to improve the capacity of parents to earn income by reducing barriers to work (Minister of Supply and Services Canada, 1994). Government policies had evolved such that leaving social assistance for employment often meant that low income families with children lost many or all of their benefits. Governments had inadvertently created disincentives to labour force participation, often referred to as the "welfare wall" (Federal, Provincial, Territorial Ministers Responsible for Social Services, 2007).

Pressured by social welfare and child advocacy organizations, community groups, unions, business organizations, policy institutes and the general public to reduce child poverty, the federal and provincial governments began talks which eventually led to the National Child Benefit. The NCB was designed to help lower the welfare wall by ensuring that families leaving social assistance were better off once employed while also helping to prevent and reduce the depth of child poverty (Federal, Provincial, Territorial Ministers Responsible for Social Services, 2007).

Description

The NCB was launched in 1998 with two components: monthly payments to low income families with children, and child oriented benefits and services designed and delivered by the provinces, territories and First Nations. The monthly payments take the form of the Canada Child Tax Benefit (CCTB) which itself has two components:

1. The base benefit of the CCTB is paid to low and middle income families with children. The CCTB is designed to help families with the costs of raising children and is based on a family's net income and the number of children. Approximately 82% of all Canadian families with children receive the CCTB.
2. The NCB Supplement is an additional benefit paid to low income families with children, currently received by approximately 40% of families with children or 1.5 million households (Federal, Provincial, Territorial Ministers Responsible for Social Services, 2007).

In 2004/05, the federal government provided \$6.0 billion through the base benefit of the CCTB and \$2.9 billion for the NCBS (National Child Benefit website, www.nationalchildbenefit.ca). The current Conservative government has not announced any intention to continue to increase the NCB past 2007. The maximum levels of assistance

provided to families with children through the NCB in 2007/08 is \$3,271 for one child up to \$12,404 for a family with four children. This includes money from the CCTB base benefit plus the NCBS (Federal, Provincial, Territorial Ministers Responsible for Social Services, 2007). In 2007, the NCB Supplement alone provides up to \$1,988 per year for the first child, \$1,758 for a second child, and \$1,673 for a third. NCBS payments begin to be reduced when family net income reaches \$20,883 and payments end when family income reaches \$37,178 (Canada Revenue Agency, 2006). Payments run on a July - June annual cycle. Table 1 below shows the number of children receiving the NCBS in 2004/05 and provincial/territorial benefit totals.

Table 1:

Number of Children in Receipt of the NCB Supplement and Federal NCB Supplement Expenditures by Jurisdiction for 2004/05 (July to June) in Current Dollars

Jurisdiction	July 2004 – June 2005	
	Children Receiving NCB Supplement	Benefits paid (\$ millions)
Newfoundland and Labrador	49,700	52.8
Prince Edward Island	13,000	12.9
Nova Scotia	88,500	94.7
New Brunswick	70,800	75.2
Quebec	642,800	656.8
Ontario	1,006,000	1,023.3
Manitoba	140,700	148.7
Saskatchewan	127,600	135.3
Alberta	280,800	281.5
British Columbia	365,800	377.1
Yukon	2,600	2.5
Northwest Territories	4,500	4.4
Nunavut	6,500	6.7
Total	2,801,200	2,873.2

Source: Federal, Provincial, Territorial Ministers Responsible for Social Services (2007)

The Clawback of the National Child Benefit Supplement

Overview

The original negotiations between the federal and provincial/territorial governments on the implementation of the NCB resulted in the provinces and territories being given flexibility to adjust social assistance or child benefit payments by an amount equivalent to the NCBS. The adjustment or clawback was justified as a way for provinces, territories and First Nations to “tailor their programs and services to the specific needs of their low income families with children” (Federal, Provincial, Territorial Ministers Responsible for Social Services, 2007). The clawed back funds could be reinvested into any of six areas: child care initiatives, child benefits and earned income supplements, early childhood services and children at risk services, supplementary health benefits, youth initiatives, or other NCB programs, benefits and services.

After the NCBS was introduced, most provinces and territories adopted the clawback policy. Eight jurisdictions continue the practice today. Currently, only Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec¹ and Manitoba do not claw back any of the NCBS (National Council on Welfare, 2006). Some jurisdictions such as Ontario, Saskatchewan and Alberta have changed their policies and now flow through some or all increases to the NCBS directly to families. The amount that remains clawed back from families across the country is not officially reported but would range from \$100-165 per month for families with one child.

As of 2005/06, provinces and territories reinvested just under \$700 million from the NCBS into programs and services for children. About \$665 million of this total represents current clawed back funds. The remaining money is residual adjusted funds from provinces that had previously clawed back money from social assistance payments but have since ended the practice. Ontario and British Columbia are responsible for three quarters of all reinvested NCBS money. While there is variation in how NCBS funds are reinvested across the country, the primary destination is to other forms of child benefits and earned income supplements. Table 2 below summarizes the amount of money recovered from families on social assistance and how those funds are reinvested.

Table 2:
Current Status of the Reinvestment (Clawback) of the National Child Benefit Supplement

Jurisdiction	NCBS Clawback	Amount Reinvested (2005/06, \$ millions)	Destination of Reinvested Funds (2005/06)
Newfoundland and Labrador	No	10.1 ¹	<ul style="list-style-type: none"> Majority goes to Child Benefits and Earned Income Supplements via the Newfoundland and Labrador Child Benefit
Prince Edward Island	Yes	3.0	<ul style="list-style-type: none"> Expansion of multiple programs such as Child-Care Benefit, Speech Therapy Innovation, Children’s Mental Health Since 2001, increases in the NCBS fund increases in Healthy Child Allowance (social assistance benefit payable to families with children to provide for participation in sport, recreation and/or cultural activities).
Nova Scotia	No	20.2 ¹	<ul style="list-style-type: none"> Funds go to Child Benefits and Earned Income Supplements via the Nova Scotia Child Benefit
New Brunswick	No		
Quebec	No		
Ontario	Yes ²	221.5	<ul style="list-style-type: none"> Bulk of money to the Ontario Child-Care Supplement for Working Families (for low to moderate-income working families with a benefit for each child under age seven)

¹ The government of Quebec chose not to participate in the National Child Benefit Initiative but receives funding from the federal government and adopted its own similar approach to the NCB (Federal, Provincial, Territorial Ministers Responsible for Social Services, 2007).

			<ul style="list-style-type: none"> • Early Childhood/Children-at-Risk Services (Children's Mental Health, Children's Treatment Centres)
Manitoba	No	4.3 ¹	<ul style="list-style-type: none"> • Restoring levels of NCBS for families in receipt of Employment Income and Income Assistance Benefits.
Saskatchewan	Yes ³	58.8	<ul style="list-style-type: none"> • Bulk of money goes to Child Benefits and Earned Income Supplement such as the Saskatchewan Child Benefit and Saskatchewan Employment Supplement
Alberta	Yes ⁴	36.6	<ul style="list-style-type: none"> • Diverted to programs such as the Child-Care Subsidy program, Alberta Child and Adult Health Benefits and the School Allowance Benefit
British Columbia	Yes	286.8	<ul style="list-style-type: none"> • Goes to a range of programs and benefits such as the Earned Income Benefit, increases to the Family Bonus, child care, early childhood and children at risk services
Yukon	Yes	0.4	<ul style="list-style-type: none"> • Yukon Children's Drug/Optical Program, Kids Recreation Fund, Healthy Families Yukon (early childhood program)
Northwest Territories	Yes	0.8	<ul style="list-style-type: none"> • Northwest Territories Child Benefit and the Healthy Children Initiative
Nunavut	Yes	2.7	<ul style="list-style-type: none"> • Nunavut Child Benefit and the Territorial Workers' Supplement
First Nations	Yes	51.6	<ul style="list-style-type: none"> • Child Care, Child Nutrition program, Support to Parents (early child development program), Home-to-Work Transition programs and Cultural Enrichment programs
Citizenship and Immigration Canada ⁵	Yes	2.5	<ul style="list-style-type: none"> • Various allowances for newborns, children under six, school start-up and transportation
Total		699.3	

¹ Although Newfoundland and Labrador, Nova Scotia and Manitoba no longer claw back the NCBS, previously recovered funds continue to be reinvested.

² NCBS increases in 2004 and beyond are no longer recovered from families.

³ As of July 2006, all federal increases to the NCBS flow directly to families.

⁴ In 2003 and 2005, Alberta passed on the increases of the NCBS directly to low income families.

⁵ Citizenship and Immigration Canada administers the Resettlement Assistance Program which provides refugees with income support.

Source: Federal, Provincial, Territorial Ministers Responsible for Social Services (2007)

In 2005, the NCBS clawback affected just under 281,000 children across Canada. This amounts to almost 60% of all children living in families that receive social assistance. Due in part to the dramatic 21.6% cut in social assistance rates in Ontario in 1995, the province has the highest percentage of children in the country that are affected by the clawback (26%). This includes 31% of all children in lone parent families receiving social assistance. By contrast, Alberta reports having the lowest percentage of children affected overall (13%) among those provinces that claw back funds. All jurisdictions, except B.C. and Nunavut, have higher numbers of lone parent families eligible for the NCBS compared to two parent

families, reflecting the high level of poverty among that family type. Table 3 below shows the number of children and family types affected by the clawback across the country.

Table 3:**Estimates of Children in Families Receiving Social Assistance (SA) whose National Child Benefit Supplement (NCBS) was Clawed Back in March 2005**

	Total Number of Children Entitled to NCBS		Total Number of Children in Families Receiving SA		Children in Families whose NCBS was Clawed Back			
	Lone-Parent Family	Two-Parent Family	Lone-Parent Family	Two-Parent Family	Lone-Parent Family		Two-Parent Family	
					#	%	#	%
Newfoundland and Labrador	23,783	21,154	9,800	4,600	No Clawback			
Prince Edward Island	6,752	4,746	1,600	700	1,600	23.7	700	14.7
Nova Scotia	49,961	29,075	13,700	3,800	No Clawback			
New Brunswick	37,622	25,921	10,800	4,100	No Clawback			
Quebec	299,719	273,090	77,900	45,500	No Clawback			
Ontario	449,539	430,654	139,500	58,800	139,500	31.0	58,800	13.7
Manitoba	63,230	62,985	20,700	4,700	No Clawback			
Saskatchewan	62,453	49,706	14,800	3,500	14,800	23.7	3,500	7.0
Alberta	128,009	116,492	19,600	5,100	19,600	15.3	5,100	4.4
British Columbia	158,437	159,345	29,400	5,800	29,400	18.6	5,800	3.6
Yukon	1,505	671	300	100	300	19.9	100	14.9
Northwest Territories	2,437	1,368	500	200	500	20.5	200	14.6
Nunavut	2,158	3,609	450	550	450	20.9	550	15.2
Total	1,285,605	1,178,816	339,050	137,450	206,150	16.0	74,750	6.3

Source: National Council on Welfare (2006)

Regional Updates

Ontario:

Since taking office in 2003, the Liberal government has passed on all increases to the NCBS, providing an additional \$56 million in 2006/07 to families receiving social assistance (Campaign 2000). Premier McGuinty had pledged to end any form of clawback once elected but did not follow through, saying that the government must first find \$200 million to replace the funding programs funded by the clawback.

More recently, the government introduced the Ontario Child Benefit. The government claims that the \$2.1 billion investment in the OCB will, when fully implemented, have an impact well beyond ending the clawback of the NCBS, however, anti-poverty advocates disagree. Starting in July 2008, families will receive a monthly OCB payment, along with their Child Tax Benefit and the NCBS. The Ontario Child Benefit will go to all low income families, including families on social assistance and will gradually increase to \$92 per month

per child by the time it is fully implemented in 2011. Neither the OCB nor social assistance benefits will be reduced by any portion of the NCBS (Ontario Government, 2007).

While the OCB should increase the resources available to low income families with children, it does not appear that the changes will have the same impact as ending the NCBS clawback. The Income Security Advocacy Centre (ISAC) estimates that when fully implemented in 2011, a single parent on social assistance with one child will be better off by \$50 per month, much less than the current value of the NCBS clawback (\$122 per month). While the government has also promised to stop reducing social assistance rates by the equivalent of the NCBS in 2008 and beyond, welfare rates are being reduced to reflect the new Ontario Child Benefit. The NCBS will not show as a deduction on the monthly payment, but the value of families' social assistance cheques will be reduced (Income Security Advocacy Centre, 2007).

Alberta:

Until 2003, Alberta was among the provinces that clawed back the entire NCBS from families receiving social assistance. In 2003 and 2005, the government decided to not clawback the NCBS increase for those years, resulting in an extra \$32 per child per month (combined for both years) flowing to families on social assistance. The rest of the NCBS is still clawed back, amounting to approximately \$100 per child per month (Campaign 2000).

British Columbia:

In spite of having one of the highest poverty rates in the country and a substantial provincial budget surplus in 2007, the B.C. government continues to fully claw back the NCBS from social assistance payments. The 2007 budget provided a 10% reduction in provincial income taxes, and funding for a range of housing supports for low and middle income residents. There was little reference to children except for additional funding for programs targeted towards children at risk or with special needs (B.C. Ministry of Finance, 2007). These are programs already partially funded by the NCBS clawback. Advocates continue to call for an end to the clawback as one of a number of anti-poverty strategies.

The Impact of the Clawback on Child Poverty and Health Status

Several of the NCB progress reports published by the federal government have included the results of analyses estimating the impact of the NCB on the initiative's goals, namely, the reduction of child poverty and the depth of poverty. The most recent analysis compared the actual NCB income benefits structure to a hypothetical scenario based on the benefits structure that existed prior to the NCB. According to this simulation, the NCB was responsible for preventing an estimated 60,500 families with 159,000 children from living in low income in 2003. The NCB increased the disposable incomes of these families by an average of 9.7%, or \$2,600. The result applies not only to low income families but to middle income as well who receive the CCTB. In addition, the combined amount of income that would be required for all low income families with children to reach the LICOs was reduced by 16.1% or \$610 million in 2003 as a result of the NCB (Federal, Provincial, Territorial Ministers Responsible for Social Services, 2007).

The Centre for the Study of Living Standards (CSLS) also conducted an analysis using two different scenarios. The analysis compared the amount of money families would receive under 1996 welfare rules (pre-NCB) with 1999 rules (NCB rules, including the clawback and reinvestment of funds). The analysis showed that the national poverty rate fell 4.6% between 1996 and 1999 because of the introduction of the NCBS. The depth of poverty was reduced by 8.7%. The impact of the NCBS on poverty was somewhat greater for two parent families than for lone parent families. Under the rules set to be in place by 2004, the researchers projected that the decline in the after-tax LICO poverty rate would be even greater by then (11.8%) (Centre for the Study of Living Standards, 2002).

Based on these analyses, the objectives of the NCB initiative, to reduce the poverty rate among families with children and decrease the depth of poverty, have achieved some success. This is true in spite of the NCBS clawback in several provinces and territories. However, the CSLS report identifies the clawback as a limitation in further poverty reductions: “given the amount of resources devoted to the NCBS, these declines in the poverty rate and gap for families with children are not surprising. Indeed, they would have been even greater if a larger portion of NCBS funds went to the poor” (Centre for the Study of Living Standards, 2002).

Little research is available that assesses the impact of the NCBS and its clawback independent of other NCB components. In 2004, Toronto’s Daily Bread Food Bank surveyed its social assistance clients with children about the significance of the NCBS clawback to their monthly finances. The survey found that 49% believed an increase in income equivalent to the NCBS would mean they would no longer need to rely on food banks. At the time, the full value of the NCBS for a one child low income family was \$125.91/month. Based on this figure, flowing the full NCBS to these families would mean that approximately 13,500 children in Toronto would no longer have to rely on food banks (Daily Bread Food Bank, 2004).

McIntyre et al. (2002) assessed food insecurity among low income lone mothers and their children in Atlantic Canada. Mothers living in New Brunswick were less likely to report food insecurity compared to those in Nova Scotia. The researchers suggested that the difference between provinces could be due to the clawback policy being in place in Nova Scotia at that time, but not in New Brunswick. The cost of living in both provinces was, otherwise, roughly equivalent at the time.

The notion that only a small difference in monthly income is sufficient to significantly reduce food insecurity, one of the more severe manifestations of low income, is supported by another analysis comparing child hunger data from the 1994 and 1996 cycles of the National Longitudinal Survey of Children and Youth (NLSCY). When the same households were contacted two years after the original 1994 survey, the prevalence of households across Canada reporting child hunger was almost the same as in the previous survey (1.4% in 1994 and 1.6% in 1996). However, it was almost entirely different households. Only 22.4% of hungry households in 1994 reported hunger again in 1996. Among households that fell into the hunger state in 1996 (having not reported child hunger in 1994), mean annual household income was reduced by \$2,690 (McIntyre et al., 2001). In other words, a decrease in income

of \$224/month was enough to push previously non-hungry households into the hunger state². This figure is not far from the amount provided to low income families by the NCBS.

There is no doubt that poverty can be reduced by transferring money to the poor. In fact, Canada has had great success using this approach with individuals over 65 years of age. Seniors have seen a strong downward trend in poverty over the last generation. Compared to many countries today, Canada's retirement security system has been relatively successful in protecting the elderly from deprivation (Osberg, 2001).

Similar to the child benefits structure that are now in place or have been in the past, Canadian transfer programs for seniors feature a universal fixed payment (Old Age Security), a negative income tax (the Guaranteed Income Supplement) and an earnings-related income payment (CPP/QPP). The structure does not replace working age income but does establish a universal minimum income. The difference in poverty rates among Canadian seniors before and after government taxes and transfers are applied is dramatic. In 1998, 59% of Canadian seniors were below the LICO, compared to only 7.8% after taxes and transfers were applied. By contrast, Canada's child poverty rate the same year was 22.8% before taxes and transfers and dropped only to 14.9% afterwards. In Sweden, the equivalent child poverty figures were 18.0% before, 4.2% after (2000) and in France, 27.7% before and 7.5% child poverty after taxes and transfers (Wu, 2005).

International examples also show that, rather than inhibiting their competitiveness, jurisdictions with the lowest child poverty levels tend to have strong economies. Sweden, Finland and Denmark have the lowest child poverty rates in the world (UNICEF, 2007) and also ranked in the top five in 2006 among the world's most competitive economies (World Economic Forum, 2007). Based on these examples, the idea that a government managed structure of strong social supports for families with children and a strong, competitive economy are mutually exclusive choices appears to be a mirage.

Support for an End to the Clawback

Since the announcement of the National Child Benefit in 1998, social welfare and child advocacy organizations, community groups, unions, business organizations, policy institutes, and private citizens have called for provincial and territorial governments to end the practice of clawing back the NCBS from social assistance payments. A list of selected organizations that have declared support for an end to the clawback is provided in Appendix 1.

Campaign 2000, a coalition of 120 national, community and provincial partners, has been a key organizer in the effort, providing leadership, coordination and research. Although the coalition maintains support for an end to the clawback, its importance relative to other income security strategies appears to have diminished. The coalition's most recent report card on child poverty calls for governments to "increase child benefits a maximum of \$5,000/child with assurance all low and modest income families retain full payment"

² It should be noted that income was not the only distinguishing element. Families moving into the hunger state were more likely to report changes in mother's employment status, deterioration in mother's health status and at least one additional sibling in the household.

(Campaign 2000, 2006). This is the first report card not to explicitly call for an end to the NCBS clawback.

The diminished emphasis on the clawback coincides with the Income Security Advocacy Centre (ISAC) calling an end to the Hands Off! Campaign, launched in March 2005, aimed at ending the clawback in Ontario. The decision came after the government announced the Ontario Child Benefit which will end the practice of deducting the NCBS from social assistance payments. Even though family incomes will not increase by the \$122 per month value of the NCBS, the issue will no longer be the clawback but the reduction of social assistance rates under the Ontario Child Benefit. ISAC judged that this change made the campaign messaging potentially confusing and not worth continuing. ISAC is, nevertheless, continuing to represent four individuals in a Charter challenge to the NCBS clawback that was filed against the federal and Ontario governments in December 2004.

Inadequacy of Government Income Transfers

The clawback of NCBS funds from social assistance cheques has aroused opposition, in part, because existing welfare incomes are so inadequate. Many welfare incomes across the country are lower now in real dollars than they were 20 years ago (National Council on Welfare, 2006). The gap between incomes based on government transfers and Statistics Canada's LICOs has been growing. This includes income sourced from basic social assistance and additional benefits, federal and provincial child benefits, GST and HST credits and provincial tax credits. Of the 40 scenarios (different jurisdictions and family types) assessed by the National Council on Welfare, the gap increased in 17 scenarios, remained the same in 18, and decreased in 5 from 2004 to 2005. No provinces have welfare incomes that by themselves would bring a household close to the poverty line (National Council on Welfare, 2006).

Across the country, single employable people are consistently the worst served by welfare incomes. Lone parents and couples with children fair better but would still be impoverished if relying solely on government transfers. In 2005, the welfare incomes of lone parents and couples with children were 50-60% of the poverty line. From 1992-1994, Ontario lone parents could rely on government transfers to get them to 81% of the poverty line, the highest level in the country. As of 2005, it had dropped to 56%. This is still slightly ahead of Alberta with the lowest level in 2005 of 48%. The highest welfare income for a couple with two children in 2005 is 64% of the poverty line in Prince Edward Island and the lowest is British Columbia at 48% (National Council on Welfare, 2006).

The Impact of Poverty on Child Health and Adult Chronic Disease Risk

An enormous amount of children's development occurs in the first few years of life. In the first six years children develop the basic physical, cognitive, emotional, social, and communication skills and abilities that they will use in life (Shore, 1997). When it comes to child health, there is consensus in the research literature that income matters. A large body of evidence shows a link between the health status of young children and the wealth of his/her household, as well as the neighbourhood. Children living in low income families

have worse health outcomes, on average, than other children based on indicators such as functional health (a combined measure of vision, hearing, speech, mobility, dexterity, cognition, emotion, pain and discomfort) (Ross & Roberts, 1999). Children living in poverty tend to experience more emotional and behavioural problems, including aggression, antisocial behaviour, conduct problems, hyperactivity and inattention (Toronto Public Health, 2006). School readiness can also suffer as can academic achievement at school (McCain et al., 2007).

Research clearly shows that early childhood experiences also influence health well beyond childhood, across the entire life span. Children who spend their early years in poverty are more likely than other children to experience poor health as an adult. The British Birth Cohort studies showed that children born into the lowest socioeconomic groups had poorer adult health in many ways and died younger in adulthood than children born into the wealthier families, even if their socioeconomic status improved during adulthood (Kuh et al., 2002). By age 33, children of the British cohort who had grown up in lower income families and been upwardly mobile as adults were more likely to have a limiting illness or one or more respiratory symptoms, to experience psychological distress, to be overweight or obese, and to report themselves in fair or poor overall health than children who had not grown up in lower income worker families. The upwardly mobile children reported better health, however, than the 33 year olds who had not been upwardly mobile (Power et al., 1997).

Childhood poverty may affect adult health through a number of pathways. Childhood disadvantage may influence adult health by impacting adult socioeconomic circumstances. For example, children growing up in low income families tend to be less ready for school than other groups of children. This is associated with poor school performance, disengaging from school and dropping out before completing high school. Childhood socioeconomic circumstances also influence early development and the formation of health-related behaviours (diet, physical activity, smoking, etc.) which in turn influence adult socioeconomic position and health. These two pathways may also overlap but a complete understanding of the mechanisms is not yet available (Toronto Public Health, 2006).

Conclusions

The poverty rate among families with children in Canada remains unacceptably high. It remains a problem not only on moral grounds, but also because of the overwhelming evidence in the research literature showing that income matters when it comes to children's health, development and their vulnerability to poor health as adults. Advocates continue to note that the poverty in Canada also represents a violation of several international charters and conventions to which the federal government is a signatory. This includes the United Nations Universal Declaration of Human Rights (1948), the Covenant on Economic, Social and Cultural Rights (1976³) and the Convention on the Rights of the Child (1992³).

The National Child Benefit was developed specifically to help solve child poverty at a time in the 1990s when prevalence rates were at peak levels. Statistical analyses show that the NCB has, in fact, had a modest positive impact on poverty rates and the depth of poverty.

³ The dates indicate when the covenant or convention was officially binding on the Government of Canada.

However, other evidence suggests that without the clawback of nearly \$700 million from families across the country, the impact may have been even greater. The clawback is clearly a difficult blow when social assistance rates already leave families far short of the poverty line. The ways that the funds are reinvested have also been criticized as unfair given that so much of it is directed to working income benefits or programs for which those without employment cannot qualify. Most significantly, the clawback contradicts one of the original goals of the NCB that it would not result in the reduction of the overall level of income support for families on social assistance (F/P/T Social Services Ministers, Report on the National Child Benefit, 1997, as cited in Warriner, 2005).

Given recent developments in some jurisdictions to completely or partially end the clawback policy, prominent advocates appear to have reprioritized child poverty strategies, placing the clawback lower relative to others issues such as minimum wage, social assistance rate increases and nutrition allowances. Only 5 out of 13 jurisdictions now claw back the NCBS completely. While the issue is still a valid concern in these regions, the changes to child benefits in other provinces, albeit limited in some cases, make the clawback a more complicated issue for advocates.

Appendix 1

Organizations Supporting an End to the Clawback of the National Child Benefit Supplement

Campaign 2000 National Partners⁴

Boys and Girls Clubs of Canada	Campaign Against Child Poverty
Canadian Academy of Child Psychiatry	Canadian Association for Young Children
Canadian Association for Community Living	Canadian Association of Family Resource Programs
Canadian Association of Food Banks	Canadian Association of Schools of Social Work
Canadian Association of Social Workers	Canadian Auto Workers
Canadian Child Care Federation	Canadian Council for Reform Judaism
Canadian Council of Churches	Canadian Council on Social Development
Canadian Federation of Students	Canadian Feed the Children
Canadian Housing and Renewal Association	Canadian Institute of Child Health
Canadian Jewish Congress	Canadian Labour Congress
Canadian Mental Health Association	Canadian Psychological Association
Canadian School Boards Association	Canadian Pensioners Concerned
Canadian Teachers' Federation	Catholic Health Association of Canada
Centre for Social Justice	Child Care Advocacy Association of Canada
Childcare Resource and Research Unit	Child Poverty Action Group
Child Welfare League of Canada	Citizens for Public Justice
Family Service Canada	Islamic Social Services Association
Jewish Women International of Canada	KAIROS
Mazon Canada	National Anti-Poverty Organization
National Council of Jewish Women of Canada	National Council of Women of Canada
National Association of Friendship Centres	Oxfam Canada
Pueblito Canada	Save the Children - Canada
The National Centre for Child Care Inclusion	United Steel Workers of America
YWCA of/du Canada	

Additional Supporters

- Anglican Church of Canada
- Canadian Council for Reform Judaism and ARZA Canada
- Canadian Federation of University Women – Ontario Council
- Citizens for Public Justice
- City of Hamilton
- City of Kingston
- Eastern Synod, Evangelical Lutheran Church in Canada
- Food Secure Canada

⁴ Campaign 2000 also has dozens of provincial and local partners supporting an end to the clawback. A list of these organizations is available at <http://www.campaign2000.ca/about/partners.html>.

- Interfaith Social Assistance Reform Coalition
- Islamic Society of York Region
- The National Council on Welfare
- Regional Municipality of Durham
- The Salvation Army Central Divisional Leaders Council
- Social Affairs Commission, Ontario Conference of Catholic Bishops
- Toronto Board of Health
- United Church of Canada

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