

Strengthening the Canada Child Benefit

The Government's plan to strengthen the middle class and grow the economy is working. Since November 2015, the Canadian economy has created nearly 600,000 jobs and the unemployment rate is near its lowest point in 40 years.

Canada has had the fastest-growing economy among Group of Seven (G7) countries. Canadians are feeling more optimistic about their future and the Canada Child Benefit (CCB) is a key part of this. The International Monetary Fund has specifically cited the CCB as having contributed to the revitalization of the Canadian economy following a downturn in 2015.

Through Budget 2018, the Government is taking the next step to help grow the economy in a way that strengthens the middle class—starting with those working hard to join it.

Building on a Stronger Canada Child Benefit

Introduced in 2016, the CCB is a key initiative of the Government to strengthen the middle class and help those working hard to join it by putting more money in the pockets of those who need it most. Through the CCB, nine out of 10 families now receive more than they did under the previous benefit system.

Whether the extra money is used for things such as after-school care, tutoring or a new pair of winter boots, the CCB helps parents with the high costs of raising their kids.

New in Budget 2018

The Government is taking action to help ensure that everyone who qualifies for support receives it. The Government recognizes that Indigenous communities—and in particular remote and northern Indigenous communities—face distinct barriers to accessing federal benefits such as the CCB. To close this gap, the Government will expand outreach efforts to all on-reserve, remote and northern Indigenous communities, and pilot outreach activities for urban Indigenous communities—so that Indigenous Peoples are better able to access the full range of federal programs, including the CCB.

The CCB Provides Greater Support for Single Mothers

Myriam is a single mother of two children aged 5 and 8. Her net income was \$35,000 in 2016. Myriam's family will have received \$11,125 in tax-free CCB payments in the 2017-18 benefit year, \$3,535 more than she would have received under the old system of child benefits.

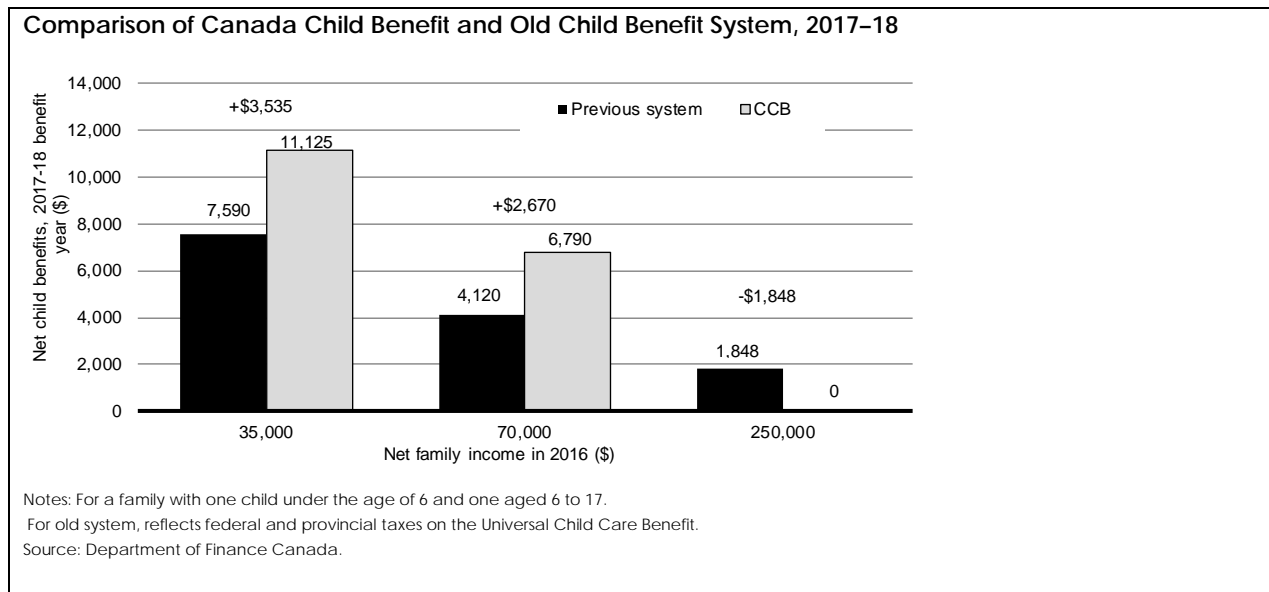
Last year, single mothers earning less than \$60,000 a year received about \$9,000 in tax-free benefit payments on average to help make things like healthy food, summer programs and winter clothes more affordable.



The CCB is:

- **simple**—families receive a single payment every month
- **tax-free**—families do not have to pay back part of the amount received when they file their tax returns
- **targeted to those who need it most**— low- and middle-income families get higher payments, and those with the highest incomes receive less than under the previous system of child benefits
- **generous**—on average, families benefitting from the CCB receive about \$6,800 in CCB payments annually.

The CCB provides greater support to those who need it most: low- and middle-income families.



About 65 per cent of families receiving the maximum CCB amounts are single parents, of whom 90 per cent are single mothers.

In the 2016–17 benefit year, over 3.3 million families received more than \$23 billion in CCB payments, and the nine out of 10 families who are better off as a result of the CCB received on average almost \$2,300 more in benefits, tax-free. The CCB has helped lift about 300,000 children out of poverty, and it is estimated that child poverty will have been reduced by 40 per cent at the end of 2017 from what it was in 2013.

The CCB is a major plank of the Government’s plan to give Canadians the tools, skills and resources they need to be successful. The CCB has helped millions of families pay down debt, save for post-secondary education and buy daily necessities for their kids. This has led to increased consumer confidence and household spending, which is now helping Canada lead the G7 in economic growth, and significantly improving the Government’s fiscal outlook. With this added flexibility, the Government is now able to reinvest directly into the middle class, and those working hard to join it.

In its 2017 *Fall Economic Statement*, the Government proposed to strengthen the CCB by increasing the benefits annually to keep pace with the rising cost of living as of July 2018. In the fall of 2016, the Government committed to index the CCB to inflation starting July 2020, but a growing economy and improved fiscal track means the Government can deliver on this commitment two years sooner.

Indexing the CCB sooner will ensure that it will continue to play a vital role in supporting Canadian families and reducing child poverty.

Effects of Indexation Beginning in the 2018–19 Benefit Year

CCB amounts and phase-out thresholds (\$)	Current Benefit Year	2018–19	2019–20 (projected)
Maximum amount per child under 6	6,400	6,496	6,626
Maximum amount per child aged 6 through 17	5,400	5,481	5,591
First income threshold	30,000	30,450	31,059
Second income threshold	65,000	65,975	67,295

Note: Indexation: 1.5% for 2018 and 2.0% (projected) for 2019.
Source: Department of Finance Canada.

As an example of the benefit of this proposed change, for the 2019–20 benefit year, for a single parent with \$35,000 of income and two children (one under the age of 6 and one aged 6 to 17), the accelerated indexation of the CCB will contribute \$560 towards the costs of raising his or her children.

Indexing the CCB for the 2018–19 benefit year will provide an additional \$5.6 billion in support to Canadian families over the 2018–19 to 2022–23 period.