

## A Poverty-Free Childhood...*for Every Child*

Canada has a goal and the tools and the resources to effectively end child poverty. But does it have the political courage?



**Canada can end child poverty. Leaving children in poverty is a choice.**

Children have unique experiences of poverty, and are affected by it in different ways, more acutely and for longer than are adults. The Canada Child Benefit (CCB) is a successful policy that serves multiple policy objectives, but it still leaves an unacceptable number of children living in poverty. **A low-income household supplement should be added to the CCB** to spare more children the lifelong health and well-being impacts of childhood poverty.

### **GENERATIONAL PROGRESS AND AN HISTORIC OPPORTUNITY**

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Children's experiences and exposures during their early years play a critical role in shaping their chances for long-term health

and well-being. The first years of life are a particularly sensitive developmental period. Public policy in the formative childhood years should provide time, resources and services for parents to nurture their children. A universal, child-focused income benefit is a fundamental policy in a trifecta of “family-friendly” policies (including parental leave and childcare) that each make distinct contributions to get children off to the best start and open the way to the brightest futures.

Canadians have long envisioned being a country without child poverty. In 1989, an all-party resolution in the House of Commons committed to ending child poverty by the year 2000. Yet, through the first two decades of the 21st century, more than 1 in 5 children has grown up in poverty. In recent years, concerted government effort - particularly the introduction of the near-universal Canada Child Benefit (CCB) in 2016 - has led to a substantial reduction in the rate of child poverty in Canada.<sup>1</sup>

As reported in UNICEF’s 2023 Report Card, spending on child social protection (particularly child-focused income benefits) increased by 45% over the past decade, from 5.9% of GDP per capita per child in 2010 to 8.6% in 2019.<sup>2</sup> As a result, child poverty fell by 23% over this period from 22.2% to 17.8% using the international yardstick (LIM-60). Only six high-income

countries had a more substantial decline in child poverty. Much of this progress in Canada was achieved following the introduction of the CCB. The decline was amplified by the infusion of pandemic emergency benefits including the Canada Emergency Response Benefit (CERB) and a one-time top-up to the CCB for young children. A similar trend is evident according to the Market Basket Measure (MBM).

In 2021, the most recent year of available data, the child poverty rate in Canada moved in the wrong direction. Child poverty increased for the first time in many years, rising to 17.8% from 15.2% in 2020 (LIM-60). According to the MBM, child poverty increased from 4.7% to 6.4%. The poverty rate rose more sharply for children than for the general population, largely due to the end of pandemic income programs; the rising cost of living; and the inadequacy of the CCB to lift every child out of poverty.

Child poverty rose in 2021 in every province except Prince Edward Island and Newfoundland, with the greatest increases in New Brunswick and Nova Scotia. The child poverty rate in Canada ranges widely, from 14% in Quebec to 38% in the territories. Overall, more than one million children in Canada are growing up in poverty.

<sup>1</sup> Tax-free- monthly benefit for families with children under age 18.

<sup>2</sup> UNICEF Canada, *UNICEF Report Card 18: Canadian Companion, Child Poverty in Canada: Let’s Finish This*, UNICEF Canada, Toronto, 2023.

After years of progress, Canada is a middle performer among rich countries for its rate of child poverty, ranking 19th of 39 countries with a child poverty rate of 17.8% in 2021. Three wealthy countries have a child poverty rate at or below 10%.

Whether the 2021 “U-turn” in the child poverty rate is temporary or the start of a pernicious trend in the wrong direction is not yet known, but governments need not wait to find out. Leaving children in poverty is a choice. The pandemic lessons and the lower levels of child poverty achieved in wealthy peer countries are a foundation upon which Canada can further advance its legislated goal to end child and family poverty – a goal within reach.

## SOCIAL PROTECTION FOR EVERY CHILD

Childhood experiences of poverty are one of the primary determinants of a child’s lifelong health, development, protection and well-being outcomes. The younger, longer and deeper a child lives in poverty, the greater the potential for lifelong scarring.

Children with experiences of poverty and social exclusion tend to have poorer physical and mental health, both in childhood and through adulthood. Rates of many communicable and non-communicable diseases correlate directly with levels of income, including type II

diabetes, asthma and cardiovascular diseases, which are widely prevalent in Canada and place a significant strain on the country’s healthcare systems. The impacts on children in the lowest income families are compounded in many ways; for instance, they are most likely to be exposed to health-limiting pollution and other impacts of environmental degradation and climate change. Poverty’s impact on a child’s health can be acute, chronic, cumulative and latent - meaning even a brief experience of childhood poverty can negatively affect a person’s health—years and even decades later.

Living in poverty can also affect a child’s ability to develop to their full potential and to succeed in other areas of life. Childhood poverty impairs early cognitive development, readiness for school and school performance, and is associated with lower youth engagement in education, employment or training. It is a powerful indicator of future lifelong earnings. Children who experience poverty are also more likely to be bullied and to be victims of other forms of violence. They are more likely to become involved with child welfare and justice systems, and to rely on social assistance as adults.

Furthermore, 28% of parents with children under age 18 in Canada have some form of non-standard employment.<sup>3</sup> Income swings—for example, because of seasonal employment or a job in the gig economy—are stressful for parents and can wreak havoc on the family resources, routines

<sup>3</sup> UNICEF Canada (2019). Where We Stand: Canadian Index of Child and Youth Well-being.

and relationships that are essential to children’s social, emotional and cognitive well-being.

Preventing child poverty with adequate family income – a “child income guarantee” – is therefore one of the most effective interventions a government can make. Income transfers adequate to both meet children’s material needs and ensure their social inclusion are globally recognized as a cornerstone of effective social protection and as a core “family-friendly” policy. Compelling evidence demonstrates that paid parental leave, quality childcare and child benefits enable families to provide their children with the best possible start in life, especially when benefits start with pregnant women and infant children – a critical window of vulnerability. Adequate child benefits complement other “family-friendly policies” to better enable parents and caregivers to raise healthier, better-educated and happier children. These impacts reduce costs for a country’s healthcare, education, justice and social assistance systems. They boost a country’s economic wealth and social cohesion.

➤ **How does Canada compare to other wealthy countries?**

**Overall child well-being:**

**30<sup>th</sup>** out of 41 countries (2019)

**Rate of child poverty:**

**21<sup>st</sup>** out of 39 countries (2021)

**Spending on child income benefits as a % of GDP per capita per child:**

**25<sup>th</sup>** out of 38 countries

**National income (GNI per capita averaged over 2019-2021):**

**13<sup>th</sup>** out of 38 countries

**CANADA HAS POLICY TOOLS THAT WORK: THEY HAVE TO BE MORE INCLUSIVE**

Tax-funded social transfers or income benefits<sup>4</sup> are considered globally to be the most effective means of addressing child poverty, and Canada has developed a strong example in the CCB. Since its introduction in 2016, the CCB has been central to a rapid and real decline in Canada’s level of child poverty. Canada has proven its ability to design effective and efficient social protection and care policies for children and families.

The progressive, near-universal design of the CCB (95% coverage) and its moderate adequacy lower the risk of child poverty for

<sup>4</sup> This brief defines ‘income benefits’ as social or cash transfers provided by governments (or other agents) to

families with children for the purpose of tackling poverty and vulnerability and promoting children’s well-being.



many children; serve multiple policy objectives beyond poverty reduction; and acknowledge the higher and rising family costs and the social importance of raising children.

However, the CCB still leaves too many children in poverty. Preventing child poverty with the CCB is still a policy box that has not been checked.

The CCB should be more inclusive. In 2021, 3.8 million families and around 6 million of Canada's 7.2 million children under age 18 received the CCB, but some children are excluded due to various barriers, intentionally or incidentally. This is fundamentally because the CCB is structured as a parental benefit rather than as a child benefit as in many other rich countries.

Access to the CCB requires the eligible parent in the child's household to file taxes. Around 10% of parents of young children did not file their personal income tax in 2016, resulting in \$1.2 billion unclaimed federal and provincial child benefits, around \$3,000 to \$4,000 per household.<sup>5</sup> The requirement to file taxes to receive the CCB creates barriers for hard-to-reach populations. For instance, at least 79% of eligible households in First Nations reserve communities do not take up the CCB. Children living in kinship care, customary

<sup>5</sup> In 2020 around 12% of Canadians did not file taxes ([What Proportion of Tax Returns Could the Canada Revenue Agency Complete? by Antoine Genest-Grégoire, Josh Dadjo, Jennifer Robson, Saul Schwartz :: SSRN](#))

<sup>6</sup>Section 122.6 of the *Income Tax Act* defines individuals eligible for CCB as parents (or their cohabiting partners)

care and informal foster care face barriers to prove they meet eligibility requirements including limitations on who can attest to residency and access to the required documentation.

The Convention on the Rights of the Child affirms that every child – without discrimination based on their nationality, origin or status or that of their parents – has the right to social security and an adequate standard of living. However, CCB eligibility requirements under the Canada *Income Tax Act* exclude certain parents from claiming the CCB due to their immigration status.<sup>6</sup> These include refugee claimants and other individuals who are living in Canada with precarious status – even if they are legally working and filing a personal income tax return. In some cases, these families have Canadian-born children who are denied the CCB because of their parents' immigration status. As a result of their parents' immigration status, 24,000 children under 18 could not access the CCB in 2017. The Canadian Centre for Policy Alternatives estimated that the cost of this extension would be \$160 million a year, well under 1% of the total CCB paid.

In addition to insufficient coverage, the CCB is inadequate to protect every child from poverty due to its level of income protection. The CCB impact on child poverty rates may have run its course. The

who have the status of (i) citizens, (ii) permanent residents, (iii) protected persons, (iv) temporary residents who have resided in Canada for 18 months, or (v) "Indians" registered under the *Indian Act*. It excludes children of refugee claimants.

rate of decline in child poverty had begun to flatten before the pandemic, suggesting that the overall number of children that could be lifted out of poverty at the current CCB value had been reached. Since then, rising costs of living have eroded real income for many households with children. This has occurred even though the CCB is indexed to the rate of core inflation.

Furthermore, despite progress to narrow the gaps, the much higher rates of low income for First Nations children living on reserve (37.4%); First Nations children living off reserve (24%), Inuit children (19.4%), Métis children (15.2%), racialized children (15.1%) and Black children (18.6%) in 2020, reported by Campaign 2000, demonstrate the insufficiency of child-focused income support.<sup>7</sup> Children with disabilities, living with sole parent care providers and cared for in skip-generation families are more likely to be poor than the national average. Canada's goal to achieve Sustainable Development Goal #1, ending poverty in all its forms for everyone, cannot be achieved unless it is achieved for every child.

Canada's 2018 Poverty Reduction Strategy also includes the laudable goal of making "Canada a world leader in poverty reduction." Canada has a target to reduce the rate of child poverty by 50% from the

2015 level using the MBM. But it is important to reflect that a decrease in child poverty by 50% in Canada leaves more children in poverty than in other high-income countries, because they are held to a higher standard in poverty measurement, based on the number of children below 60% of median income (LIM-60).

The distance to achieve childhoods free from poverty in Canada can be measured with indicators beyond the child poverty rate, including those such as food insecurity in the federal poverty reduction strategy dashboard. In 2022, 24.3% of children (1.8 million) experienced food insecurity (an increase from 1.4 million co-occurring with the recent rise in child poverty) and they have the highest incidence among all age groups.<sup>8</sup> This rate is more closely aligned with the LIM-60 yardstick of child poverty than with the MBM. Because income adequacy is the primary reason for food insecurity, the SDG target of "zero hunger" will not be achieved without "zero poverty." Furthermore, Canada's rate of infant mortality at 4.5 per 1000 births is considerably higher than in most other high-income countries. International research on child social protection policies finds that adequate benefits are associated with better child health and nutrition.<sup>9</sup> A more generous CCB for low-income families with children

<sup>7</sup> Campaign 2000 (2021). National Report Card on Child and Family Poverty. No One Left Behind: Strategies for an Inclusive Recovery.

<sup>8</sup> Tarasuk V, Li T, Fafard St-Germain AA. (2022) *Household food insecurity in Canada, 2021. Toronto: Research to identify policy options to reduce food*

*insecurity (PROOF)*. Retrieved from <https://proof.utoronto.ca/>

<sup>9</sup> ILO and UNICEF. 2023. More than a billion reasons: The urgent need to build universal social protection for children. Second ILO–UNICEF Joint Report on Social Protection for Children. Geneva and New York.

would improve child health outcomes and reduce their probability of food insecurity.<sup>10</sup>

## BEND THE CURVE AND END CHILD POVERTY

Child poverty is not a natural or intractable occurrence. Rich countries essentially “choose” their levels of child poverty through their policy choices. The fact that Canada has both the resources and an effective tool in the CCB that could lift virtually every child out of poverty implies a moral obligation to use it to greater effect. Canada’s recent strides to invest more in child-focused income benefits and its steps to expand access to quality, affordable childcare demonstrate a renewed commitment to its youngest, after years of under-investment compared to other rich countries in these fundamental, “family-friendly” policies. The CCB is the core policy tool to eliminate child poverty, but it needs more ambition.

Universal and unconditional child benefits are evidenced to provide the greatest positive impact on children’s material security and broader well-being, as they largely avoid exclusion errors and therefore the most vulnerable children are more likely to benefit. Canada’s CCB is near-universal, and progressively so as the benefit is greater for lower income children. Its greatest limitation is its inadequacy: the level of income it provides is too low and

leaves too many children in poverty. A targeted low-income supplement to the CCB would be the most efficient and cost-effective way to increase the policy’s impact for children still in poverty. There are numerous ways that such a supplement could be structured to bring almost all households with children up to or above the federal poverty line.

A supplement could be integrated into the existing payment structure, “bending the curve” of CCB payments across lower household income levels, thereby maintaining the universal and progressive nature of the current policy. **A rate of child poverty as low as 3.6% (MBM) is estimated to be achievable for less than \$6B additional investment in 2024.**<sup>11</sup>

Although extensive evidence demonstrates the effectiveness of social protection programs including cash transfers, and organizations including the OECD, the World Bank and the IMF have recommended high-income countries prioritize them, governments usually cite fiscal space constraints as a reason for restricting social protection coverage. Canada has not only a well-designed policy tool in the CCB but also the fiscal space to make it more inclusive and effective. Canada has one of the world’s 13 largest economies but ranks 18<sup>th</sup> of 39 countries in the child poverty rate and 25<sup>th</sup> of 38 countries in the rate of spending on social protection per child as a percentage of GDP per capita. Spending on the CCB is a

<sup>10</sup> <https://theconversation.com/federal-budget-2023-grocery-rebate-is-th> <https://theconversation.com/federal-budget-2023-grocery-rebate-is-th> http

<sup>11</sup> Canadian Centre for Policy Alternatives (2022) *Alternative Federal Budget 2024*. Retrieved from: [AFB 2024: Income and poverty | The Monitor \(monitormag.ca\)](https://www.monitormag.ca/2024/Income-and-poverty)

fraction of social protection spending for other age groups but has the greatest returns. Ending child poverty would be an affordable step rather than a giant leap in public budgets.

Furthermore, societies get a return on their social protection investments, because households generally multiply the value of social transfers through increased spending and other engagement in economic activities. For instance, sufficient income can be a stabilizing factor for working parents, helping them pay for childcare and continue their work attachment. Child-sensitive social protection provides the highest yielding investment in a nation's long-term human capital stock. Nobel Laureate James Heckman demonstrates that rates of return on investments made during the prenatal and early childhood years average between 7 and 10% greater than investments made at older ages. The United States Congressional Budget Office estimated that child-focused social transfers played a particularly important role in the wake of the Great Recession, calculating that they had an output multiplier of 0.8 to 2.1. A [cost-benefit analysis](#) of a U.S. child allowance found that a \$1,000 increase in family income in one year for a single-parent family with one child generated social benefits five times greater than the initial investment (via reduced health care costs, crime, need for child protection services, etc.). Furthermore, there is much less inequality—a drag on economic growth—in countries with high social expenditure than in those with lower social expenditure. In

high-income countries, the OECD has calculated that child poverty costs up to 3% of GDP annually.

## LET'S FINISH THIS

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Policy decision-makers today face vital choices for the future of societal well-being and prosperity in their nations. As the CCB policy enters its eighth year, a comprehensive assessment of CCB impacts on child outcomes would be useful evidence for both Canada and other countries as they continue to develop and fine-tune their social protection systems including the role of universal child benefits and cash-plus or in-kind programs like dental care, housing benefits and a universal school food program. Despite complex pathways of influence, based on demonstrated effect in other rich countries, we would expect to see some improvements in fundamental indicators of child well-being with a more robust drop in rates of income inequality and in child poverty.

The most successful countries of the future will recognize now that inclusive societies with equitable economic growth depend more than ever on the foundational “family-friendly” policies. No country can build prosperity-producing human capital if it leaves a vast proportion of its children disadvantaged during their developmental years. Parliament's 1989 all-party resolution to end child poverty remains a relevant but yet unrealized commitment to the children of Canada. The mid-point to



the Sustainable Development Goal to end poverty has passed. Now, the government should round the last curve in the journey to end child poverty and commit the resources necessary to achieve it.

### ► Detailed Recommendations

1. Introduce a Low-Income Supplement to the CCB that is specifically targeted at the lowest-income households with children, adequate to lift every child out of poverty and above 60% of the median income by 2030, while maintaining the universality and coherence of the current policy.
2. Conduct a thorough Parliamentary study of the impact to-date of the CCB on child well-being in the broadest sense, in order to properly account for its impacts and to better understand the opportunity for further CCB investment and coherence with other social policies such as childcare, parental leave and cash-plus or in-kind programs.
3. In every provincial, territorial and federal jurisdiction, eliminate claw backs to the CCB and other child-focused benefits such as parental leave pay to recoup government debt or CCB “overpayments”.<sup>12</sup>
4. Include every resident child in Canada in eligibility for and the receipt of the CCB, regardless of their parent’s immigration status, including the potential for school registries and community service agencies to assist hard-to-reach families. Increase accessible pay options such as digital cash transfers and debit cards for un/underbanked families.
5. Research the potential to introduce prenatal CCB eligibility, given the potential impacts on maternal health and infant outcomes.
6. Double the Canada Child Disability Benefit to support families of children with complex needs.
7. With consultation among children and youth, introduce modifications to the MBM to be more sensitive to and inclusive of their distinct needs and rights (i.e., an MBM-C). Consider developing a child- and youth-sensitive deprivation index (akin to the EU model) to deepen understanding of how they experience poverty in order to guide

<sup>12</sup> A 2022 Parliamentary Budget Office report found that 791,000 families will have CCB payment reductions by an average \$606 in 2022/2023 due to CERB or CRB, and federal spending on the CCB will be \$1.45 billion less

over three years due to these clawbacks. Those most affected are mothers with a moderate income who have multiple children.

policy development and investments.

8. Further develop the federal Quality of Life indicator framework to include multidimensional child and youth well-being measures that can help track the impacts of core policies like the CCB.
9. End poverty for First Nations, Inuit and Métis children and families by restoring their rights to their traditional lands, territories and resources and self-governance.
10. Incorporate Child Rights Impact Assessment as a requirement of the policy development process in all departments and applied to public budgets, to help ensure children's rights and give greater priority to children's needs and interests. The best interests of the child should guide policy design and budget decisions.

## ADDITIONAL UNICEF RESOURCES

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[UNICEF Report Card 16 and Canadian Companion](#)

[The Role of Child Benefits in Enabling Family-Friendly Policies to Achieve the Triple Bottom Line: An evidence brief](#)

[Towards Universal Social Protection for Children: Achieving SDG 1.3](#)

[Strengthening Inclusive Social Protection Systems for Displaced Children and their Families](#)

### ▶ Family-Friendly Policies

For children, families, societies and economies to thrive, countries need “family-friendly” policies. “Family-friendly” policies typically provide time, resources and services in the critical childhood years and include income benefits, childcare and parental leave. These policies support a good start for all, and lay the foundation for children’s success in school, the attainment of lifelong health and the ability of children and families to exit poverty. They are also core public policies because they bring high returns for well-being, gender equality, sustainable growth, productivity and economic advancement. “Family-friendly” policies have features of both care policies and social protection policies. According to the ILO, *care policies* refer, in part, to “public policies that allocate resources in the form of money, services or time to caregivers or people who need care” and *social protection policies* include “policies that facilitate parents’ involvement in both direct care and paid employment, such as paid maternity, paternity and parental leaves”. Social protection policies

give all children a fair chance in life  
and reduce the lifelong  
consequences of poverty and  
exclusion.

## **ABOUT UNICEF CANADA**

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UNICEF stands for every child, everywhere. UNICEF is the world's farthest-reaching humanitarian organization for children. Across 190 countries and territories, and in the world's toughest places, we work day in and day out to defend children's human rights and a fair chance to fulfil their potential, guided by the 1989 Convention on the Rights of the Child. UNICEF Canada was founded in 1955 to fundraise for UNICEF's highest priorities and to secure the human rights of children in Canada. As part of the UN family, our ability to work neutrally with to work neutrally with governments, civil society, the private sector and young people generates results on a scale that is unparalleled. Our mission has always been for children as the highest priority – regardless of race, religion or politics – and has always relied on voluntary contributions. A global UNICEF goal is that every child has access to inclusive social protection and lives free from poverty. UNICEF works in more than 140 countries to strengthen and expand a wide range of social protection policies and systems.

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