



# The National Child Benefit

Progress Report 2005







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# Message from Federal/Provincial/ Territorial Ministers Responsible for Social Services

Canada's Federal, Provincial and Territorial Ministers Responsible for Social Services<sup>1</sup> are committed to reporting to Canadians on the progress of the National Child Benefit (NCB). This report, *The National Child Benefit Progress Report: 2005*, is the seventh in a series of progress reports provided by Ministers since the joint NCB initiative was launched in 1998.

Ensuring that children have a good start in life is crucial, and governments recognize that child poverty has long-term consequences for children and society. The NCB is based on the principle that families are better off when parents are supported in their efforts to participate in the labour market. This is the most effective long-term approach to reducing low income among families. The NCB is supporting parents and children by providing a secure national platform of child benefits and improving the services and supports provided to low-income families with children.

The 2005 report provides updated information on the activities of Canada's federal, provincial and territorial governments and First Nations to improve the well-being of children in low-income families.

Specifically, it provides detailed information on the contributions of the Government of Canada through the Canada Child Tax Benefit and the NCB Supplement component, along with information on the contributions of provincial and territorial governments and First Nations through the programs and services they provide under the NCB initiative. The report was prepared by a joint working group of officials representing federal, provincial and territorial governments.

The report also provides an update on the progress the NCB is making in improving the economic well-being of low-income families with children.

Ministers Responsible for Social Services in Canada remain committed to improving the economic well-being of low-income families with children. We will continue to work together to meet the needs of Canadian children and families and report regularly on progress.

**Federal, Provincial and Territorial Ministers  
Responsible for Social Services**

<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.



# Executive Summary

The National Child Benefit (NCB) is a joint initiative of Canada's federal, provincial and territorial governments,<sup>2</sup> which includes a First Nations component.

The NCB initiative has three goals:

- to help prevent and reduce the depth of child poverty;
- to promote attachment to the labour market by ensuring that families will always be better off as a result of working; and
- to reduce overlap and duplication by harmonizing program objectives and benefits, and through simplified administration.

This report, *The National Child Benefit Progress Report: 2005*, is the seventh in a series of reports to Canadians since the NCB was introduced in July 1998. The report is a key element of the *National Child Benefit Governance and Accountability Framework* as it fulfils the commitment of Federal, Provincial and Territorial Ministers Responsible for Social Services to report annually to Canadians on progress made under this initiative.

The Government of Canada provides benefits directly to low-income families with children through the NCB Supplement component of the Canada Child Tax Benefit (CCTB). Provinces, territories and First Nations provide programs and services

to low-income families with children in their communities.

For the program year that ended June 2005, the Government of Canada provided \$2.9 billion through the NCB Supplement. During that period, 1.6 million families with 2.8 million children received the NCB Supplement.

Total reinvestments and investments in programs and services for children and their families are estimated to be \$899.2 million for 2004–2005, and \$866.8 million for 2005–2006. Provinces and territories reinvested and invested an estimated \$841.4 million in 2004–2005, and \$811.8 million in 2005–2006. Citizenship and Immigration Canada reinvested an estimated \$2.6 million in 2004–2005, and \$2.5 million in 2005–2006. First Nations investments and reinvestments in programs and services are estimated to be \$55.1 million in 2004–2005, and \$52.5 million in 2005–2006. With respect to First Nations and the NCB, the Government of Canada and some 500 First Nations are cooperatively addressing the needs of low-income families with children on reserve through the NCB initiative.

The report also provides information on societal level indicators, which track socio-economic trends that relate to the NCB, including measures of low income. Low-Income Cut-Offs (LICOs), the Low-Income Measure (LIM), as well as the

<sup>2</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.

Market Basket Measure (MBM) are included. Using post-tax LICOs, the report shows that between 1996 and 2001, the number of low-income families with children declined significantly, although the number increased slightly between 2001 and 2003. The depth of low income, or low-income gap, continues to decline.

Finally, an analysis of the direct impact of the NCB in preventing and reducing low income among families with children is included. Using Statistics Canada's post-tax LICOs, the analysis estimates that, in 2003, as a direct result of the NCB,

159,000 children in 60,500 families were prevented from living in low income, a 12.4 percent reduction. These families saw their average disposable income increase by an estimated \$2,600, or 9.7 percent. The analysis also estimates that the depth of low income, or low-income gap, for families with children was reduced by \$610 million, a decline of 16.1 percent.

All jurisdictions remain committed to working toward improving the situation of families with children in Canada, and informing Canadians about progress made.

# What is the National Child Benefit Initiative?



The National Child Benefit (NCB) is a joint initiative of federal, provincial and territorial governments to support Canadian children living in low-income families. The initiative takes a multifaceted approach, recognizing that both income support and a variety of benefits and services are critical to sustained success.

The NCB initiative has three goals:

- to help prevent and reduce the depth of child poverty;
- to promote attachment to the labour market by ensuring that families will always be better off as a result of working; and
- to reduce overlap and duplication by harmonizing program objectives and benefits, and through simplified administration.

## The Welfare Wall

Governments deliver a variety of benefits and services to people receiving social assistance. These include basic income benefits for children, financial work incentives for parents, and extended drug, dental and optical benefits.

Before the NCB was introduced in 1998, there was minimal coordination between the federal system, which delivered child benefits through the income tax system, and provincial/territorial systems, which delivered child benefits through social assistance programs.

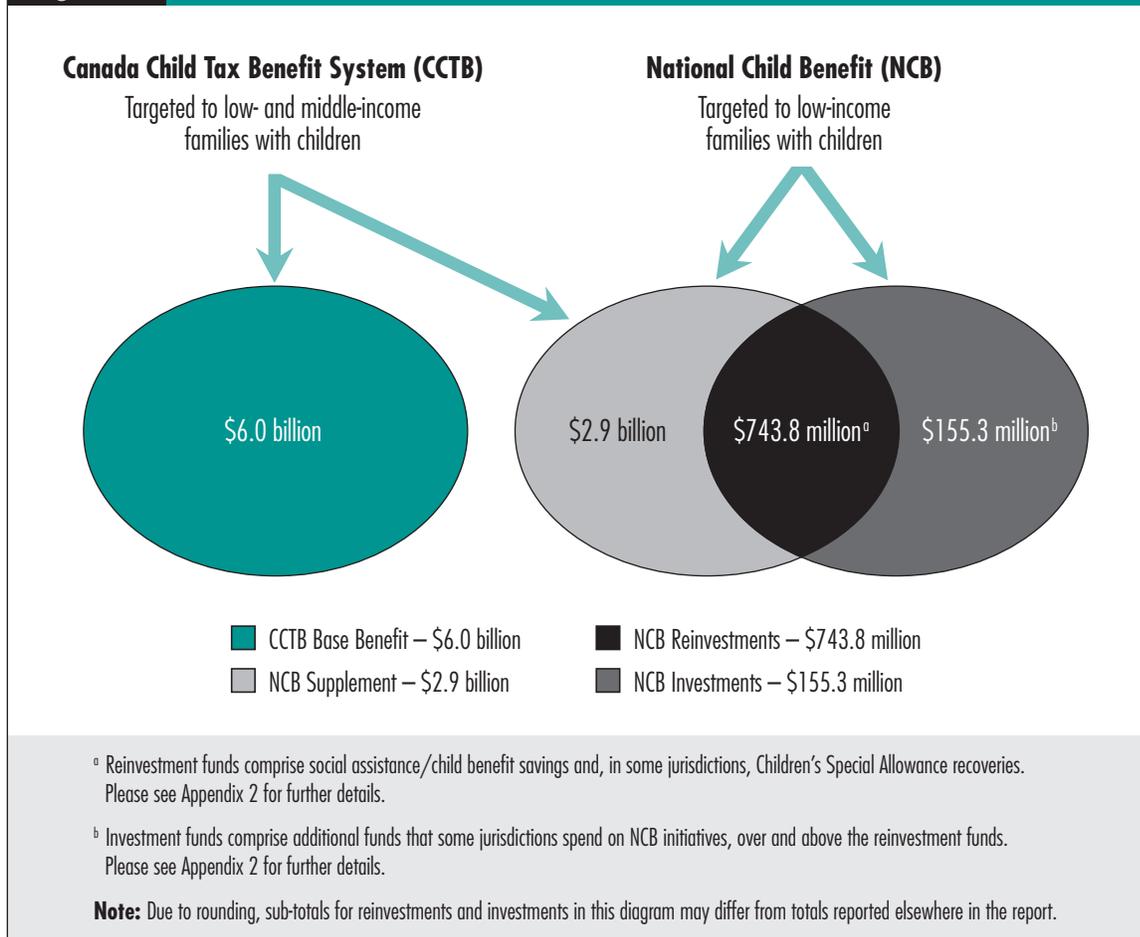
At that time, leaving social assistance for employment often meant that low-income families with children lost many or all of their benefits when they took paid employment. Families on social assistance who found paid work often saw their overall disposable income increase only slightly, and in some cases would see a decline. In addition to forfeiting child benefits and non-monetary benefits such as extended health coverage, they also needed to pay taxes and employment-related costs out of their typically low wages. Thus, government programs had inadvertently created a “welfare wall”—a set of disincentives to labour force participation that made it financially less attractive for parents to leave welfare for work.

## The NCB in Action

The NCB is intended to help lower this welfare wall by making sure that families leaving social assistance are better off as a result of working. It is designed to support parents leaving social assistance for work, and to help low-income parents already in the labour market to stay there by reducing the role of social assistance in providing children’s basic income support.

Federal, provincial and territorial systems of income support for children have been integrated to build a national platform of income-tested child benefits available to both social-assistance families

**Figure 1** How the NCB Works (2004 – 2005 [Estimates])



and low-income working families. The initiative combines two key elements: monthly payments to low-income families with children, and benefits and services designed and delivered by the provinces, territories and First Nations to meet the needs of low-income families with children.

## The Government of Canada’s Contribution to the NCB Initiative

The Government of Canada contributes to the NCB initiative through a supplement to the base benefit of the Canada Child Tax

Benefit (CCTB). This base benefit is targeted to both low- and middle-income families with children, while the NCB Supplement provides extra support to low-income families with children. Both the base benefit and the NCB Supplement are paid on a monthly basis and are income-tested using information provided when a parent files an income tax return. The benefits from the CCTB base benefit and NCB Supplement are provided to eligible families regardless of whether the parents are working or receiving social assistance.

## Provincial, Territorial and First Nations Contributions

Under the NCB initiative, the coordinated approach to delivering child benefits to low-income families with children has also provided provinces and territories with the option to modify their income-support systems in the manner that best meets the needs of low-income families with children in their jurisdictions.

Provinces and territories have the flexibility to adjust social assistance or child benefit payments by an amount equivalent to the NCB Supplement. First Nations follow the approach of the relevant province or territory. As a result, families with children on social assistance maintain at least the same level of benefits as before, while funds resulting from such adjustments support new or enhanced programs benefiting low-income families with children.

Since the introduction of the NCB initiative, a number of approaches to adjusting social assistance and child benefits have evolved. A detailed discussion of these approaches is included in Chapter 3.

Provinces, territories and First Nations may also invest additional funds in benefits and services consistent with the objectives of the NCB. Reinvestment and investment funds are used by provinces, territories and First Nations to finance NCB-related programs and services. These programs and services are in addition to other long-standing programs and services that provinces and territories have had in place to advance child development and help low-income

families with children. In 2004–2005, investments and reinvestments through the NCB initiative for provinces, territories and First Nations are estimated to be \$899.2 million.<sup>3</sup>

Provinces and territories provide programs and services in six key areas:

- child/day care initiatives;
- child benefits and earned income supplements;
- early childhood services and children-at-risk services;
- supplementary health benefits;
- youth initiatives; and
- other NCB programs, benefits and services (e.g., literacy, employment support programs).

First Nations reinvestments cover a broader range of programs, and are categorized in five key areas:<sup>4</sup>

- home-to-work transition (formerly called employment opportunities/training programs);
- cultural enrichment (formerly called community enrichment);
- child nutrition;
- child care; and
- support to parents (formerly called early childhood development).

The NCB initiative has provided the flexibility for provinces, territories and First Nations to tailor their programs and services to the specific needs of their low-income families with children. As a result of reinvestment and investment funds, provinces,

<sup>3</sup> This amount includes \$2.6 million in NCB reinvestments by Citizenship and Immigration Canada, as described in Chapter 3.

<sup>4</sup> First Nations reinvestment and investment category names changed in 2004–2005. See Chapter 3 for details.

territories and First Nations have enhanced existing programs and/or introduced new programs and services designed to meet the specific needs of families within their jurisdictions, while fulfilling the objectives of the national initiative.

In addition, program and service designs have significantly benefited from

shared knowledge and experience across jurisdictions. Provinces, territories and First Nations offer new and enhanced programs designed to provide all low-income families with children the services and supports that reduce the impacts of child poverty and promote attachment to the labour force.



# The National Child Benefit Supplement

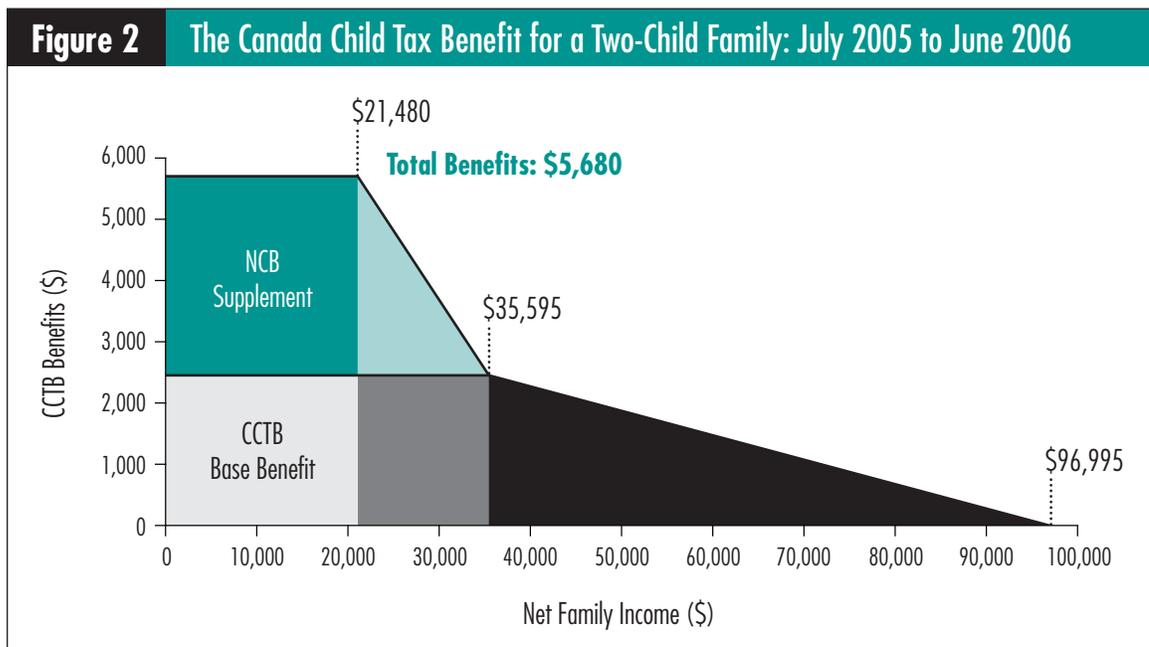
## The Federal Child Benefit System

The Government of Canada has long provided Canadian families with child benefits. The Child Tax Exemption was established as early as 1918. This was followed by the Family Allowance benefit and various types of child tax measures aimed at providing financial support to parents.

Since July 1998, the Government of Canada has provided direct financial assistance to families with children through the Canada Child Tax Benefit (CCTB). The CCTB is designed to help families with the costs of raising children and takes the form of a non-taxable monthly payment for families with children, based on a family's net income and the number of children within the family.

The CCTB is made up of two key components: the base benefit of the CCTB, which is paid to low- and middle-income families with children, and the NCB Supplement, which is an additional benefit paid to low-income families with children. Eligible Canadian families with children receive the base benefit and the NCB Supplement through a single monthly payment.

Figure 2 illustrates the CCTB structure for families with two children as of July 2005. During the 2005–2006 benefit year (from July 2005 to June 2006), two-child families with net incomes less than \$21,480 received the maximum benefit level of \$5,680. Under the CCTB benefit structure, all families in receipt of the NCB Supplement receive the maximum level of the base benefit of the CCTB. Families with net incomes above \$21,480 but below



## The History of Federal Child Benefits in Canada

**1918–Child Tax Exemption:** This exemption provided income tax savings that increased as taxable income increased. It did not provide benefits to families that did not have a tax liability.

**1945–Family Allowance:** This benefit was provided to all Canadian families with dependent children.

**1973–**The **Family Allowance** benefits were tripled, indexed to the cost of living, and made taxable.

**1978–Refundable Child Tax Credit:** This targeted and income-tested child benefit, which was delivered through the tax system, provided a maximum benefit to low-income families, a declining amount to middle-income families, and no benefit to upper-income families.

**1993–Child Tax Benefit (CTB):** This benefit consolidated refundable and non-refundable child tax credits and the Family Allowance into a monthly payment based on the number of children and level of family income. It also included the Working Income Supplement (WIS), which provided an additional benefit to low-income working families with children. In 1993, federal expenditures on child benefits, including WIS, totalled \$5.1 billion.

**1998–**The CTB was replaced by the **Canada Child Tax Benefit (CCTB)**. The **National Child Benefit (NCB) Supplement** replaced the WIS, and is provided to all low-income families as part of the CCTB.

\$35,595 continue to receive the maximum level of the base benefit of the CCTB, but the level of NCB Supplement to which they are entitled decreases as family income increases. Finally, those families with net incomes above \$35,595 but below \$96,995 receive only the base benefit of the CCTB. The level of this benefit also decreases as family income increases.

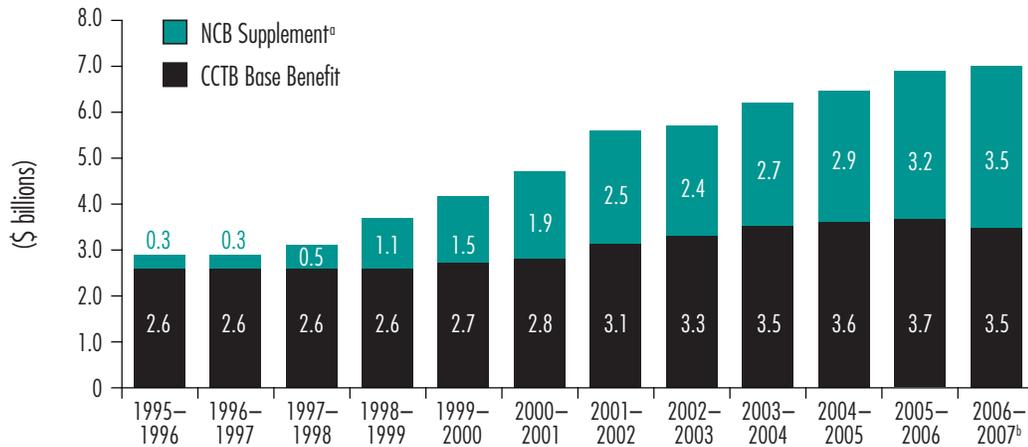
### Federal Support to Low-Income Families with Children

The NCB Supplement to the CCTB represents the Government of Canada's contribution to the NCB initiative. The Government of Canada has significantly increased its contributions to support

low-income families with children since the implementation of the CCTB.

As its initial contribution to the NCB initiative, the Government of Canada committed to \$850 million for the NCB Supplement, in addition to the \$5.1 billion per year that had been provided under the former Child Tax Benefit. Additional investments in the program were announced in subsequent years, including the restoration of full indexation of benefit levels in 2000 to ensure that benefit increases are not eroded by inflation.

The 2003 Government of Canada Budget announced increases to the NCB Supplement of \$150 per child per year in July 2003, \$185 in July 2005, and \$185 in July 2006. This will bring the projected benefits available through the combined

**Figure 3****Federal Investments for Low-income Families in Receipt of both the CCTB Base Benefit and the NCB Supplement for Program Years (July to June)**

<sup>a</sup> Includes the former Working Income Supplement for the years 1995–1996 to 1997–1998.

<sup>b</sup> Figures for 2006–2007 are projections.

**Source:** CCTB administrative data from the *Canada Revenue Agency* (December 2006).

CCTB base benefit and NCB Supplement to \$3,271 for the first child, \$3,041 for the second child, and \$3,046 for each additional child by July 2007.<sup>5</sup>

Figure 3 shows the increase in the value of annual federal expenditures on low-income families with children from 1995–1996 to 2006–2007. From \$300 million spent on the former Working Income Supplement (WIS) in 1995–1996, federal investment in the NCB Supplement has increased steadily and is projected to reach \$3.5 billion in 2006–2007. In addition, federal investment provided to low-income

families with children through the base benefit of the CCTB has increased over this period, with \$3.5 billion projected to be provided to NCB Supplement recipients in 2006–2007, compared to \$2.6 billion in 1995–1996.<sup>6</sup>

Between July 2004 and June 2005, approximately 3.4 million families with 6.0 million children received the base benefit of the CCTB. The NCB Supplement targets low-income families with children and provides these families with additional assistance on top of the base benefit of the CCTB. Between July 2004 and June 2005,

<sup>5</sup> To target the increase in the NCB Supplement to lower-income families, the income threshold at which the NCB Supplement begins to be phased out was adjusted, keeping the reduction rate for the first child constant at the July 2003 level.

<sup>6</sup> Figure 3 does not show federal expenditures on the base benefit of the CCTB for middle-income families who do not receive the NCB Supplement. In 2004–2005, the Government of Canada invested \$2.4 billion in the base benefit of the CCTB paid to 1.8 million families with 3.2 million children that had an income above the threshold at which the NCB Supplement is reduced to zero. Taking total expenditures on the base benefit of the CCTB and the NCB Supplement together, the Government of Canada’s support to Canadian families with children reached a total of \$8.9 billion in 2004–2005, and is projected to reach \$9.5 billion by July 2007.

1.6 million families with 2.8 million children received the NCB Supplement.

## Federal Investment in the NCB Supplement by Province and Territory

Table 1 shows the breakdown of federal expenditures on the NCB Supplement and the number of children who benefited by province and territory for 2003–2004 and 2004–2005. As shown in Table 1, federal expenditures on the NCB Supplement have increased from \$2.7 billion in 2003–2004 to \$2.9 billion in 2004–2005. Federal expenditure increases reflect the five-year

investment plan put in place by the 2003 Budget. Table 1 also shows that, overall, the number of children who received the NCB Supplement increased between 2003–2004 and 2004–2005.

## Increased Federal Financial Assistance for Families with Children

Canadian families with children have benefited significantly from increases to the base benefit of the CCTB and the NCB Supplement. As Figure 4 shows, prior to July 1997, the maximum benefit for a family with two children was \$2,540. In July 1997,

**Table 1**

**Number of Children in Receipt of the NCB Supplement and Federal NCB Supplement Expenditures by Jurisdiction for 2003–2004 and 2004–2005 Program Years (July to June) in Current Dollars<sup>a</sup>**

Jurisdiction	July 2003 – June 2004		July 2004 – June 2005	
	Children Receiving NCB Supplement (thousands)	Benefits paid (\$ millions)	Children Receiving NCB Supplement (thousands)	Benefits paid (\$ millions)
Newfoundland and Labrador	50.3	51.9	49.7	52.8
Prince Edward Island	13.0	12.5	13.0	12.9
Nova Scotia	88.0	92.0	88.5	94.7
New Brunswick	70.6	72.7	70.8	75.2
Quebec	631.6	629.4	642.8	656.8
Ontario	967.9	962.4	1,006.0	1,023.3
Manitoba	137.3	139.9	140.7	148.7
Saskatchewan	126.9	130.2	127.6	135.3
Alberta	270.4	263.5	280.8	281.5
British Columbia	356.6	361.6	365.8	377.1
Yukon	2.5	2.3	2.6	2.5
Northwest Territories	4.4	4.2	4.5	4.4
Nunavut	6.3	6.3	6.5	6.7
<b>Total</b>	<b>2,727.7<sup>b</sup></b>	<b>2,730.3<sup>c</sup></b>	<b>2,801.2<sup>b</sup></b>	<b>2,873.2<sup>c</sup></b>

<sup>a</sup>Current dollars are in the actual dollars in a given year and are not adjusted for inflation.

<sup>b</sup>Includes Canadians living outside of Canada.

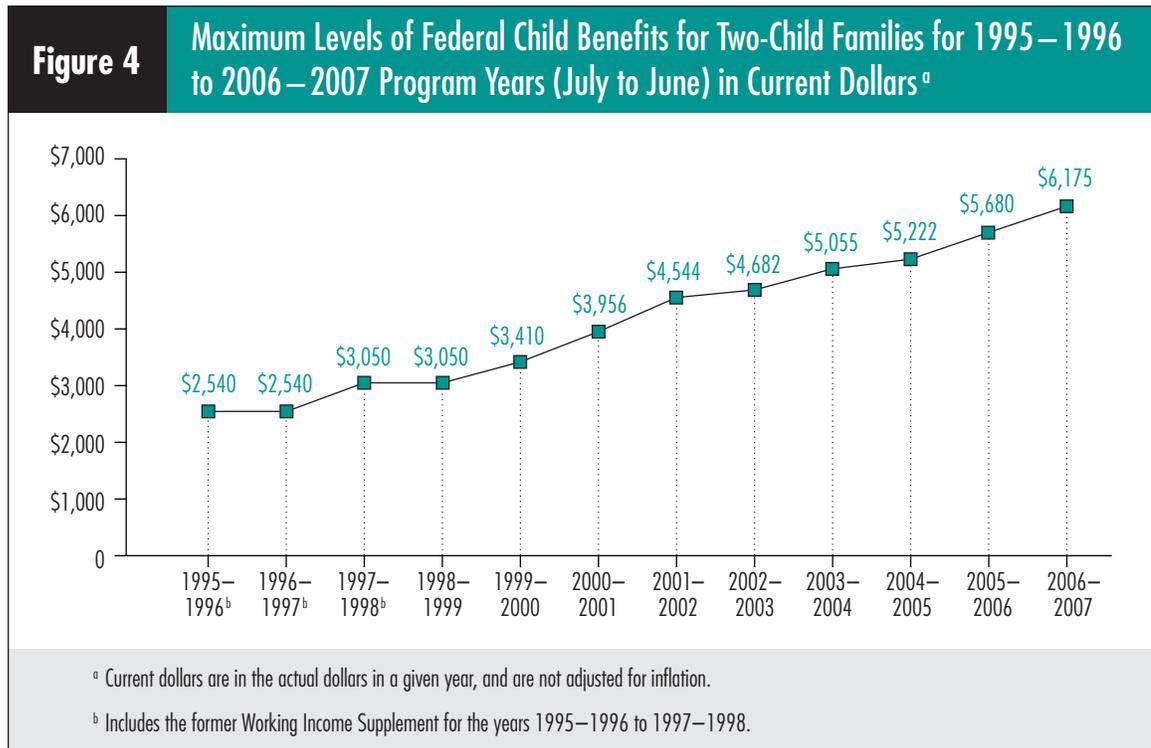
<sup>c</sup>Totals may not add due to rounding.

**Source:** CCTB administrative data from the Canada Revenue Agency.

when the WIS was enhanced and restructured, prior to the launch of the NCB, the maximum benefit for a two-child family was \$3,050. With the CCTB base benefit and the NCB Supplement, the level of federal child benefits that low-income families with two children were eligible to receive reached \$6,175 in July 2006.

As of July 2006, low-income families with children (whose family net income is equal to or below \$20,435) receive maximum annual CCTB benefits (base benefit of the CCTB and NCB Supplement) of \$3,200 for the first child and \$2,975 for the second

child, bringing the amount of total federal child benefits for a family with two children to \$6,175, or more than double that of the pre-NCB 1996–1997 levels (see Table 2). For third and subsequent children, the amount of the benefit is \$2,980, which includes an additional amount of \$88 per year for third and subsequent children. An on-line CCTB calculator provided by the Canada Revenue Agency ([www.cra-arc.gc.ca/benefits/calculator/menu-e.html](http://www.cra-arc.gc.ca/benefits/calculator/menu-e.html)) can be used to determine the amount of benefits to which families are entitled.



**Table 2****Maximum Levels of Federal Child Benefits for 1996 – 1997  
and 2006 – 2007 Program Years (July to June) in Current Dollars<sup>a</sup>**

<b>Number of Children</b>	<b>1996–1997 Maximum CTB + WIS</b>	<b>2006–2007 Maximum Base Benefit + NCB Supplement</b>	<b>Percentage Increase from 1996–1997 to 2006–2007</b>
1	\$1,520	\$3,200	111%
2	\$2,540	\$6,175	143%
3	\$3,635	\$9,155	151%
4	\$4,730	\$12,135	157%

<sup>a</sup>Current dollars are in the actual dollars in a given year, and are not adjusted for inflation.

# Components of the National Child Benefit Initiative



The National Child Benefit (NCB) initiative includes federal as well as provincial, territorial and First Nations components.<sup>7</sup> The federal component, described in Chapter 2, provides increased benefits to low-income families with children through the NCB Supplement.

This federal investment makes it possible for provincial and territorial governments to adjust the income support to families with children on social assistance without impacting the overall disposable income of these families. Recovering social assistance/child benefit payments produces savings that provinces, territories and First Nations then reinvest to enhance existing programs or implement new programs or services aimed at reducing child poverty and supporting low-income families with children. Reinvestment funds come from social assistance/child benefit savings and, in some jurisdictions, Children's Special Allowance (CSA) recoveries (see Appendix 2 for further details).

Reinvestments in programs and services benefit children in low-income families whether their parents are employed or receiving social assistance. These supports, combined with the NCB Supplement, help reduce the "welfare wall" and aim to make it easier for families with children to become self-sufficient. In addition to

reinvestments, many jurisdictions make additional investments in benefits and services that are consistent with the goals of the NCB initiative (see Appendix 2 for further details).

This chapter describes the differing approaches to reinvestment used by provinces and territories. It also describes the program areas in which provinces and territories reinvest funds made available through the NCB to provide supports for low-income families. First Nations follow the approach to replacing social assistance benefits for children used in the relevant province or territory. Key areas for First Nations reinvestments and investments<sup>8</sup> are briefly outlined, with greater detail provided in Chapter 4.

## The Children's Special Allowance (CSA)

The CSA is paid by the Canada Revenue Agency for children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum Canada Child Tax Benefit (CCTB) payments, including the base benefit and the NCB Supplement. Jurisdictions have the option to either recover, or pass on the increased NCB Supplement amount to child welfare

<sup>7</sup> This report does not include data for Quebec. Quebec residents benefit in the same way as other Canadians from the Canada Child Tax Benefit. Moreover, they benefit from substantial investments made by the Quebec government, in the context of its family policy, in services for families with children.

<sup>8</sup> Indian and Northern Affairs Canada reimburses Saskatchewan and the Yukon for the portion of provincial/territorial children's benefits paid to all low-income families living on reserve.

authorities for child maintenance costs. In jurisdictions that recover the increase to the NCB Supplement, the amount is included in their reinvestment funds available for NCB initiatives.

In 2004–2005, it is estimated that \$15.4 million or 2.1 percent of the total reinvestment funds came from CSA recoveries.

## Approaches to Replacing Social Assistance Benefits for Children

Since the inception of the NCB initiative in 1998, three distinct approaches have evolved by which provinces and territories replace social assistance benefits for children with the NCB Supplement. These are:

- the social assistance offset approach;
- the integrated child benefit approach with adjustment; and
- the integrated child benefit approach without adjustment

Two provinces, New Brunswick and Manitoba,<sup>9</sup> do not adjust social assistance benefits for children.

The three approaches are briefly explained below. For more details regarding the approaches used in specific jurisdictions, see Appendix 2.

### 1. The Social Assistance Offset Approach

Under this approach, child benefits remain within the social assistance system, but are gradually displaced by federal increases to the NCB Supplement. Provinces and territories either deduct the NCB Supplement as an unearned income charge against social assistance or reduce their social assistance rates for children. In the case of income offset, social assistance recipients have the amount of the NCB Supplement they receive deducted from their social assistance entitlement. This approach is used in Prince Edward Island,<sup>10</sup> Ontario,<sup>11</sup> Yukon, Northwest Territories and Nunavut. In the case of rate reduction, the social assistance rate is reduced by the maximum NCB Supplement. Alberta<sup>12</sup> uses this approach. Reinvestment funds under the Social Assistance Offset approach are the savings in social assistance.

### 2. The Integrated Child Benefit Approach with Adjustment

In the mid- to late-1990s, several jurisdictions restructured their social assistance systems. In two provinces, children's

<sup>9</sup> Effective July 2000, Manitoba discontinued recovering increases in the NCB Supplement for families receiving income assistance. Effective July 2001, Manitoba stopped recovering the NCB Supplement for children age six or under. Effective January 2003, Manitoba stopped recovering the NCB Supplement for children age seven to eleven; and effective January 2004, it stopped recovering the NCB Supplement for children age 12 to 17 years.

<sup>10</sup> Since 2001, any increases in the NCB Supplement in Prince Edward Island have been used to fund an increase in the Healthy Child Allowance, which is a social assistance benefit.

<sup>11</sup> In the 2006 Budget, Ontario announced that social assistance benefits would not be reduced by the federal government's July 2004, 2005, and 2006 increases to the NCB Supplement.

<sup>12</sup> In 2003, Alberta enhanced the mix of income and in-kind benefits and services to families receiving assistance through the Supports for Independence program by flowing through the full increase of the NCB Supplement. Alberta extended the flow-through of NCB Supplement increases again in 2004, 2005 and in 2006 under the new Alberta Works – Income Support program.

benefits are now delivered through a separate income-tested child benefit program that is integrated with the CCTB. Under this approach, increases in the NCB Supplement are offset in full or in part against the provincial child benefit. In British Columbia, the savings from this offset become the province's reinvestment funds. In Saskatchewan, the amount of reinvestment funds is set at the funds that were being used for basic child benefits under the social assistance system at the time the system was restructured.

### 3. The Integrated Child Benefit Approach without Adjustment

Other jurisdictions chose similarly to restructure their social assistance systems. Basic benefits for children were removed from the social assistance program and are now provided through a separate income-tested program integrated with the CCTB. In these cases, however, there is no offset of the NCB Supplement against provincial child benefits. In these jurisdictions, the amount of reinvestment funds is set at the funds that were being used for basic child benefits under the social assistance system at the time the system was restructured and has remained the same for subsequent years. Newfoundland and Labrador<sup>13</sup> and Nova Scotia<sup>14</sup> have adopted this approach.

## NCB Reinvestments and Investments 2004–2005 to 2005–2006

In 2004–2005, the sixth full year of the NCB initiative, provincial, territorial and First Nations reinvestments and investments are estimated at \$899.2 million.<sup>15</sup> It is estimated that reinvestments and investments will total \$866.8 million in 2005–2006. Table 3 provides a breakdown of each jurisdiction's expenditures over two full fiscal years of the initiative: 2002–2003 and 2003–2004. Estimates are given for 2004–2005 and 2005–2006, as final data are not available for many provinces and territories.

In deciding what benefits and services to support through NCB reinvestments and investments, provinces and territories are guided by a national reinvestment framework that was agreed to by the Ministers Responsible for Social Services. Under this framework, jurisdictions have the flexibility to direct reinvestments and investments to meet their own priorities and needs, provided they support the objectives of the NCB initiative.

Many provinces, territories and First Nations base their reinvestment decisions on consultation with their residents, or

<sup>13</sup> Newfoundland and Labrador redesigned its income support program in 1999–2000. All basic benefits for children have been removed from the newly created Income Support Program as these benefits are now provided through the combined CCTB and Newfoundland and Labrador Child Benefit. As a result, Newfoundland and Labrador does not adjust its Income Support benefits for increases in the NCB Supplement, nor does it adjust the Newfoundland and Labrador Child Benefit.

<sup>14</sup> With the advent of the NCB Supplement in 1998, Nova Scotia enhanced the supports available for children of low-income families by introducing the Nova Scotia Child Benefit as a provincial reinvestment initiative. In 2001, children's benefits were removed from the province's income assistance program, substantially increased and fully integrated with the CCTB to establish a single, non-taxable monthly payment for all low-income families with children. At the same time, Nova Scotia ensured that any future increases to the NCB Supplement flowed directly through to families receiving income assistance.

<sup>15</sup> This amount includes \$2.6 million in NCB reinvestments by Citizenship and Immigration Canada.

**Table 3** NCB Reinvestments and Investments by Jurisdiction and Fiscal Year (\$ millions)

Jurisdiction	Expenditures				Estimates			
	2002–2003		2003–2004		2004–2005		2005–2006	
	Reinvestment	Reinvestment & Investment (Total)						
Newfoundland and Labrador	8.8	17.0	9.2	18.9	9.7	18.8	10.1	19.7
Prince Edward Island	2.3	3.1	2.5	3.6	2.8	3.7	3.0	3.6
Nova Scotia	20.1	30.9	20.2	29.8	20.2	30.6	20.2	30.6
New Brunswick	–	8.3	–	8.2	–	9.6	–	11.8
Ontario <sup>a</sup>	202.5	231.2	214.5	235.2	218.5	245.6	221.5	246.2
Manitoba <sup>b,c</sup>	8.0	38.2	6.3	45.6	4.0	51.5	4.3	56.3
Saskatchewan <sup>d</sup>	55.1	60.9	55.1	56.4	57.9	58.9	58.8	60.8
Alberta	32.7	38.1	35.3	45.6	37.7	47.2	36.6	48.8
British Columbia	284.8	297.8	314.0	379.8	333.8	369.3	286.8	327.8
Yukon	0.3	1.2	0.3	1.5	0.4	1.6	0.4	1.6
Northwest Territories	0.8	2.0	0.8	1.9	0.8	1.9	0.8	2.1
Nunavut	2.7	2.7	2.8	2.8	2.8	2.8	2.7	2.7
<b>P/T Sub-total</b>	<b>618.2</b>	<b>731.4</b>	<b>660.9</b>	<b>829.3</b>	<b>688.5</b>	<b>841.4</b>	<b>645.2</b>	<b>811.8</b>
First Nations	53.5	56.0	51.8	53.2	52.7	55.1	51.6	52.5
Citizenship and Immigration Canada <sup>e</sup>	1.7	1.9	1.9	1.9	2.6	2.6	2.5	2.5
<b>“Other” Sub-total</b>	<b>55.3</b>	<b>57.9</b>	<b>53.6</b>	<b>55.0</b>	<b>55.3</b>	<b>57.7</b>	<b>54.0</b>	<b>55.0</b>
<b>Total</b>	<b>673.5</b>	<b>789.3</b>	<b>714.6</b>	<b>884.4</b>	<b>743.8</b>	<b>899.2</b>	<b>699.2</b>	<b>866.8</b>

<sup>a</sup> Figures exclude an additional \$40 million previously committed to the Ontario Child Care Tax Credit.

<sup>b</sup> Figures include funding which is provided through remaining NCB Supplement recoveries, Children’s Special Allowance recoveries, federal transfers under the 2000 Early Childhood Development Agreement (\$14.7 million in 2002–2003 and \$18.3 million in 2003–2004, 2004–2005 and 2005–2006), federal transfers under the Multilateral Framework on Early Learning and Child Care (\$0.9 million in 2003–2004, \$5.5 million in 2004–2005 and \$8.2 million in 2005–2006), as well as provincial revenue.

<sup>c</sup> Figures for Manitoba’s reinvestments and investments include expenditures on the restoration of the NCB Supplement for families in receipt of Employment Income and Income Assistance Benefits. In 2002–2003, \$7.3 million was spent on the Restoration of the NCB Supplement and in 2003–2004, \$11.0 million was spent. It is estimated that in both 2004–2005 and 2005–2006, \$13.7 million was spent on the Restoration of the NCB Supplement.

<sup>d</sup> In 2005–2006, due to improved reporting methods, Saskatchewan revised the way in which it reports reinvestments/investments. Expenditures for 2002–2003, 2003–2004 and 2004–2005 have been restated and will not match figures from previous years’ reports.

<sup>e</sup> Citizenship and Immigration Canada administers the Resettlement Assistance Program (RAP) for refugees.

**Notes:** 1) The expenditures for 2002–2003 may differ from those reported in *The National Child Benefit Progress Report: 2004* due to data revisions.

2) Totals may not add due to rounding.

have included such consultation as part of an overall redesign of their income-support programs.

Under the reinvestment framework, reinvestments and investments are providing new or enhanced supports for low-income families with children. These supports are categorized in six key areas:

- child/day care initiatives;
- child benefits and earned income supplements;
- early childhood services and children-at-risk services;
- supplementary health benefits;
- youth initiatives;<sup>16</sup> and
- other NCB programs, benefits and services.

## Citizenship and Immigration Canada

Citizenship and Immigration Canada (CIC) administers the Resettlement Assistance Program (RAP), which provided refugees with \$34 million in income support in 2004–2005, reflecting the amounts that jurisdictions provide through social assistance. This includes \$2.6 million, which is the NCB reinvestment portion of the RAP program. CIC reinvestments occur in two of the six key areas of investments and reinvestments: child benefits and earned income supplements, and other NCB programs, benefits and services.

## First Nations

First Nations follow a reinvestment framework administered by Indian and Northern Affairs Canada. First Nations reinvestments tend to cover a wider range of program areas than those of the provinces and territories, and address the local needs of communities. First Nations reinvestments are categorized in five key areas:

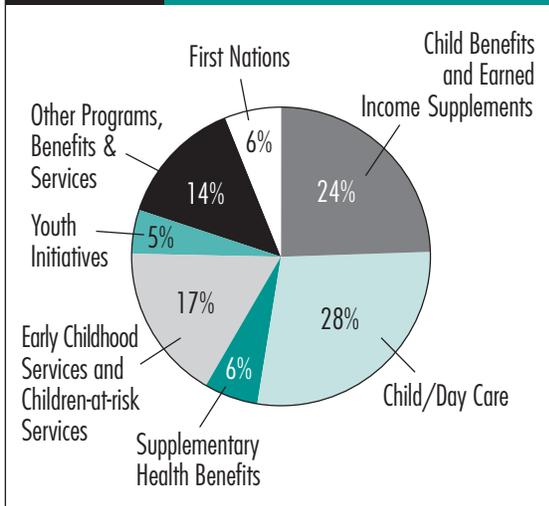
- home-to-work transition (formerly called employment opportunities/training programs);
- cultural enrichment (formerly called community enrichment);
- child nutrition;
- child care; and
- support to parents (formerly called early childhood development).

First Nations reinvestment and investment amounts constituted approximately 6.1 percent of total reinvestments and investments in 2004–2005. First Nations reinvestments and investments are included in the summary provided in Figure 5. However, because First Nations report on their NCB reinvestments according to these five activity areas, the analysis by key areas in this chapter does not include these amounts. Instead, First Nations reinvestments are discussed separately in Chapter 4, *First Nations and the National Child Benefit Initiative*, and Appendix 2, *Provincial, Territorial and First Nations National Child Benefit Reinvestments and Investments*.

<sup>16</sup> Starting with *The National Child Benefit Progress Report: 2003*, “youth initiatives” were included as an additional key area. In earlier reports, these programs and services had been included under either Early Childhood/Children-at-Risk Services, or Other NCB Programs, Benefits and Services.

**Figure 5**

**Summary of NCB Reinvestments and Investments by Program Area, 2004 – 2005 Estimates**



**NCB Reinvestments and Investments by Program Area**  
**Child/Day Care Initiatives**

Accessible and affordable child care allows low-income parents to enter and stay in the labour market. Provincial/territorial NCB reinvestments and investments in child care have taken a variety of forms. In 2004–2005, child/day care programs accounted for the largest share of NCB initiative funding. About 64 percent of the total NCB-related child care expenditures are for a single program: the Ontario Child Care Supplement for Working Families.

Some jurisdictions provide funding through subsidies to child care facilities. These subsidies allow facilities to offer low-income working families access to child care at a more affordable price. Other jurisdictions provide assistance directly to families. This reduces families’ share of child care costs while allowing them to choose the form of child care that best meets their needs. Some jurisdictions combine both approaches. Each of these forms of support is designed to help low-income families cover the costs of child care associated with being employed. Table 4 provides data on child/day care reinvestments and investments.

**Child Benefits and Earned Income Supplements**

Child benefits and earned income supplements provide important financial support to low-income families through monthly cash payments to the parent or guardian of the child. These benefits improve the financial stability of low-income families by helping to make up for the relatively low wages that often come with entry level jobs, and by supporting parents to stay in the labour market and work toward higher wages in the future.

A number of provinces and territories are now providing child benefits outside of the social assistance system, so that families receive these benefits regardless of the

**Table 4** Child/Day Care Initiatives: NCB Reinvestments and Investments (\$ millions)

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures	Expenditures	Estimates	Estimates
Provincial/territorial expenditures	\$201.4	\$240.4	\$251.4	\$275.0
Percentage of total NCB reinvestments and investments	25.5%	27.2%	28.0%	31.7%

**Note:** First Nations reinvestments and investments are reported separately in Chapter 4.

parents' employment situation. Several provinces have completely restructured their social assistance systems so that they now provide child benefits to all low-income families with children, while benefits for adults continue to be provided through social assistance. As a result, families in these provinces keep their provincial child benefits—in addition to the NCB Supplement—when parents make the transition from social assistance to work. Several other jurisdictions provide child benefits that top up the amount that families receive through social assistance in support of their children. In most of these cases, the provincial or territorial child benefit is combined with the federal CCTB in a single monthly payment, which is administered by the Canada Revenue Agency.

Some jurisdictions also provide low-income working families with children with an earned income supplement in order to provide incentives to work. Eligibility is tied to earning a certain minimum amount from employment. Earned income supplements top up family-earned income for low-wage earners, helping families to cover the added costs of employment.

In 2004–2005, child benefits and earned income supplements accounted for the second largest portion of NCB reinvestments and investments. Table 5 provides expenditures for 2002–2003 and 2003–2004 and estimates for 2004–2005 and 2005–2006.

### Early Childhood Services and Children-at-Risk Services

Experts on child development agree that the first six years of life are critical

Table 5	Child Benefits and Earned Income Supplements: NCB Reinvestments and Investments (\$ millions)			
	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures	Expenditures	Estimates	Estimates
Provincial/territorial and Citizenship and Immigration Canada expenditures	\$226.3	\$236.8	\$219.6	\$145.4
Percentage of total NCB reinvestments and investments	28.7%	26.8%	24.4%	16.8%

**Note:** First Nations reinvestments and investments are reported separately in Chapter 4.

Table 6	Early Childhood Services and Children-at-Risk Services: NCB Reinvestments and Investments (\$ millions)			
	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures	Expenditures	Estimates	Estimates
Provincial/territorial expenditures	\$125.2	\$139.9	\$151.6	\$157.0
Percentage of total NCB reinvestments and investments	15.9%	15.8%	16.9%	18.1%

**Notes:** 1) Prior to *The National Child Benefit Progress Report: 2003*, youth initiatives were reported in this section. These are now reported separately.  
2) First Nations reinvestments and investments are reported separately in Chapter 4.

to a child's development and future well-being. Several jurisdictions are focusing NCB reinvestments and investments on services that provide early support to children in low-income families in order to optimize child development and give young children a healthy start in life. These programs range from prenatal screening to information on mother and child nutrition and parenting skills. Children-at-risk services, ranging from early literacy classes to recreation programs, can make a positive difference in the lives of these children.

Programs in this key area accounted for the third-largest share of NCB initiative funding for the last four years. Table 6 provides reinvestment and investment data on early childhood services and children-at-risk services.

### Supplementary Health Benefits

Supplementary health benefits include a range of benefits that go beyond basic medicare coverage, such as optical care, prescription drugs, dental care or

other benefits. The nature of these benefits varies among jurisdictions, many of which have long provided similar benefits to families with children receiving social assistance. Now, NCB reinvestments and investments in some provinces and territories are providing these benefits to all children in low-income families. These programs ensure that families do not lose important health benefits for their children when they move from social assistance to the labour market.

The health benefits that are provided as NCB reinvestments and investments vary among jurisdictions. Approximately 45 percent of the NCB-related Supplementary Health Benefits can be attributed to Alberta's Child Health Benefit, which was the largest program of this type in the country in 2004–2005. Table 7 provides data on these supplementary health benefits.

### Youth Initiatives

Youth initiatives include a range of benefits and services that are designed to assist and support youth, with particular

**Table 7** Supplementary Health Benefits: NCB Reinvestments and Investments (\$ millions)

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures	Expenditures	Estimates	Estimates
Provincial/territorial expenditures	\$41.7	\$49.7	\$53.8	\$60.5
Percentage of total NCB reinvestments and investments	5.3%	5.6%	6.0%	7.0%

**Note:** First Nations reinvestments and investments are reported separately in Chapter 4.

**Table 8** Youth Initiatives: NCB Reinvestments and Investments (\$ millions)

	2002–2003	2003–004	2004–2005	2005–2006
	Expenditures	Expenditures	Estimates	Estimates
Provincial/territorial expenditures	\$31.9	\$39.4	\$41.1	\$42.9
Percentage of total NCB reinvestments and investments	4.0%	4.5%	4.6%	4.9%

**Note:** First Nations' reinvestments and investments are reported separately in Chapter 4.

attention to youth-at-risk. These programs are valuable in providing youth-at-risk with support to help them develop in positive directions. Youth initiatives, ranging from alcohol and drug strategies to transitional support for youth leaving child welfare, can make a positive difference in the lives of these young people.

This is the third year that youth initiatives have been reported separately. In earlier reports, they had been included under either Early Childhood/Children-at-Risk Services, or Other NCB Programs, Benefits and Services. Table 8 provides reinvestment and investment data on youth initiatives.

### Other NCB Programs, Benefits and Services

The flexibility of the NCB enables provinces and territories to address particular challenges facing their jurisdictions.

Ontario municipalities, which share responsibility for social assistance with the province, provide a wide array of reinvestment and investment programs and services, which are included in this category. These range from early intervention and child care to employment supports and prevention programs. Other reinvestments and investments account for the fourth-largest share of NCB initiative funding.

Table 9 shows the level of expenditures in this category for 2002–2003 and 2003–2004, with estimates for 2004–2005 and 2005–2006.

Table 9	Other NCB Programs, Benefits and Services: NCB Reinvestments and Investments (\$ millions)			
	2002–2003 Expenditures	2003–2004 Expenditures	2004–2005 Estimates	2005–2006 Estimates
Provincial/territorial and Citizenship and Immigration Canada expenditures	\$106.9	\$125.0	\$126.5	\$133.4
Percentage of total NCB reinvestments and investments	13.5%	14.1%	14.1%	15.4%

**Notes:** 1) Prior to *The National Child Benefit Progress Report: 2003*, youth initiatives were reported in this section. These are now reported separately.  
2) First Nations reinvestments and investments are reported separately in Chapter 4.



# First Nations and the National Child Benefit Initiative



The more than 600 First Nations in Canada have markedly diverse traditions, expectations, needs, opportunities, and community settings, and they constitute the youngest, fastest-growing segment of Canada's population. In comparison to other Canadian communities, however, significant social and economic disparities exist. First Nations National Child Benefit (NCB) initiatives target these disparities by funding projects that provide opportunities for children from low-income families to fully develop their potential as healthy, active, and contributing members of their communities.

First Nations NCB initiatives have the same objectives as those of the provinces and territories, working to reduce the depth of child poverty by directing income benefits to eligible low-income families with children, and reinvesting program funds in services that are specifically designed to promote the independence and self-sufficiency of low-income families with children.

Each First Nation plays a vital role in the implementation of the NCB, as it designs and administers its own reinvestment projects. Like provincial and territorial governments, First Nations that deliver income assistance have the flexibility to reinvest savings from adjustments to income assistance into programs and services that are designed to meet the needs of people in their communities, provided that the

projects support the objectives of the NCB initiative. First Nations base their reinvestment decisions on consultations with their people, or include such consultations as part of the overall redesign of their income support programs. The approach generally taken is to prioritize the service needs, identify services that are under-supplied relative to those needs, assess developmental possibilities in terms of available funding and staffing resources, and create the service structures that will deliver the needed benefits to the targeted population.

The projects funded under NCB reinvestments vary from community to community, and cover a wide range of services, according to the needs and preferences determined by the communities themselves. This flexibility is an important feature of the initiative, as it permits First Nations to implement projects that not only are targeted at alleviating the effects of child poverty but are also culturally relevant and responsive to the unique characteristics of each community.

NCB reinvestment projects for First Nations are categorized in five broad activity areas: child care; child nutrition; support to parents;<sup>17</sup> home-to-work transition;<sup>18</sup> and, cultural enrichment.<sup>19</sup> Descriptions of each activity may be found in Appendix 2.

<sup>17</sup> Formerly reported as Early Childhood Development.

<sup>18</sup> Formerly reported as Employment Opportunities/Training.

<sup>19</sup> Formerly reported as Community Enrichment.

Table 10 shows the total First Nations NCB reinvestment and investment envelope since the program was implemented in 1998.

<b>Table 10</b>		<b>First Nations: NCB Reinvestments and Investments (\$ millions)</b>
<b>Year</b>	<b>Total (\$ millions)</b>	
1998–1999	30.5	
1999–2000	50.2	
2000–2001	54.3	
2001–2002	57.0	
2002–2003	56.0	
2003–2004	53.2	
2004–2005 (estimate)	55.1	
2005–2006 (estimate)	52.5	

Table 11 outlines the First Nations reinvestments and investments by region from 2002–2003 through to 2005–2006.

<b>Table 11</b>		<b>First Nations NCB Reinvestments and Investments by Region</b>			
<b>Region</b>	<b>2002–2003</b>	<b>2003–2004</b>	<b>2004–2005</b>	<b>2005–2006</b>	
	<b>Expenditures (\$000)</b>	<b>Expenditures (\$000)</b>	<b>Estimates (\$000)</b>	<b>Estimates (\$000)</b>	
Atlantic <sup>a</sup>	991	757	3,908	3,908	
Quebec	8,161	6,202	3,315	3,484	
Ontario	8,118	7,344	8,856	7,347	
Manitoba <sup>b</sup>	3,209	1,764	0	0	
Saskatchewan	16,851	18,816	19,763	21,760	
Alberta	9,757	10,174	9,423	7,746	
British Columbia	5,973	6,269	6,919	6,577	
Yukon	489	439	565	739	
<b>Sub-total</b>	<b>53,549</b>	<b>51,763</b>	<b>52,748</b>	<b>51,561</b>	
Additional Investment Envelope <sup>c</sup>	2,439	1,414	2,379	960	
<b>Total</b>	<b>55,988</b>	<b>53,177</b>	<b>55,127</b>	<b>52,521</b>	

<sup>a</sup>Figures for the Atlantic region only includes First Nations in Nova Scotia and Prince Edward Island.

<sup>b</sup>Effective January 2004, Manitoba fully discontinued the practice of recovering the NCB Supplement from families receiving income assistance, including First Nations families. As a result of flowing through the NCB Supplement to families, funds are no longer being recovered for reinvestment.

<sup>c</sup>The additional investment envelope includes funding to reimburse Saskatchewan and the Yukon for the portion of provincial/territorial children's benefits paid on reserve.

**Note:** Totals may not add due to rounding.

## Monitoring and Reporting—First Nation Component

All NCB Partners share the commitment to accountability expressed in the *NCB Governance and Accountability Framework*. The Treasury Board Secretariat requires that Indian and Northern Affairs Canada (INAC) prepare and distribute annual reports on the progress being made by First Nations in implementing the NCB in their communities. These annual reports provide background information on the purposes and structure of the First Nations NCB. They also give examples of the kinds of projects that are enabled by NCB reinvestment funding. The reports present expenditure and impact data and review the achievements of First Nations. The information for these reports comes from First Nations project administrators and INAC records. First

Nations NCB annual reports are available at the *NCB Reinvestment Initiative in First Nations Communities* website at [www.ainc-inac.gc.ca/pe-cp/prg\\_e.html](http://www.ainc-inac.gc.ca/pe-cp/prg_e.html).

## Proposal Development and Reporting Guide

First Nations report annually to INAC on activities and results related to NCB reinvestment funding. In 2004, First Nation NCB administrators in collaboration with INAC developed a resource guide to assist First Nation communities with the proposal process for approval of reinvestments projects as well as to outline annual reporting requirements.

## National Child Benefit Reinvestment Initiative—National Manual

This program manual was developed to provide further direction to INAC regional officials and First Nation NCB administrators on the interpretation and implementation of program terms and conditions. The manual is an ongoing document which is updated as necessary; the latest version is available at the INAC NCB website [www.ainc-inac.gc.ca/pe-cp/ncb\\_e.html](http://www.ainc-inac.gc.ca/pe-cp/ncb_e.html).

## Review of Activities in First Nation Communities

A review of NCB reinvestment activities by an independent consulting firm was released in March 2005. The report was based on interviews with administrators from thirty-seven communities. It examined community consultation processes, project administration and evaluation strategies,

levels of community awareness and satisfaction with the NCB reinvestment initiative, resource distribution between target groups, the flexibility of NCB design parameters, and suggestions for improvement to the NCB reinvestment initiative.

## First Nations NCB Reinvestment Conference

In November 2005, First Nations NCB reinvestment administrators from all regions of Canada attended a national gathering in Edmonton. The goals were to share information on reinvestment success stories, discuss methods to improve communication products to facilitate implementation of NCB reinvestments, seek input for planned 2007 NCB reinvestment evaluation, provide opportunities to network with colleagues from across the country, and clarify and discuss a variety of NCB reinvestment operational issues.

## Conclusions

First Nations have achieved many successes by capitalizing on NCB reinvestment funds to establish programs that would otherwise not be available in their communities. The goals of reducing the depth of child poverty and giving low-income parents opportunities to fully participate in the work force and in the life of the community, are being supported or addressed as a result of the efforts and leadership of First Nations organizations and individuals since the beginning of the initiative.

The adaptability of NCB reinvestments offers First Nations wide-ranging opportunities to prioritize, develop, and deliver services specifically designed to help families

with limited incomes. Like provinces and territories, First Nations are able to invest in areas of local need as long as the investment areas are in keeping with NCB objectives. It is largely due to the scope and flexibility of the NCB that First Nations have successfully used reinvestment funds for many different projects and services.

The benefits of NCB reinvestments for First Nations are:

- They fund many services that would otherwise not be available to low-income parents and children. The services support fuller participation in economic, social, and cultural activities;
- The flexible nature of NCB reinvestment allows First Nations to identify and respond to their own priorities and needs in addressing child poverty;
- The initiative reinforces the thrust of First Nations organizations and the Government of Canada to develop self-governing, self-determining, and self-reliant First Nations;
- NCB reinvestment projects enable local officials and administrators to develop transferable knowledge and skills; and
- Activities that raise awareness of the community cultural traditions and values, including the social, and economic environment foster a sense of pride and individual self-esteem.

The success of the NCB stands as an example of the progress that is being made by the Government of Canada and First Nations in their shared effort to improve the quality of life for Aboriginal peoples.

# Monitoring Progress – Societal Level Indicators



Federal, provincial and territorial governments are committed to monitoring and reporting on the National Child Benefit (NCB) initiative in accordance with the *NCB Governance and Accountability Framework*.<sup>20</sup> This commitment is essential so that Canadians can be informed on the NCB's progress toward meeting its goals.

This chapter focuses on societal level, or general outcome, indicators. These indicators are affected by the NCB and are also affected by many factors that are unrelated to the NCB, such as the general level of economic activity, government investments in income transfers, changes in tax policy, or changes in demographics. While the NCB initiative has some influence on the trend of these societal level indicators, no attempt is made to isolate the impact of the NCB alone on these trends. Instead, the indicators reported in this chapter paint a broad picture of the condition of low-income families with children in Canada, and provide a basis for comparison on the progress made over time. Chapter 6 will describe and report on outcome indicators, which identify the direct impact of the NCB on families with children.

Table 12 describes the set of societal and direct outcome indicators that have been developed to track the degree to which each of the NCB's three goals is being achieved. This report provides

information on many of these outcome indicators. Information on other outcome indicators is included in the *Evaluation of the National Child Benefit Initiative: Synthesis Report*.<sup>21</sup> As part of their ongoing commitment to assessing and reporting to Canadians on the progress of the NCB, NCB partners will continue their work on developing reliable outcome indicators.

It should be noted that the measures used in this chapter only indicate trends among Canadian families with children in terms of income. Many other investments in benefits and services introduced under the NCB initiative contribute to improving the well-being of children and their families. Many provincial and territorial NCB programs, benefits and services, such as supplementary health benefits, child/day care, early childhood and children-at-risk services, do not directly affect income trends but are still an important part of governments' strategies to support Canadian families.

## Sources of Data

The analysis in this chapter and Chapter 6 is based on data from Statistics Canada's *Survey of Labour and Income Dynamics* (SLID). The SLID is a longitudinal

<sup>20</sup> The *NCB Governance and Accountability Framework* is available on the NCB website, at: [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca).

<sup>21</sup> The *Evaluation of the National Child Benefit Initiative: Synthesis Report* is available on the NCB website, at: [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca).

labour market and income survey begun in 1993 as a replacement to the *Survey of Consumer Finances*. The SLID has a number of advantages and limitations which affect the analysis presented in this report.

A major and unique advantage of using the SLID in this report is that it allows for an ongoing analysis of the NCB initiative. As a longitudinal income survey, the SLID permits an assessment and comparison

of the impacts of the NCB initiative on particular individuals over time. The SLID is designed to track the economic well-being of Canadians within a shifting economic environment. The depth of information available in the SLID permits the impact of the NCB initiative to be assessed in isolation from other changes affecting individuals and families, such as changes in paid work, family makeup, receipt of other government transfer payments and other factors.

**Table 12** Outcome Indicators for the NCB

Goals	Societal Level Indicators	Direct Outcome Indicators
Help prevent and reduce the depth of child poverty.	Incidence of low income Number and percentage of families and children living in low income (as defined by the LICOs, LIM and Market Basket Measure).	Incidence of low income The change in the number of families and children that fall below the low-income line, because of the NCB, within a year.
	Duration of low income Number and percentage of families and children who have been in low income during all four previous years.	Not applicable
	Depth of low income (dollar and percentage) Additional amount of income a low-income family would need to reach a pre-determined line (as measured by the LICOs, LIM and Market Basket Measure).	Depth of low income The change in the aggregate amount of income that low-income families would need to reach a pre-determined line, due to NCB benefits, within a year.
Promote attachment to the labour market by ensuring that families will always be better off as a result of working.	Labour market participation	Labour market participation
	Number and percentage of earners in families below the low-income line.	The change in the difference in disposable income between social assistance and employment due to the NCB, within a year.
	Average earned income of low-income families as a percentage of the low-income line.	The change in social assistance caseloads, exit rates and duration of spells on assistance due to the NCB.
	Average earned income of low-income families, over time, expressed in constant dollars. Number of families/children on social assistance.	
Reduce overlap and duplication by harmonizing program objectives and benefits, and simplifying administration.	Level 1 — use of federal income tax system to deliver benefits.	Not applicable
	Level 2 — participation rates in NCB programs, examples of expanded information-sharing agreements.	
	Level 3 — surveys of managers and other key informants (monitored as part of the NCB evaluation)	

## Measuring Low Income

Canada does not have an official poverty line. Several different measures of low income are used in Canada, and in recent years there has been considerable debate about the best way to measure it. Some believe low income means lacking enough income to buy the basic necessities of life, such as food, shelter and clothing. Others believe that it means not having enough income to participate fully in one's community. Still others believe that low income lies somewhere in between.

The two most widely used indicators of low income in Canada are Statistics Canada's Low-Income Cut-Offs (LICOs) and the Low-Income Measure (LIM). Both establish a dollar figure below which a family is considered to be living in low income. LICOs and LIM can be reported based on total income (i.e., income including government transfers such as the Canada Child Tax Benefit, before the deduction of income taxes) known as pre-tax, or after-tax income (i.e., total income after the deduction of income taxes) known as post-tax. There is, as well, the Market Basket Measure (MBM), which is described on page 28.

Both pre- and post-tax LICOs are set according to the proportion of annual income spent on basic needs, including food, shelter and clothing. The LICO line is the income level at which a family spends 20 percentage points more of its income on these items relative to the average family. In this case, the family falls beneath the LICO line. The size of the family and community is taken into account, but geographic differences in the cost of living are not.

The LIM was developed as an alternative to the LICOs. It considers a family to be living in low income if its income, adjusted for family size, is less than half the median income (the income level at which the incomes of half of all families are higher and half are lower). The post-tax-and-transfer LIM is similar to measures used in international comparisons, but it does not reflect geographic differences in living costs across Canada.

As with *The National Child Benefit Progress Report: 2004*, this report uses primarily post-tax LICOs. Post-tax income is generally considered to be a better measure of low-income in Canada<sup>22</sup> for two reasons. First, post-tax income more fully accounts for the re-distributive impact of Canada's tax system. Pre-tax income includes the effect of government transfers but not taxes. But post-tax income refers to the income available to a family after both government transfers and taxes. Secondly, since the purchase of necessities is made with after-tax dollars, this approach more fairly and consistently measures the economic well-being of individuals and families. Consequently, indicators based on post-tax LICOs are better indicators of the impact of government initiatives like the NCB on the overall economic well-being of Canadian families with children.

While the focus has shifted to post-tax LICOs, this chapter continues to include information on the pre-tax LICOs and the post-tax LIM. These various measures are used to follow trends relating to the low-income population, such as the depth and incidence of low income, by family type and source of income. The numbers of families living in low income differ from measure to measure, but the trends illustrated are generally similar.<sup>23</sup>

<sup>22</sup> Statistics Canada, *Income in Canada 2000* (Ottawa: 2002) Catalogue 75-202-XIE, p. 89.

<sup>23</sup> Statistical trends, based on pre- and post-tax LICOs and post-tax LIMs, can also be found in Appendix 4, which is available on the NCB website, at [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca).

At the same time, the SLID database also has a number of limitations. The SLID tends to under-report social assistance benefits because of non-reporting of these benefits by some low-income families. This results in an overestimation of the number of low-income families that are working and therefore could bias upward the total impact of the NCB initiative. The SLID can also overestimate the length of time that families

spend on social assistance, because it assumes that a family receives social assistance for an entire year, even if that family received social assistance for only part of the year. Studies have shown that movement in and out of social assistance within a year are significant. As a result, the SLID database overestimates the total amount of the NCB initiative adjustments to social assistance benefits made by provincial and

## The Market Basket Measure

The Market Basket Measure (MBM) is an additional tool that provides a different way of understanding low income.

The MBM was developed by Human Resources Development Canada in consultation with the Federal/Provincial/Territorial Working Group on Social Development Research and Information. This work was initiated in 1997 when Federal, Provincial and Territorial Ministers Responsible for Social Services asked officials to explore whether a new tool could be developed to complement existing measures of low income trends for families with children.

The MBM is used to complement the LICOs and the LIM to assess low income trends among families with children. The LICOs and the LIM are relative measures: the former is based on average consumption patterns and the latter is set at half of median income, adjusted for household size and composition. The MBM identifies disposable income levels that are required to purchase a detailed, selected basket of goods and services in various communities across Canada.

The MBM is based on the actual cost of food, clothing, shelter, transportation and other necessary goods and services, such as household supplies and telephone services included in the basket. It is considered to be socially unacceptable for any household to be without these goods and services. Households are considered to be living in low income if they are unable to purchase this basket of goods and services after accounting for income and payroll taxes and other non-discretionary out-of-pocket spending. This out-of-pocket spending includes such items as child care necessary to earn income, medically prescribed health expenses and aids for persons with disabilities.

Compared with the LICOs and the LIM, the MBM more precisely reflects differing living costs by geographic location because the thresholds are estimated by region, as well as urban size.

For 2003, using the MBM, the incidence of low income among Canadian families with children was 15.1 percent. This translates into 549,140 families with 1,137,685 children. Using the MBM, the incidence of low income among families with children has declined. In 2000, the first year MBM data was available, the incidence of low income among families with children was 16.7 percent. In 2001 and 2002, the incidence was 15.5 percent.

The depth of low income measures how far family income falls below a given low-income threshold. With the MBM, the depth of low income for families with children was 27.2 percent in 2003, up slightly from 26.7 percent in 2002.

territorial governments, and results in an underestimation of the total impact of the NCB initiative benefits. A simulation performed by Statistics Canada using the *Social Policy Simulation Database and Model* (SPSD/M) to evaluate the impact of these limitations showed they had a relatively small impact on the type of aggregated indicators used in the NCB progress report. These simulation results were summarized in an appendix to *The National Child Benefit Progress Report: 2001*.

Finally, in-depth analysis of the SLID has revealed that the number of NCB Supplement recipients is underrepresented in the SLID by approximately 30 percent, compared to Canada Child Tax Benefit (CCTB) administrative data provided to Human Resources and Social Development Canada (HRSDC) by Canada Revenue Agency (CRA). The magnitude and direction of the effect of this under-representation on the impact of the NCB are difficult to predict. The income distribution of missing cases among the low-income population is unknown. Depending on the income distribution of the missing cases, as well as the amount of underreported social assistance, the levels of the low-income measures being used to assess the NCB Supplement may change.

## Key Trends

The societal level indicators discussed in this chapter measure the incidence, duration, and depth of low income among families with children in Canada over time. They also illustrate trends in labour force attachment and social assistance caseloads.

Generally, this report finds that while there has been a slight increase

in the incidence of low income among these families since 2001, the trend since the mid-1990s has been dramatically downward. There has also been a significant decline in the length of time families spend living with low incomes, and a small decrease in the degree to which low-income families (on average) fall below the LICO. Further, there has been a significant increase in the proportion of low-income families with at least one parent in the labour force, and fewer families with children are claiming social assistance.

Using the societal level indicators (using post-tax LICOs) for low-income families with children, this report identifies the following key trends:

- In 2003, the incidence of low income among families with children increased slightly to 11.7 percent from 11.4 percent in 2002, affecting about 5,600 families with 11,000 children. This is well below the peak of 17.6 percent in 1996. The number of families with children living below the post-tax LICO has fallen from 687,100 in 1996 to 442,600 in 2003, or a decline of 244,500 families.
- The number of children living in low-income families has declined from a peak of 1,304,000 in 1996 to 850,500 in 2003, or a decrease of 453,500 children.
- The number of children living in low income four years in a row declined from 6.3 percent between 1996 and 1999 to 4.1 percent between 2000 and 2003.
- The depth of low income (which is the additional amount of income needed by low-income families to reach the low-income line) declined slightly between 1996 and 2003. Expressed in 2003 dollars, the average depth of low income was \$7,195 in 2003 compared to \$7,512 in 1996.

- The proportion of low-income families in which at least one parent was employed for pay during the year increased from 55.7 percent in 1996 to 68.6 percent in 2003.
- There was a reduction in social assistance use by families with children, and corresponding evidence of increasing attachment to the labour force. Between 1996 and 2003, the total social assistance caseload for families with children declined by 53.5 percent, from 631,900 to 293,900 families. In 2004, this downward trend continued with the total social assistance caseload for families with children declining to 285,150.

## Incidence of Low Income among Families with Children

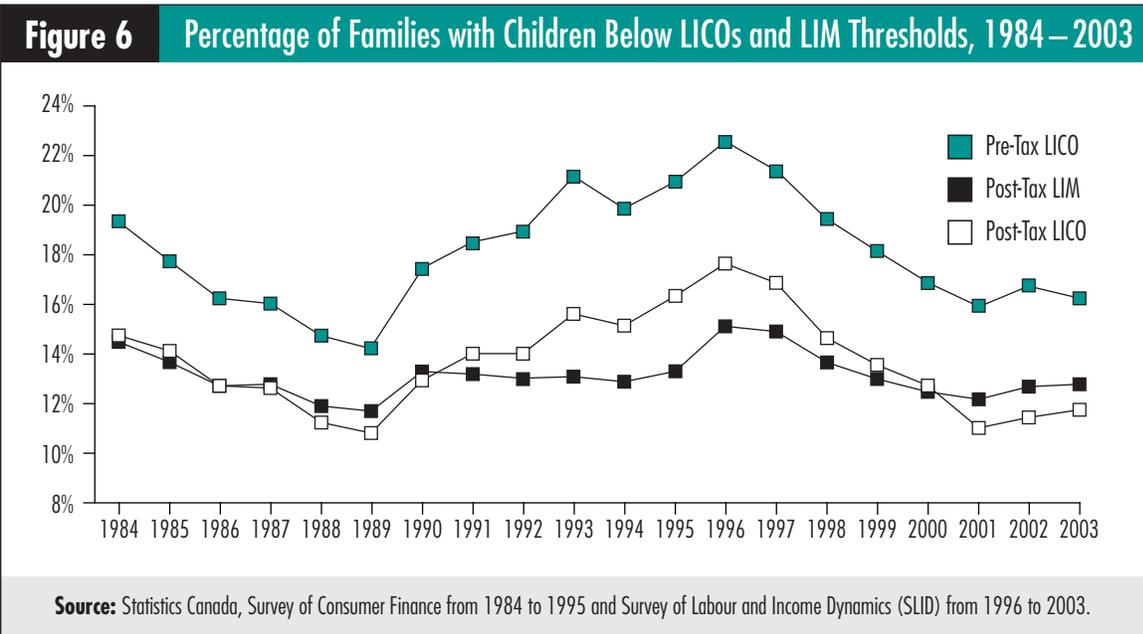
### A slight increase in recent years, but a significant decline over time

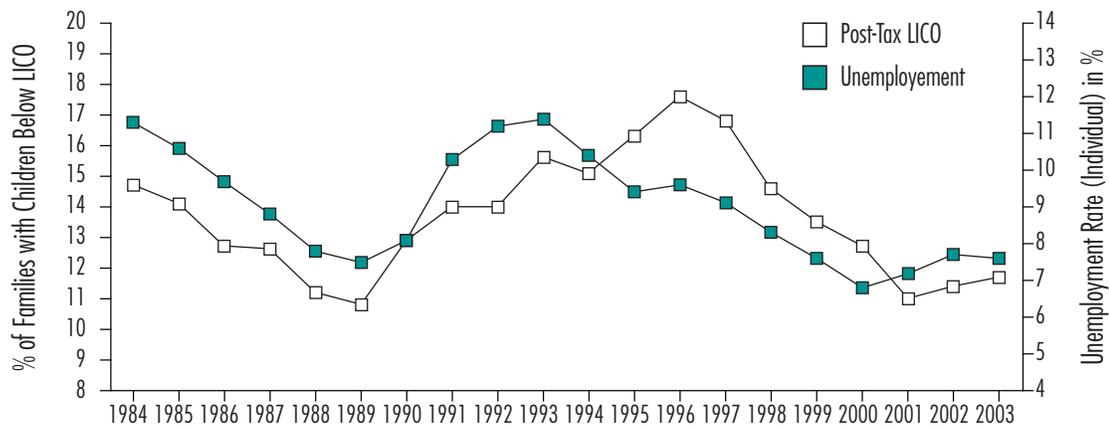
The incidence of low income refers to the number of families with children who

fall below a pre-determined low-income line expressed as a percentage of all families with children. The trend in the incidence of low income among Canadian families with children since 1984 is shown in Figure 6, using post and pre-tax LICOs, and post-tax LIMs.

The proportion of families with children living in low income has closely followed the business and employment cycles over these years. The latter half of the 1980s was a period of economic growth and declining unemployment in Canada (see Figure 7). As Figure 6 shows, this translated into a decline in the percentage of families with children living in low income. On the other hand, the early 1990s were a period of economic slowdown and high unemployment in Canada. This translated into an increase in the percentage of families with children living in low income.

Using the post-tax LICOs measure, Figure 6 shows the incidence of low income among families with children dropped from 17.6 percent in 1996 to 11.0 percent in 2001.



**Figure 7****Unemployment Rate and Percentage of Families with Children Below Post-Tax LICOs, Canada, 1984–2003**

**Source:** Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics (SLID) from 1996 to 2003; Labour Force Survey from 1984 to 2003.

Since 2001, the incidence of low income has increased slightly, rising to 11.4 percent in 2002 and to 11.7 percent in 2003.

In 2003, there were 442,600 families with 850,500 children living below the post-tax LICOs compared to 437,000 families with 839,500 children in 2002.

Compared to the peak in 1996, the incidence of low income among families with children in 2003 has decreased by about 34 percent. This reduction translates into a net movement of more than 244,500 families with about 453,500 children above the post-tax LICOs between 1996 and 2003.

The reduction in the proportion of single-parent families living in low income since 1996 has been particularly significant. As Figure 8 shows, the proportion of one-parent families living below the post-tax LICOs declined from 46.0 percent in 1996 to 31.8 percent in 2003. The proportion of two-parent families living below the post-tax LICO also showed a decline, from 10.9 percent to 6.8 percent over the same period.

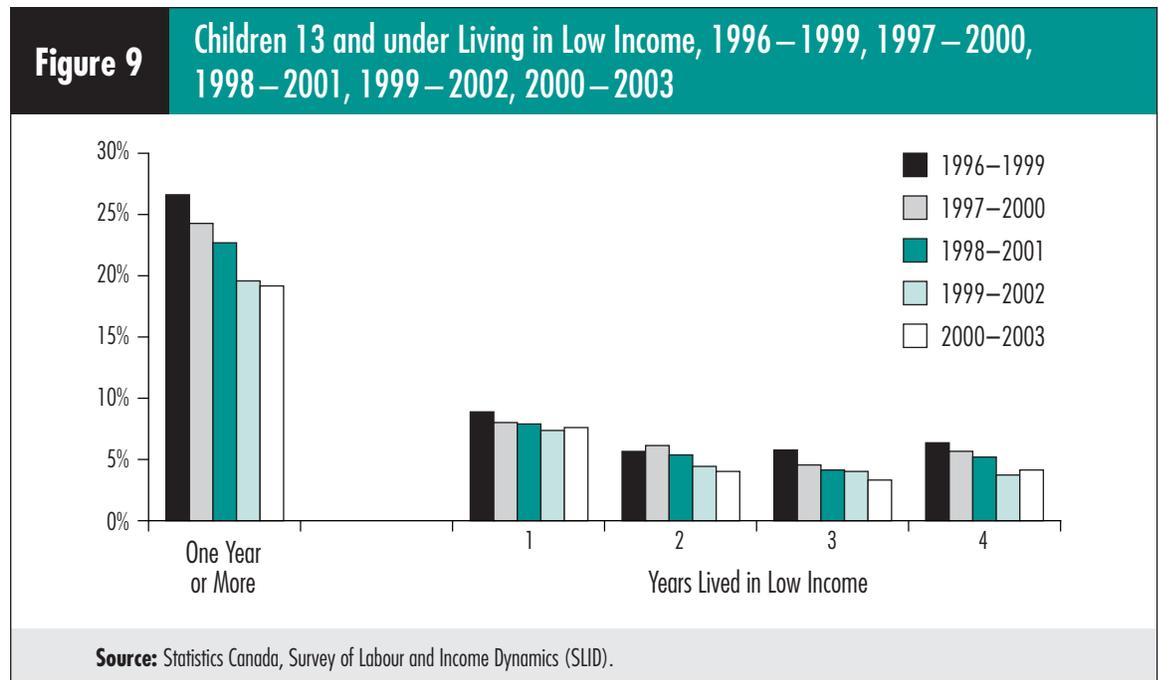
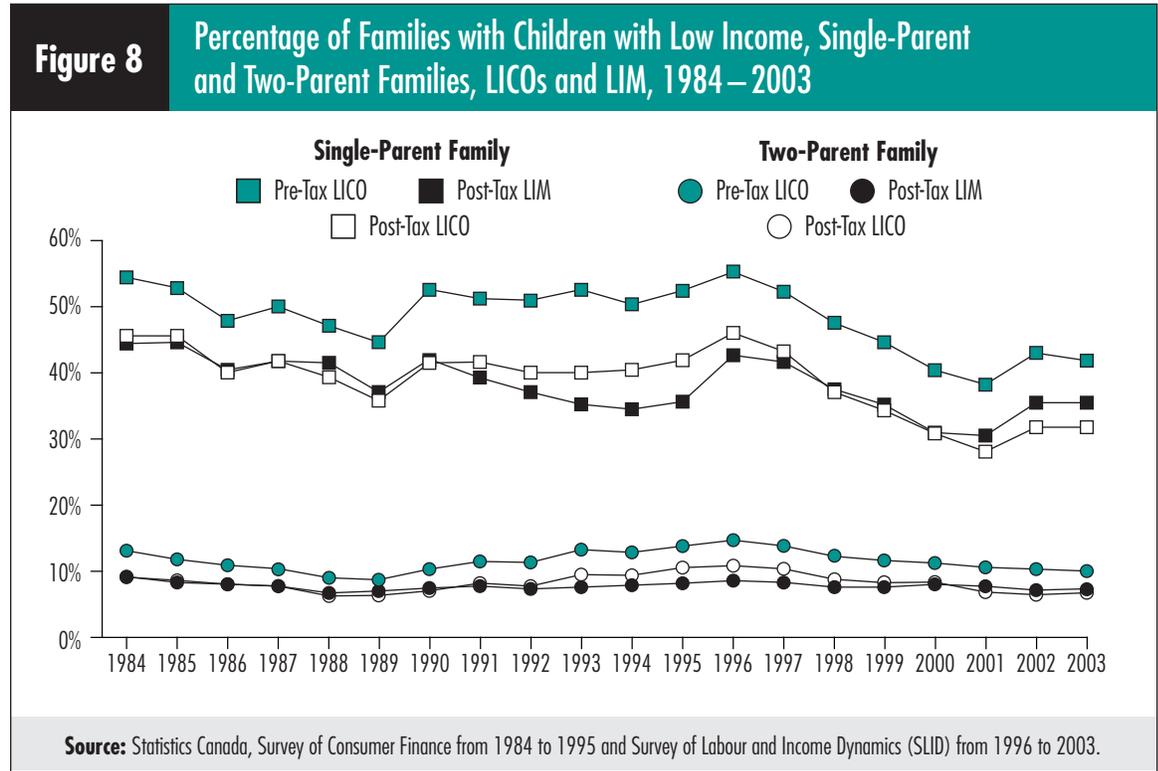
## Duration of Low Income Low Income is Temporary for Most

Low income is usually not a permanent situation for most families with children. Among those families who do experience it, most move in and out of low income over time.

From 1984 to 2003, on average, 13.7 percent of families with children lived in low income (post-tax LICO) in any given year. As shown in Figure 9, between 1996 and 1999, about a quarter of all children aged 13 and under lived in a family which experienced low income for at least one of those four years (1,403,600 children in total). However, of those 1,403,600 children, less than one-half lived in low income for more than two of these four years (638,700 children in total, or 12.1 percent of all children age 13 and under). Only about a quarter of these children lived in a low-income situation for all four years (332,700 children in total, or 6.3 percent of all children age 13 and under).

There is evidence this situation is improving. Comparing the 1996–1999 period to the next four-year period, 1997–2000, the proportion of children experiencing low income in at least one

of the four years declined from 26.5 percent to 24.3 percent. This proportion declined further in the 1998–2001 period to 22.6 percent, and then to 19.6 percent in the 1999–2002 period, then to



19.1 percent in the 2000–2003 period. Even more pronounced is the decline among those children experiencing low income in all four of the years, which fell from 6.3 percent in the 1996–1999 period to 3.8 percent in the 1999–2002 period, although this amount rose slightly to 4.1 percent in the 2000–2003 period.

## Depth of Low Income

### The Depth of Low Income is Lessening Gradually

The depth of low income measures how far family income falls below a given low-income line. It measures the additional amount of income a low-income family would need to reach a pre-determined low-income line, such as Statistics Canada’s LICOs or the LIM.

An example is given below in Table 13. It shows that the 2003 low-income line (post-tax LICO) of a two-parent, two-child family living in a city of more than 500,000 people is \$31,277. If such a family had post-tax income of \$23,458 in that year, its depth of low income would be \$7,819 (i.e., \$31,277–\$23,458). Expressed as a percentage, the depth of low income of this family is equal

to 25 percent of the low-income line (i.e.,  $[\$7,819/\$31,277] \times 100$ ).

As illustrated in Figure 10, the depth of low income for families with children has generally improved since 1984. Between 1996 and 2003, the depth of low income for families with children improved from 32.2 percent to 28.0 percent.

In 1996, low-income families with children had an average after-tax income of \$17,697. These low-income families would have needed, on average, \$7,512 to reach the low-income line (post-tax LICOs). Comparatively, low-income families had an average after-tax income of \$18,501 in 2003 and needed, on average, \$7,195 to reach the low-income line (post-tax LICOs).<sup>24</sup>

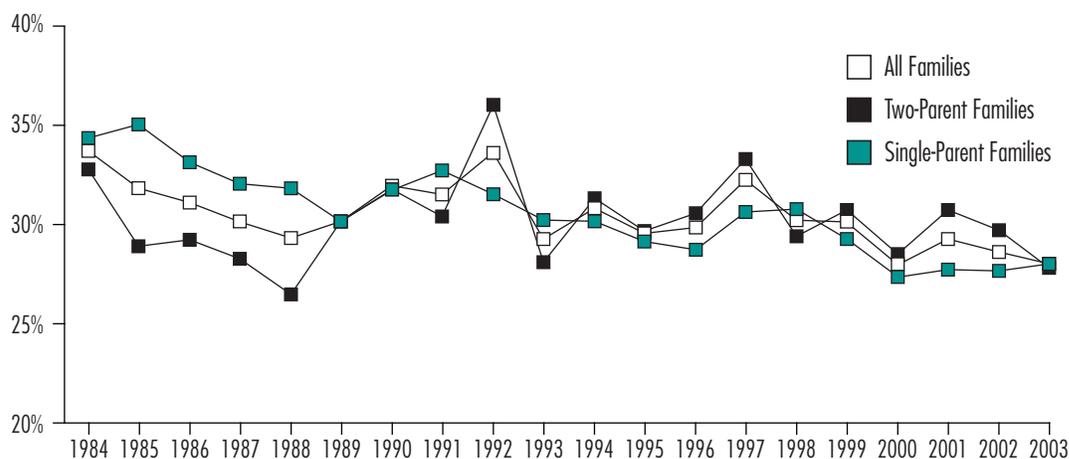
Complex factors make it difficult to interpret changes in the depth of low income. As described above, movements in and out of low income are significant and have an impact on the depth of low-income indicator. For example, if families that are closer to the low-income line increase their incomes enough to no longer be considered living in low-income, the average depth of low income for those who remain below the low-income line may actually increase.

**Table 13** Depth of Low Income for a Two-Parent, Two-Child Family Living in a City of more than 500,000 People in 2003

	Post-Tax LICOs
2003 Low-Income Cut Off (Post-Tax)	\$31,277
Example Family’s Income (Post-Tax)	\$23,458
Difference Between Low-Income Cut Off And Example Family’s Income (Depth of Low Income of that Family)	\$7,819
Percentage Points Below Low-Income Cut Off	25%

**Source:** Statistics Canada, Survey of Labour and Income Dynamics (SLID) 2003.

<sup>24</sup> For comparison purposes, the figures in this paragraph are expressed in 2003 dollars.

**Figure 10****Post-Tax LICO: Depth of Low Income – Shortfall of Low-Income Families with Children as a Proportion of the LICO, 1984–2003**

Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics (SLID) from 1996 to 2003.

This result would give the impression that the situation has worsened for all, when it has really improved for many. Despite these limitations, the depth of low income is an important indicator of how low-income families are faring.

## Labour Market Attachment Among Low-Income Families

### More Low-Income Parents are Employed

Promoting attachment to the labour force among low-income families with children is the second goal of the NCB initiative. Figure 11 indicates that from 1984 to the economic downturn in the early 1990s, the percentage of low-income families in which the parents had paid employment was quite stable. The percentage declined during the early 1990s, but continued to increase during the economic recovery of the late 1990s.

As illustrated in Figure 11, the proportion of low-income families with

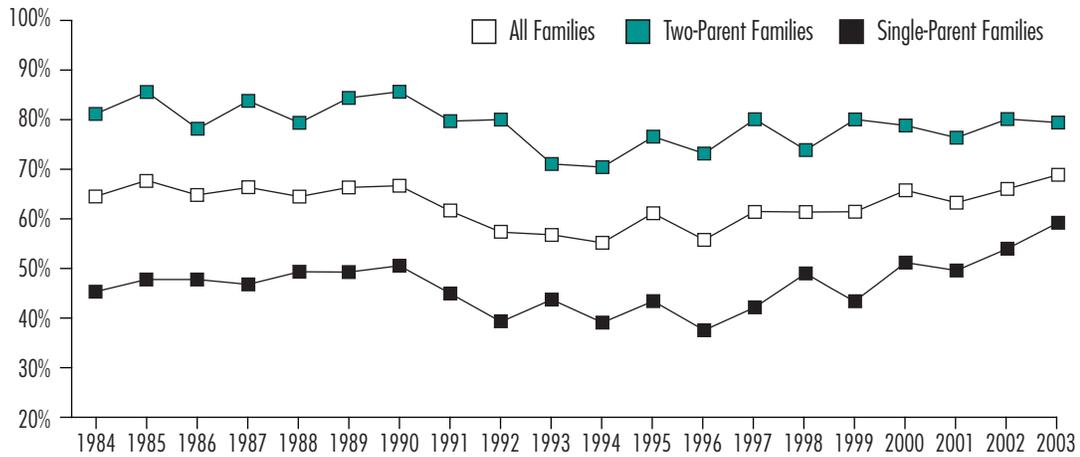
children in which at least one parent was employed for pay during the year increased from 55.7 percent in 1996 to 68.6 percent in 2003. The proportion of one-parent families employed for pay rose from 37.5 percent in 1996 to 59.1 percent in 2003.

Additional information on labour force attachment can be gained by examining the sources of income of low-income families with children. For example, Figure 12 shows the average level of government transfers received and average earnings of low-income families with children between 1984 and 2003 (expressed in 2003 dollars).

While there has been variation from year to year, since the early 1990s, there has been a moderate upward trend in the level of earnings of low-income families with children and in the proportion of after-tax income that comes from employment earnings. In 1992, low-income families earned, on average, \$4,701. This amount represented approximately 30.7 percent of the after-tax income of low-income

**Figure 11**

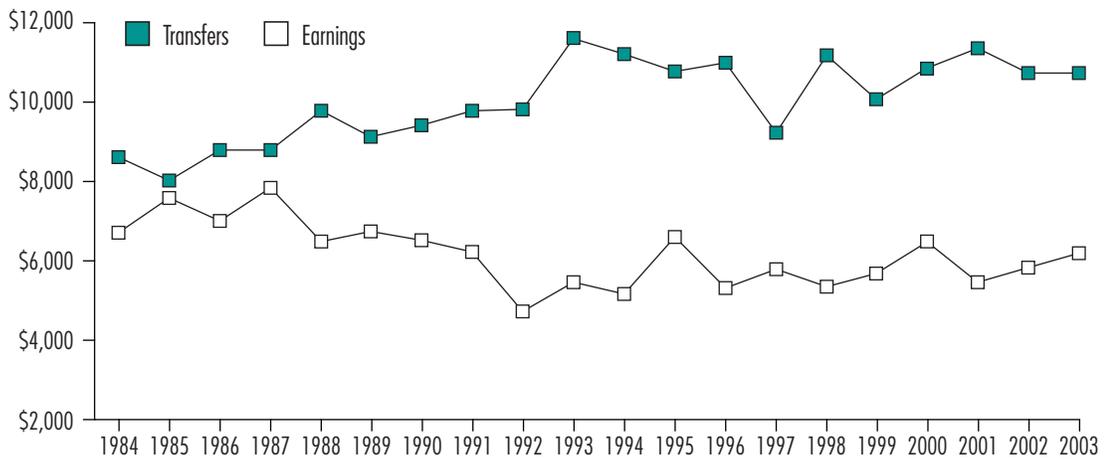
**Post-Tax LICO: Percentage of Low-Income Families Employed for Pay During the Year, by Family Type, 1984 – 2003**



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics (SLID) from 1996 to 2003.

**Figure 12**

**Source of Family Income, Low-Income Families with Children, Post-Tax LICOs (expressed in 2003 dollars)**

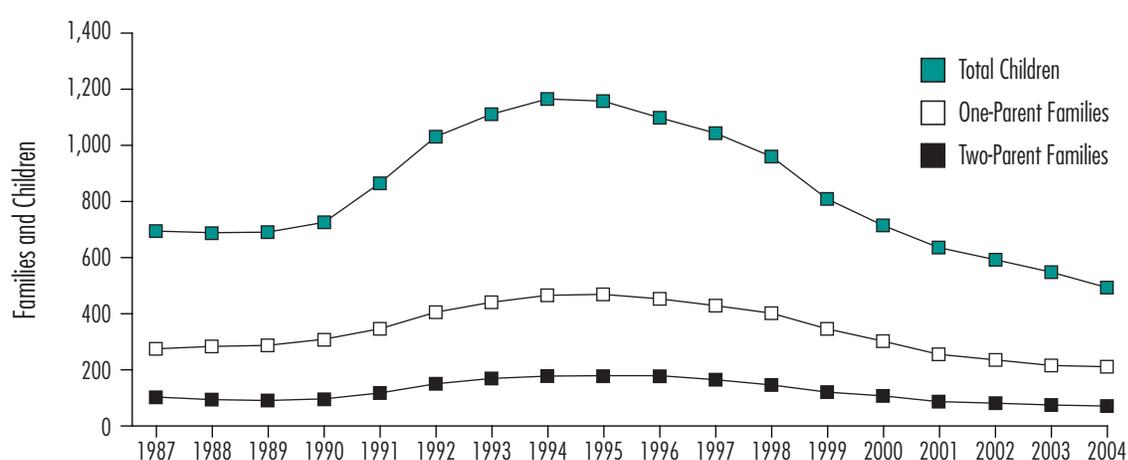


Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour and Income Dynamics (SLID) from 1996 to 2003.

families. In 2003, low-income families earned, on average, \$6,167, which was 33.3 percent of their total after-tax income. During this same period, the trend in government transfers was slightly upward, and transfers continued to play an important role as a source of family income for low-income families.

**Fewer Canadian Children are Living on Social Assistance**

While it is not a direct indication of increased labour force attachment, there was a significant decline in the number of families receiving social assistance during the late 1990s.

**Figure 13****Social Assistance Families and Children in March of Each Year, 1987 – 2004  
(in thousands)**

Source: Strategic Policy – Children and Families, Human Resources and Social Development Canada.

Figure 13 shows that between 1996 and 2003, the number of one-parent families relying on social assistance decreased by 51.8 percent (from 454,500 households). By 2004, the decline reached 52.8 percent (down to 214,700 households). Between 1996 and 2003, the number of two-parent families with children relying on social assistance decreased by 57.8 percent (from 177,400 to 74,900 households). By 2004, the decline reached 60.3 percent (down to 70,450 households). As a result, between 1996 and 2003, the overall number of children living in families relying on social assistance decreased by 50.4 percent (from 1,096,900 to 544,200 children). By 2004, the decline reached 54.5 percent (down to 498,800 children).

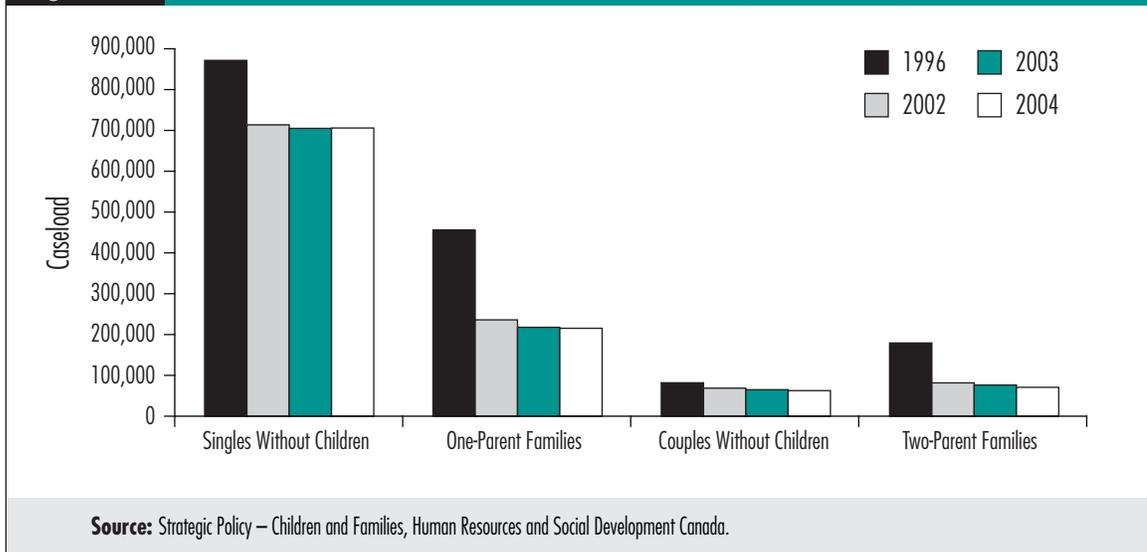
It is interesting to compare the reduction in social assistance caseloads for families with children with the situation of childless families. Figure 14 shows that between 1996 and 2003, the two-parent family social assistance caseload numbers

decreased by 57.8 percent while those of couples without children decreased by only 21.7 percent. By 2004, the decline had reached 60.3 percent and 25.7 percent respectively. Furthermore, between 1996 and 2003, the caseload for one-parent families declined by 51.8 percent compared to a decline of 18.8 percent for singles without children. By 2004, the decline had reached 52.8 percent and 18.8 percent respectively.

Economic growth in the late 1990s was one of the main reasons for the overall reduction in social assistance caseloads. In addition, welfare reform measures, including the restructuring of social assistance systems in several provinces as part of the NCB initiative, were a contributing factor in the decline in the caseload of families with children. Finally, evidence from the federal/provincial/territorial evaluation of the NCB initiative suggests that the NCB was associated with social assistance caseload reductions.<sup>25</sup>

<sup>25</sup> See *Evaluation of the National Child Benefit Initiative: Synthesis Report* (2005), page 20, available on the NCB Website, at: [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca).

**Figure 14** Social Assistance Data as of March of Each Period, 1996, 2002, 2003 and 2004



## Summary

This chapter has shown that the incidence of low income among families with children has declined significantly since the mid-1990s. From a peak of 17.6 percent in 1996, the incidence of low income among families with children fell to 11.0 percent in 2001. Since 2001, the incidence has increased slightly, rising to 11.4 percent in 2002 and to 11.7 percent in 2003. Compared to 1996, the incidence had declined by 34.0 percent in 2003. In addition, the depth of low income and the duration of low income among most families with children continue to decline.

In terms of attachment to the labour market, the proportion of earnings from employment and the percentage of

low-income families employed for pay showed slight increases between 2002 and 2003 and both were higher than in 1996. Finally, the social assistance caseload for families with children continues to decline.

These indicators are important in monitoring the overall economic well-being of low-income families with children. However, the extent to which the NCB has contributed to these changes cannot be directly determined from the societal level indicators reported on in this chapter. They do not tell us the extent to which the NCB is responsible for changes in these trends. Chapter 6 will describe the direct contribution of the NCB to preventing and reducing the incidence and depth of low income of families with children.



# Assessing the Direct Impact of the National Child Benefit Initiative



The previous chapter examined societal level indicators such as the incidence and depth of low income. This chapter reports on the direct impact of the income component of the National Child Benefit (NCB) initiative in making progress on its first goal, to help prevent and reduce the depth of child poverty. The chapter presents evidence based on a simulation using the 2003 *Survey of Income and Labour Dynamics* (SLID). The simulation compares the actual NCB income benefits structure to a hypothetical scenario based on the benefits structure that existed prior to the NCB. This is the fifth in a series of simulations providing information to Canadians on the progress of the NCB. Three previous simulations were included in *The National Child Benefit Progress Report: 2001, 2002 and 2004*. A fourth simulation, *Impact of the National Child Benefit on the Incomes of Families with Children: A Simulation Analysis*, was released by Federal, Provincial, and Territorial Ministers Responsible for Social Services in August 2005.<sup>26</sup>

## The Simulation Approach

The simulation presented in this chapter focuses on the income benefits component of the NCB initiative: both the federal NCB Supplement and provincial/territorial reinvestments and investments in income benefits. Although provincial,

territorial and First Nations reinvestments and investments in non-income programs and services also contribute to the NCB goal of preventing and reducing the depth of child poverty, isolating the impact of these non-income programs and services is beyond the scope of this analysis.

The report presents a simulation of the direct impact of the NCB income benefits on the following three outcome indicators for the period from January to December 2003:

- the change in number and incidence of children and families with children living in low income;
- the average change in disposable income that families with children saw in 2003 as a direct result of the NCB; and
- the change in the depth of low income, or the low-income gap (the aggregate amount of income that low-income families would need to reach a predetermined low-income line).

The impact of the income benefits of the NCB is determined by comparing the difference in each of these outcome indicators under two different federal/provincial/territorial child benefit structures in 2003: the actual structure with the NCB initiative, and a simulated structure without the NCB initiative. The impact of the NCB income benefits is determined by the difference

<sup>26</sup> This simulation was based on the 2001 data.

between these two child benefit structures. This methodology captures an estimated \$2 billion of NCB income benefits. Key characteristics of these two child benefit structures are presented in Table 14.

This methodology has the advantage of isolating the impact of the income benefits of the NCB initiative on the three outcome indicators described above, while keeping other socio-economic variables such as the level of employment or earnings unchanged. However, the methodology used in this report cannot capture changes in the economic behaviour of low-income families with children, which may have been caused by the NCB. For example, on the one hand, the NCB may have encouraged low-income families to enter the workforce from social assistance. On the other hand, the NCB Supplement reduction rates may have had a negative impact on the number of hours worked by some workers. These dynamic effects are not captured by this methodology.

The application of the above methodology to the data from Statistics Canada's 2003 *Survey of Labour and Income Dynamics* (SLID) made it possible to assess

the impact of the NCB income benefits on families with children who were in receipt of the NCB Supplement. All impacts are reported using Statistics Canada's post-tax Low-Income Cut-Offs (post-tax LICOs). Appendix 3 provides impacts using the post-tax Low-Income Measure and the Market Basket Measure, respectively. The advantages and limitations of the SLID database were described in Chapter 5.

## Fewer Low-Income Families with Children in 2003 as a Result of the NCB

The NCB initiative was responsible for preventing an estimated 60,500 families with 159,000 children from living in low income in 2003 (see Table 15). This is a 12.4 percent reduction in the number of families with children living in low income in 2003. Analysis of the 2003 SLID data indicates there were an estimated 426,900 families with 824,200 children living in low income in 2003, representing 11.3 percent<sup>27</sup> of all Canadian families with children. If the NCB had not been

**Table 14** Comparison of Two Federal/Provincial/Territorial Child Benefit Structures in 2003

Structure 1 Without NCB Initiative	Structure 2 With NCB Initiative
Maintain the Working Income Supplement (WIS) structure <sup>a</sup>	Introduce the NCB Supplement
No adjustments to provincial/territorial income support programs for increases in the NCB Supplement	Introduce adjustments to provincial/territorial income support programs for increases in the NCB Supplement
No provincial/territorial reinvestment programs and additional investments in income benefits directly related to the NCB initiative	Introduce provincial/territorial reinvestment programs and additional investments in child benefits and earned income supplements
<sup>a</sup> The Working Income Supplement (WIS) was a federal program that preceded the NCB, providing income support to supplement the earning of low-income working families. The WIS was replaced in July 1998 by the NCB Supplement.	

<sup>27</sup> The 11.3 percent refers to the percentage of families with children living in low income **and** receiving the NCB Supplement. By contrast, in Chapter 5, when considering all families with children, regardless of whether they receive the NCB Supplement, 11.7 percent were living in low income in 2003.

introduced, an estimated 487,400 families with 983,200 children would have lived in low income in 2003, translating into 12.9 percent of all families with children. Therefore, in 2003, the NCB reduced the number of families with children living in low income by 60,500 families, from 487,400 to 426,900 (a 12.4 percent reduction).

As indicated in Table 15, the overall reduction of 12.4 percent can be further broken down into a 9.9 percent reduction in the number of lone-parent families living in low income, and a 15.3 percent reduction in the number of two-parent families living in low income.

In 2003, the incidence of low income was higher among lone-parents than two-parents. There were an estimated 226,900 lone-parent families with 395,500 children living in low income, representing 31.5 percent of all lone-parent families. By comparison, only 6.4 percent (or an estimated 195,700) of two-parent families with 423,500 children were living in low income in 2003.

The final row of Table 15 indicates the percentage point decline in the incidence

of low income brought about by the NCB in 2003. As indicated above, with the NCB in place, the incidence of low income for families with children in 2003 was 11.3 percent. Without the NCB, this incidence would have been 12.9 percent. Therefore, the NCB was responsible for a 1.6 percentage point decrease in the incidence of low income among families with children.

The NCB has made a more significant contribution to the decline in the incidence of low income for lone-parent families than for two-parent families. Without the NCB, an estimated 252,000 lone-parent families with 455,200 children would have lived in low income, translating into 35.0 percent of all lone-parent families with children. With the NCB, the incidence of low income for lone-parents was 31.5 percent, indicating that the NCB reduced the incidence of low-income by 3.5 percentage points.

Among two-parent families, the incidence of low income declined by 1.2 percentage points in 2003 due to the NCB. If the NCB had not been introduced, an estimated 231,000 two-parent families with 522,600 children would have lived in low

**Table 15** Change in the Incidence of Low Income Among Families by Family Type due to the NCB: January 2003 to December 2003

SLID 2003 Post-Tax LICOs	One-Parent Families	Two-Parent Families	All Families <sup>a</sup>
Decline in Number of Children Living in Low Income	59,700	99,100	159,000
Decline in Number of Families Living in Low Income	25,000	35,200	60,500
Percentage Change in Number of Families Living in Low Income	-9.9%	-15.3%	-12.4%
Decline in Incidence of Low Income Among Families with Children <sup>b</sup>	-3.5%	-1.2%	-1.6%

<sup>a</sup>The "All Families" group includes one-parent, two-parent and other family types (e.g. children in foster homes). Children in other family types do not fall in the category of one- or two-parent families.

<sup>b</sup>Decline in incidence of low income is expressed in percentage points.

**Source:** Based on Statistics Canada Special Tabulations from the Survey of Labour and Income Dynamics (SLID) 2003.

income in 2003, translating into 7.6 percent of two-parent families with children.

## The NCB Improves Disposable Incomes of Low-Income Families with Children

NCB income benefits have reduced the number of families with children living in low income by improving their disposable income. Statistics Canada's *2003 Survey of Labour and Income Dynamics (SLID)* was used to simulate the average increase in the level of disposable income that families with children saw as a direct result of NCB income benefits. As shown in Table 16, these increases in disposable income were estimated for three groups of families in 2003:

- families with children who were prevented from living in low income as a direct result of the NCB Supplement;

- families with children who remained in low income despite receiving the NCB Supplement; and
- all other families with children who received the NCB Supplement in 2003 (i.e., families who were above the low-income threshold with or without the NCB Supplement).

As indicated in Table 16, for those families with children who were prevented from living in low income in 2003 due to the NCB, disposable incomes were, on average, \$2,600 higher than they would have been in the absence of the NCB initiative. This represents an increase of 9.7 percent in their disposable incomes.<sup>28</sup>

For those families with children who remained in low income, despite receiving the NCB Supplement during 2003, the NCB resulted in disposable incomes being, on average, \$1,200 higher than what they would have been in the absence of the NCB initiative. This represents an increase of

**Table 16**

### Change in Disposable Incomes due to the NCB Among Families with Children by Family Type: January 2003 to December 2003

SLID 2003 Post-Tax LICOs	One-Parent Families	Two-Parent Families	All Families
<b>Were Prevented from Living in Low Income in 2003</b>			
Increase in Disposable Income	\$2,100	\$3,000	\$2,600
Percentage Increase in Income	9.0%	10.2%	9.7%
<b>Remained in Low Income in 2003</b>			
Increase in Disposable Income	\$1,000	\$1,500	\$1,200
Percentage Increase in Income	6.8%	7.5%	7.1%
<b>Other Families Who Received NCB Supplement in 2003</b>			
Increase in Disposable Income	\$1,000	\$1,000	\$1,000
Percentage Increase in Income	2.9%	2.4%	2.6%

**Source:** Based on Statistics Canada Special Tabulations from the Survey of Labour and Income Dynamics (SLID) 2003.

<sup>28</sup> For those families with children who were prevented from living in low income due to the NCB in 2003, average, annual after-tax income was \$29,400. Without the NCB in place, average, annual after-tax income would have been \$26,800.

nearly 7.1 percent in their disposable incomes.<sup>29</sup>

Finally, those other families with children who received the NCB Supplement (i.e., families with children above the low-income threshold with or without the NCB Supplement), disposable incomes rose, on average, \$1,000 due to the NCB. This represents an increase of about 2.6 percent in their disposable incomes.<sup>30</sup>

## Helping Low-Income Working Families

In addition to preventing and reducing the depth of child poverty, the NCB was designed to encourage families to leave social assistance for work by improving their incomes and maintaining child benefits when they join the labour force. The previous analysis identified the impact of the NCB on all families that received NCB income benefits. This section examines the impact of the NCB on families who were working during 2003.

Results of the direct impact analysis of the NCB indicate that of the 52,900 working families with children who were prevented from living in a low-income situation in 2003 due to the NCB, disposable incomes were,

on average, \$2,600 higher than they would have been in the absence of the NCB initiative. This represents an increase of 9.7 percent in their disposable incomes.<sup>31</sup>

The NCB has also made a significant contribution to improving the level of disposable income for the estimated 219,900 working families who remained living in low income during 2003. As a direct result of the NCB, disposable incomes of these families were on average \$1,800 higher than they would have been in the absence of the NCB initiative. This represents an increase of more than 10.5 percent in disposable incomes in 2003.<sup>32</sup> As such, families who remained below the low-income threshold in 2003 were, on average, \$1,800 closer to the income level above which they would no longer be considered low-income families. The “low-income gap” was reduced for these families by \$460 million in 2003, representing a decline of 19.8 percent.

Finally, there were 496,300 additional working families who received the NCB Supplement but were not living in low income in 2003 (with or without the NCB). As a result of the NCB, these families saw their incomes increase on average by \$1,100 or 2.8 percent.<sup>33</sup>

<sup>29</sup> For those families with children who remained in low income during 2003, average, annual after-tax income was \$18,700. Without the NCB in place, average, annual after-tax income would have been \$17,500.

<sup>30</sup> For families who were above the low-income threshold, with or without the NCB, average, annual after-tax income was \$39,100. Without the NCB in place, average, annual after-tax income would have been \$38,100.

<sup>31</sup> For those working families who were prevented from living in low income in 2003 due to the NCB, average, annual after-tax income was \$29,800. Without the NCB in place, average, annual after-tax income would have been \$27,200.

<sup>32</sup> For those working families who remained in low income in 2003, average, annual after-tax income was \$18,800. Without the NCB in place, average, annual after-tax income would have been \$17,000.

<sup>33</sup> For those working families who were above the low-income threshold with or without the NCB in 2003, average annual after-tax income was \$39,700. Without the NCB in place, average, annual after-tax income would have been \$38,600.

**Table 17****Change in Depth of Low Income due to the NCB Among Families Remaining in Low Income: January 2003 to December 2003**

<b>SLID 2003 Post-Tax LICOs</b>	<b>One-Parent Families</b>	<b>Two-Parent Families</b>	<b>All Families</b>
Decline in Low Income Gap (In Millions of Dollars)	\$250	\$350	\$610
Percentage Change in Low Income Gap	-14.9%	-17.3%	-16.1%

**Source:** Based on Statistics Canada Special Tabulations from the Survey of Labour and Income Dynamics (SLID) 2003.

## The NCB Reduced the Low-Income Gap for All Families

The NCB reduced the depth of low income, or low-income gap, for families with children who received the NCB Supplement in 2003. As indicated in Table 17, NCB income benefits closed the low-income gap by a total of \$610 million, or 16.1 percent in 2003.

- The simulation found that NCB income benefits decreased the low-income gap by \$250 million for lone-parents living in low income, a reduction of 14.9 percent.
- For two-parent families, the low-income gap was closed by \$350 million, a reduction of 17.3 percent.

## Summary

This chapter assesses the direct impact of the NCB initiative's income benefits component. A simulation approach is used to

compare 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 initiative was responsible for preventing an estimated 60,500 families with 159,000 children from living in low income in 2003, a 12.4 percent reduction in the incidence of low income among families with children. The NCB increased the disposable incomes of these families by an average of 9.7 percent, or \$2,600. Further, the NCB narrowed the low-income gap for families with children. The combined amount of income that would be required for all low-income families to reach the LICOs was reduced by 16.1 percent or \$610 million in 2003 as a result of the NCB.

# The Way Ahead



Through the collaboration of federal, provincial and territorial governments and First Nations, the National Child Benefit (NCB) initiative has established the key components of an integrated child benefit system. This system has resulted in a stronger national platform of child benefits, along with additional benefits and services provided at the provincial and territorial levels and by First Nations.

Since 1997, the Government of Canada has increased the level of benefits paid to low-income families with children in July of each year. By the final year of the five year investment plan that was put in place in 2003, annual federal support to Canadian families with children delivered through the Canada Child Tax Benefit (CCTB) system is projected to reach \$9.5 billion. As illustrated in Table 18, by 2007–2008, the amount of total federal child benefits for which low-income families are eligible will have increased by well over 100 percent from the 1996–1997 level, before the NCB

was launched. The objective of replacing the child portion of social assistance benefits with an income-tested benefit for all low-income families has largely been achieved.

The benefits and services that provinces, territories and First Nations provide under the NCB initiative are important components of the system. These investments have been expanded since the NCB was established and have benefited from jurisdictions' shared knowledge and experiences.

Federal, provincial and territorial cooperation has been key to the success of the NCB initiative. All jurisdictions remain committed to working toward improving the situation of families in Canada, and informing Canadians about progress made.

**Table 18** Maximum Levels of Federal Child Benefits for 1996–1997 and 2007–2008 Program Years (July to June) in Current Dollars<sup>a</sup>

Number of Children	1996–1997 Maximum CTB + WIS	2007–2008 Maximum Base Benefit + NCB Supplement	Percentage Increase from 1996–1997 to 2007–2008
1	\$1,520	\$3,271	115%
2	\$2,540	\$6,312	149%
3	\$3,635	\$9,358	157%
4	\$4,730	\$12,404	162%

<sup>a</sup>Current dollars are in the actual dollars in a given year, and are not adjusted for inflation.



# Glossary



## Canada Child Tax Benefit (CCTB)

is a federal income support program for Canadian families with children that is delivered through the income tax system. The CCTB includes two components: a base benefit for low- and middle-income families with children, and the NCB Supplement, which provides additional support to low-income families with children.

**Depth of Low Income** is the additional amount of income a low-income family would need to reach a pre-determined line, such as Statistics Canada's Low-Income Cut-Offs (LICOs), or the Low-Income Measure (LIM).

**Disposable Income** is the income that a family has left after paying personal income taxes and other payroll deductions, such as Canada Pension Plan contributions and Employment Insurance premiums.

**Earnings Supplements** are payments by governments to families that top up work-related earnings. Earnings supplement programs are often targeted to low-income working families, and they provide benefits based on the number of children in a family.

**Incidence of Low Income** is the proportion of families with children with annual income falling below a pre-determined line, such as Statistics Canada's LICOs, or the LIM.

**Indicators** in the context of this report are statistics that assess how well Canadian families are faring.

**Societal Level Indicators** measure areas such as low income and labour

force attachment and do not assume that any changes are necessarily caused by the NCB.

**Direct Outcome Indicators**, on the other hand, measure only those changes that are directly caused by the NCB.

**Market Basket Measure (MBM)** is an additional research tool for governments and other interested Canadians to use in analyzing low income. The MBM provides a new perspective on low income, as it is based on a specific transparent basket of goods and services. The MBM identifies disposable income levels that are required to purchase this basket of goods and services in various communities across Canada. Compared with Statistics Canada's Low-Income Cut-Offs (LICOs) and Low Income Measure (LIM), the MBM is a more precise reflection of differing living costs by geographic location.

**National Child Benefit (NCB)** is a joint federal, provincial and territorial government initiative designed to support low-income families with children. It includes increased federal income support plus provincial, territorial and First Nations reinvestments and additional investments in programs and services. The NCB began in July 1998.

**NCB Reinvestment Funds** comprise social assistance/child benefit savings and, in some jurisdictions, Children's Special Allowance (CSA) recoveries. Provinces, and

territories have the flexibility to adjust social assistance or child benefit payments by an amount equivalent to the NCB Supplement. These savings can then be reinvested to provide funding for new or enhanced programs, benefits and/or services to meet local needs and priorities (see Appendix 2 for further details).

**NCB Investment Funds** comprise additional funds that some jurisdictions devote to the NCB, over and above the reinvestment funds.

**NCB Supplement** is the federal contribution to the NCB—a monthly payment targeted to low-income families to help with the costs of raising children. It is a component of the CCTB.

**Survey of Labour and Income Dynamics (SLID)** is a longitudinal labour market and income survey to study changes over time in Canadians' labour force status and economic well-being.

**Social Assistance (SA)** is a needs-tested, last-resort system of income support administered by provincial and territorial governments. It is commonly known as welfare.

**The Welfare Wall** describes an array of barriers that can make it less financially attractive for people to move from social assistance to the labour market due to the loss of income or services.

**Working Income Supplement (WIS)** was a federal program that preceded the NCB. It provided income support to supplement the earnings of low-income working families with children. The WIS was replaced in July 1998 by the NCB Supplement. Some provinces and territories have reinvested NCB funds in their own versions of an earned income supplement.

# Provincial, Territorial and First Nations National Child Benefit Reinvestments and Investments



This appendix provides information on the National Child Benefit (NCB) reinvestments and investments that jurisdictions<sup>34</sup> have undertaken. Some of these reinvestments and investments are new programs or services, while others are enhancements to existing programs. This appendix includes descriptions, actual expenditure data for 2002–2003 and 2003–2004, and estimated expenditure data for 2004–2005 and 2005–2006.

There are two sources of funds for NCB initiatives: reinvestment funds and investment funds. The data presented in this appendix represents the total of reinvestment and, where applicable, investment funds.

Reinvestment funds result from savings related to the federal NCB Supplement that free up provincial and territorial funds previously used for social assistance. Some jurisdictions make adjustments to their social assistance payments based on the NCB Supplement. The amount of the adjustment then becomes available for reinvestment. Other jurisdictions have restructured social assistance to implement income-tested child benefits delivered outside of social assistance. Among these jurisdictions, some adjust their child benefits to match,

in whole or in part, the NCB Supplement, while some do not make any adjustment. For those that make an adjustment related to the NCB Supplement, funds available for reinvestments increase along with the NCB Supplement. For those that do not make such adjustments, funds available for reinvestments are deemed to be “fixed” to the amount of savings at the time their system was restructured. That amount is available for reinvestment each year.

Investment funds are additional funds that some jurisdictions have chosen to devote to the NCB initiative, over and above the reinvestment amounts.

## Sources of Reinvestment Funds

There are two sources of reinvestment funds:<sup>35</sup>

### 1. Social Assistance/Child Benefit Adjustments

Chapter 3 provides a summary of the various approaches that have evolved with respect to the adjustment of social assistance benefits and child benefits through the NCB.

<sup>34</sup> This report does not include data for Quebec. Quebec residents benefit in the same way as other Canadians from the Canada Child Tax Benefit. Moreover, they benefit from substantial investments made by the Quebec government, in the context of its family policy, in services for families with children.

<sup>35</sup> Between July 1998 and June 1999, a third source of reinvestment funds was Transitional Assistance. It ensured that no families that previously received the Working Income Supplement experienced a reduction in the overall benefits they received as a result of the introduction of the NCB Supplement.

## 2. Children's Special Allowance Adjustments

The Children's Special Allowance is paid on behalf of children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum Canada Child Tax Benefit payments, including the NCB Supplement. Jurisdictions have the option to either recover, or

pass on the increased NCB Supplement amount to child welfare authorities for child maintenance costs. Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and Alberta have chosen to recover the increased amount, and it is considered to be part of NCB reinvestment funds.

## Newfoundland and Labrador

In Newfoundland and Labrador, the NCB initiatives have improved the well-being of low-income families in the province. These initiatives promote labour market attachment for low-income families and support early childhood and youth initiatives to improve the well-being of young people living in low-income families.

There was no adjustment to Income Support benefits in 1998–1999. The NCB Supplement was not deducted from benefits provided to families in receipt of Income Support. As a result, all programs funded under the NCB Initiatives in 1998–1999 were investments by the province.

As a result of the second increase in the NCB Supplement in 1999, the Income Support Program was redesigned, resulting in the introduction of the Newfoundland and Labrador Child Benefit (NLCB). Income Support benefits were reduced for families with dependent children as basic benefits for children were removed from the allowance. However, the reduction was offset by the 1999 increase in the NCB Supplement and the new NLCB, which all low-income families receive, including families in receipt of Income Support. All families in receipt of Income Support realized an increase in their monthly income.

### **Newfoundland and Labrador's NCB reinvestments and investments include:**

**Newfoundland and Labrador Child Benefit (NLCB) (Reinvestment)**—This is a provincial child benefit paid to all low-income families in Newfoundland and Labrador. The NLCB is administered by the Canada Revenue Agency on behalf of the province, and payments are included

in the Canada Child Tax Benefit cheque. In 2002–2003, as a result of slippage in program expenditures because of an improved economy, making fewer families eligible for this benefit, the income threshold of the NLCB was increased to follow increases in the NCB Supplement. In 2003–2004, the slippage in the program expenditure was used to increase the first child rate by \$12 per year. In both 2004–2005 and 2005–2006, the slippage in the program expenditure was used to increase the first child rate by \$12 per year and to offset the cost of indexing the Newfoundland and Labrador Child Benefit.

In December 2001, the **Mother Baby Nutrition Supplement (MBNS)** was added as an additional benefit to the NLCB in the form of a nutritional supplement of \$45 per child per month, for children under one year of age living in families eligible for at least \$1 of NLCB. This benefit is funded through redirecting funds from the Income Support Program into the NLCB.

**Note:** The pre-natal portion of the MBNS of \$45 per month per family was also part of the Income Support Program. This was also removed from the Income Support Program and is delivered as an income-tested benefit outside the Income Support Program. Funding for this initiative is provided through funds redirected from the Income Support Program and through funding from the Early Childhood Development Initiative.

**Unlicensed Child Care (Investment)**—This initiative increases financial support to families with dependent children who require child care in order to seek and retain employment or are involved in post-secondary pursuits, but for various reasons,

cannot access licensed child care. This service increases benefits to families receiving Income Support and ensures families are not worse off as a result of going to work. This initiative came into effect October 1, 1998.

### **Family Home Child Care Agencies**

**(Investment)**—Refers to community-based, non-profit organizations that recruit, support, approve and monitor regulated child care services in private family homes. The agency may receive operational funding from the Department of Health and Community Services and is licensed to approve individual homes according to standards provided by the Regional Integrated Health Authorities. In Newfoundland and Labrador, two family home child-care agencies receive NCB funding.

### **Child Care Subsidy Program**

**(Investment)**—NCB funding builds on the base provincial allocation for the Child Care Subsidy Program. The program is income-tested and available to families in receipt of benefits from the Income Support Program and to low-income families (net income up to \$22,280). NCB funding has made it possible to increase the subsidy rate and to provide greater access for families to subsidized regulated child care spaces. The funding also supports transportation costs on behalf of the families where a child care subsidy applies.

**Funding to Centres (Investment)**—NCB funding supports the provision of annual equipment grants to licensed child-care centres. This component assists in supporting quality care in licensed group care.

### **School-Based Infant Care**

**(Investment)**—This initiative offers group infant child care in high schools at no cost for students who require on-site care and

increased support to continue their high school education. This initiative combines access to quality child care services and direct supportive assistance to parents attending high school. During the school day, the young parents are encouraged to spend breaks and free time in the centre for purposes of interacting with their baby and to gain insights and support on parenting skills. Transportation to and from the school for babies and parents is also provided.

### **Early Childhood Education Certification**

**(Investment)**—This component supports two ongoing initiatives: (1) the provision of courses for people employed in licensed child-care facilities that require either Level I or Level II Early Childhood Education to meet legislation standards; and (2) the Registrar of Certification Office for Early Childhood Educators, which maintains a system of registration and provides orientation courses for early childhood educators.

### **Child Care Service Consultants**

**(Investment)**—On an annual basis, NCB funding supports six Child Care Consultant positions in the province. These positions are located across the province within Regional Integrated Health Authorities. These positions add to the licensing, support and child-care expertise available in the province.

### **Extended Drug Card Program**

**(Investment)**—This initiative extends the health-care benefits to six months for individuals/families leaving the Income Support Program for employment or training. This initiative helps recipients make the transition from dependence on Income Support to employment.

### **Family Resource Programs**

**(Investment)**—Family resource programs are community-based services that are designed to provide a range of drop-in

support services and learning activities for young children and their families. Objectives of the services are to improve child development outcomes, to support adults in their respective care-giving roles, and to increase community involvement in the support available for young children and families. The target group is primarily children up to six years of age (and up to 12 where needed), pregnant women, parents, family members and other caregivers. Healthy baby clubs are a specific service that is provided through family resource programs or other similar community-based services. Healthy baby clubs are prenatal programs that provide a range of one-on-one and group services to pregnant women to help support the best possible birth outcome. Particular emphasis is placed on nutrition, healthy lifestyle and personal support. Funding supports nine family resource programs, including healthy baby clubs (seven of the family resource programs operate with a main hub site and several satellite service sites).

### **Intervention Program Supports**

**(Investment)**– Intervention program supports encompass two initiatives: (1) support for implementation of home-based early intervention services for families with children under age 6 years and with significant delay or disabilities, including intensive intervention services for children diagnosed with autism spectrum disorder; and (2) enhancement to the Special Child Welfare Allowance for eligible families with children with disabilities who require additional support in the home environment. These combined activities are designed to support families who have children with special needs and require additional supports to improve both child and family outcomes.

### **Child, Youth and Family Services**

**(Reinvestment)**– These programs and services are designed to support the safety, health and well-being of children, youth and families. They include support services for families, protection intervention (including children in care), youth services and adoptions.

### **Community Youth Network**

**(Investment)**– The Community Youth Network provides community-based facilities for youth aged 12 to 18 years, in addition to offering programs and services to other ages from 5 to 29 years. There are nine hub sites with an additional 10 satellites throughout the province, all with the capacity to serve several other communities within their respective catchment areas. This initiative aims to provide services and support along four business lines: learning, employment, community building and services. Services and support are provided in youth-friendly settings that combine many positive strategies to encourage youth participation and learning. Programs that involve intensive one-on-one support and skill development, group social, academic, recreational, and leadership approaches are used to enhance the lines of business. The projects are run by community coalitions (including youth participation); they are designed to build partnerships and support young people, especially youth who require increased assistance to achieve success in life. The Community Youth Network is very highly regarded at the community level, and an independent formative evaluation of the initiative has been completed. A final evaluation report is in preparation.

### **Residential/Mental Health Services**

**(Investment)**– This refers to annual funding provided to Regional Integrated

Health Authorities to support youth aged 12 to 18 years. At the regional level, the funding is allocated to residential and mental health services as needed to increase support to youth-at-risk and to provide preventive, community-based solutions for young people.

### Project Administration (Investment)–

This is funding reserved to support overall administration of the NCB programs, services and initiatives that fall under the responsibility of the Department of Health and Community Services.

**Table 19** Newfoundland and Labrador: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>				
Newfoundland and Labrador Child Benefit (NLCB) <sup>a</sup>	8,233	8,169	8,155	8,328
<b>Child/ Day Care</b>				
Unlicensed Child Care	600	600	600	600
Family Home Child Care Agencies	221	244	252	250
Child Care Subsidy Program	1,375	1,736	1,736	1,736
Funding to Centres	250	251	197	251
School-Based Infant Care	59	62	49	66
Early Childhood Education Certification	70	74	84	78
Child Care Service Consultants	300	320	320	320
<b>Supplementary Health Benefits</b>				
Extended Drug Card Program	737	733	793	975
<b>Early Childhood/Children-at-Risk Services</b>				
Family Resource Programs	1,150	1,348	1,593	1,690
Intervention Program Supports	639	1,048	1,206	1,101
Child, Youth and Family Services	396	1,022	1,217	1,700
<b>Youth Initiatives</b>				
Community Youth Network	1,817	1,817	1,412	1,417
Residential/Mental Health Services	964	964	964	964
<b>Other NCB Programs, Benefits &amp; Services</b>				
Project Administration	158	521	174	226
<b>Total</b>	<b>16,969</b>	<b>18,909</b>	<b>18,752</b>	<b>19,701</b>

<sup>a</sup>Mother Baby Nutrition Supplement was added to the NLCB in December 2001. Funding for this initiative is provided through redirecting funds from the Income Support Program into the Newfoundland and Labrador Child Benefit.

**Note:** Totals may not add due to rounding.

**Table 20****Newfoundland and Labrador: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments**

<b>NCB Initiatives by Program Name<sup>a</sup></b>	<b>2002–2003</b>		<b>2003–2004</b>		<b>2004–2005</b>		<b>2005–2006</b>	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Newfoundland and Labrador Child Benefit	20,314	31,500	19,800	30,000	18,834	29,306	18,246	28,393
Unlicensed Child Care <sup>b</sup>	424	630	425	650	366	525	291	411
School-Based Infant Care	n/a	13	n/a	5	n/a	10	n/a	8
Extended Drug Card Program <sup>b</sup>	340	550	400	600	600	883	780	1,257
Family Resource Programs <sup>b</sup>	2,217	3,008	3,000	4,000	2,601	2,748	2,500	3,200
Community Youth Network	3,469	5,733	3,120	5,159	3,567	8,469	3,480	7,974

<sup>a</sup>Programs with no available data are not listed.

<sup>b</sup>Represents monthly average.

**Note:** n/a indicates the data for this category is not available.

## Prince Edward Island

In Prince Edward Island, the NCB has had a dual focus: to support parents to join and remain in the workforce and to enhance early childhood services. Prince Edward Island has put in place a number of reinvestment initiatives that serve both purposes.

From 1998, when the NCB was introduced, until 2001, Prince Edward Island adopted the social assistance offset approach in which the province treated the NCB Supplement as unearned income, and thereby reduced social assistance payable to families with children. Since 2001, any increases in the NCB Supplement have been used to fund an increase in the Healthy Child Allowance, which is a social assistance benefit.

### Prince Edward Island reinvestments and investments include:

**PEI Child-Care Benefit**—An enhancement to the Child-Care Subsidy Program. This benefit has provided increased access and financial support for licensed child care for Island children.

**PEI Family Health Benefit**—This program helps lower-income families with the cost of prescription drugs. Eligibility is based on family size and net family income for the previous year.

**Speech Therapy Innovation**—This program is part of the Healthy Child Development Strategy, which recognizes the importance of early intervention in the development of children. Through this program, speech therapy initiatives are provided to preschool children, parents and community groups.

**Autism Integration Project**—This program is also part of the Healthy Child Development Strategy. Therapeutic interventions are provided directly to preschool children with autism.

**Looking After Children**—NCB funds have been key to implementing this project for the delivery of services to children in public care. The project has included the development of research-based policies, training for care providers, materials and review processes.

**Children-in-Care Initiatives**—NCB funds have also been used to support the delivery of children-in-care services to children in Prince Edward Island. Staff increases within the renewed child protection services have resulted in enhanced quality-of-service planning with children and their families.

**Children's Mental Health**—NCB has provided the funding necessary to establish a new multi disciplinary children's mental health clinical team. This team provides an improved response to Island families who have children with complex mental health problems.

**Healthy Child Allowance**—This is a social assistance benefit payable to families with children under the age of 18 years to provide for participation in sport, recreation and/or cultural activities. Effective August 2005, the benefit amount was increased to \$76 per month (from \$59 per month).

**Employment Enhancement and Job Creation Programs**—NCB funds have been used to help increase activity under these programs. The NCB contribution has enabled parents on social assistance to upgrade their job skills and obtain employment. In 2005-2006 this program was discontinued as a social assistance program,

but clients may obtain these services through the Department of Development.

### Literacy/Adult Basic Education

**Program**—One of the stepping stones to independence is literacy. This program, delivered by the PEI Institute of Adult and Community Education, has helped make adult literacy education available at the community level. NCB funds annually help low-income parents to take advantage of this program.

### Family Legal Aid Program—

This program provides legal services to low-income custodial parents and their children to determine matters of custody and access/support in relation to matters of family law. In 2004–2005, this program was moved from Social Services to the Office of the Attorney General and expanded to include services to a larger segment of the population.

**Table 21** Prince Edward Island: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child/ Day Care</b>				
PEI Child-Care Benefit	700	700	700	700
<b>Supplementary Health Benefits</b>				
PEI Family Health Benefit	220	220	250	250
<b>Early Childhood/Children-at-Risk Services</b>				
Speech Therapy Innovation <sup>a</sup>	75	75	—	—
Autism Integration Project <sup>a</sup>	125	125	—	—
Looking After Children	50	50	50	50
Children-in-Care Initiatives	150	450	450	450
Children’s Mental Health	250	250	250	250
Healthy Child Allowance	1,180	1,375	1,590	1,700
<b>Other NCB Programs, Benefits &amp; Services</b>				
Employment Enhancement and Job Creation Programs	200	200	200	0
Literacy/Adult Basic Education Program	100	100	100	100
Family Legal Aid Program <sup>b</sup>	—	80	80	80
<b>Total</b>	<b>3,050</b>	<b>3,625</b>	<b>3,670</b>	<b>3,580</b>

<sup>a</sup>As of 2004–2005, this program was funded under the Multilateral Framework on Early Learning and Child Care.

<sup>b</sup>Prior to 2003–2004, this program was called *Family Support Orders Program*.

**Note:** Totals may not add due to rounding.

**Table 22****Prince Edward Island: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments**

NCB Initiatives by Program Name	2002–2003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
PEI Child-Care Benefit	1,000	1,200	1,000	1,200	950	1,100	630	820
PEI Family Health Benefit	400	700	400	720	564	760	420	670
Speech Therapy Innovation <sup>a</sup>	250	300	250	300	–	–	–	–
Autism Integration Project <sup>a</sup>	50	50	50	50	–	–	–	–
Looking After Children	300	600	300	600	250	500	250	500
Children-in-Care Initiatives	275	300	250	300	200	225	200	225
Children's Mental Health	900	1,000	1,100	1,200	1,200	1,300	1,200	1,300
Healthy Child Allowance	1,300	2,500	1,050	2,000	1,260	2,370	1,150	1,990
Employment Enhancement and Job Creation Programs	150	300	125	250	100	200	–	–
Literacy/Adult Basic Education Program	100	n/a	100	n/a	100	n/a	100	n/a
Family Legal Aid Program <sup>b</sup>	–	–	24	29	25	30	25	30

<sup>a</sup>As of 2004–2005, this program was funded under the Multilateral Framework on Early Learning and Child Care.

<sup>b</sup>Prior to 2003–2004, this program was called Family Support Orders Program.

**Note:** n/a indicates the data for this category is not applicable.

## Nova Scotia

The government of Nova Scotia has made some important strides in addressing child poverty and supporting parents to join and remain in the workforce as part of the joint federal, provincial and territorial NCB initiative. The Nova Scotia government has expanded and strengthened programs and services to help low-income families with children. Over the past several years, Nova Scotia has demonstrated its commitment to the health and well-being of its children in a number of ways. The province's commitment remains strong with total spending on NCB programs of \$30.6 million during 2004–2005.

Many of the commitments made by the government of Nova Scotia were fully realized in 2001. In July of that year, the offset of social assistance by an amount equal to the NCB Supplement officially ended; and in August, the province introduced a new *Employment Support and Income Assistance Act*. Together, these developments have contributed to a significant overall improvement in the health and well-being of low-income families with children in Nova Scotia.

Although Nova Scotia has made great strides in addressing the issue of child poverty, the government recognizes that more needs to be done. The province is committed to the reduction and prevention of child poverty and will continue to work toward that objective.

### **Nova Scotia's NCB initiatives include:**

**Nova Scotia Child Benefit**—In 1998, the government established the Nova Scotia Child Benefit to provide low-income families with monthly payments to assist them with

the cost of raising children under 18 years of age. This benefit is fully funded by the province and is provided in addition to the NCB Supplement. The Nova Scotia Child Benefit is delivered as a combined payment with the CCTB and the NCB Supplement.

In 1999, the Nova Scotia government promised that any future increases to the NCB Supplement would flow directly through to families.

In July 2001, as part of Nova Scotia's redesign of its social assistance system, children's benefits were removed from social assistance. This policy change meant that parents with low incomes would receive child benefits from both governments whether or not they were receiving income assistance. The Nova Scotia Child Benefit was enhanced and now provides a maximum annual benefit of \$445 for the first child, \$645 for the second child and \$720 for third and each additional child in low-income families. The Nova Scotia Child benefit made a substantial increase to the household incomes of low-income families and helped with the costs of raising a child.

The Nova Scotia Child Benefit also made it easier for parents to enter or stay in the work force. Providing child benefits outside the income assistance system made it easier and more financially viable for parents receiving income assistance to return to work because they did not lose their child benefits when they left income assistance. Qualifying low income working parents also received the Nova Scotia Child Benefit.

The Canada Revenue Agency delivers the Nova Scotia Child Benefit, as well as the base benefit of the CCTB, and the NCB Supplement.

Approximately 29,300 families received the Nova Scotia Child Benefit in 2004–2005. The number of Nova Scotian children needing the NCB Supplement decreased from 2003–2004 as the economy improved and more low-income families earned higher incomes through secure employment.

**Centre-Based Child Care**—Two hundred and thirty new subsidized centre-based child care spaces have been funded under the auspices of the NCB since 1998, including 30 spaces for children with special needs.

**Early Intervention Programs**—These programs help pre-school aged children with developmental disabilities to reach their potential. Additional operating grants have been made to existing centres and new programs have been initiated to ensure all families throughout the province have access to this service.

**Community-Based Prevention Programs**—These build on existing programs to enhance prevention efforts across the province. Prevention programs are specifically designed to support low-income families.

**Table 23** Nova Scotia: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>				
Nova Scotia Child Benefit	28,334	27,618	28,400	28,400
<b>Child/ Day Care</b>				
Centre-Based Child Care	1,537	1,537	1,537	1,537
<b>Early Childhood/Children-at-Risk Services</b>				
Early Intervention Programs	675	675	675	675
Community-Based Prevention Programs <sup>a</sup>	350	–	–	–
<b>Total</b>	<b>30,896</b>	<b>29,830</b>	<b>30,612</b>	<b>30,612</b>

<sup>a</sup>NCB Supplement funding for the Community-Based Prevention Programs was discontinued. The programs are now funded from other sources.

**Note:** Totals may not add due to rounding.

**Table 24** Nova Scotia: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments

NCB Initiatives by Program Name <sup>a</sup>	2002–2003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Nova Scotia Child Benefit	31,905	53,961	30,743	52,054	29,292	49,732	28,529	48,556
Centre-Based Child Care	n/a	230	n/a	230	n/a	230	n/a	230
Early Intervention Programs	n/a	105	n/a	105	n/a	105	n/a	105

<sup>a</sup>Programs with no available data are not listed.

**Note:** n/a indicates the data for this category is not available.

## New Brunswick

The government continues to build upon programs and services that help reduce and prevent child and family poverty, promote labour market attachment and foster early childhood development.

In 1998–1999, New Brunswick passed on the full value of the federal NCB Supplement to families on social assistance, and has continued to pass on all subsequent increases. In August of 1998, the province made investments under the NCB initiative through increased funding for child care and the creation of the Alternative Child-Care Assistance Program. New Brunswick has consistently maintained or increased the level of funding for each of its initiatives since the creation of the NCB in 1998.

### New Brunswick's investments include:

**Day-Care Assistance Program**—The Day-Care Assistance Program is designed to help families get the best possible child care. This program offers parents or guardians financial assistance to help them access quality, affordable care at an approved day-care facility. In 1997–1998, prior to the NCB initiative, New Brunswick invested \$4.23 million in the Day-Care Assistance Program. New Brunswick has devoted additional incremental funds to the Day-Care Assistance Program to support the goals of the NCB each year since the initiative began in 1998.

**Alternative Child-Care Assistance**—Financial assistance may also be available to low-income parents or guardians who are in school or are working and do not have access to licensed day care. This program is designed to assist those who

require child care during evenings, nights and weekends or who have no licensed child-care facilities in their community.

### Provincial Breastfeeding Strategy

This initiative assists in the promotion, protection and support of breastfeeding.

### Healthy Minds Nutritional

**Partnership**—Initially called Healthy Minds Breakfast Pilot Program and begun as a pilot program, it addressed the nutritional needs of elementary school students by providing basic breakfast items, and benefited approximately 2,150 children. In 2000–2001, the program was significantly expanded and renamed the Healthy Minds Nutritional Partnership. By 2004–2005, the program benefited as many as 32,500 students across the province.

### Positive Learning Environment

This program addresses the unmet needs of children by identifying best practices for discipline in the school system when a positive environment alone is not enough. These include setting limits for behaviour and identifying the responsibilities of all partners in the school system.

**Youth Addictions**—The Regional Addiction Services Youth Treatment Program is a community-based program offered by the Department of Health and Wellness, through region hospital corporations. It provides treatment to young substance abusers within their own community. In 1997–1998, prior to the NCB, New Brunswick invested \$0.6 million in youth addiction treatment. Prior spending, combined with incremental investments, resulted in a significant increase to New Brunswick's expenditures in this program. Enhanced funding provided increased education, prevention and chemical dependency

treatment for approximately 1,700 children and youth aged 12 to 19 in 2004–2005.

In addition to its NCB initiatives, New Brunswick is also supporting the needs of

families with children by funding the New Brunswick Child Tax Benefit, which includes the Working Income Supplement, with over \$20 million every year.

**Table 25** New Brunswick: NCB Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child/ Day Care</b>				
Day-Care Assistance Program	1,310	1,360	2,532	4,768
Alternative Child-Care Assistance	789	746	700	717
<b>Early Childhood/Children-at-Risk Services</b>				
Provincial Breastfeeding Strategy	3	9	12	10
Healthy Minds Nutritional Partnership	816	708	689	624
Positive Learning Environment	4,000	3,960	4,000	4,000
<b>Youth Initiatives</b>				
Youth Addictions	1,393	1,436	1,662	1,663
<b>Total</b>	<b>8,311</b>	<b>8,218</b>	<b>9,594</b>	<b>11,783</b>

**Note:** Totals may not add due to rounding.

**Table 26** New Brunswick: Estimated Number of Families and Children Benefiting under NCB Investments

NCB Initiatives by Program Name <sup>a</sup>	2002–2003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Day-Care Assistance Program	n/a	1,886	n/a	1,987	n/a	3,193	n/a	3,684
Alternative Child-Care Assistance	n/a	533	n/a	665	n/a	346	n/a	247
Healthy Minds Nutritional Partnership	n/a	34,684	n/a	26,062	n/a	32,578	n/a	31,722
Positive Learning Environment	n/a	120,600	n/a	118,869	n/a	117,145	n/a	114,820
Youth Addictions	n/a	1,790	n/a	1,779	n/a	1,662	n/a	1,663

<sup>a</sup>Programs with no available data are not listed.

**Note:** n/a indicates the data for this category is not available.

## Ontario

Ontario's NCB initiatives aim to prevent and reduce the depth of child poverty, encourage labour force attachment, and foster the learning and development of children in low-income families.

Ontario adjusts social assistance payments by the amount of a recipient's NCB Supplement through an income charge (i.e., the actual NCB Supplement amount the client receives is charged as income against the social assistance allowance).

In the 2006 Budget, Ontario announced that social assistance benefits would not be reduced by the federal government's July 2004, 2005, and 2006 increase to the NCB Supplement.

In Ontario, the provincial government and municipalities have made significant investments in NCB initiatives. Since social assistance is cost-shared between the province and municipalities, each has a role to play in Ontario's reinvestment strategy.

### Reinvestments and investments include:

**Ontario Child-Care Supplement for Working Families (OCCS)**—Each year, about \$200 million is spent on the OCCS, funded from the NCB reinvestment funds and additional provincial investments, including \$40 million carried forward from the former Ontario Child Care Tax Credit. The OCCS, created in 1998, provides low-to moderate-income working families with a benefit for each child under age seven. Families are eligible for the OCCS if they have employment earnings exceeding

\$5,000 for the year, regardless of whether they have child-care expenses. It is also available to families where parents are attending school or training programs and have qualifying child-care expenses. The benefit starts decreasing when family net income reaches \$20,000.

In 2000–2001, Ontario introduced an additional \$210 per child supplement for single parent families, bringing the maximum annual benefits for single-parent families to \$1,310 per child (maximum benefits for two-parent families are \$1,100 per child) under the age of seven. Funding for the single parent supplement represents an additional provincial investment in children in low-income families.

### 4-Point Plan for Children's Mental Health

—The province spent \$20 million towards critical service areas in children's mental health. The Plan supports intensive child and family services, mobile crisis services, telepsychiatry and common intake and assessment tools.

**Children's Treatment Centres**—The province spent \$22 million towards the development of innovative approaches to assisting children with special needs.

### Municipal Reinvestment Strategies

—Ontario municipalities are implementing their own initiatives as part of Ontario's overall reinvestment strategy. These strategies, designed to meet local needs and priorities, include initiatives such as early intervention, child care, employment supports and prevention programs.

**Table 27** Ontario: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child/ Day Care</b>				
Ontario Child-Care Supplement for Working Families (OCCS) <sup>a</sup>	148,736	150,371	160,000	160,000
<b>Early Childhood/Children-at-Risk Services</b>				
4-Point Plan for Children’s Mental Health	20,000	20,000	20,000	20,000
Children’s Treatment Centres	22,000	22,000	22,000	22,000
<b>Other NCB Programs, Benefits &amp; Services</b>				
Municipal Reinvestments Strategies	40,507	42,822	43,591	44,195
<b>Total</b>	<b>231,243</b>	<b>235,193</b>	<b>245,591</b>	<b>246,195</b>

<sup>a</sup>Figures for 2005–2006 consist of NCB reinvestments of \$135 million and additional Ontario investments of \$25 million. Figures exclude an additional \$40 million previously committed to the former Ontario Child Care Tax Credit. The OCCS is an application-based program. Benefits are based on the previous year’s tax return, and families have three years to file their tax return. After filing their tax return, families are given 18 months to return their OCCS application. Historically, it has taken about three years after the close of a given OCCS benefit year to achieve full take-up for that benefit year.

**Note:** Totals may not add due to rounding.

**Table 28** Ontario: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments

NCB Initiatives by Program Name <sup>a</sup>	2002–2003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Ontario Child-Care Supplement for Working Families (OCCS) <sup>b</sup>	197,837	314,225	189,577	299,019	222,000	318,000	222,000	318,000

<sup>a</sup>Programs with no available data are not listed.

<sup>b</sup>The OCCS is an application-based program. Benefits are based on the previous year’s tax return, and families have three years to file their tax return. After filing their tax return, families are given 18 months to return their OCCS application. Historically, it has taken about three years after the close of a given OCCS benefit year to achieve full take-up for that benefit year.

## Manitoba

Manitoba<sup>36</sup> has continued to invest in programs and services that help reduce and prevent child and family poverty, promote labour market attachment and foster early childhood development.

In 1998, when the NCB Supplement was introduced, Manitoba, like most provinces, reduced benefit levels for families receiving income assistance by the amount of the supplement and redirected those funds into programs and services for low-income families with children living in Manitoba.

In mid-2000 however, as a means of providing additional assistance to families receiving income assistance, Manitoba began a phased in restoration of the NCB Supplement. In January 2004 the final phase of the restoration was implemented and the NCB Supplement was fully restored for all families receiving income assistance.

### **In addition to the restoration of the NCB Supplement, Manitoba's investments and reinvestments include:**

#### **Manitoba Child Care Program—**

Between April 1999, and March 2006, child-care funding in Manitoba has increased by over 69 percent to \$78.8 million,<sup>37</sup> improving salaries, as well as training opportunities and supports for early childhood educators and providing additional subsidies for children. Increased funding

has also been provided to integrate more children with disabilities into the child-care system and to expand the number of funded child-care spaces.

#### **Children's Special Services (CSS)—**

Family-centred services are provided to birth, extended or adoptive families to assist them with caring for their children with developmental and/or physical disabilities in their own homes to the greatest extent possible and to promote the development of normalized community arrangements. Between April, 1999 and March 2006, funding for the CSS program has increased by 105 percent to \$18.5 million, enabling more children with disabilities and their families to access the supports and services they need. As of March 31, 2006, a total of 4,049 children received services through CSS, an increase of nearly 5 percent over the previous fiscal year.

**Healthy Baby—**This is a program of support for pregnant women and new families that consists of two components: the Manitoba Prenatal Benefit and Healthy Baby Community Support Programs. The Manitoba Prenatal Benefit is a monthly financial benefit to help low- to moderate-income women with their extra nutritional needs during pregnancy. The Prenatal Benefit is intended to also provide a bridge to other services, such as the Healthy Baby Community Programs. Healthy Baby Community Support Programs, via group sessions and outreach, are designed to assist

<sup>36</sup> Effective July 2000, Manitoba discontinued recovering increases to the NCB Supplement for all families receiving income assistance. Effective July 2001, Manitoba stopped recovering the NCB Supplement for children age six and under. Effective January 2003, it stopped recovering the NCB Supplement for children age 7 to 11 years; and, effective January 2004, it stopped recovering the NCB Supplement for children age 12 to 17 years.

<sup>37</sup> Includes funding provided through federal 2000 Early Childhood Development Agreement and 2003 Multilateral Framework on Early Learning and Child Care transfers as well as provincial revenue funds. Does not include 2005 federal Early Learning and Child Care funds (\$25.6 million in 2005–2006).

pregnant women and new parents in connecting with other parents, families and health professionals to ensure healthy outcomes for their babies. Delivered through community-based partners, the programs provide pregnant women and new parents with practical information and resources on maternal/child health issues, benefits of breastfeeding, healthy lifestyle choices, parenting ideas, infant development and strategies to support the healthy physical, cognitive and emotional development of children.

**Families First (formerly BabyFirst and Early Start)**—This is a community-based home visiting program for families with children from conception to Kindergarten. Delivered by Regional Health Authorities across Manitoba, Families First begins with universal screening of all families with a newborn. Based on the family’s identified strengths and needs, the program offers a continuum of support to families including referral to other community services. Regular visits by public health nurses are augmented by weekly home visits from specially trained home visitors. These visitors establish trusting nurturing relationships with families, support parenting and secure attachment, promote problem solving skills and assist in strengthening the family support system.

**Parent-Child Centred Approach**—This brings together community strengths and resources within a geographic boundary through parent child coalitions. There are 26 funded coalitions province-wide (11 regions outside Winnipeg, 12 community areas within Winnipeg and 3 cultural organizations). Parent child coalitions promote and support existing community-based programs and activities for children and

families, and initiate new activities that reflect community diversity. Core priorities include positive parenting, nutrition and physical health, learning and literacy and community capacity building.

**STOP FAS**—This is an intensive three-year home visitation program for women who have used alcohol and/or drugs heavily during pregnancy. Paraprofessional mentors offer flexible support services to women as they address a myriad of challenges and move toward a healthier, more secure and stable life. Following on the success of two Winnipeg sites, STOP FAS was expanded to Thompson and The Pas in northern Manitoba.

**Special Needs Programs for Children in Schools**—This initiative provides funding and consultative support for the development and operation of specific projects that provide school-based programming for students with special needs. Examples include FASD (Fetal Alcohol Syndrome Disorder) in the Classroom which provides a specialized classroom setting to enhance the school experience and outcomes for children and youth with FASD, and COACH, which is a 24-hour wraparound program for children ages 5 to 11 years with extreme behavioural, emotional, social and academic issues in their home, school and community settings.

**Healthy Schools**—This is Manitoba’s comprehensive school health initiative intended to promote the health of school communities. The initiative recognizes that good health is important for learning, and that schools are in a unique position to positively influence the health of children, youth and their families. Healthy Schools focuses on priority health issues such as physical activity, healthy eating, safety and

injury prevention, substance use and addictions, sexual and reproductive health, and mental health promotion. This initiative links the health and education communities to promote healthy children and healthy schools.

**Other Programs**—These community-based initiatives provide access to education and support services for children, youth and families in high needs communities and promote community awareness, ownership and capacity building of the participants. Two examples through Healthy Child Manitoba are the William Whyte School Worker Project, a collaborative initiative which aims to provide greater access to more appropriate support services for Aboriginal children and families through community ownership and involvement; and Neah Kee Papa, a positive parenting program for young Aboriginal fathers, which is delivered by the Manitoba Metis Federation.

**Early Childhood Development Initiative (ECDI)**—ECDI provides funding support to school divisions in the provision of intersectoral services for preschoolers (birth to school age). ECDI, in partnership with parents, the community and Healthy Child Manitoba, is designed to facilitate preschoolers' readiness to learn prior to school entry.

**Early Literacy**—This grant program supports school divisions in their efforts to implement early literacy intervention programs that will accelerate the literacy development of the lowest-achieving grade one students.

### **Healthy Adolescent Development**

Healthy Child Manitoba provides funding to community groups to support healthy adolescent development, including sexual and reproduction health. This is achieved through supporting programs which promote protective factors, such as mentoring programs that build positive attachment between youth and adults. Support is also provided to programs which take a harm-reduction approach to reducing negative outcomes such as unwanted pregnancies, gang involvement, etc.

**Workforce Attachment**—These initiatives provide low-income parents who are either working or on social assistance with a range of supports that help them obtain and maintain employment. Employment supports include needs/skills assessments, labour market information, job-focused education/skills development and job search/job placement assistance.

**Building Independence/New Income Assistance Initiatives**—Manitoba has increased supports for parents to enter or re-enter the labour market, and has improved benefits for families receiving income assistance. Job-centre supports and work incentives have been enhanced, and supports to help citizens become independent have been improved.

**Table 29** Manitoba: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child/ Day Care</b>				
Manitoba Child Care Program <sup>a,b,c</sup>	3,197	2,534	3,082	5,324
<b>Early Childhood/Children-at-Risk Services</b>				
Children's Special Services <sup>a,b</sup>	318	2,500	2,328	1,833
Healthy Child Manitoba:				
Healthy Baby <sup>b</sup>	4,394	4,388	4,597	4,845
BabyFirst <sup>b,c,d</sup>	5,864	6,023	6,577	—
Early Start <sup>b,c,d</sup>	1,475	1,417	1,934	—
Families First <sup>b,c,d</sup>	—	—	—	9,418
Parent-Child Centred Approach <sup>b</sup>	2,136	2,659	3,000	3,085
STOP FAS <sup>b</sup>	717	704	714	748
Special Needs Programs for Children in Schools	955	2,519	3,602	3,843
Healthy Schools	234	370	40	750
Other Programs	981	1,001	1,004	1,021
Early Childhood Development Initiative (ECDI) <sup>b</sup>	551	681	668	1,363
Early Literacy	5,700	5,700	6,016	6,058
<b>Youth Initiatives</b>				
Healthy Adolescent Development	294	295	286	298
<b>Other NCB Programs, Benefits &amp; Services</b>				
Workforce Attachment	2,364	2,098	2,252	2,252
Building Independence/New Income Assistance Initiatives <sup>a,e</sup>	9,024	12,724	15,424	15,424
<b>Total<sup>b</sup></b>	<b>38,205</b>	<b>45,612</b>	<b>51,524</b>	<b>56,262</b>

<sup>a</sup>The amounts indicated for the Manitoba Child Care Program, Children's Special Services and New Income Assistance Initiatives represent new incremental funding amounts only and do not include base funding in place prior to the introduction of the NCB.

<sup>b</sup>Figures include funding which is provided through remaining NCB Supplement recoveries, Children's Special Allowance recoveries and the federal transfers under the Early Childhood Development Agreement (\$14.7 million in 2002–2003, \$18.3 million in 2003–2004, 2004–2005 and 2005–2006) as well as provincial revenue.

<sup>c</sup>Figure includes funding received through the federal transfers under the 2003 Multilateral Framework on Early Learning and Child Care (\$0.9 million in 2003–2004, \$5.5 million in 2004–2005 and \$8.2 million in 2005–2006). Figure does not include federal 2005 Early Learning and Child Care funds (\$25.6M in 2005–2006).

<sup>d</sup>In 2005–2006, Families First Program replaced BabyFirst and Early Start.

<sup>e</sup>Reinvestments and Investments include expenditures on the Employment and Income Assistance Rate Increase and the Restoration of the NCB Supplement for families in receipt of Employment and Income Assistance benefits. In 2002–2003, \$7.3 million was spent on the Restoration of the NCB Supplement and in 2003–2004, \$11.0 million was spent. It is estimated that in both 2004–2005 and 2005–2006, \$13.7 million will be spent on the Restoration of the NCB Supplement.

**Note:** Totals may not add due to rounding.

**Table 30**
**Manitoba: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments**

NCB Initiatives by Program Name <sup>a</sup>	2002–2003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Manitoba Child Care Program	n/a	11,455	n/a	11,568	n/a	12,517	n/a	13,000
Children's Special Services	n/a	3,593	n/a	3,712	n/a	3,876	n/a	4,049
Healthy Baby	7,231	n/a	8,379	n/a	8,505	n/a	8,542	n/a
BabyFirst <sup>b</sup>	1,114	1,114	1,150	1,150	1,342	1,342	–	–
Early Start <sup>b</sup>	270	533	318	509	148	213	–	–
Families First <sup>b</sup>	–	–	–	–	–	–	1,469	1,469
STOP FAS	120	n/a	130	n/a	130	500	110	400
Special Needs Programs for Children in Schools	57	57	69	69	78	78	78	78
Other Programs	939	1,518	579	789	645	820	734	837
Early Childhood Development Initiative (ECDI)	n/a	12,908	n/a	12,338	n/a	12,310	n/a	12,192
Early Literacy	n/a	2,477	n/a	3,178	n/a	2,611	n/a	2,602
Healthy Adolescent Development	n/a	1,085	n/a	1,085	n/a	2,281	n/a	2,045
Workforce Attachment	761	n/a	647	n/a	580	n/a	612	n/a
Building Independence/New Income Assistance Initiatives								
Work Incentives	2,900	n/a	2,900	n/a	2,900	n/a	2,900	n/a
Job Centre Supports	2,214	n/a	2,214	n/a	2,214	n/a	2,214	n/a
Individual Development Accounts	15	n/a	15	n/a	15	n/a	15	n/a
School Supplies	6,940	n/a	6,940	n/a	6,940	n/a	6,940	n/a

<sup>a</sup>Programs with no available data are not listed.

<sup>b</sup>In 2005–2006, Families First Program replaced BabyFirst and Early Start.

**Note:** n/a indicates the data for this category is not available.

## Saskatchewan

Saskatchewan has reinvested savings from federal NCB expenditures into initiatives that reduce and prevent child poverty, support parents' labour force attachment, and increase harmonization of child benefit programs.

NCB initiatives in Saskatchewan provide mainstream supports outside of social assistance, designed to help citizens enjoy a better quality of life through greater economic independence and social inclusion.

When the NCB was introduced in 1998, Saskatchewan supplemented reinvestment funds with additional provincial investment funds. This additional funding allowed the province to move children's basic benefits completely outside of welfare—simulating a fully mature NCB Supplement immediately, rather than over time. The additional investment also extended children's basic benefits to low-income working families, in addition to those on welfare. The new structure was designed to support the NCB strategy of lowering the “welfare wall” and providing income-tested child benefits that remain portable as families move from welfare into work. The restructured benefit, known as the Saskatchewan Child Benefit, is delivered as an integrated payment with the Canada Child Tax Benefit to reduce duplication and simplify administration.

The Saskatchewan Child Benefit is adjusted by the amount of federal increases to the NCB Supplement. Families receive at least the same in combined federal/provincial child benefits as they would have received under the previous welfare model of child benefits. Over time, the Saskatchewan Child Benefit will phase out, as it is replaced by increases to the

NCB Supplement. The Saskatchewan Child Benefit will be fully phased out by July 2006. At this point, all federal increases to the NCB Supplement will flow through directly to families.

New initiatives in 2005 included **Family Shelter Enhancements** which increased shelter benefits for families with children receiving income support, and **Child Nutrition Enhancements** which increased support for community and school-based nutrition programs for children, as well as for food security initiatives to help low-income families acquire skills and abilities necessary for independence.

### Saskatchewan's other NCB initiatives include:

#### Saskatchewan Child Benefit—

This payment to low-income parents is designed to help with the costs of raising a child. Together with the NCB Supplement, the program replaces social assistance for children and provides child benefits to low-income families, whether parents are on social assistance or employed. Paying child benefits outside of social assistance makes it easier for parents to move to or remain in the labour market.

#### Saskatchewan Employment

**Supplement—**This benefit is paid to low-income parents who are employed or who receive maintenance payments. The supplement supports employment by offsetting child-related costs that a parent may incur through working. It also improves incentives to collect maintenance payments by increasing the net value of the payment to the family.

**Child Care Enhancements—**Access to suitable child care arrangements is a critical

support that helps parents enter and remain in the labour force, especially those whose children have special needs. Incremental funding has been provided to enhance child care subsidy rates, and to develop additional child care spaces and supports for the inclusion needs of low-income and high-needs families. These targeted supports provide low-income families with affordable, reliable child care so they can go to work or school and feel secure about the care of their children.

**Family Health Benefits**—This program extends supplementary health coverage to low-income families to assist with the cost of raising children. The program provides additional children’s coverage for dental, optometry, chiropractic services, prescription drugs, ambulance transportation, and medical supplies. More limited coverage for eye care, drugs, and chiropractic services is also provided to parents. With this program, low-income families are assured of retaining health benefits as they leave social assistance for work opportunities and are not forced onto assistance due to children’s health costs.

**Community Schools Program**—In 2002–2003, incremental funding was provided to expand the Community Schools Program. Located in low-income areas, community schools attempt to address the barriers to success in school and in life, by drawing parents and community resources into the schools. Parenting, pre-kindergarten, teen parent programs, and child nutrition programs are among the programs offered in community schools.

**Employment Support Programs**—These programs provide on-the-job training, job coaching, and productivity supports to assist

individuals to attach to and remain in the labour force. Incremental funding was provided in 2002–2003 to enable families on social assistance and high-risk youth under 18 years who are at risk of becoming reliant on social assistance, to access employment opportunities and make the transition to independence.

#### **Maintenance Enhancement Project**—

This initiative, introduced in 2002–2003, assists low-income single parents to receive or increase maintenance income for their children. Three additional legal staff were added to assist single parents to obtain child support orders, or to obtain variations in existing orders where non-custodial parents have experienced increased incomes. The income from child maintenance payments helps parents achieve greater financial independence, and is eligible for additional supplementation under the Saskatchewan Employment Supplement.

#### **Saskatchewan Rental Housing**

**Supplement**—This program, developed in 2004 and implemented in 2005, is intended to help low-income families gain access to quality and affordable rental housing. Rent supplements are available to low-income households in the labour market as well as to those on welfare. Additional support is available for those with a disabled family member. The supplements are unique in that to qualify, rental properties must meet basic health and safety standards. Providing the supplements outside of welfare helps to reduce barriers to work.

**Table 31** Saskatchewan: NCB Reinvestments and Investments

	2002–2003 <sup>a</sup>	2003–2004 <sup>a</sup>	2004–2005 <sup>a</sup>	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplement</b>				
Saskatchewan Child Benefit <sup>b</sup>	19,417	11,803	13,366	7,840
Saskatchewan Employment Supplement	19,176	18,660	20,354	22,246
<b>Child/ Day Care</b>				
Child Care Enhancements	1,367	3,059	1,475	0
<b>Supplementary Health Benefits</b>				
Family Health Benefits	9,607	9,784	10,558	11,505
<b>Youth Initiatives</b>				
Community Schools Program	10,311	12,282	12,419	13,029
<b>Other NCB Programs, Benefits &amp; Services</b>				
Employment Support Programs	864	645	98	1,093
Maintenance Enhancement Project	148	210	243	276
Saskatchewan Rental Housing Supplement	–	–	432	2,870
Family Shelter Enhancements	–	–	–	1,409
Child Nutrition Enhancements	–	–	–	506
<b>Total</b>	<b>60,890</b>	<b>56,443</b>	<b>58,945</b>	<b>60,774</b>

<sup>a</sup>In 2005–2006, due to improved reporting methods, Saskatchewan revised the way in which it reports reinvestments/investments. Expenditures for 2002–2003, 2003–2004 and 2004–2005 have been restated and will not match figures from previous years' reports.

<sup>b</sup>Not including funds recovered from Indian and Northern Affairs Canada.

**Note:** Totals may not add due to rounding.

**Table 32**
**Saskatchewan: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments**

NCB Initiatives by Program Name <sup>a</sup>	2002–2003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Saskatchewan Child Benefit	26,090	53,530	15,260	40,070	18,770	45,520	17,910	36,900
Saskatchewan Employment Supplement	7,870	15,540	7,650	15,190	7,710	15,280	7,710	15,270
Child Care Enhancements <sup>b</sup>	210	290	200	260	760	1,000	1,530	2,000
Family Health Benefits	21,860	35,960	20,190	34,220	18,870	35,360	19,250	35,530
Community Schools Program	n/a	25,000	n/a	28,000	n/a	27,000	n/a	26,240
Employment Support Programs	230	690	430	1,020	260	810	970	2,170
Maintenance Enhancement Project	6	9	13	21	n/a	n/a	n/a	n/a
Saskatchewan Rental Housing Supplement	–	–	–	–	n/a	n/a	5,700	10,960
Family Shelter Enhancements	–	–	–	–	–	–	2,280	4,560

<sup>a</sup>Programs with no available data are not listed.

<sup>b</sup>Data based on the number of families and children at March 31.

**Note:** n/a indicates the data for this category is not available.

## Alberta

Alberta's NCB initiatives support the shared goals of helping reduce the depth of child poverty and encouraging parents to participate in the workforce by ensuring they are better off working while reducing overlap and duplication between government programs. Alberta's initiatives also support low-income families with the costs associated with raising their children. Since 2003, Alberta has enhanced the mix of income and in-kind benefits and services to families receiving assistance through the Alberta Works-Income Support Program<sup>38</sup> by flowing through the full increase of the NCB Supplement directly to them.

### Alberta's reinvestments and investments include:

**Child-Care Subsidy**—The Child-Care Subsidy program supports low-income families with child-care costs for their pre-school children attending licensed day-care centres or approved family day homes. Parents may apply for a subsidy if they have a valid reason for child care, such as if they are currently working or looking for work, attending school, or if they or their children have special needs. Giving eligible, low-income families the choice of accessible and affordable child-care services promotes family independence and supports the family's goal for financial self-sufficiency through work and training opportunities. The Kin Child Care Pilot Project, launched in September 2003, enhances parental child-care choices by providing funding to eligible non-custodial relatives who serve as regular caregivers.

**Quality Child Care**—The NCB funds for this initiative support respite options for families in need, as well as a child-care nutritional program. The respite care program ensures that a number of child-care spaces are available for short-term placements. These placements assist families of children with disabilities in need of relief care, and also enable families who need support to participate in counselling or treatment programs to benefit their children. The funds directed to the child-care nutritional program enhance the nutritional quality of meals and snacks served to children in child-care settings, and provide information about preschool nutritional needs to parents of children in child-care programs.

### Alberta Child Health Benefit (ACHB)—

This program was initially created by using NCB reinvestment funds. Children in families with limited incomes are provided with health services such as prescription drugs, dental care, optical, emergency ambulance, and essential diabetic supplies that are not available through standard Alberta Health Care Insurance. The ACHB helps children get health services they would not otherwise obtain and contributes to their health and well-being, including school performance. Parents can have peace of mind their children's health will be cared for without worrying about costs that may be a barrier to accepting or maintaining employment.

### Alberta Adult Health Benefit (AAHB)—

When clients leave income support for employment, the AAHB provides individuals/families with the same health benefits they had when receiving income support. Ensuring that health benefits are provided outside

<sup>38</sup> Effective April 1, 2004, the Alberta Works-Income Support Program replaced the Supports for Independence (SFI) program.

of income support programs removes a potential barrier to employment, while assisting individuals/families to stay healthy.

**Protection of Children Involved in Prostitution (PCHIP)**—This initiative encompasses the introduction of groundbreaking legislation designed to protect children from sexual exploitation. Under this initiative, children and youth are provided a safe environment, substance abuse counselling, medical supports, psychological services and educational and life skills support.

**Transitional Support for Youth Leaving Child Welfare**—This initiative supports youth who are making the transition from the child welfare system to independent living. In 2003–2004, funds were re-focused to support the Advancing Futures Bursary Program, launched in November 2003. Through this program, tuition costs, school-related expenses and living expenses for the academic term are provided to youth if they have been in care for at least 18 months between the ages of 13 and 18 years. Individuals are invited to apply if they are interested in: obtaining their high school equivalency through adult education; earning a degree/diploma from a post-secondary institution; learning a trade; or earning a license or certification.

**Shelter Benefits**—This reinvestment increased shelter benefits for Alberta Works-Income Support Program recipient families with children.

**School Allowance Benefit**—This reinvestment increased the school expense benefit and is paid annually to Alberta Works-Income Support Program recipients, when school starts, for children attending kindergarten to grade 12. It helps cover the costs of school and gym supplies, registration fees, and other education-related costs.

**Earnings Exemption Increase**—NCB reinvestment dollars were used to increase the earnings exemption for Alberta Works-Income Support Program single-parent recipients who are working, hereby allowing them to earn additional income per month before their benefits are reduced.

**Employment Maintenance Benefit**—A benefit of \$120 per year is made available to working parents to provide additional support for work-related expenses such as transportation and clothing.

**Table 33** Alberta: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child/ Day Care</b>				
Child-Care Subsidy	6,300	7,300	7,300	7,300
Quality Child Care <sup>a</sup>	2,200	1,000	1,000	1,000
<b>Supplementary Health Benefits</b>				
Alberta Child Health Benefit	18,579	20,953	22,228	23,900
Alberta Adult Health Benefit	188	987	1,834	2,452
<b>Early Childhood/Children-at-Risk Services</b>				
Protection of Children Involved in Prostitution	600	600	600	600
<b>Youth Initiatives</b>				
Transitional Support for Youth Leaving Child Welfare	1,250	2,250	2,250	2,250
<b>Other NCB Programs, Benefits &amp; Services</b>				
Shelter Benefits <sup>b</sup>	4,650	6,848	5,643	5,582
School Allowance Benefit <sup>b</sup>	1,184	2,401	2,545	2,501
Earnings Exemption Increase <sup>b</sup>	2,840	2,914	3,452	2,882
Employment Maintenance Benefit <sup>b</sup>	327	313	363	315
<b>Total</b>	<b>38,118</b>	<b>45,566</b>	<b>47,215</b>	<b>48,782</b>

<sup>a</sup>Formerly called Developmental Child Care in *The National Child Benefit Progress Report: 2003*.

<sup>b</sup>In *The National Child Benefit Progress Report: 2003*, these initiatives were shown as part of the Supports for Independence (SFI) program. Effective April 1, 2004, *Alberta Works – Income Support Program* replaced the SFI program.

**Note:** Totals may not add due to rounding.

**Table 34**
**Alberta: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments**

NCB Initiatives by Program Name	2002–2003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Child-Care Subsidy <sup>a</sup>	n/a	10,158	n/a	9,818	n/a	10,013	n/a	10,182
Quality Child Care <sup>a,b</sup>	n/a	21,496	n/a	21,600	n/a	7,747	n/a	10,622
Alberta Child Health Benefit	n/a	68,277	n/a	66,901	n/a	69,774	n/a	72,832
Alberta Adult Health Benefit	767	n/a	1,493	n/a	2,053	n/a	1,918	n/a
Protection of Children Involved in Prostitution <sup>a</sup>	n/a	86	n/a	78	n/a	100	n/a	106
Transitional Support for Youth Leaving Child Welfare <sup>a</sup>	n/a	1,852	n/a	1,673	n/a	231	n/a	484
Shelter Benefits <sup>c</sup>	11,386	22,646	13,399	27,797	11,437	22,710	11,200	22,392
School Allowance Benefit <sup>c</sup>	n/a	20,459	n/a	20,431	n/a	21,366	n/a	19,989
Earnings Exemption Increase <sup>c,d</sup>	2,752	n/a	2,824	n/a	3,345	n/a	2,744	n/a
Employment Maintenance Benefit <sup>c</sup>	2,694	n/a	2,588	n/a	2,996	n/a	2,613	n/a

<sup>a</sup>Numbers include families and children assisted from all provincial sources of funds.

<sup>b</sup>Formerly called Developmental Child Care in *The National Child Benefit Progress Report: 2003*.

<sup>c</sup>In *The National Child Benefit Progress Report: 2003*, these initiatives were shown under the Supports for Independence (SFI) program. Effective April 1, 2004, *Alberta Works – Income Support Program* replaced the SFI program.

<sup>d</sup>Monthly average.

**Note:** n/a indicates the data for this category is not available.

## British Columbia

British Columbia's NCB initiatives aim to prevent and reduce the depth of child poverty, to assist low-income families with the costs associated with raising children, and to encourage parents to join the workforce and to remain employed. The province's commitment to this type of initiative began before the NCB was established with the BC Family Bonus. This program was implemented two years before the NCB and served as one of the models for the national program.

As in previous years, British Columbia continues to adjust BC Family Bonus benefits with respect to increases in the NCB Supplement, such that families receive the same or increased benefits when combined with the NCB Supplement. The NCB Supplement has now almost fully replaced the BC Family Bonus for families in receipt of the NCB, but partial BC Family Bonus benefits continue to be paid to families with incomes above the NCB reduction thresholds. As part of the BC Family Bonus, British Columbia also adjusted the BC Earned Income Benefit by any increase in the NCB Supplement in excess of the current BC Family Bonus payment.

### British Columbia's reinvestments and investments include:

#### **BC Earned Income Benefit (BCEIB)–**

The BCEIB was introduced in July 1998 as an additional incentive for low-income families to seek work and remain employed. The BCEIB pays an additional monthly amount based upon the earned income that a family receives from working.

**BC Family Bonus (BCFB) Increase–**The BCFB is a tax-free monthly benefit paid

to low- and modest-income families with children. The program was implemented in 1996, two years prior to the implementation of the NCB. In 1998, the BCFB was combined with the Canada Child Tax Benefit into a single monthly payment for families with children. The BCEIB and the BCFB are tax-free monthly benefits that make it more attractive for those on income assistance to seek work and to remain employed.

The combined BCFB and NCB Supplement have increased steadily. For example, the maximum monthly benefit for a first child was \$103 in July 1998. As of July 2005, it had increased to \$145.50.

#### **Supported Child Development–**

This program helps facilitate the inclusion of children (aged 6–13 years) with special needs into child-care settings. Funds are directed to a child-care provider of the parent's choice to provide additional staff support and resources as needed.

#### **Before and After School Care–**

Prior to 2004, funding for before- and after-school care for children in kindergarden until they reach 12 years of age was provided through the Ministry of Employment and Income Assistance (MEIA). In June 2004, all child-care programs were centralized within the BC Ministry of Children and Family Development. Therefore, starting in 2003–2004, Before and After School Care was reported within Child-Care Subsidy and Child-Care Benefit Programs.

#### **Child-Care Subsidy (non-regulated)–**

In June 2004, all child-care programs were centralized within the BC Ministry of Children and Family Development. Under this subsidy, a monthly payment assists eligible BC low-income families (who are working, preparing for work or looking for work) with

the cost of child care and maintaining labour force attachment. The subsidy is available to parents who meet eligibility criteria to help cover the fee for eligible child care.

**Child-Care Programs (formerly called Child-Care Benefit Programs)–**

In June 2004, all child-care programs were centralized within the BC Ministry of Children and Family Development. Child Care Programs are all those day care initiatives funded for children aged 6 to 12 years that are not reported under the Early Childhood Development Agreement. They do not include childcare subsidy reported elsewhere.

**Healthy Kids Dental and Optical–**This program assists low- and moderate-income families with the costs of their children’s dental treatment and optical care. Healthy Kids removes one of the barriers to moving from income assistance to work by ensuring children have continued access to basic dental services and eyewear.

**Pharmacare Plan C–**Plan C provides prescription drug and designated medical supply coverage to BC residents under age 19 years who are receiving medical benefits and income assistance through MEIA. As of 2003–2004, Pharmacare Plan C was provided under alternate funding arrangements and is not reported as an ongoing NCB reinvestment.

**Autism Intervention –**This program, introduced in 2003–2004, provides families of children (aged 6 to 18 years) with autism spectrum disorder, with up to \$6,000 per year in direct funding to purchase autism intervention services for out-of-school hours. This funding is in addition to the educational

program and special education services provided through school boards.

**Foster Care 2000–**Foster Care 2000 provided for continuing improvements to training and support for foster parents.

**Family Support Programs–**These are community-based services intended to promote the well-being of families. The services are designed to increase the strength and stability of families, to increase parents’ confidence and competence in their parenting abilities, to give children a stable and supportive family environment, and to enhance child development. Core elements of family support programs include: home visiting; child development; parent training and education; and social, emotional and educational support for families. Since 2003–2004, some family support programs have been regionalized and combined with other community services.

**Aboriginal Strategy–**This funding is devoted to developing administrative and service structures for Aboriginal organizations and training of staff who will develop and deliver services for children and families.

**Community LINK–**Funding is provided to school boards to improve the educational performance, including academic achievement and social functioning, of vulnerable students. Supports funded by school districts include, for example, youth and family counsellors, inner-city school programs and school meals programs, etc.

**Youth Initiatives–**A continuum of services is provided through this program that targets youth-at-risk of family breakdown, and those youth living apart from family in high-risk situations. Key service

functions include youth-family mediation, outreach, youth support workers, safe housing, youth agreements and specialized youth services. Specialized youth services are developed to meet the specific needs of at-risk youth populations, such as young parents and Aboriginal people, sexually exploited and sexual minority youth.

#### **Youth Alcohol and Drug Strategy–**

This funding is devoted to youth detox beds, youth residential services beds, youth residential detox and treatment services beds, intensive day-treatment programming and family and youth counsellors, and strategies to address Fetal Alcohol Syndrome. Since 2004, the Youth Alcohol and Drug Strategy was provided under alternate funding arrangements and in 2004–2005 is not reported as an ongoing NCB reinvestment.

**Other Youth Programs–**Other Youth Programs cover a range of community-based services for youth. These include the Safe Streets and Safe Schools Grant

Program, which support schools and community strategies that enhance public safety and local crime prevention efforts; and the Community Capacity Building Project Fund which helps communities develop programs that address the issues of prostitution, particularly when they involve the sexual exploitation of children and youth. It also includes the Youth Against Violence Line, which provides youth a safe, confidential way to prevent and report incidents of youth violence or crime and seek help from local police; and the Child and Youth Guardian of Estate, which protects the legal and property rights of children and youth.

**Social Housing–**Housing assistance is provided to low-income families across British Columbia and is targeted to households in the greatest need. As new housing units reach completion, additional subsidy dollars are required to support these families.

**Table 35** British Columbia: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>				
BC Earned Income Benefit	69,700	65,000	61,900	48,700
BC Family Bonus Increase <sup>a</sup>	76,500	100,320	82,000	24,400
<b>Child/ Day Care</b>				
Supported Child Development <sup>b</sup>	2,100	12,780	13,642	15,014
Before and After School Care <sup>c</sup>	30,300	–	–	–
Child-Care Subsidy (non-regulated)	–	47,437	46,198	61,093
Child-Care Programs <sup>d</sup>	–	8,281	10,029	14,289
<b>Supplementary Health Benefits</b>				
Healthy Kids Dental and Optical	5,100	5,636	6,204	7,270
Pharmacare Plan C <sup>e</sup>	7,200	–	–	–
Autism Intervention	–	11,315	11,884	14,126
<b>Early Childhood/Children-at-Risk Services</b>				
Foster Care 2000	0	2,823	3,853	3,832
Family Support Programs <sup>e</sup>	24,500	12,714	12,937	13,020
Aboriginal Strategy	15,100	5,133	6,282	5,412
CommunityLINK <sup>f</sup>	8,400	36,037	42,141	45,377
<b>Youth Initiatives</b>				
Youth Initiatives	7,500	17,716	20,838	21,872
Youth Alcohol and Drug Strategy <sup>e</sup>	7,100	1,388	–	–
Other Youth Programs <sup>g</sup>	1,300	1,300	1,300	1,400
<b>Other NCB Programs, Benefits &amp; Services</b>				
Social Housing	43,000	51,900	50,100	52,000
<b>Total</b>	<b>297,800</b>	<b>379,780</b>	<b>369,308</b>	<b>327,805</b>

<sup>a</sup> Figures include the amount of NCB Supplements increases that have been passed through to BC Family Bonus recipients since 1998. As of 2004–2005, this amount starts to decline as a result of the full offset of the BC Family Bonus for most families with one child.

<sup>b</sup> Prior to 2003–2004, this program was called Supported Child Care.

<sup>c</sup> As of 2003–2004, this program is reported under Child Care Subsidy and Child-Care Programs, as a result of the centralization of all child-care programs within the BC Ministry of Children and Family Development.

<sup>d</sup> Formerly called Child-Care Benefit Programs.

<sup>e</sup> These programs have not been substantially reduced, nor discontinued after 2002–2003, but were provided in British Columbia under alternate funding arrangements.

<sup>f</sup> Prior to 2003–2004, Community LINK was called School-Based Programs.

<sup>g</sup> Includes programs previously reported as Safe Schools and Youth Safety Programs. Since 2002–2003, Other Youth Programs also includes the Youth Guardianship Program.

**Notes:** 1) All expenditures and estimates exclude the amounts reported under other federal/provincial agreements.  
2) Figures have been rounded.

**Table 36****British Columbia: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments**

NCB Initiatives by Program Name <sup>a</sup>	2002–003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
BC Earned Income Benefit	94,800	164,100	95,630	163,560	95,190	162,880	66,780	114,260
BC Family Bonus Increase <sup>b</sup>	194,000	368,637	203,700	348,390	151,560	259,320	45,110	77,180

<sup>a</sup>Programs with no available data are not listed.

<sup>b</sup>As of 2004–2005, the number of families and children benefiting from the BC Family Bonus Increase starts to decline as a result of the full offset of the BC Family Bonus for most families with one child.

## Yukon

Yukon's savings associated with the NCB Supplement have been invested in programs supporting healthy children, healthy families and healthy communities. These initiatives support the national goals of helping to reduce the depth of child poverty and encouraging parents to participate in the work force while ensuring they are better off working. Yukon's initiatives also support low-income families with the costs of raising children and recognize the long-term benefits of early childhood interventions.

Adjustments to Social Assistance benefits are made monthly by treating the actual amount of the NCB Supplement received as a separate category under income. This results in a deduction from Social Assistance benefits that is not subject to either the flat rate income exemption (\$150 per month per family) or the earned income exemption (25 percent of earned income). For non-taxfilers, the amount of the NCB Supplement is covered by Social Assistance, but the client must sign an "agreement to repay" which is collected when their NCB Supplement is issued for the portion that Social Assistance covered. This situation happens rarely.

### **Yukon's reinvestments and investments include:**

#### **Yukon Child Benefit (YCB) (Investment)–**

Yukon families in receipt of the Canada Child Tax Benefit (CCTB) and the NCB Supplement are automatically considered for the Yukon Child Benefit (YCB). The YCB is an investment that supplements the NCB Supplement and is based on the same objectives and principles. The benefit is tax-free and is not considered as income (i.e., not counted) when calculating social assistance

benefits. Effective July 2004, the YCB was increased to \$450 per year per child, and is available for families with net annual incomes below \$25,000 (turning point), at which point the tax-back rate applied is 2.5 percent for one-child families and 5 percent for families with two or more children. The Yukon Government negotiated a recovery from Indian and Northern Affairs Canada (INAC) for costs of the YCB associated with Status Indian children in the Yukon.

#### **Yukon Children's Drug/Optical Program (CDOP) (Reinvestment)–**

This program is designed to assist low-income families with the cost of prescription drugs and eye care for children up to 18 years of age. While families with incomes above \$23,500 per year pay a deductible, there is no deductible for families with incomes below \$23,500 per year. Families must reapply each fiscal year.

#### **Kids Recreation Fund (KRF) (Reinvestment)–**

The fund covers registration fees, equipment and supplies for sports, arts, cultural, recreational or social activities. It is available to families whose net income is under \$30,000 per year or who have other special family circumstances, including recent financial hardship, family illness, large family size or family crisis. Each application is assessed on the family's individual circumstances. Eligible families can apply for up to \$200 per child, per activity, to a maximum of \$300 per year. The KRF is a special fund administered by Sport Yukon and supported in part by the Government of Yukon through the NCB initiative.

#### **Healthy Families Yukon (Reinvestment)–**

The Government of Yukon in March 1999, implemented the early intervention program, Healthy Families Yukon, to improve the

long-term outcomes of Yukon children. The Healthy Families Yukon program is a culturally appropriate, intensive home-based family support service offered to expectant parents and parents of children under three months of age. The service is voluntary and is offered on a long-term basis, up to when the child is five years old. Weekly home visits are offered to the family in the first nine to twelve months, with criteria to increase/decrease the level of service as the child becomes older. The goals of Healthy Families Yukon are:

- to systematically assess the strengths and needs of new parents and assist them in accessing community services as needed;
- to enhance family functioning by:
  - building trusting, nurturing relationships,
  - teaching problem-solving,
  - improving the family’s support system;

- to promote positive parent-child relationships; and
- to promote healthy childhood growth and development.

**Food for Learning (Investment)**–The Yukon Food for Learning Society provides funds to assist schools in providing nutrition programs such as breakfast, lunch or snacks for students who do not have enough to eat. The Yukon Government provided a one-time reinvestment of \$30,000 in 1998–1999 to enhance the Food for Learning Project. The project is a special fund administered by a non-government organization and supported in part by the Government of Yukon through the NCB initiative.

**Table 37** Yukon: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>				
Yukon Child Benefit <sup>a</sup>	218	277	350	350
<b>Supplementary Health Benefits</b>				
Yukon Children’s Drug/Optical Program <sup>b</sup>	39	46	47	47
<b>Early Childhood/Children-at-Risk Services</b>				
Kids Recreation Fund	69	69	69	69
Healthy Families Yukon	873	1,062	1,069	1,069
Food for Learning	30	30	30	30
<b>Total</b>	<b>1,229</b>	<b>1,484</b>	<b>1,565</b>	<b>1,565</b>

<sup>a</sup>Not including funds recovered from Indian and Northern Affairs Canada.

<sup>b</sup>The figures were revised to include administrative fees associated with the Yukon Children’s Drug/Optical Program.

**Note:** Totals may not add due to rounding.

**Table 38****Yukon: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments**

<b>NCB Initiatives by Program Name<sup>a</sup></b>	<b>2002–2003</b>		<b>2003–2004</b>		<b>2004–2005</b>		<b>2005–2006</b>	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Yukon Child Benefit	1,003	1,799	971	1,722	1,060	2,000	1,000	2,000
Yukon Children’s Drug/Optical Program	180	195	189	200	220	220	195	210
Kids Recreation Fund <sup>b</sup>	225	740	224	464	221	290	307	481
Healthy Families Yukon	138	141	155	180	166	176	166	189

<sup>a</sup>Programs with no available data are not listed.

<sup>b</sup>The number of children benefiting from the Kid’s Recreation Fund reflects the actual numbers rather than numbers based on funding formula.

## Northwest Territories

The Government of the Northwest Territories' NCB initiatives have two main objectives: encouraging families to stay in the workforce, and providing programs that help ensure children from birth to five years of age, and their families, have access to programs and services that give them a strong, positive start in their early years that leads to self-sufficiency in the future.

As it matures and benefits increase, the NCB Supplement is playing a more significant role in helping low-income families support their children without having to turn to income assistance. Parents can be confident that the well-being of their children is secure when they leave income assistance for work. The NCB provides a stable income, which they can count on, while income assistance continues to be a responsive program that assists families that are in financial difficulty due to fluctuating incomes.

The Northwest Territories offsets the NCB Supplement as income from income assistance payments and reinvests the funds in the Northwest Territories Child Benefit (NWTCB) and the Healthy Children Initiative. In order to reduce duplication and streamline efficiency, the Canada Revenue Agency delivers the NWTCB for the Northwest Territories as an integrated payment with the CCTB and the NCB Supplement.

### Northwest Territories reinvestments and investments include:

#### Northwest Territories Child Benefit

**(NWTCB)**—This cash benefit provides a maximum of \$330 annually per child for

families with income of \$20,921 or less in the previous year.

**Territorial Workers' Supplement**—This program provides families who have earned between \$3,750 and \$10,000 in working income for the previous year with annual benefits up to \$275 for the first child and up to \$75 for the second child.

#### Healthy Children Initiative (HCI)

While the 1998–1999 reinvestment and the Government of the Northwest Territories (GNWT) investment continues to fund the NWTCB, subsequent increases have been directed to the HCI, which has been in place in the Northwest Territories since 1997. The program is recognized as playing a major role in communities by providing programs for children six years of age and under and their families. Funding is provided to community groups to plan and deliver programs that promote and enable families and communities to make healthy choices. The development of family skills and knowledge supports children so that they can reach their full potential.

The effect of these benefits and the positive economy is apparent in the significant reduction in NWTCB expenditures. Expenditures on the NWTCB have fallen over time by approximately 20 percent, from \$2.0 million in 1999–2000 to \$1.6 million in 2005–2006. It is evident that Northwest Territories residents continue to access training and jobs available in the mining, oil and gas and service sectors, in order to provide better lives for their families.

**Table 39** Northwest Territories: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>				
NWT Child Benefit/Territorial Workers' Supplement	1,560	1,509	1,500	1,644
<b>Early Childhood/Children-at-Risk Services</b>				
Healthy Children Initiative <sup>a</sup>	419	419	419	419
<b>Total</b>	<b>1,979</b>	<b>1,928</b>	<b>1,919</b>	<b>2,063</b>

<sup>a</sup>Figures include funding from another budget that provides children in the Northwest Territories with programs such as snacks, Aboriginal language and on-the-land camps.

**Note:** Totals may not add due to rounding.

**Table 40** Northwest Territories: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments

NCB Initiatives by Program Name <sup>a</sup>	2002–2003		2003–2004		2004–2005		2005–2006	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
NWT Child Benefit	2,300	4,500	2,200	4,300	2,000	4,100	n/a	n/a

<sup>a</sup>Programs with no available data are not listed.

**Note:** Estimates for 2005–2006 are not available.

## Nunavut

The Government of Nunavut, through its Pinasuaqtavut mandate, continues to work to improve the health, prosperity and self-reliance of Nunavummiut. The goals of the NCB correspond to the Inuit principle of Pijitsirniq (providing for families and the community) by helping to prevent and reduce the depth of child poverty and by assisting low-income families with the costs associated with raising children. The NCB also provides an incentive for parents to (re)join the workforce, consistent with the government's interest in encouraging economic self-reliance.

The Government of Nunavut offsets the NCB Supplement as income from income support payments and reinvests the funds in the Nunavut Child Benefit (NUCB) and the Territorial Workers' Supplement (TWS).

### Nunavut's reinvestments and investments include:

**Nunavut Child Benefit (NUCB)**—This is the primary reinvestment program used by the Government of Nunavut for funds

derived from the recovery of social assistance payments. To reduce duplication and streamline efficiency, the Canada Revenue Agency delivers the Nunavut Child Benefit as an integrated payment with the CCTB and the NCB Supplement. The NUCB is a cash benefit paid to all families with a net income of \$20,921 or less in the previous year. These families receive \$330 for each eligible child under the age of 18 living at home.

### Territorial Workers' Supplement (TWS)

—This is an additional benefit for working families with children under the age of 18 living at home. Nunavut uses recovered funds to provide the Territorial Workers' Supplement for working parents, and Canada Revenue Agency delivers this benefit as an integrated payment with the CCTB and the NCB Supplement. Eligible participants may receive up to \$275 per year for the first child and \$75 for the second. To qualify, the family must have earned an income of at least \$3,750 in the previous year.

**Table 41** Nunavut: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>				
Nunavut Child Benefit/Territorial Workers' Supplement	2,746	2,750	2,775	2,679
<b>Total</b>	<b>2,746</b>	<b>2,750</b>	<b>2,775</b>	<b>2,679</b>

**Table 42****Nunavut: Estimated Number of Families and Children Benefiting under NCB Reinvestments and Investments**

<b>NCB Initiatives by Program Name</b>	<b>2002–2003</b>		<b>2003–2004</b>		<b>2004–2005</b>		<b>2005–2006</b>	
	Families #	Children #	Families #	Children #	Families #	Children #	Families #	Children #
Nunavut Child Benefit/ Territorial Workers' Supplement	2,828	6,420	2,800	6,400	2,810	6,414	2,717	6,188

## First Nations

First Nations have implemented a wide range of programs to address social, health and related issues in First Nation communities. The First Nations' NCB reinvestment component is a key element in the shared effort of about 435 First Nations and the Government of Canada to improve social programs for First Nation low-income families and children.

Following the approach of their provincial or territorial counterpart, First Nations adopt similar measures of adjusting income support to families with children on social assistance without reducing the overall disposable income of these families. This adjustment to social assistance results in savings which First Nations then reinvests in programs and services that will help reduce the depth of child poverty. When a province or territory supplements federal payments with additional funding, INAC commits to reimburse the portion paid to low-income families on reserve including families on income assistance. For example, INAC reimburses Saskatchewan and Yukon for integrated child benefits payments to low-income families with children who ordinarily reside in First Nations communities.

An important feature of the NCB reinvestment funding mechanism is that it gives First Nations the flexibility to prioritize reinvestments according to their own unique needs and cultural values. In each region, the projects implemented by First Nations closely follow off-reserve models, but they tend to cover a wider range of program areas than those of the provinces and territories.

In some cases, reinvestment funds available to smaller communities are

modest, but First Nations have increased their impact by linking them with other resources, such as day-care funding, general band revenue, employment-creation funding, or with funding from other agencies such as Head Start, Brighter Futures, Canada Manpower, and Training Employment Skills Initiative.

### Reinvestments are categorized under five activity areas:

**Child Care**—These programs enhance day-care facilities to enable more low-income families to access spaces for their children. Emphasis may be placed on accommodating children of parents who are working or in training projects. Funds are also used to reduce the share of child-care costs that parents who are working or in training must pay for the care of their children in day-care facilities (although no direct subsidies may be given to parents).

**Child Nutrition**—These programs are intended to improve the health and well-being of children by providing breakfast, lunch, or snacks in school, by educating parents about the nutritional needs of children and meal preparation, or by delivering food hampers to homes of low-income families.

**Support to Parents (formerly called Early Childhood Development)**—These programs are designed to equip and support parents by giving their children a sound start in life. Projects may include drop-in centres for parents or training in parenting skills.

**Home-to-Work Transition (formerly called Employment Opportunities/ Training)**—These programs are directed at improving the prospects of employment

for parents and youth. These include employment and skills development, and summer work projects for youth.

**Cultural Enrichment (formerly called Community Enrichment)**—Included in this category are projects such as the teaching of traditional culture (e.g., language, art,

music, storytelling), support projects for youth, celebrations, peer support groups, family and community supports such as life skills, financial management training, and other group activities that bring together community elders, children, and youth.

**Table 43** First Nations: NCB Reinvestments and Investments

Activity Area <sup>a</sup>	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates <sup>b</sup> (\$000)
Child Care	984	866	2,323.4	n/a
Child Nutrition	7,042	5,111	12,459.1	n/a
Support to Parents <sup>c</sup>	947	1,750	4,994.8	n/a
Home-to-Work Transition <sup>d</sup>	7,900	8,886	17,508.7	n/a
Cultural Enrichment <sup>e</sup>	17,775	12,491	15,462.1	n/a
<b>Sub-total</b>	<b>34,648</b>	<b>29,104</b>	<b>52,748</b>	<b>51,561</b>
Additional Expenditures by First Nations with Multi-Year Agreements and Comprehensive Funding Agreements <sup>f</sup>	18,901	22,659	0	0
Additional Investment Envelope <sup>g</sup>	2,439	1,414	2,379	960
<b>Total</b>	<b>55,988</b>	<b>53,177</b>	<b>55,127</b>	<b>52,521</b>

<sup>a</sup>Expenditures and estimates by activity area may vary because First Nations and bands under multi-year agreements only report their reinvestment activities to INAC at the end of the calendar year. As a result, INAC is not able to provide estimates on reinvestment activities prior to year end.

<sup>b</sup>A breakdown of 2005–2006 estimates is not available.

<sup>c</sup>Formerly called Early Childhood Development.

<sup>d</sup>Formerly called Employment Opportunities/Training.

<sup>e</sup>Formerly called Community Enrichment.

<sup>f</sup>As of 2004–2005, these estimates are reported under the activity areas.

<sup>g</sup>The additional investment envelope includes funding to reimburse Saskatchewan and the Yukon for the portion of provincial/territorial children's benefits paid on reserve.

**Notes:** 1) n/a indicates the data is not available.

2) Totals may not add due to rounding.

3) Indian and Northern Affairs Canada does not fund social assistance in the Northwest Territories and Nunavut. Reinvestments in these areas are not included in this table.

**Table 44****First Nations: Estimated Number of Families and Children on Reserve by Region, Benefiting from NCB Reinvestments**

Region	2002–2003		2003–2004		2004–2005	
	Families #	Children #	Families #	Children #	Families #	Children #
Atlantic <sup>a</sup>	574	681	431	776	1,281	2,608
Quebec	3,945	8,720	2,971	5,984	4,994	10,583
Ontario	7,958	16,240	2,945	7,768	22,960	52,429
Manitoba <sup>b</sup>	6,752	14,301	2,936	7,016	–	–
Saskatchewan	7,404	18,803	33,363	76,474	85,533	209,520
Alberta	5,998	15,054	9,798	21,460	11,910	23,826
British Columbia	25,238	43,409	40,693	74,586	32,722	59,088
Yukon	98	526	479	366	363	1,266

<sup>a</sup>The number of participants in the Atlantic region only includes First Nations in Nova Scotia and Prince Edward Island.

<sup>b</sup>Effective January 2004, Manitoba fully discontinued the practice of recovering the NCB Supplement from families receiving income assistance, including First Nations families. As a result of flowing through the NCB Supplement to families, funds are no longer being recovered for reinvestment and no families or children benefit from reinvestment.

- Notes:**
- 1) Estimates for 2005–2006 are not available.
  - 2) Indian and Northern Affairs Canada does not fund social assistance in the Northwest Territories and Nunavut.
  - 3) Figures may vary because some bands funded under multi-year agreements and self-government arrangements may not have reported.
  - 4) Numbers include duplicates when a family or child receives from more than one service in the community.

## Citizenship and Immigration Canada

Citizenship and Immigration Canada (CIC) is committed to the objectives of the NCB initiative. CIC continues to aid government-assisted refugees by reinvesting income support adjustments into benefits for refugee families and their children.

CIC administers the NCB through its local and regional offices following provincial/territorial social assistance guidelines which helps to maintain a national standard for clients. The funds available as a result of the income support adjustments are reinvested into benefits for refugee families with children.

The Resettlement Assistance Program (RAP) provides newly arrived government-assisted refugees with income support and a range of immediate and essential services. Income support is provided for up to 12 months or until the client has become self-sufficient, whichever comes first, with a

maximum of 24 months coverage for certain special needs refugees and up to 36 months for minors without a legal guardian. Clients who are not self-sufficient at the end of the period of RAP support are entitled to provincial/territorial social assistance.

### CIC's reinvestments and investments include:

**Newborn Allowance**—This supplement assists government-assisted refugee families with the costs of caring for a newborn.

**Children under 6 Years Allowance**—This benefit recognizes the additional costs associated with raising young children.

**School Start-Up Allowance**—This supplement assists government-assisted refugee families with the costs of equipping young children for elementary school.

**NCB Transportation Allowance**—This supplement assists government-assisted refugee families with their transportation costs.

**Table 45** Citizenship and Immigration Canada: NCB Reinvestments and Investments

	2002–2003	2003–2004	2004–2005	2005–2006
	Expenditures (\$000)	Expenditures (\$000)	Estimates (\$000)	Estimates (\$000)
<b>Child Benefits &amp; Earned Income Supplements</b>				
Newborn Allowance, Children under 6 Allowance, School Start-up Allowance	400	681	799	767
<b>Other NCB Programs, Benefits &amp; Services</b>				
NCB Transportation Allowance	1,492	1,174	1,793	1,716
<b>Total</b>	<b>1,892</b>	<b>1,855</b>	<b>2,592</b>	<b>2,483</b>

**Note:** Totals may not add due to rounding.



# Results of the *Survey of Labour and Income Dynamics (SLID) Analysis*



Table 46

Change in Incidence of Low Income Among Families by Family Type due to the NCB: January 2003 to December 2003

SLID 2003	One-Parent Families	Two-Parent Families	All Families <sup>a</sup>
<b>Post-Tax LICO<sup>b</sup></b>			
Decline in Number of Children Living in Low Income	59,700	99,100	159,000
Decline in Number of Families Living in Low Income	25,000	35,200	60,500
Percentage Change in Number of Families Living in Low Income	-9.9%	-15.3%	-12.4%
Decline in Incidence of Low Income Among Families with Children <sup>c</sup>	-3.5%	-1.2%	-1.6%
<b>Post-Tax LIM<sup>b</sup></b>			
Decline in Number of Children Living in Low Income	26,200	65,800	92,100
Decline in Number of Families Living in Low Income	10,500	24,300	35,000
Percentage Change in Number of Families Living in Low Income	-4.0%	-10.3%	-6.9%
Decline in Incidence of Low Income Among Families with Children <sup>c</sup>	-1.5%	-0.8%	-0.9%
<b>MBM<sup>b</sup></b>			
Decline in Number of Children Living in Low Income	48,800	94,900	145,300
Decline in Number of Families Living in Low Income	23,400	35,000	58,300
Percentage Change in Number of Families Living in Low Income	-8.1%	-12.2%	-10.1%
Decline in Incidence of Low Income Among Families with Children <sup>c</sup>	-3.2%	-1.1%	-1.5%

<sup>a</sup>The "All Families" group includes one-parent, two-parent and other family types (e.g., children in foster care). As children in other families do not fall in the category of one or two-parent families, the total in "All Families" does not equal the sum.

<sup>b</sup>The direct impact of the NCB on the incidence of low income and disposable income is dependent on the measure of low income used in the simulation analysis. This Appendix uses three different measures of low income: post-tax LICOs, post-tax LIMs and the MBM. As these three measures are calculated with differing methodologies, it may be difficult to directly compare simulation results from each measure.

<sup>c</sup>Decline in incidence of low income is expressed in percentage points.

**Source:** Based on Statistics Canada Special Tabulations from the Survey of Labour and Income Dynamics (SLID) 2003.

**Table 47****Changes in Disposable Incomes due to the NCB Among Families with Children by Family Type: January 2003 to December 2003**

SLID 2003	One-Parent Families	Two-Parent Families	All Families
<b>Post-Tax LICOs</b>			
<b>Were Prevented from Living in Low Income in 2003</b>			
Increase in Disposable Income due to NCB	\$2,100	\$3,000	\$2,600
Percentage Increase in Income	9.0%	10.2%	9.7%
<b>Remained Living in Low Income in 2003</b>			
Increase in Disposable Income due to NCB	\$1,000	\$1,500	\$1,200
Percentage Increase in Income	6.8%	7.5%	7.1%
<b>Other Families with Children who Received NCB Supplement in 2003</b>			
Increase in Disposable Income due to NCB	\$1,000	\$1,000	\$1,000
Percentage Increase in Income	2.9%	2.4%	2.6%
<b>Post-Tax LIM</b>			
<b>Were Prevented from Living in Low Income in 2003</b>			
Increase in Disposable Income due to NCB	\$2,600	\$2,400	\$2,500
Percentage Increase in Income	10.8%	8.2%	8.9%
<b>Remained Living in Low Income in 2003</b>			
Increase in Disposable Income due to NCB	\$1,100	\$1,600	\$1,300
Percentage Increase in Income	6.9%	7.8%	7.4%
<b>Other Families with Children who Received NCB Supplement in 2003</b>			
Increase in Disposable Income due to NCB	\$1,000	\$1,000	\$1,000
Percentage Increase in Income	2.8%	2.5%	2.6%
<b>MBM</b>			
<b>Were Prevented from Living in Low Income in 2003</b>			
Increase in Disposable Income due to NCB	\$2,100	\$2,800	\$2,500
Percentage Increase in Income	9.9%	9.5%	9.6%
<b>Remained Living in Low Income in 2003</b>			
Increase in Disposable Income due to NCB	\$1,100	\$1,600	\$1,300
Percentage Increase in Income	7.4%	8.0%	7.7%
<b>Other Families with Children who Received NCB Supplement in 2003</b>			
Increase in Disposable Income due to NCB	\$1,000	\$800	\$900
Percentage Increase in Income	2.9%	2.1%	2.5%
<b>Source:</b> Based on Statistics Canada Special Tabulations from the Survey of Labour and Income Dynamics (SLID) 2003.			

**Table 48****Change in Incidence of Low Income Among Families by Family Type due to the NCB: January 2003 to December 2003**

SLID 2003	One-Parent Families	Two-Parent Families	All Families
<b>Post-Tax LICOs</b>			
Decline in Low Income Gap (\$ millions)	\$250	\$350	\$610
Percentage Change in the Low Income Gap	-14.9%	-17.3%	-16.1%
<b>Post-Tax LIM</b>			
Decline in Low Income Gap (\$ millions)	\$280	\$370	\$650
Percentage Change in the Low Income Gap	-14.5%	-17.2%	-15.8%
<b>MBM</b>			
Decline in Low Income Gap (\$ millions)	\$310	\$450	\$760
Percentage Change in the Low Income Gap	-15.3%	-17.8%	-16.6%

**Source:** Based on Statistics Canada Special Tabulations from the Survey of Labour and Income Dynamics (SLID) 2003.



# Additional Statistical Information



**T**hese additional statistical tables supplement the information contained in this report. They provide information on low income and labour market participation trends and are on the NCB website at: [www.nationalchildbenefit.ca](http://www.nationalchildbenefit.ca).

### Table 1a

Post-tax LICOs—Income thresholds, by family size and community size, 2003

### Table 1b

Pre-tax LICOs—Income thresholds, by family size and community size, 2003

### Table 1c

Post-tax LIM—Income thresholds, by family size and composition, 2003

### Table 2

LICOs & LIM—Number and percentage of families with children under 18 below the low-income thresholds, by family type, Canada 1984 to 2003

### Table 2a

LICOs & LIM—Number and percentage of children under 18 below the low-income thresholds, by family type, Canada 1984 to 2003

### Table 3a

Post-tax LICOs—Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 2003

### Table 3b

Pre-tax LICOs—Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 2003

### Table 3c

Post-tax LIM—Percentage by which family income is below or above the low-income thresholds, by family type, Canada 1984 to 2003

### Table 4

LICOs & LIM—Average market income of low-income families with children under 18 as a percentage of the low-income thresholds, by family type, Canada, 1984 to 2003

### Table 5

LICOs & LIM—Percentage of low-income families with children under 18 employed for pay during the year, by family type, Canada, 1984 to 2003

### Table 6

Estimated number of families with children under 18 receiving social assistance, by family type, Canada, March of each year, 1987 to 2004

### Table 7

Federal expenditures on CCTB benefits (the NCB Supplement and the CCTB base benefit) for NCB Supplement recipients, by province/territory, July 2004 to June 2005

### Table 8

Federal expenditures on CCTB benefits (the NCB Supplement and the CCTB base benefit) for CCTB base benefit recipients, by province/territory, July 2004 to June 2005

