

# Pre-Budget Submission, House of Commons Standing Committee on Finance

CANADA CHILD BENEFIT END CHILD POVERTY SUPPLEMENT  
PREPARED BY: LEILA SARANGI, NATIONAL DIRECTOR, ON BEHALF OF  
CAMPAIGN 2000

## Summary Recommendations

1. Introduce a new supplement to the Canada Child Benefit (CCB), targeted to families in low income. The proposed End Child Poverty Supplement (ECPS) would provide up to \$8,500 for the first child in families earning under \$19,000, with scaled reductions for each additional child regardless of age.
2. Broaden access to the CCB for families with precarious status by repealing section 122.6(e) of the Income Tax Act tying eligibility to immigration status. These families are considered residents under the Income Tax Act and pay into the tax system.
3. Enable different government agencies and departments to share information required for caregivers to access benefits for children, such as birth certificates. Expand the circle of people able to attest to residency to include charities so that low income families with children too young for school can meet the requirements to access federal benefits and ensure that kinship, customary care and families caring for children outside a formal care arrangement have access to the CCB.

## Overview

The Canada Child Benefit is a powerful tool that protected more than 580,000 children from falling into poverty in 2023.<sup>1</sup> However, the poverty reduction effect of the CCB has weakened since its implementation, with 2023 posting the lowest poverty reduction protection since the first full year of implementation in 2017, leaving nearly 1.4 million children living in poverty.

Implementing a new benefit that targets children in low income families using the mechanism of the Canada Child Benefit would be the most efficient way to stem the rising tide of child poverty and food insecurity. The federal government has the tax filing and eligibility information for families, the administrative mechanism to deliver the new ECPS already exists via the CCB, and this new benefit could be delivered very quickly, as was the case with the pandemic-era CCB Young Child Supplement (CCBYCS). Using the model recommended here, child poverty would be cut in half immediately, primarily lifting up children from marginalized groups who face disproportionately higher rates of poverty.

## Background

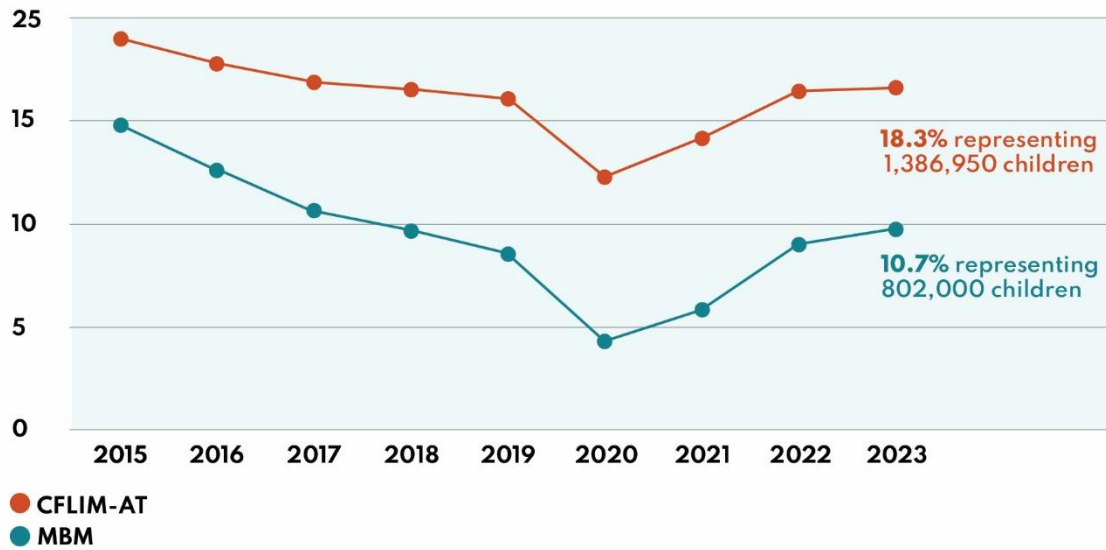
Twenty-five years after Canada's goal to eliminate child poverty by the year 2000, progress is not only stalling but also reversing. Drawing on the most recent publicly available data, the annual 2025 Child and Family Poverty Report Card found **that poverty rose for the third consecutive year**, with nearly 30,000 additional children falling into poverty. Rates are now approaching levels last seen in 2017, signalling an erosion of the gains made after the introduction of the Canada Child Benefit in 2016:

- According to Canada's official poverty measure, the Market Basket Measure (MBM), child poverty more than doubled since 2020 to 10.7% (802,000 children).
- Using the broader Census Family Low Income Measure, After Tax (CFLIM-AT) calculated with taxfiler data, 18.3% of children, nearly 1.4 million, lived in poverty.
- 2.5 million children in the provinces lived in food-insecure households. The number of children in severely food-insecure households doubled between 2019 and 2023.

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<sup>1</sup> This submission is a summary of the findings in Campaign 2000, 'Investing in Tomorrow: A Future Without Poverty'. 2025. Access the full report: <https://campaign2000.ca/wp-content/uploads/2026/02/2025-Report-Card-on-Child-and-Family-Poverty.pdf>

Number and percent of children in poverty, MBM and CFLIM-AT, Canada, under 18, 2015 to 2023



Source: CFLIM-AT data: Statistics Canada. Table 11-10-0018-01 After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition.

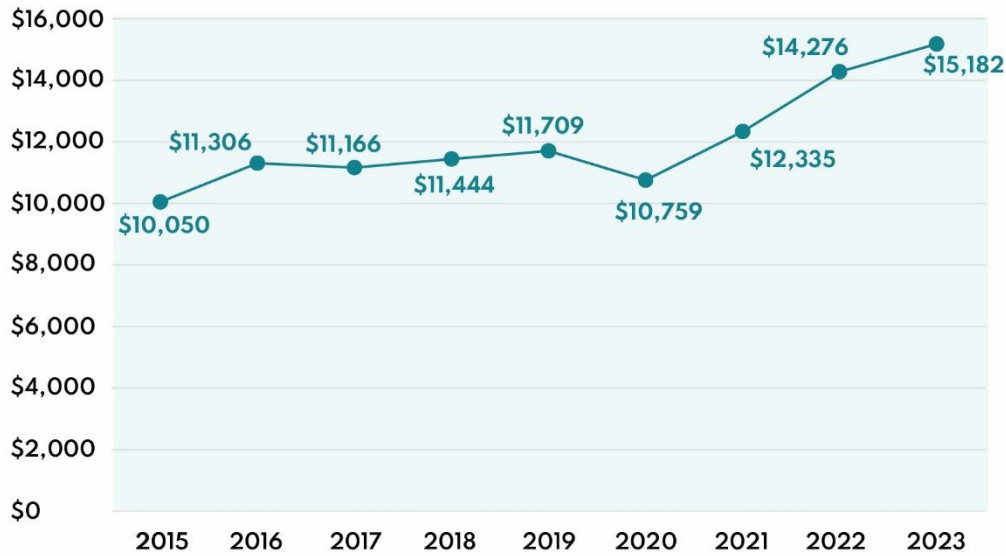
MBM data: Statistics Canada. Table 11-10-0093-01 Poverty and low-income statistics by selected demographic characteristics.

Poverty disproportionately affects children and families from communities who face historical and ongoing systemic marginalization, discrimination and colonization within our systems. For example:

- Nearly 1 in 5 children under six live in poverty.
- 45.2% of children in lone-parent families live in poverty, compared to 10.1% of children in couple families.
- Poverty rates were highest in Nunavut, followed by Saskatchewan and Manitoba.
- More than half of children living on reserve were in poverty in 2023.
- Rates are disproportionately high for racialized children (14.8%) and children newly arrived in Canada (21.8%).

As more children fall into poverty, they are falling into deeper poverty. That means family incomes are further away from the low income threshold. This depth, or gap, has been growing since 2015 with a significant increase seen since 2020. On average, family incomes are falling nearly \$15,200 below the low income threshold.

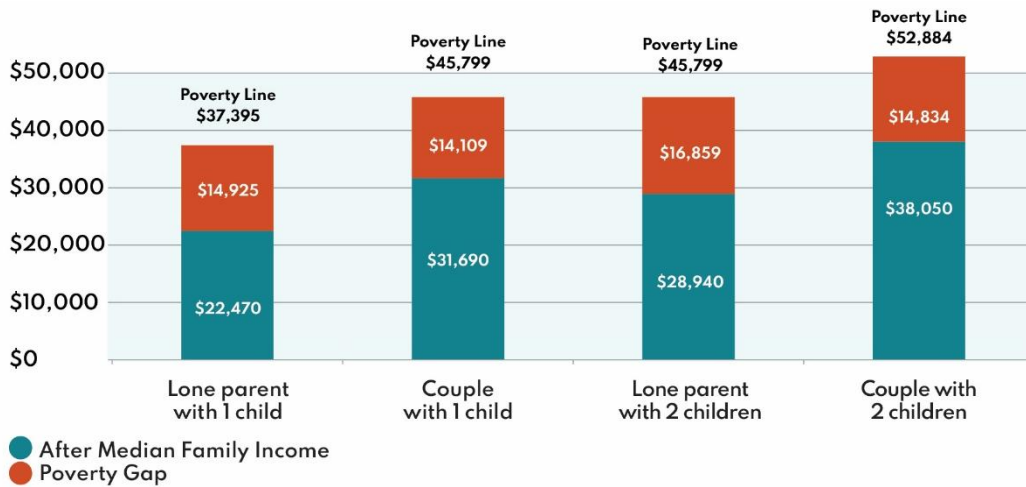
*Average depth of poverty for all family types, Canada, 2015 to 2023*



Source: Statistics Canada. (2025). T1 Family File. Table 11-10-0020-01 After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition.

Lone parents, the majority of whom are led by lone mothers, with two children had the largest poverty gap, of almost \$17,000 an amount that could be closed with an additional 1,013 hours of minimum wage work, assuming no payroll deductions.










*Depth of poverty by family type, Canada, 2023*



Source: Statistics Canada. (2025). T1 Family File. Table: 11-10-0020-01 After-tax low income status of census families based on Census Family Low Income Measure (CFLIM-AT), by family type and family composition.

As incomes erode and poverty deepens, inequality is widening. Incomes and wealth are growing for those at the top. The after-tax average income for families with children in the top 10% of families (\$287,000) was 19 times higher than the average income of those in the bottom 10 percent (\$14,916) and their share equalled the bottom 50% of families combined.

Share of income for census families with children under 18 across all deciles, Canada, 2023

Decile	Share of income	
1st decile	1.3	
2nd decile	3.9	
3rd decile	5.4	
4th decile	6.8	
5th decile	8.2	
6th decile	9.6	
7th decile	11.1	
8th decile	13.0	
9th decile	15.5	
10th decile	25.2	

Source: Statistics Canada. (2025). Centre of Income and Socioeconomics Well-Being Statistics, Annual Income Estimates for Census Families and Individuals (T1 Family File), Custom Tabulation.

The rise of rates and depth of poverty is a significant concern as the cost of living continues to put pressures on families to meet their basic and daily needs.

Although higher costs affect everyone, individuals and families in low income spend a much greater share of their income on basic needs. Extensive research shows that childhood poverty negatively affects physical health, cognitive development, educational outcomes, mental health and socio-emotional wellbeing. It often leads to consequences such as limited adult employment, lower earning potential and the continuation of poverty across generations.

**Securing children by strengthening income security**

Government transfers are a foundational component of Canada’s poverty-reduction architecture. They play a critical role in reducing income insecurity, rapidly lowering poverty rates and narrowing inequality by raising the minimum income floor. Yet, Canada’s current income security system remains inadequate.

Work is not a guaranteed pathway out of poverty. Market income comprises of employment income and includes income generated from investments and pensions. Nearly one-third of children would have lived in poverty based on market income alone (31.5% for children under 6 and 29.6% for children under 18).

The Canada Child Benefit (CCB) remains one of Canada’s most powerful poverty reduction tools. As a quasi-universal benefit, it reaches most families across the country. In 2023, the CCB reduced poverty among children under 18 by 7.7 percentage points, protecting 581,080 children from falling

into poverty. Without the CCB, child poverty rates would have reached 27.1% for children under 6 and 26% for children under 18.

Although these effects are substantial, **the CCB’s effectiveness has weakened over time, with the 2023 reduction representing the smallest impact since the benefit was introduced.** In 2023, the maximum annual CCB amounts were \$7,437 per child under age 6 and \$6,275 per child aged 6 to 17. The CCB has been indexed to inflation since July 2018, increasing benefit amounts and income thresholds each year to help families keep pace with rising living costs. However, these adjustments have not been sufficient to maintain the benefit’s original poverty-reduction power, particularly for families living in deep poverty where the gap between benefit adequacy and poverty thresholds has continued to widen.

In 2017, the first full year of implementation, the CCB lifted 684,340 children out of poverty, reducing the child poverty rate by 9.3 percentage points. The benefit’s impact peaked in 2019, when a 9.3-point reduction lifted approximately 692,060 children above the low-income threshold. Beginning in 2020, its effect began to diminish. The increase in 2021 was likely driven by the temporary CCB Young Child Supplement (CCBYCS), which provided quarterly tax-free payments to families with children under the age of 6 to help pay for expenses during the pandemic, rather than expansions to the core benefit itself.

*Effect of the Canada Child Benefit on number and rate of children in low income, Canada, under 18, 2017 to 2023*

Year	Child poverty rate, under 18, without the Canada Child Benefit	Child poverty rate, under 18, with the Canada Child Benefit	Percentage point difference	Number of children in poverty, without the Canada Child Benefit	Number of children in poverty, with the Canada Child Benefit	Difference
2017	27.9	18.6	-9.3	2,041,320	1,356,980	-684,340
2018	27.4	18.2	-9.2	2,019,060	1,337,570	-681,490
2019	27.0	17.7	-9.3	2,005,460	1,313,400	-692,060
2020	21.4	13.5	-7.9	1,588,670	999,110	-589,560
2021	24.8	15.6	-9.2	1,842,910	1,162,460	-680,450
2022	25.9	18.1	-7.8	1,946,690	1,357,630	-589,060
2023	26.0	18.3	-7.7	1,968,030	1,386,950	-581,080

Sources: Statistics Canada. (2025). T1 Family File. Table 11-10-0018-01 After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition.

Statistics Canada. (2025). Centre of Income and Socioeconomic Well-Being Statistics, Annual Income Estimates for Census Families and Individuals (T1 Family File), Custom Tabulation.

## Recommendations

### **Introduce the new End Child Poverty Supplement targeted to families with low income**

Campaign 2000 recommends introducing a new supplement to the Canada Child Benefit (CCB), targeted to families in low income as modelled in the Canadian Centre for Policy Alternative's forthcoming *Alternative Federal Budget 2026.5*. The proposed End Child Poverty Supplement (ECPS) would provide up to \$8,500 for the first child in families earning under \$19,000, with scaled reductions for each additional child regardless of age.

For example, in 2026, the maximum CCB payment for an eligible child under six is \$7,997. Adding the proposed \$8,500 ECPS supplement would bring the total benefit payment to \$16,497 for the tax year, significantly increasing financial stability, particularly for lone parents and children with disabilities.

### **Broadening eligibility for the CCB for marginalized families**

The CCB must be accessible to all children and their families residing in Canada. Currently, children of parents with precarious immigration status are not eligible for the CCB as per section 122.6(e) of the Income Tax Act that arbitrarily ties eligibility to immigration status. These families are considered residents for income tax purposes, file and pay their annual personal income tax. They may have children who were born in Canada and have citizenship status. Tying eligibility to residency under the Immigration Act unfairly denies children and families these income entitlements.

Children living in kinship care, customary care and informal foster care face barriers to proving they meet eligibility requirements, including limitations to who can attest to residency and access to the required documentation. This includes children residing with grandparents or close family members, often temporarily and outside formal arrangements. Ensuring access to the CCB for children outside of formal care arrangements and to families with precarious immigration status is critical for the benefit to reach some of those who need it most.

## Conclusion

The Canada Child Benefit remains one of the most effective poverty-reduction tools in the country, shielding nearly 600,000 children from poverty in 2023. Yet its current design still leaves 1.4 million children facing the daily realities of inadequate income, food insecurity, unstable housing, and limited opportunity. Strengthening the CCB through a targeted End Child Poverty Supplement is a pragmatic, evidence-based step that would immediately lift families with the lowest incomes, reduce deep poverty, and advance Canada's commitment to ensuring every child has the resources they need to thrive. With modest adjustments to the benefit's phase-out for higher-income households, this reform is both fiscally responsible and socially urgent. Investing in children is not only the right thing to do, but also one of the smartest investments Canada can make in its future.

*Campaign 2000: End Child and Family Poverty is a diverse pan-Canadian coalition of over 120 organizations working to end child and family poverty. We are generously hosted by Family Service Toronto, a multi-service organization serving the Toronto area.*