



Canadian Federation of University Women ONTARIO COUNCIL

END THE CLAWBACK OF THE NATIONAL CHILD BENEFIT SUPPLEMENT

What is the National Child Benefit Supplement?

In 1998 the Federal Government introduced the **Canada Child Tax Benefit**. The CCTB has two parts:

- a **basic benefit**, which 80% of Canadian families receive and
- an **additional benefit** called the **National Child Benefit Supplement (NCBS)**, which **only some** families receive.

The NCBS was created to reduce the depth of child poverty among low-income families across Canada, so the amount of the NCBS varies with income levels. A parent with one child who makes **\$21,000 or less** a year receives the **full** NCBS, which in 2005-2006 amounted to an additional \$1722.

How is the NCB Supplement Clawed-Back?

The NCBS claw back resulted from the terms of the 1997 CCTB agreement, which permitted provincial governments to **deduct some or all of the NCBS money** from families on **social assistance**.

What Happens to the Clawed-Back Funds?

Of the approximately **250 million dollars** in clawed-back funds, 80% is invested in provincial programs such as the Ontario Child Care Supplement for Working Families.

The remaining 20% of the NCBS clawback is distributed to municipalities to fund a broad range of local programs. Many programs serve a larger community than those on social assistance.

The McGuinty Government's Position on the Clawback?

Prior to the 2003 provincial election, Premier McGuinty stated his commitment to end the NCBS clawback.

But as of the 2006 Budget:

- The NCB Supplement is still being clawed-back
- OW and ODSP recipients receive only the increases, since 2004, about \$10/week per child over the age of 6.
- On average \$1500.00/yr. per child over 6 years of age is still being clawed-back

How the Clawback Affects Families on OW and ODSP?

The affect on families on social assistance - the poorest families in our communities – cannot be understated. An unemployed parent with one child, receives Ontario Works benefits amounting to just **\$1052 a month**. How difficult it must be for this parent to provide for the child when the average rent for an apartment in Ontario is **almost \$900!**

The clawed-back benefit of over \$1500 per child per year represents a lot of money for families living well below the poverty line and trying to provide food, shelter and clothing for their children.

BACKGROUND:

The 2006 Ontario Council Resolution, **Income Equality for Ontario's Children**, recommends that the Ontario Government end the Claw Back of the National Child Benefit Supplement (NCBS).

Since 1998, eligible families with children under the age of 18 have received the Canada Child Tax Benefit (CCTB), a tax-free, monthly payment from the federal government. Included in this program, is the National Child Benefit Supplement (NCBS), an additional monthly benefit intended to help low-income families.

In 2006, typically a family with one child and an annual income of less about than \$21,000.00 is eligible to receive a supplement of \$1722 a year. Unfortunately, the legislation that created the National Child Benefit Supplement gave provinces the option of deducting this from provincially paid benefits. While Ontario families actually receive the federal Supplement, the government of Ontario then "claws back" the money by reducing the families' social assistance. As of July 2005, only two provinces—New Brunswick and Manitoba—have chosen not to claw back the entire NCBS.

In Ontario, the provincial government deducts 100% of the Supplement from families on social assistance. The government earmarks 80% of this money for programs for the working poor, and transfers 20% to municipalities to fund social service programs, which have been downloaded by the province. Many of these municipal programs serve a larger community than those on social assistance.

Originally, the federal government established the Supplement as a child poverty reduction tool; but in Ontario, as in all provinces, the target group is primarily low-income working families, not families on social assistance who are desperately in need of additional monetary support.

Before the election, Mr. McGuinty decried the discriminatory nature of the NCBS Claw Back, and vowed to end this policy in his first mandate.¹ His government has been studying the issue, but has only given families on social assistance the equivalent of the federal increases since 2004, approximately \$40 per month, for each child over the age of 6. Meanwhile his government continues to claw back over \$122.00² a month, from that same child.

According to the National Council of Welfare a federal advisory body on items of concern to low-income Canadians, the philosophy of the Claw Back has reinforced the notion of the deserving and undeserving poor,

"Those working for low pay – the deserving poor – get to keep all of the NCBS. Those on welfare – the undeserving poor – don't get to keep the NCB[Supplement]. Furthermore, since the majority of those on welfare who have the NCB[Supplement] clawed back are female-headed lone-parent families, the NCBS discriminates against women."³

¹ Daily Bread Food Bank, *Rebuilding Lives, Taking children off social assistance and encouraging their parents to work*, March 2005, p. 1

² Ontario. Ministry of Community and Social Services, *Directive 5.14, Treatment of the Canada Child Tax Benefit*, Aug.2006, p.10, www.mcscs.gov.on.ca/NR/MCFCSS/ODSP/ISDIR/en/5_14.doc

³ National Council of Welfare, *Welfare Incomes 2005*, Summer 2006 p.54

A child has the same needs whether a parent is working or not. For a parent on social assistance with one child, the challenge of living on approximately \$1200.00 per month⁴ is horrendous when the average rent for an apartment in Ontario is almost \$900.00 a month.⁵ Add to this, the problems of finding quality child-care, and an already difficult situation becomes intolerable.

Cities have decided to act. Sudbury, London, Peterborough, Hamilton, Toronto and others have either returned much of their 20% of the NCBS, or are studying how to do it.

Social assistance rates have increased, but that doesn't equate in any way to the cost of living increases during these years. Social assistance recipients have seen their real incomes drop by more than 30% since 1992.⁶ There is no doubt that ending the NCBS Claw Back will make a great difference in their lives.

CFUW Ontario Council speaks for the most vulnerable in our midst, the children of OW and ODSP parents on social assistance, and urges the Ontario Government to keep its promise.

CFUW Hamilton, in collaboration with Ontario Council, has created a petition to present to the Ontario Legislature. Please join us in signing it. We are asking for your support.

⁴ *ibid*, p.51

⁵ In Oct. 2005, the rents ranged from \$668.00 to \$1052.00.
www.settlement.org/sys/faqs_detail.asp?faq_id=4000180

⁶ National Council of Welfare, p.64