

# NEWS RELEASE

## Share of total spending on child benefits for families with incomes less than \$60,000 fell from 42.9% to 29.7%

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For Immediate Release

**VANCOUVER**—The federal government has shifted the share of overall spending on child benefits away from lower-income families to middle- and upper-income families—to an even greater degree than previously thought, finds a new study published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“While the federal government often claims that child benefits go to Canadian families who need the money the most, the shift in overall spending tells a different story,” said Jason Clemens, executive vice-president of the Fraser Institute and co-author of *Adjusting for the Canada Child Benefit’s Tax-Free Status*.

In 2016, the federal government replaced two child-benefit programs with the Canada Child Benefit (CCB), which provides tax-free benefits to eligible families with children under the age of 18.

The study, based on data from Statistics Canada, measures the shifts in the share of child-benefit spending due to this change—although unlike previous analyses, this study accounts for the tax-free status of CCB payments (most other government income transfers are taxable).

Specifically, the elimination of the previous two programs and their replacement with the CCB—coupled with a recognition of the CCB’s tax-free status—results in the share of total child-benefit spending on families with incomes less than \$60,000 declining from 42.9 per cent under the previous two programs to 29.7 per cent.

At the same time, the share of total child-benefit spending on families with incomes between \$60,000 and \$180,000 increased from 49.2 per cent to 66.8 per cent.

While the share of total child-benefit spending on families with incomes above \$180,000 declined from 7.9 per cent to 3.5 per cent.

“At a time when Ottawa is running deficits with no end in sight, the CCB is yet another poorly targeted federal program,” Clemens said.

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