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Holes in the Social Safety Net: Poverty, Inequality and Social Assistance in Canada

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Abstract

This report looks at Canada's social safety net before the onset of the crisis caused by COVID-19 and collapsing oil prices. It sets the stage by reviewing trends in poverty and inequality between 1976 and 2018. The report examines the federal government's Poverty Reduction Strategy and its success in reducing poverty for children and seniors. Working-age adults without children have experienced the smallest relative decrease in poverty and currently have the highest poverty rates among any age group. The report analyzes general eligibility criteria and work and training requirements for social assistance, and the adequacy of welfare. National trends show that welfare dependency has fallen significantly between 1998 and 2018. Other significant trends show an increase in the percentage of social assistance recipients reporting a disability, a growing proportion of single adults on welfare and a decrease in the number of families with children receiving social assistance. To reduce poverty and improve welfare adequacy, this report recommends increasing social assistance benefits, raising the minimum wage, improving earning supplements for low-wage workers and extending in-kind benefits to all low-income.

Holes in the Social Safety Net: Poverty, Inequality and Social Assistance in Canada

Executive Summary

The social safety net in Canada was already inadequate when COVID-19 and collapsing oil prices thrust many into unemployment and highlighted pervasive inequalities across the country. Nearly all aspects of the social safety net are inadequate, ranging from Employment Insurance to provincial social assistance programs. For social assistance in particular, even the most generous support does not lift recipients above the official poverty line. Most languish far below. This report focuses on provincial social assistance programs as it is important to know what social assistance looked like before the pandemic so that gaps and inadequacies can be fixed once the crisis has passed. A return to the same policies and approaches will leave millions, especially single adults of working age, in need.

This report uses the most recent figures available at the time of writing to take an in-depth look at poverty and inequality in Canada between 1976 and 2018. It then reviews the impact of federal anti-poverty programs and provincial social assistance systems. It concludes with seven recommendations on how to improve the overall social safety net.

The percentage of Canadians living below the official poverty line, the Market Basket Measure (MBM), dropped from 15.6 per cent in 2006 (the first year MBM data are available) to 8.7 per cent in 2018. This improvement came from an increase in average after-tax income, which rose 1.13 per cent a year between 2000 and 2018 compared to only 0.07 per cent a year between 1976 and 2000. The federal Canada Child Benefit, introduced in 2016, contributed to the increase in after-tax income. From 1976 to 2000, there was a considerable increase in income inequality driven by rising market incomes of top earners. From 2000 to 2018, income inequality remained constant.

The poverty rate and the change in the poverty rate vary considerably by age group. Adults of working age, between 18 and 64, had a much higher poverty rate (10.3 per cent) in 2018 than did children (8.2 per cent) and persons 65 and over (3.5 per cent). Children experienced both the largest relative and absolute decline in poverty, decreasing 57.3 per cent (11.0 percentage points) between 2006 and 2018.

Persons not living in an economic family had a poverty rate of 24.6 per cent in 2018, compared with 5.8 per cent for individuals in economic families. Unattached individuals experienced a larger absolute decrease in poverty between 2006 and 2018, but persons in an economic family experienced the larger relative decline.

Along with persons with a disability, single employable adults without children are the fastest growing share of social assistance beneficiaries among the total social assistance population. This is largely a reflection of households with children leaving social assistance. This can be observed in the declining ratio of the number of beneficiaries to cases, indicating that each case now has relatively fewer beneficiaries (spouse or children). With the exception of social assistance, all income support programs for working-age adults are work-triggered. Therefore, working-age adults who have been out of the labour force for an extended period must resort to social assistance for support.

The social assistance dependency rate is only weakly correlated with poverty rates, both in terms of levels and changes in rates. In 2018, the national poverty rate was 8.7 per cent while the social assistance dependency rate was 5.1 per cent. Most low-income persons who do not receive social assistance are employed (the working poor). A small minority of low-income persons do not receive social assistance and are not employed. This group experiences deep poverty and is likely to include people experiencing homelessness.

Low dependency rates are often more indicative of stringent eligibility requirements and sanctions for non-compliance than the low poverty rate or employment opportunities. Reductions in poverty that are not accompanied by reduction in social assistance dependency are primarily indicative of persons living close to poverty line being lifted out of poverty. Individuals and families living in shallow poverty are more likely to be lifted out of poverty by tax credits and income supports such as the Canada Child Benefit than persons living in deep poverty who have more complex barriers.

In every province, social assistance programs are characterized by low benefit rates relative to the poverty line, low asset limit thresholds and high clawback rates on earned income. For single employable adults, welfare incomes reach between 39 per cent and 58 per cent of the MBM threshold across provinces. For a single parent with a child, welfare incomes reach between 67 per cent and 86 per cent of the MBM threshold. In most provinces, labour force participation is the main objective of social assistance and is often prioritized at the expense of recipients' physical and mental health. When low benefits are combined with sanctions for non-compliance with work requirements, the design of social assistance programs does not alleviate poverty. Social assistance recipients are nearly always in poverty while receiving benefits and when they find employment often experience in-work poverty. Better income supports to social assistance recipients and to low-wage workers are needed to improve the outcomes of both groups.

The current shortcomings of social assistance programs and the plight of working-age adults without children is relevant in the current debate about a guaranteed annual income. A form of universal, basic income already exists for seniors in the form of Old Age Security and the Guaranteed Income Supplement. The Canada Child Benefit serves the same purpose for children. Despite the existence of these federal programs, some individuals in these groups still live in poverty since benefit levels do not reach their regional poverty line. However, for children and seniors the structure for poverty reduction is already in place, and poverty could be nearly eliminated for these groups through increases in benefit levels in the existing programs.

Repairing the social safety net is not a simple task, as reform or enhancements are needed in many areas. This report includes the following six policy recommendations to reduce poverty for social assistance beneficiaries and the working poor (defined as a person living below the LIM and earning more than $3,000 per year):

- Increase minimum wage to $15 per hour in every province.
- Enrich the Canada Workers Benefit to include an hourly earning subsidy that tops up wages by up to $3 per hour for all wage earners below $18 per hour.
- Extend in-kind benefits to all low-income persons (pharma care, dental care, mental health services, addictions services, physiotherapy, transportation, childcare and housing subsidies).
- Increase welfare incomes to 100 per cent of the MBM thresholds for all recipients and implement best practices.
- Implement a model like Alberta's Assured Income for the Severely Handicapped (AISH) for persons with persistent barriers to employment.
- Relax conditionality on labour force participation and implement more intensive case management.

These recommendations build off one another. Higher minimum wages combined with an earning subsidy allow flexibility to increase welfare incomes to 100 per cent of regional MBM thresholds without having welfare incomes exceed employment income earned from a full-time minimum wage job. Making in-kind benefits available to all low-income persons dismantles part of the welfare wall, as does adopting best practices related to social assistance. When combined, these policy recommendations seek to design a social safety net which eliminates in-work poverty and meets the basic needs of social assistance recipients.

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Holes in the Social Safety Net: Poverty, Inequality and Social Assistance in Canada[1]

Any discussion of Canada's social safety net must be informed by the economic and social context in which beneficiaries work and live. This report covers the period before the 2020 crisis brought on by a global pandemic and collapsing oil prices. It is important to know what social assistance looked like before the pandemic so that gaps and inadequacies can be identified and fixed once the crisis has passed. A return to the same policies and approaches will leave millions, especially adults of working age without children, in need. The objective of the report is to identify paths to improving Canada's social safety net through detailed analysis of poverty, inequality and social assistance and provide recommendations to filling the existing gaps.

This report consists of seven main sections. The first section sets the stage by examining income, inequality and poverty trends in Canada. It examines the link between after-tax income (the most relevant income measure from the perspective of well-being) and market income, through the impact of taxes and transfers. It includes a discussion on poverty in Canada, for both Indigenous and non-Indigenous persons. The second section summarizes federal government poverty reduction strategies. The third section includes a high-level overview of how social assistance is structured Canada-wide. The fourth section looks at social assistance innovations, and pilot projects and their results. The fifth section includes a discussion on a guaranteed annual income option and summarizes the findings from previous Canadian experiments. The sixth section details policy recommendations to strengthen the Canadian social safety net. The seventh and final section concludes with recommendations that emerge from the research. The appendix includes a more in-depth analysis of poverty by economic unit and at the provincial level and summarizes social assistance programs and trends by province.

I. Trends in Income, Income Distribution and Poverty in Canada

A. Average and Median After-tax Income

i. Trends in Average and Median After-tax Income

Canada is fortunate in having long-run high-quality statistics on the incomes and the distribution of the incomes of Canadians produced by Statistics Canada. One series provides estimates of average and median market income, government transfers, total income, income tax, and after-tax income by economic family type for the 1976-2018 period for Canada and the provinces and territories and Census Metropolitan Areas. Estimates, expressed in 2018 dollars, are available for economic families, persons not in an economic family and an aggregate of the two, referred to as 'all economic units'. Economic families (also referred to as attached individuals) are defined as a group of two or more persons who live in the same dwelling and are related to each

[1] This report was written by CSLS Economist Inez Hillel under the supervision of Andrew Sharpe. The Centre for the Study of Living Standards would like to thank Fred Wien from Dalhousie University for financial support for this research. The author thanks Fred Wien, Naomi Metallic and especially Don Drummond for comments and Madelaine Drohan for editing. A comprehensive database on poverty, income distribution and social assistance is posted with the report at http://csls.ca/reports/csls2020-06-data.xlsx . Email: inez.hillel@csls.ca.

other by blood, marriage, common-law, adoption or a foster relationship. Persons not in an economic family (also referred to as unattached individuals) are defined as a person living either alone or with others to whom he or she is unrelated, such as roommates or a lodger.

Table 1 illustrates the components of after-tax income in 1976, 2000 and 2018. After-tax income is determined by market income adjusted by income tax and government transfers. In 2018, market income was 108.7 per cent of after-tax income and total income was 118.3 per cent of after-tax income. Incomes taxes accounted for 18.5 per cent of after-tax income and government transfers were 9.7 per cent of after-tax income.

The last quarter of the 20th century was a dismal period for incomes in Canada. Between 1976 and 2000 average real after-tax income rose a very weak 0.08 per cent per annum from $59,600 to $60,700 for all economic units (Table 2). After-tax income for economic families, rose 0.32 per cent per annum (Appendix I). Incomes for persons not in an economic family rose 0.20 per cent per year. The increase in the share of persons not in an economic family as a percentage of Canada's total population depressed total income growth.[2]

Table 1: **Average and Median Income, Tax, and Government Transfers for All Economic Units in Canada, 1976, 2000 and 2018 (2018 dollars)**

Panel A: Average

Average	**1976**	Share of After-Tax Income (%)	**2000**	Share of After-Tax Income (%)	**2018**	Share of After-Tax Income (%)
Market Income	64,800	108.7	66,700	109.9	78,300	104.3
Government Transfers	5,800	9.7	8,700	14.3	11,600	15.4
Total Income	70,500	118.3	75,400	124.2	89,900	119.7
Income Tax	11,000	18.5	14,800	24.4	14,800	19.7
After-Tax Income	59,600	100.0	60,700	100.0	75,100	100.0

Panel B: Median

Median	**1976**	Share of After-Tax Income (%)	**2000**	Share of After-Tax Income (%)	**2018**	Share of After-Tax Income (%)
Market Income	57,000	106.7	50,000	100.6	57,100	93.0
Government Transfers	2,300	4.3	3,600	7.2	7,400	12.1
Total Income	61,400	115.0	58,300	117.3	69,600	113.4
Income Tax	6,800	12.7	8,000	16.1	7,500	12.2
After-Tax Income	53,400	100.0	49,700	100.0	61,400	100.0

Source: Table 11-10-0190-01, Statistics Canada

[2] The share of the population and of total income units accounted for by persons not in economic families rose faster before 2000 than after 2000. In 1976, 8.8 per cent of the Canadian population was not in an economic family. By 2000, the share of the population not in an economic family had risen to 13.6 per cent and to 15.8 per cent by 2018. In 1976, 25.2 per cent of the total number of family or household units (economic families and persons not in an economic family) were persons not in an economic family. By 2000, this proportion had increased to 32.8 per cent and by 2018 to 36.5 per cent.

Median income, the dividing point where half of the population received more in income and half received less, performed even worse that average income in the 1976-2000 period (Panel B in Table 2). This was because of rising inequality, which is discussed in detail later in the report. Median after-tax income for all units fell 0.30 per cent per year, even though it rose 0.10 per cent annually for economic families and 0.05 per cent annually for persons not in an economic family. As noted earlier, this was because the increase in the share of persons not in an economic family as a percentage of Canada's total population depressed total income growth.

The first 18 years of the 21st century saw a major rebound in income growth in Canada. Average real after-tax income for all economic units rose 1.18 per cent per year between 2000 and 2018 compared to only 0.08 per cent a year in 1976-2000 (Chart 1). That of economic families increased 1.41 per cent per annum and that of persons not in economic families increased 1.06 per cent per year (Chart 2). The 21st century has been a renaissance for income growth in this country, at least relative to the previous quarter century.

Table 2: Average and Median Growth in Income, Tax, and Government Transfers for All Units Economic in Canada, 1976-2018 (average annual rate of change)

Panel A: Average

Average	Market Income	Government Transfers	Total Income	Income Tax	After-Tax Income
1976-2018	0.45	1.66	0.58	0.71	0.55
1976-2000	0.12	1.70	0.28	1.24	0.08
2000-2018	0.89	1.61	0.98	0.00	1.19

Panel B: Median

Median	Market Income	Government Transfers	Total Income	Income Tax	After-Tax Income
1976-2018	0.00	2.82	0.30	0.23	0.33
1976-2000	-0.54	1.88	-0.22	0.68	-0.30
2000-2018	0.74	4.08	0.99	-0.36	1.18

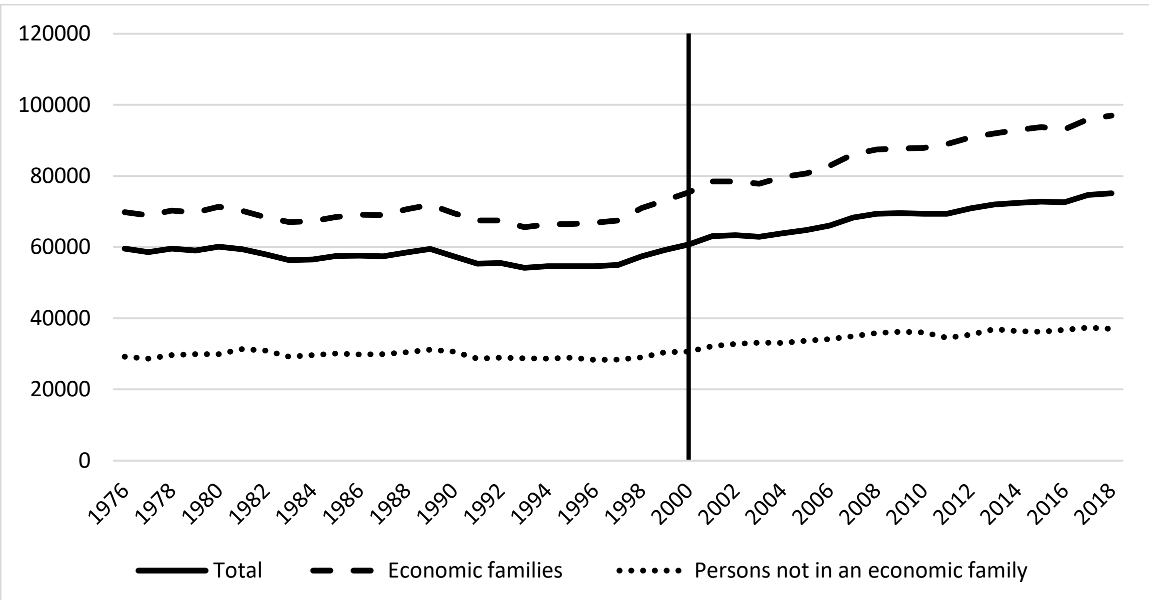
Source: Table 11-10-0190-01, Statistics Canada
Note: The data reported are the compound annual growth rate.

It is not just average incomes that increased since 2000. Median income also rose as the trend toward increased inequality observed in the last decade of the 20th century levelled off. Median real after-tax income for all economic units rose 1.18 per cent annually between 2000 and 2018 compared to -0.30 per cent a year in 1976-2000. Median incomes of economic families rose 1.47 per cent annually and that of persons not in economic families rose 1.19 per cent per year. The nearly identical growth rates for average and median after-tax income for all units in the 2000-2018 period means that median income remained constant as a share of average income at around 82 per cent. In contrast, the faster growth of average income in the 1976-2000 period means that the median income fell significantly as a proportion of average income, from 89.6 per cent in 1976 to 81.9 per cent in 2000.

In 2018, the average after-tax income for all economic units was $75,100, expressed in 2018 constant dollars (Chart 1 and Panel A of Table 1). The income of economic families was $97,000, or two and one half times the average of $37,000 for persons not in an economic family.

Median income is lower than average income because the high incomes at the top end skew average income upward. In 2018, the median after-tax income for all economic units was $61,400, 81.9 per cent of average income (Panel B of Table 1). The median income of economic families was $84,900, 87.5 per cent of average income. That of persons not in an economic family was $30,700, 83.0 per cent of the average income for that group.

Chart 1: Average After-Tax Income in Canada, 1976-2018 (2018 dollars)



Source: Table 11-10-0190-01, Statistics Canada

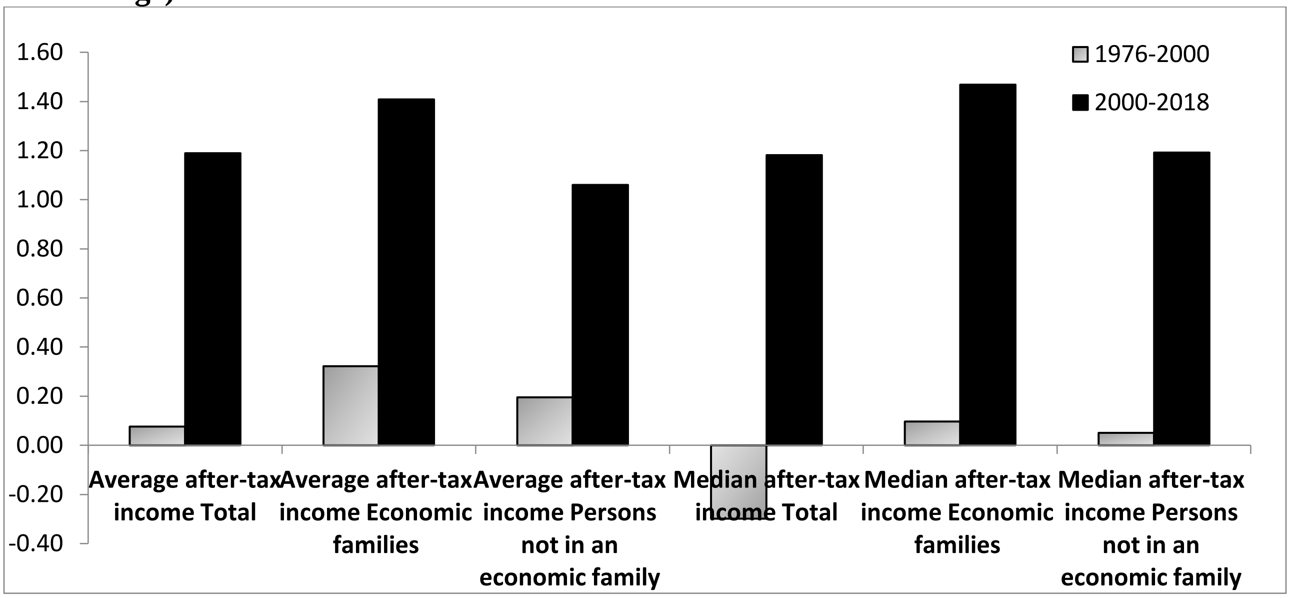
ii. Components of Average and Median Average After-tax Income

By far the most important component of after-tax income is market income, which includes wages and salaries, investment income and small-business profits. Government transfers contribute to after-tax income. Income tax reduces total income. In 2018, average market income for all income units represented 104.3 per cent of average after-tax income. This is because average income taxes exceeded average government transfers (Panel A in Table 1). Government transfers represented 15.4 per cent of after-tax income. Income taxes account for 19.7 per cent of total income.

In the 1976-2000 period, average market income for all income units grew 0.12 per cent a year, virtually the same rate as average after-tax income which rose 0.08 per cent (Panel A in Chart 2).

Average government transfers grew 1.70 per cent a year between 1976 and 2000, boosting total income growth to 0.28 per cent. Average income taxes rose 1.24 per cent a year, reducing average after-tax income growth to 0.08 per cent.

Chart 2: Average and Median After-Tax Income in Canada (average annual compound per cent change)



Source: Table 11-10-0190-01, Statistics Canada
Note: CAGR is the compound annual growth rate

In the 2000-2018 period, average market income growth for all income units was 0.89 per cent per year, up from 0.12 per cent in the 1976-2000 period. Growth in average transfers was 1.61 per cent, down from 1.70 per cent in 1976-2000. This increased average total income growth to 0.98 per cent, up from 0.28 per cent in 1976-2000.

Average income taxes remained unchanged in absolute terms at $14,800 (constant 2018 dollars) between 2000 and 2018. From 2000 to 2018, average after-tax income grew 1.19 per cent a year, up 1.11 percentage points from the 1976-2000 period where average after-tax income grew 0.08 per cent per year. Strong average after-tax income growth after 2000 reflected solid market income growth (accounting for 75.2 per cent of growth).

The improvement in median after-tax income growth (Panel B in Table 2) between the 1976-2000 and 2000-2018 periods (1.48 percentage points from -0.30 per cent per year to 1.18 per cent) was even more dramatic than that for average incomes. This reflected the stability of income inequality since 2000 compared to rising inequality before 2000.

In the 1976-2000 period, growth in median government transfers (1.88 per cent per year) boosted median total income relative to median market income (-0.22 per cent per year versus -0.54 per cent). This is because total income includes both market income and transfers while market income excludes transfers.

In the 2000-2018 period, strong growth in median government transfers (4.08 per cent per year) increased median total income relative to market income (0.99 per cent versus 0.74 per cent). However, as was the case for average income, falling median income taxes (-0.36 per cent per year) boosted median after-tax income growth to 1.18 per cent per year relative to 0.99 per cent per year for median total income.

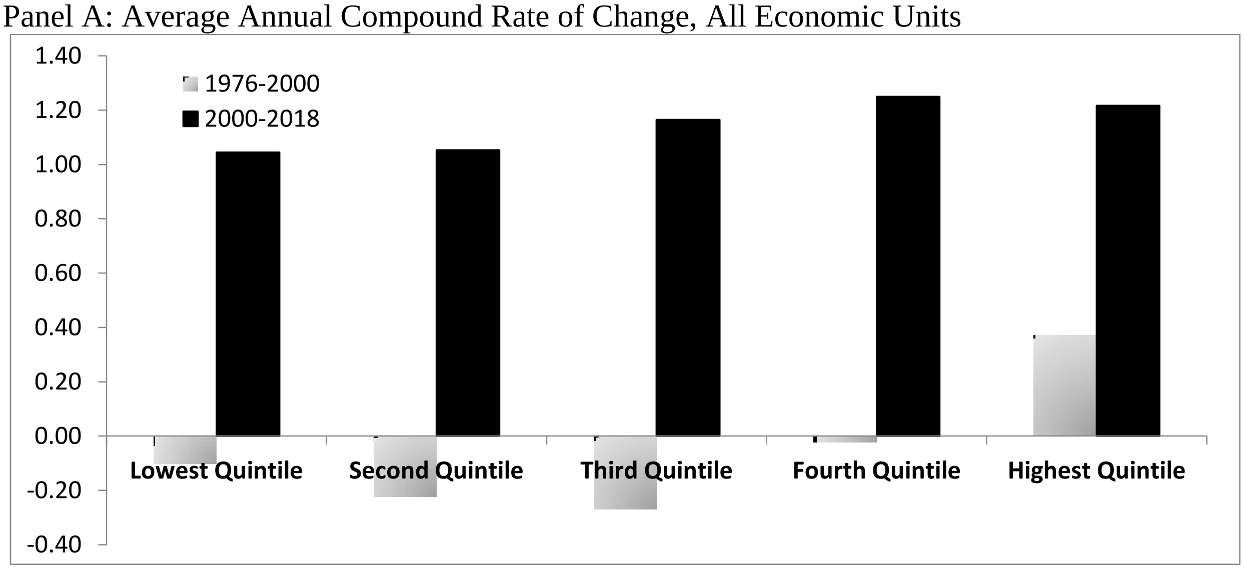
Market income accounted for a smaller share of median after-tax income growth than it did for average after-tax income growth. This is due to median market income growth (0.74 per cent per year) having been weaker than average market income growth (0.89 per cent per year) over the 2000-2018 period. As a result, increased government transfers and lower taxes accounted for larger shares of after-tax median income growth after 2000.

iii. Trends in Income by Quintile

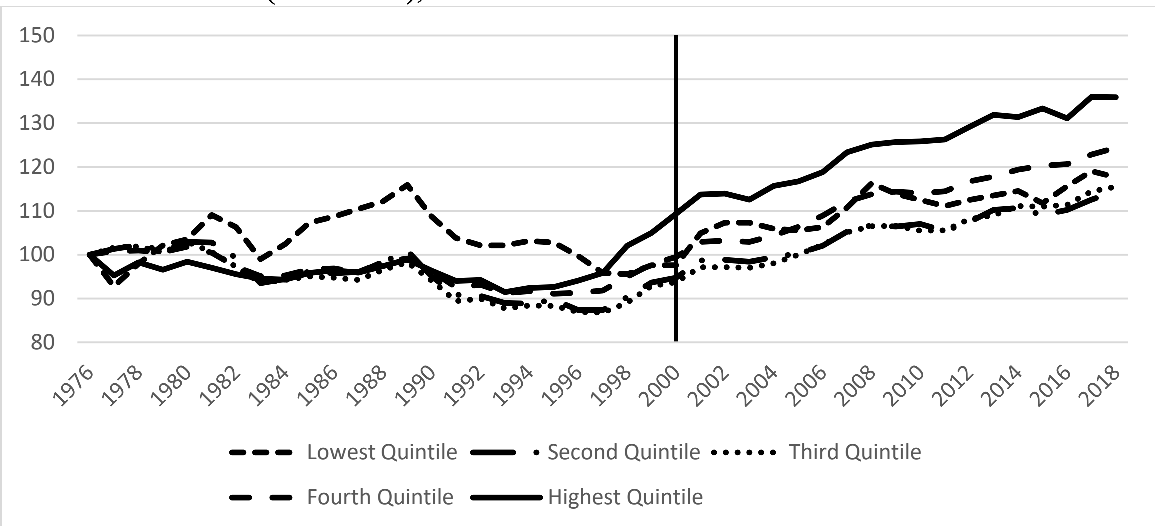
Both the growing income inequality in the last quarter of the 20th century and the stable income distribution so far in the 21st century have manifested themselves in the income growth rate at the level of quintiles. The bottom four income quintiles all had negative average income growth for all income units in 1976-2000 while income growth in the top quintiles enjoyed income growth of 0.37 per cent per year. In the 2000-2018 period, all income quintiles enjoyed similar growth rates (Panel A in Chart 3**Error! Reference source not found.**). This phenomenon as been referred to as the "return of the picket fence", with all quintiles experiencing roughly similar increases in real income, a phenomenon that characterized the third quarter of the 20th century. This was true for all income units together as well as economic families and persons not in an economic family taken separately (Chart A1 in Appendix I).

Chart 3: Growth in Average After-Tax Income by Quintile in Canada, All Economic Units

Panel A: Average Annual Compound Rate of Change, All Economic Units



Panel B: 1976-2018 (1976=100), All Economic Units



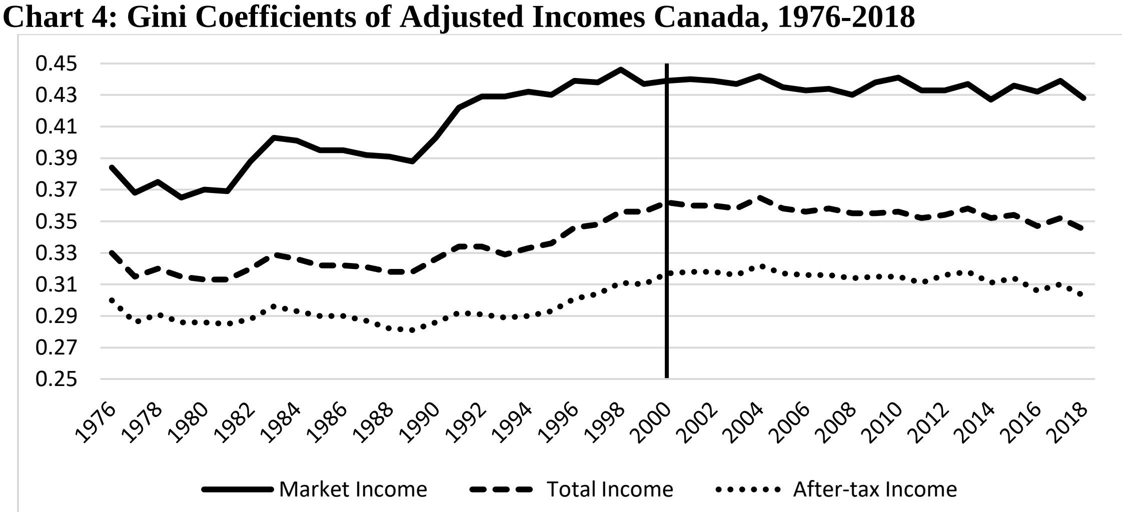
Source: Table 11-10-0192-01, Statistics Canada

B. Income Distribution and Inequality

The most well-known and widely used measure of income distribution produced by Statistics Canada is the Gini coefficient based on the Lorenz curve. It ranges from 0 to 1.0, where 0 represents a society where income is equally distributed among all persons and 1.0 represents the situation where one person receives all income. The higher the Gini coefficient, the more unequal a society.

The estimates used here are for the same three measures of income found in the income statistics, namely market income, total income including government transfers and after-tax income reflecting deduction for income taxes. The bottom line is that trends in the Gini coefficient are consistent with those observed for average and median incomes. Income inequality increased before 2000 and stabilized afterwards.

Chart 4: Gini Coefficients of Adjusted Incomes Canada, 1976-2018



Source: Table 11-10-0134-01, Statistics Canada

The 1976-2000 period saw a large increase in the Gini coefficient for market income. It rose 0.055 points from 0.384 in 1976 to 0.439 in 2000 (Chart 4). This is consistent with the much weaker performance in median market income related to average market income (-0.54 per cent versus 0.12 per cent). The Gini coefficient for total income is lower than the market-income Gini coefficient because of government transfers, which disproportionally go to persons in the bottom half of the distribution. In addition, the Gini coefficient for total income rose less than that of market income because of increased government transfers. It increased 0.032 points from 0.330 in 1976 to 0.362 in 2000. Government transfers reduced the Gini coefficient for market income an additional 0.023 points from a reduction of 0.054 points in 1976 to 0.077 points in 2000.

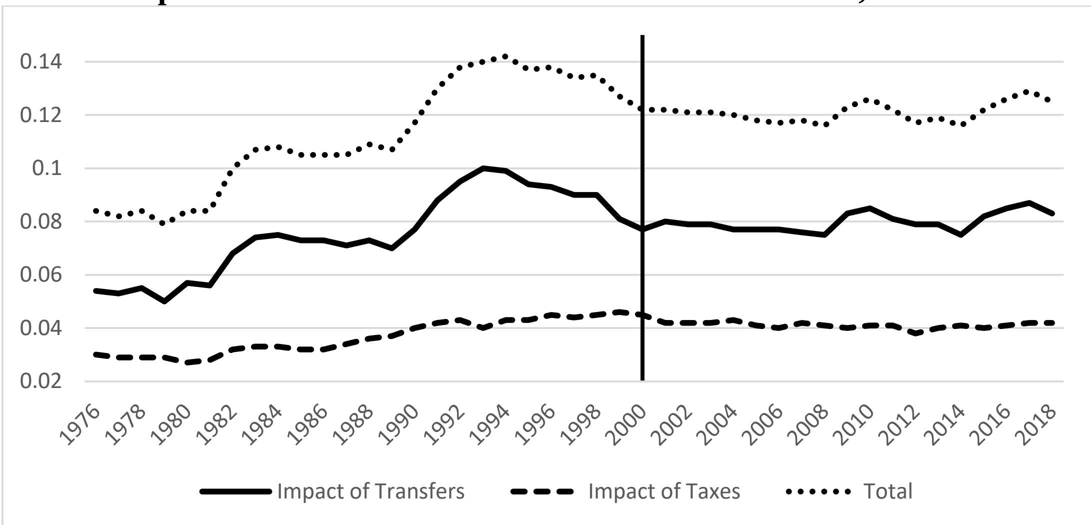
The Gini coefficient for after-tax income is again lower than the coefficient for total income because income taxes are disproportionally paid by persons in the top half of the distribution. In addition, the after-tax income Gini coefficient rose less, 0.017 points from 0.300 in 1976 to 0.317 in 2000, due to increased income taxes. Income taxes reduced the market income Gini coefficient an additional 0.015 points from a reduction of 0.0300 points in 1976 to 0.045 points in 2000. The bottom line is that 69 per cent of the 0.055-point increase in the Gini coefficient for market income between 1976 and 2000 was offset by increased government transfers (0.023 points) and increased income taxes (0.015 points).

Income distribution trends after 2000 were different in two ways from pre-2000 trends. First, the Gini coefficient for market income actually decreased by 0.011 points to 0.428 in 2018 from 0.439 in 2000. Second, the impact of income taxes on reducing the Gini coefficient for after-tax income was less in 2018 than in 2000 (0.042 points versus 0.045 points). Government transfers, on the other hand, reduced the Gini coefficient for market income more in 2018 than in 2000 (0.083 points versus 0.077 points). The bottom-line effect of the small decline in the Gini coefficient for market income since 2000 and the increased equalizing effect of government transfers resulted in a fall in the after-tax Gini coefficient from 0.317 in 2000 to 0.303 in 2018. Based on the Gini coefficient for after-tax income, the most relevant measure of income as it reflects purchasing power, income inequality has been falling slightly in Canada since 2000.

Chart 5 shows the impact of transfers and taxes on the Gini coefficient from 1976 to 2018. Of note is the doubling of the equalizing effect of government transfers from 0.054 in 1976 to a peak of 0.100 points in 1993. The effect declined thereafter but was still 0.083 points by 2018. Fluctuations in the equalizing role of income taxes were less, rising from 0.030 points in 1976 to a peak of 0.046 points in 1999 and declining slightly thereafter.

In terms of big picture developments, the increase in inequality story in Canada is as follows. Market inequality rose in Canada in the 1976-2000 period, offset by both increased government transfers and income taxes. The net result was an increase in after-tax income inequality. Between 2000 and 2018, market inequality was largely unchanged, as were both the impacts of government transfers and income taxes on inequality. This resulted in little change in after-tax income inequality.

Chart 5: Impact of Taxes and Transfers on the Gini Coefficient, 1976-2018



Source: Table 11-10-0134-01, Statistics Canada

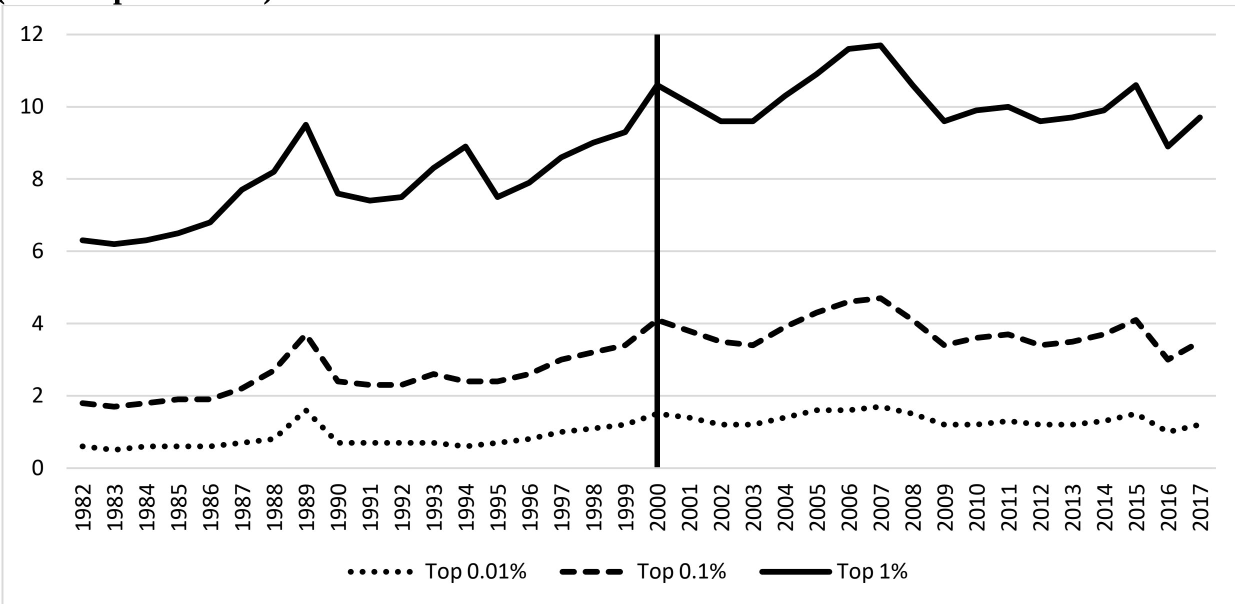
i. Top Income Earners

Much attention has focused on the top income earners in recent years as this group was perceived to be driving increased inequality. This was certainly the case in the pre-2000 period, but not since 2000, when the share of income accounted for by the top 1 per cent in Canada has stabilized. This pattern is consistent with the trends documented for the Gini coefficient earlier in this section.

Between 1982 and 2000, the share of after-tax income (including capital gains) that went to the top 1 per cent rose 4.3 points from 6.3 per cent to 10.6 per cent (Chart 6). The share of the top 0.1 per cent increased 2.3 points from 1.8 per cent to 4.1 per cent (53 per cent of the increase in the top 1 per cent share) and the share of the top 0.01 per cent rose 0.9 points from 0.6 per cent to 1.5 per cent (21 per cent of the increase in the share of the top 1 per cent).

Between 2000 and 2017, the last year for which data were available at time of writing, the share of the top 1 per cent of after-tax income fell 0.9 points from 10.6 per cent to 9.7 per cent. All the fall took place in a single year when the share dropped 1.7 percentage points from 10.6 per cent in 2015 to 8.9 per cent in 2016. The share then rose 0.8 points from 2016 to 2017. This same pattern was found in the share of the top 0.1 per cent, with all the fall between 2000 and 2016 taking place in 2016. The share of this group fell 1.1 points between 2000 and 2016 and then rose 0.5 points between 2016 and 2017. Between 2000 and 2017, the share of the 0.01 per cent fell 0.3 points. The income shares for the 0.1 per cent and the 0.01 per cent in 2015 were same as in 2000.

Chart 6: Share of Total After-Tax Income of High-Income Tax Filers in Canada, 1982-2017 (with Capital Gains)



Source: Table 11-10-0055-01 Statistics Canada
Note: 2017 is the latest year for which data are available.

C. Poverty in Canada

i. Trends in Low Income Indicators

Statistics Canada produces three measures of low income or poverty: Low-Income Cut-offs (LICOs), Low-Income Measures (LIMs) and Market Basket Measures (MBMs). In August 2018, the federal government adopted the Market Basket Measure as the official method of calculating the poverty rate and set targets for its decline (Heisz, 2019). For this reason, it is the main measure used in this report. Any reference to the other two poverty measures will be explicitly labelled.

The Market Basket Measure is based on the cost of a specified basket of goods and services representing a modest, basic standard of living. Statistics Canada defines it as "a measure of low income which is based on the cost of a basket of goods and services that individuals and families require to meet their basic needs and achieve a modest standard of living. Wherever individuals and families are living across the country, if they cannot afford the cost of this basket of goods and services in their community, they will be considered to be living below Canada's Official Poverty Line."[3]

Since this measure accounts for local variations in the cost of living, 50 MBM thresholds are used Canada-wide (Heisz, 2019). There is no single threshold at a provincial level.[4] In the

[3] The definition of the MBM is available at https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2019009-eng.htm.
[4] MBM regional thresholds are identified for rural areas by population size and for large urban centers.

sections of this report that deal with provincial poverty, the Market Basket Measure for the largest city in the province is used as a proxy for the province.

Populations living on reserves and in the territories are excluded from MBM thresholds because these populations are not covered by the Canadian Income Survey. According to Statistics Canada, another reason the MBM is not used on reserves is because in-kind transfers including subsidized housing and First Nations band housing, barter economies and consumption of products derived from hunting, farming or fishing could alter the interpretation of low-income statistics.

Low-Income Cut-Offs (LICO) set income thresholds based on consumption patterns from the 1992 Family Expenditures Survey. Statistics Canada defines this line as where a family spends 20-percentage-points more than the average family on food, shelter, and clothing (Statistics Canada, 2015). To estimate this line appropriately, 35 different cut-offs are established for communities of different size and family sizes. LICO thresholds account for differences in the cost of living between household sizes and rural and urban areas, but do not account for differences in the cost of living among provinces. Although some argue that the definition above may imply a relative concept for Low-Income Cut-Offs, they have become more of an absolute measure of poverty as time has passed.

The Low-Income Measure (LIM) threshold is one-half of median income after adjusting for family size, using an equivalence scale based on the square root of family size. The LIM is defined as the percentage of the population that falls below that threshold. One shortcoming of LIM thresholds is that they only capture the difference in cost of living between household sizes, but do not account for differences in the cost of living by region or province.

These two measures of low income, one relative (LIM) and one absolute (LICO), capture different aspects of poverty, and therefore have different implications. Consider a society where from one year to the next the real income of every citizen doubles. The LIM measures the relative position of individuals in society. Therefore, the poverty rate measured by the LIM would remain unchanged despite strong real income growth if the distribution of income is unchanged. The LICO measures the fraction of families that find themselves below an absolute threshold of socially acceptable income levels. When everyone's income doubles, the poverty rate measured by the LICO would likely decrease markedly because all individuals who earned less than the poverty threshold would now earn more than this unchanged threshold.[5]

ii. Poverty Rates by Low-Income Indicator and Economic Unit

This section of the report focuses on trends in poverty at the national level by poverty measure, by age groups and type of economic unit.[6]

[5]See Andrews (2015) for a discussion on the relative impact on the two measures of poverty for the Index of Economic Well-being (IEWB).

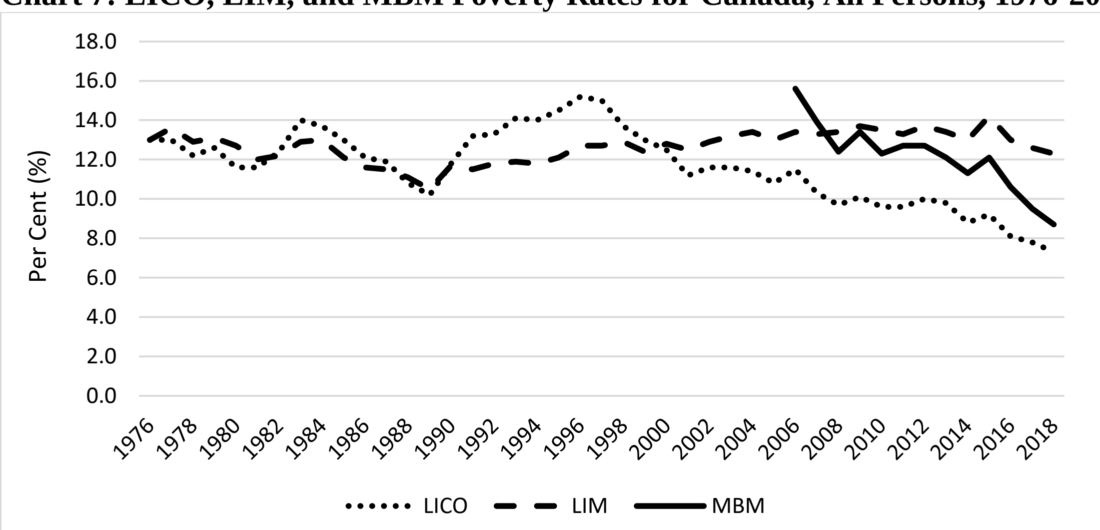
[6] Poverty rates by ethno-racial groupings are available in the Appendix and poverty rates for Indigenous persons are available later in this section.

In 2018, the most recent year for which poverty estimates are available, the official poverty rate was 8.7 per cent for all persons in Canada (Chart 7). The LIM poverty rate was 12.3 per cent (3.6 percentage points higher than the MBM) and the LICO was 7.3 per cent (1.4 percentage points below the MBM). Poverty rates by province are provided in Appendix IV.

The time series for both the LICO and LIM poverty rates go back to 1976. Between 1976 and 2018 there has been a significant decline in the LICO. It fell from 13.0 per cent to 7.3 per cent, a decline of 44 per cent (5.7 percentage points). In contrast, the LIM has fallen very little, down 5 per cent from 13.0 per cent to 12.3 per cent (0.7 points). This discrepancy is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall, but relative poverty measures such as the LIM only falls slightly if the overall income distribution remains unchanged. Between 1976 and 2018, the LIM experienced only a slight decrease because the large increases in real incomes were offset by the rise in income inequality. The trend in the LIM differs from the trend in the Gini coefficient because the Gini coefficient is an overall index which is weighted towards people in the middle of the income distribution, whereas the LIM captures trends at the bottom of the income distribution.

The poverty rate based on the Market Basket Measure goes back to 2006 on the current 2008 base year.[7] It fell 44 per cent (6.9 percentage points) from 15.6 per cent in 2006 to 8.7 in 2018. When the base year is held constant, the MBM measure resembles much more an absolute poverty measure than a relative measure.

Chart 7: LICO, LIM, and MBM Poverty Rates for Canada, All Persons, 1976-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

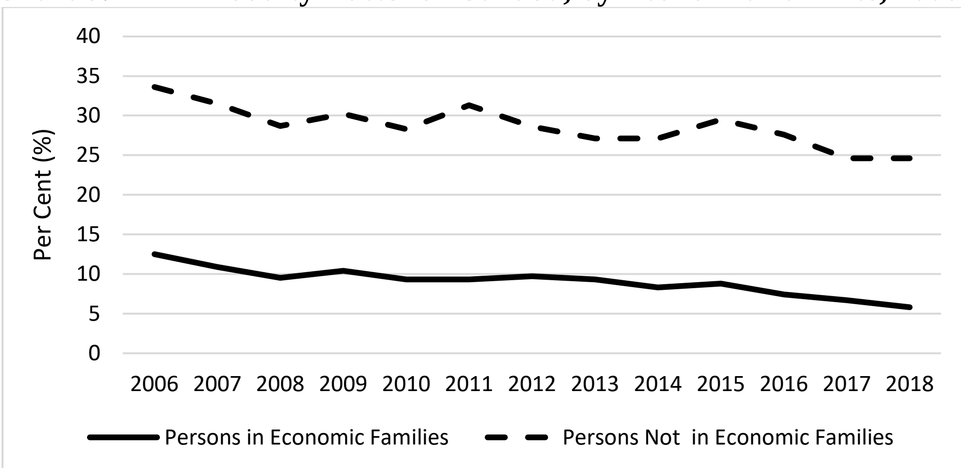
iii. MBM Poverty Rate by Economic Unit

The official poverty rate also varies significantly among types of economic units. In 2018, unattached individuals had a poverty rate of 24.6 per cent, far higher than the rate of 5.8 per cent for persons in economic families (Chart 8).

[7] The MBM is expected to transition to a 2018 base year later in 2020 (Djidel *et. al.*, 2020).

Both types of economic units experienced significant declines in poverty between 2006 and 2018. Persons in economic families experienced the largest relative decline in poverty, falling 53.6 per cent (6.7 percentage points) from 12.5 per cent in 2006 to 5.8 per cent in 2018. Persons not in an economic family experienced a larger fall in absolute terms, falling from 33.6 per cent in 2006 to 24.6 per cent in 2018 (9.0 percentage points). This represented a 26.8 per cent decrease.

Chart 8: MBM Poverty Rates for Canada, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

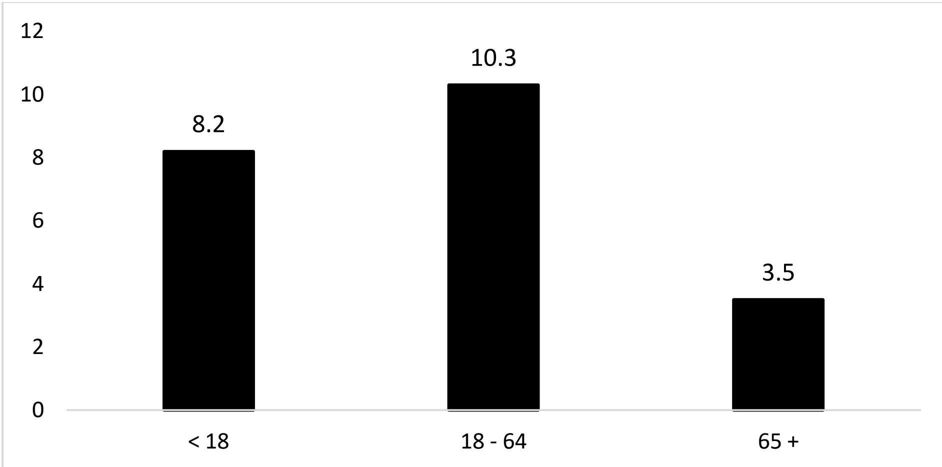
iv. MBM Poverty Rate by Age Group

The official poverty rate varies significantly by age group (Chart 9). In 2018, prime-age persons (18-64) had by far the highest poverty rates of the three age groups at 10.3 per cent (Panel A in Chart 9). The second-highest rate of 8.2 per cent was for persons 17 and under. Persons 65 and over had a poverty rate of 3.5 per cent.

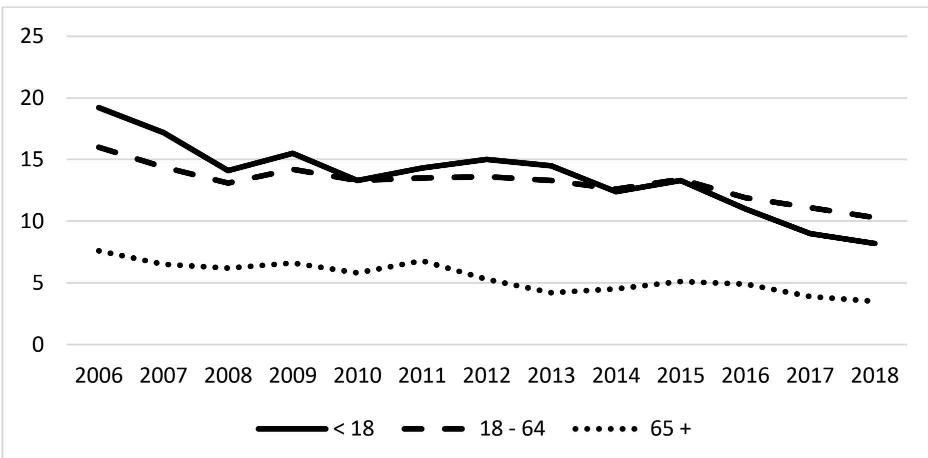
In absolute terms, the poverty rate for the prime-age population decreased 35.6 per cent (5.7 percentage points), from 16.0 per cent in 2006 to 10.3 per cent in 2018 (Panel C in Chart 9). The poverty rate for persons 65 and over declined 53.9 per cent (4.1 points), from 7.6 per cent to 3.5 per cent. Children experienced the largest decrease. The rate for children under 18 fell 57.3 per cent (11.0 percentage points), from 19.2 per cent in 2006 to 8.2 per cent in 2018. Nearly half of this decline took place between 2016 and 2018 (5.1 percentage points), primarily because the federal government enriched child benefits. Section two will provide further details on the recent enhancement of child benefits.

Chart 9: MBM Poverty Rates (%) for Canada by Age Group, 2006-2018

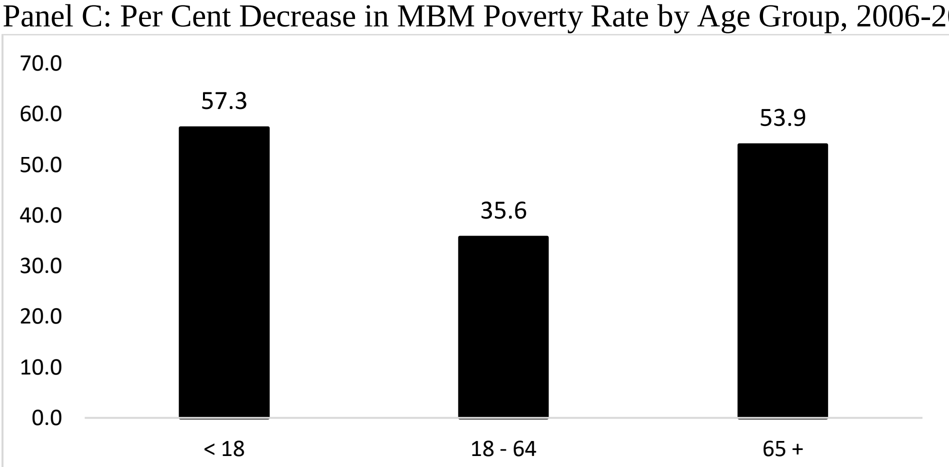
Panel A: 2018



Panel B: 2006-2018



Panel C: Per Cent Decrease in MBM Poverty Rate by Age Group, 2006-2018

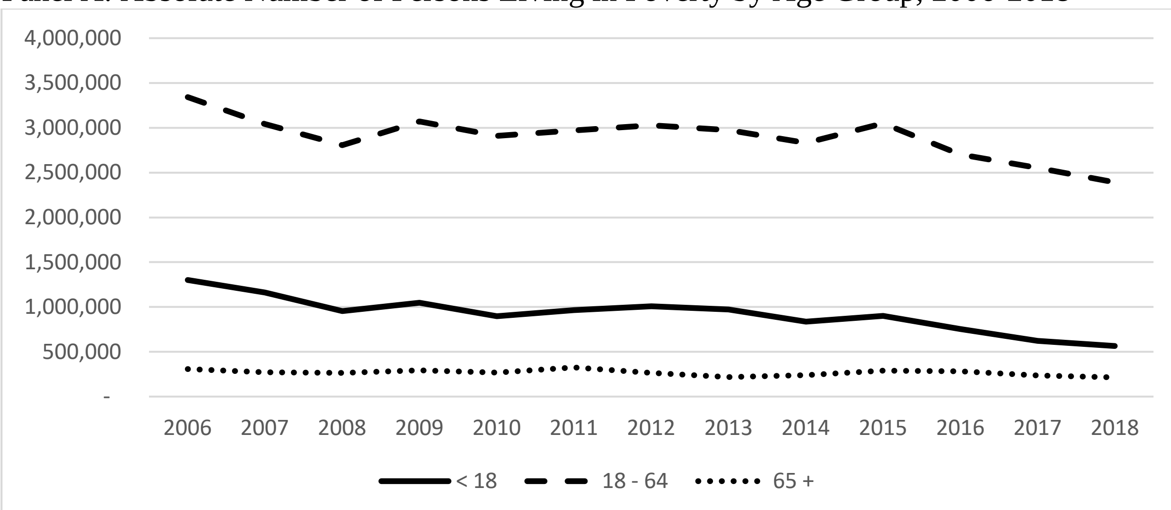


Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

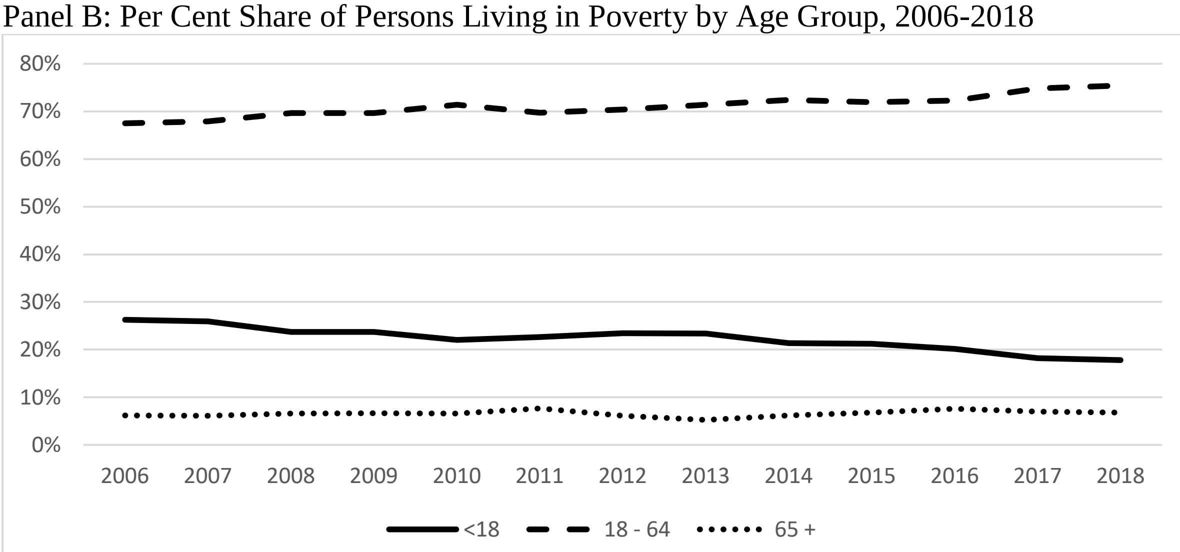
In 2006, children made up 26 per cent of persons living in poverty, working-age adults made up 67 per cent and seniors made up 6 per cent of persons living in poverty (Panel B in Chart 10). By 2018, the share of children in poverty had fallen to 18 per cent of the share of total persons living in poverty. In contrast, working-age adults made up 75 per cent of the share and seniors made up 7 per cent of the share. The increase in seniors as a share of total persons living in poverty reflects the increased share of persons 65 and older in the total population (13.3 per cent in 2006 versus 17.1 per cent in 2018). Despite working-age adults and seniors living in poverty making up a larger share of all persons living in poverty in 2018 than in 2006, the number of persons living in poverty in all three age groups has fallen in absolute terms (Panel A in Chart 10). The increased share of adults in poverty is partially due to the large decrease in the number of children living in poverty.

Chart 10: Share of Persons in Poverty by Age Group, 2006-2018

Panel A: Absolute Number of Persons Living in Poverty by Age Group, 2006-2018



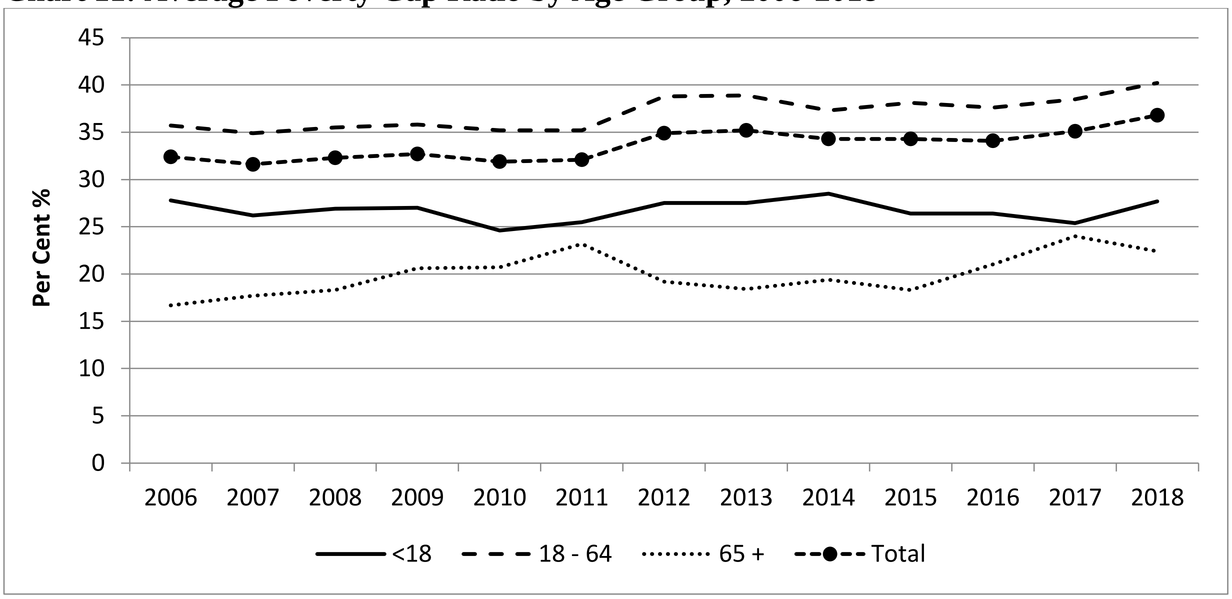
Panel B: Per Cent Share of Persons Living in Poverty by Age Group, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty gap reflects the depth of poverty, expressed as a percentage of the poverty line. The poverty gap ratio is calculated only for households living in poverty as the amount that a household's disposable income falls below the poverty line. In addition to experiencing the highest poverty rate, working age adults also experience the largest poverty gap. Furthermore, they represent a growing share of the percentage of persons living in poverty (due to greater falls in child and senior poverty). In 2018, the average poverty gap for all Canadians was 36.8 per cent (Chart 11). For working age adults, the poverty gap was 40.2 per cent, up from 35.7 per cent in 2006. Between 2006 and 2018, there was no change in the poverty gap for children despite small fluctuations between years. For seniors, the poverty gap increased from 16.7 per cent in 2006 to 22.4 per cent in 2018.

Chart 11: Average Poverty Gap Ratio by Age Group, 2006-2018



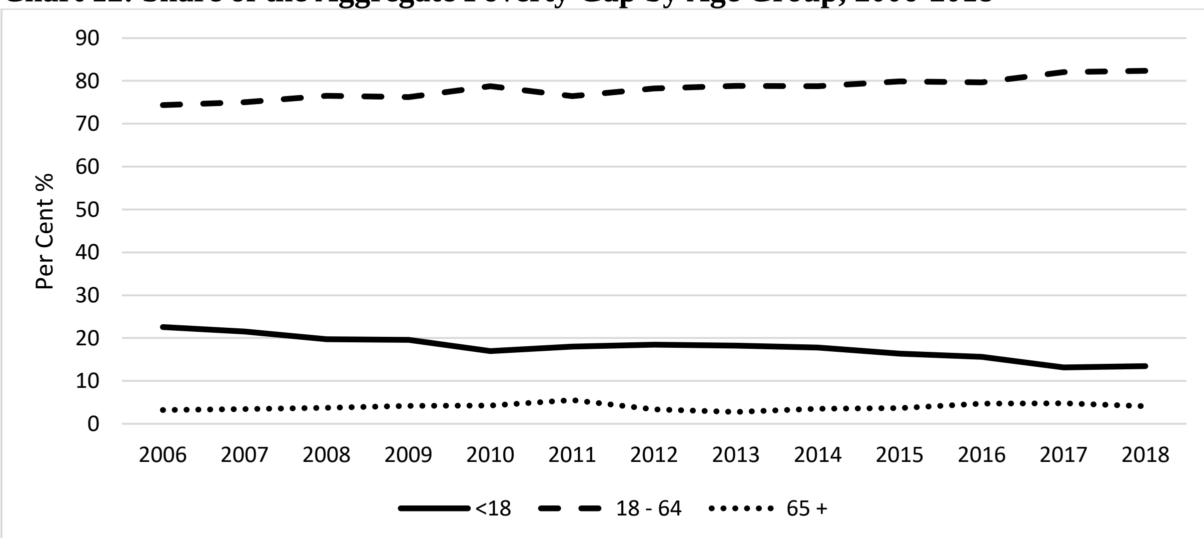
Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

An estimate provided to the CSLS by Statistics Canada indicated that to lift all persons living in poverty to the MBM threshold in 2018 would cost on aggregate $18.484 billion (2018 dollars).[8] The share of the aggregate poverty gap accounted for by each age group is calculated by multiplying the poverty gap for an age group by the total number of persons in poverty and dividing the result by the total poverty gap. In 2018, 82.3 per cent of the poverty gap was attributable to working-age adults, up from 74.4 per cent in 2006 (Chart 12). In 2018, only 13.4 per cent of the gap was attributable to children and 4.1 per cent was attributable to seniors. Using the share of the poverty gap by age group composition, it follows that it would cost $2.48 billion to lift children out of poverty, $15.22 billion to lift working age adults out of poverty and $766 million to lift seniors out of poverty.

[8] In relative terms to federal spending, $18 billion in 2018 accounted for 0.81 per cent of GDP. For perspective, the Canada Emergency Response Benefit (CERB), which provides $2,000 a month for up to six months to Canadians forced out of work due to the pandemic is expected to cost three times as much. The Parliamentary Budget Office estimates that CERB will cost $53.4 billion (Perrault and Worswick, 2020).

Since 516,000 children live in poverty in Canada, allocating \$2.48 billion would mean \$4,382 per child. Given that 216,000 seniors live in poverty, it would cost \$3,546 per senior to lift the entire group out of poverty. However, regional differences in the cost of living reflected in the MBM thresholds would mean that child and senior benefits cannot simply be increased by those amounts to eliminate poverty for all persons.[9] To use the Child Benefit and the Guaranteed Income Supplement to eliminate child and senior poverty, the benefit levels would need to be increased and the benefit reduction schemes would need to be adjusted to exclusively target people living in poverty. Furthermore, benefit levels would need to vary according to regional costs of living.

Chart 12: Share of the Aggregate Poverty Gap by Age Group, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

It is important to note that sponsored immigrants over the age of 65 living in poverty who immigrated to Canada within the past ten years are not eligible for any old age income benefits and non-sponsored immigrants may be eligible for partial benefits. Therefore, no level of increases to OAS and GIS benefits without changing eligibility requirements would completely alleviate poverty among seniors. Lifting working-age adults out of poverty would cost \$6,363 per person. However, a universal benefit for working-age adults does not exist. Therefore, the poverty gap could be reduced through a mix of higher minimum wages, enhanced workers earning supplements and higher welfare incomes.

D. Trends in Indigenous Income, Poverty, and Inequality[10]

We do not have a clear picture of income, poverty, and inequality trends for the almost 1.7 million Indigenous Canadians. Government statistics are incomplete and do not always cover this group, which according to the census in 2016 included 977,230 First Nations, 587,545 Métis and

[9] Toronto has the highest MBM threshold of any region in Canada, therefore lifting everyone to Toronto's MBM threshold would theoretically lift all Canadians out of poverty but greatly overestimate the cost of ending poverty.

[10] It is beyond the scope of this report to look at trends in poverty for all ethno-racial groups. See Appendix II for additional discussion on poverty rates.

65,025 Inuit. Indigenous identity in the census is self-reported. The following discussion is based on the best available data.

i. Income Trends

The Indigenous Economic Progress Report released by the National Indigenous Economic Development Board in June 2019 provides a useful overview of Indigenous incomes in Canada (NIEDB, 2019). It uses data from the 2006 and 2016 censuses and covers First Nations, Métis and Inuit. Key findings from this study include:

- The average income for an Indigenous person in Canada aged 15 and over in 2015 was \$36,043. This was only three quarters of the average income of a non-Indigenous person of \$47,981.

- Despite this significant gap, the relative income performance of Indigenous Canadians is improving. In 2005, the average income of an Indigenous person aged 15 and over in Canada was only two thirds that of a non-Indigenous Canadian.

- Indigenous incomes vary significantly by Indigenous group and between off-reserve and on-reserve First Nations. The latter had by far the lowest average incomes, at around \$23,000 in 2015 for persons 15 and over. This was less than one half the average income of a non-Indigenous Canadian.

ii. Indigenous Poverty

It is difficult to produce a clear picture of how poverty is experienced by Indigenous peoples in Canada. The federal government does not produce official estimates of poverty for First Nations living on reserves in Canada and for persons living in the territories. What this means is that the estimates that do exist cover only Indigenous peoples living in the provinces off-reserve. This overlooks a sizeable segment of the Indigenous population. For example, only 57 per cent of First Nations live off reserve in the provinces and are thus captured in the official poverty estimates.

The lack of poverty data reflects the exclusion of persons living on reserves in household surveys by Statistics Canada (the exception is the census), partially due to concerns that in-kind benefits such as housing provided to First Nations on reserves render their money incomes not comparable to those of other Canadians. As part of its 2018 Poverty Reduction Strategy, the federal government plans to expand the Canadian Income Survey so that poverty estimates using the Market Basket Measure can be made in the territories. It also said it would work with national Indigenous organizations to develop measures of poverty and well-being for First Nations, Métis and Inuit.

Statistics Canada uses the LICO-AT (after-tax) and the LIM-AT to measure poverty for Indigenous persons living off-reserve based on data from the 2016 census. The size of the population being excluded from poverty statistics is worthy of further observation. As illustrated in Table 3, 36.2 per cent of First Nations are excluded from the statistics, as are 53.3 per cent of

Inuit people. Of all persons in Canada for whom low-income status is not applicable, 81 per cent are Indigenous.[11]

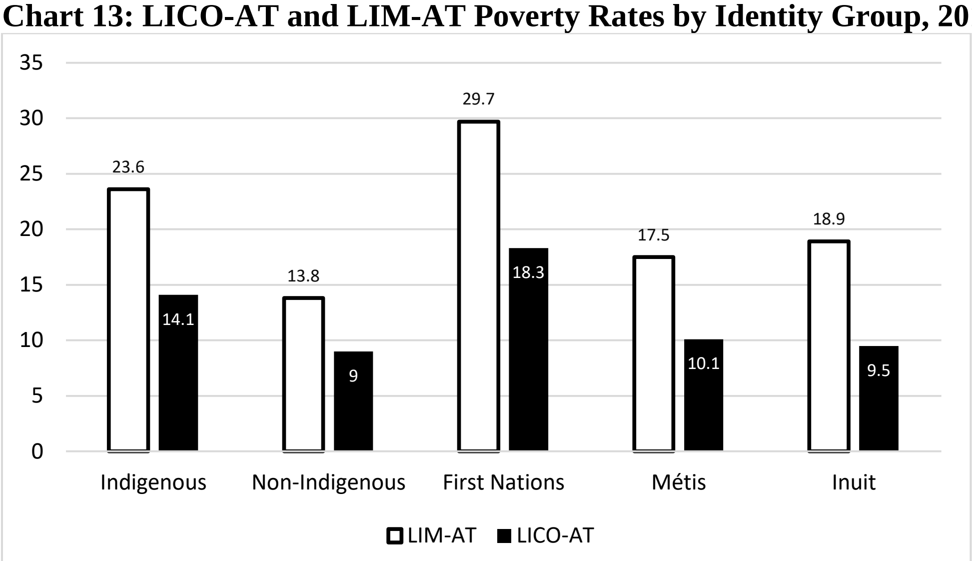
Table 3: Poverty Rates and Low-Income Status Applicability Among Indigenous Identity Groups, 2015

	Total Population	Low-income status - not applicable	% of Population Low-Income Status - Not Applicable	LIM	LICO
Total Population	34,460,065	491,875	1.4	14.2	9.2
Total Indigenous	1,673,780	398,900	23.8	23.6	14.1
First Nations	977,235	354,170	36.2	29.7	18.3
Métis	587,545	8,310	1.4	17.5	10.1
Inuit	65,030	34,640	53.3	18.9	9.5
Non-Indigenous	32,786,285	92,975	0.3	13.8	9.0

Source: Statistics Canada - 2016 Census. Catalogue Number 98-400-X2016173.

Figures from the 2016 census show that 14.1 per cent of Indigenous people living in provinces (but not on reserves in the case of First Nations) were living in poverty, as defined by the LICO-AT, compared to 9.0 per cent for non-Indigenous people. For First Nations, the rate was 18.3 per cent. For Métis, the LICO-AT poverty rate was 10.1 per cent and for Inuit it was 9.5 per cent (Chart 13). The low poverty rate for Inuit persons is a reflection of their higher nominal incomes without taking into account the much higher cost of living that Inuit persons living in the Territories experience.

Chart 13: LICO-AT and LIM-AT Poverty Rates by Identity Group, 2015



Source: Statistics Canada - 2016 Census. Catalogue Number 98-400-X2016173.

[11] Statistics Canada uses the term Aboriginal in its surveys to refer to First Nations, Métis and Inuit. It also differentiates between Registered and Treaty First Nations (referred to as Status First Nations) and non-Status First Nations.

When using the LIM-AT as the poverty threshold, the prevalence of low income was 23.6 per cent for Indigenous people living in provinces (but not on reserves in the case of First Nations), compared with 13.8 per cent for non-Indigenous people. The Indigenous poverty rate was highest for First Nations, at 29.7 per cent, and lowest for Métis, at 17.5 per cent. It was 18.9 per cent for Inuit. There has been some improvement in the poverty rate for Indigenous peoples since 2011. The LIM dropped from 25.3 per cent in 2011, as observed in the National Household Survey, to 23.6 per cent in 2016.

LICO estimates from the 2006 census are reported separately for economic families and for persons not in economic families and therefore not easily comparable to 2016 poverty statistics. Figures from the 2006 census indicate that the prevalence of poverty according to the LICO for Indigenous persons in the provinces off-reserve was 18.7 for members of an economic family and 42.8 per cent for persons not in economic families. For all Canadians, the prevalence of low-income was 8.6 percent for economic families and 28.3 per cent for unattached individuals (Statistics Canada, Table 97-564-XCB2006004). This reflects the presence of an income gap between Indigenous and non-Indigenous persons. It also points towards a decrease in poverty between 2006 and 2016 but the size of the decrease is not easily inferred.

First Nations living on reserve are left out of the poverty measures above. An estimate based on data from the 2011 National Household Survey put the on-reserve poverty rate based on the LIM-AT at 50.6 per cent (Heisz, 2019). A more recent estimate for-on-reserve poverty appears not available.

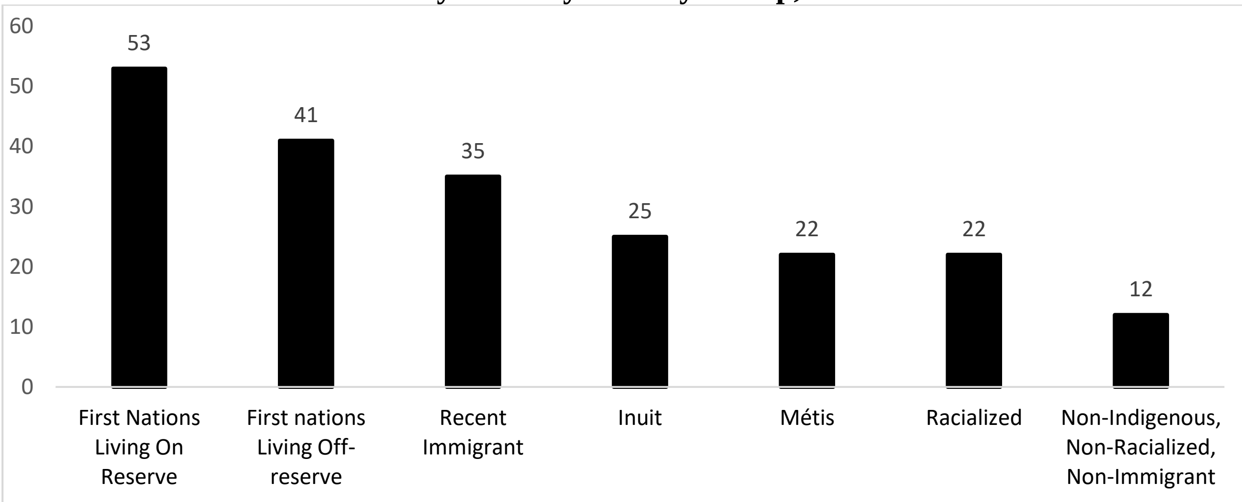
iii. Indigenous Child Poverty Trends

Researchers at the Assembly of First Nations (AFN) and the Canadian Centre for Policy Alternatives (CCPA) have published estimates of child poverty on reserves, using the LIM-AT poverty measure based on custom requests run by Statistics Canada (Beedie, Macdonald and Wilson, 2019; Macdonald and Wilson, 2016; Macdonald and Wilson, 2013). This section draws on their work.

The Canada Child Benefit, a monthly, tax-free benefit that was enriched in 2016, had a significant impact on the income of households with children. Unfortunately, the impact cannot be assessed yet for First Nations on reserve since data is only collected in census years.

The child poverty rates in Canada show that child poverty varies greatly by identity groups. Poverty rates for Indigenous children are significantly higher than national averages and for other identity groups (Chart 14). Poverty rates in 2015 were highest for First Nations children living on reserve, with 53 per cent of the population living lower than the threshold set by the LIM-AT. The off-reserve poverty rate for First Nations children was 41 per cent and the non-Status First Nations poverty rate was 32 per cent. The poverty rate for First Nations children living on reserve is nearly 4.5 times higher than for non-Indigenous children (12 per cent). Inuit, Métis and racialized children all had similar levels of poverty in 2015. In absolute numbers, there were 64,893 First Nations children on reserve living in poverty, and 53,956 First Nations children off reserve living in poverty (Chart 15).

Chart 14: Child LIM-AT Poverty Rates by Identity Group, 2015



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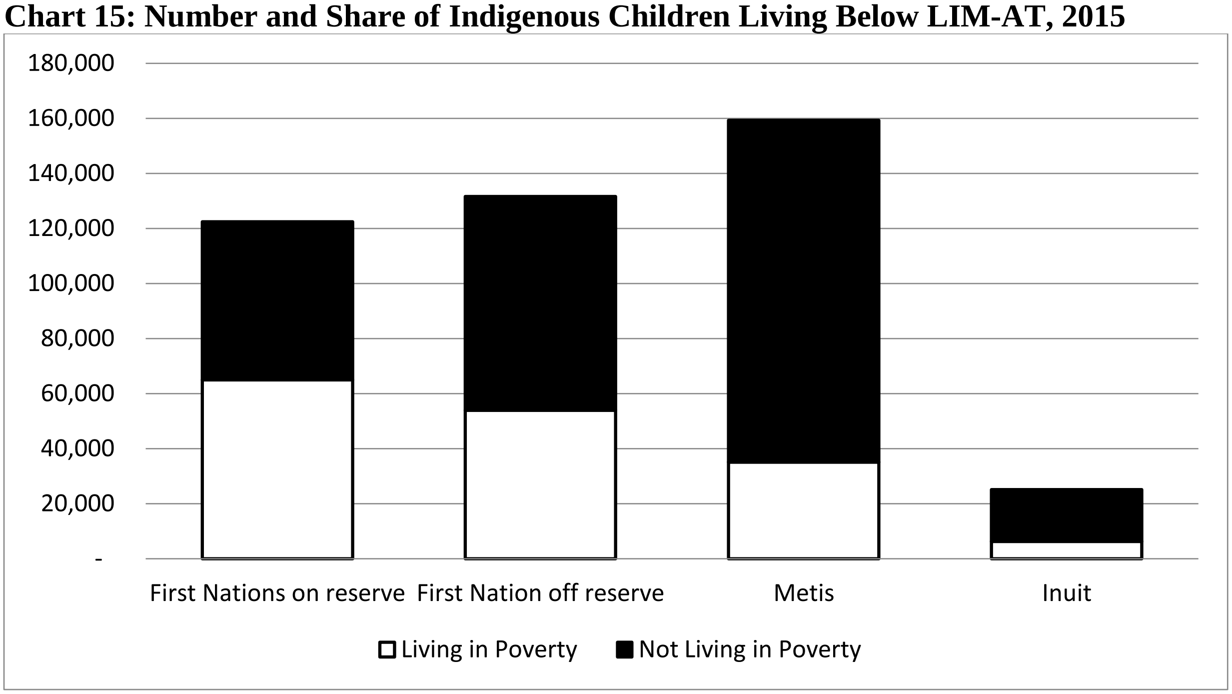
Source: Natasha Beedie, David Macdonald, and Daniel Wilson, 2019

National averages hide a part of the story when provincial variations are large, which is the case for Indigenous child poverty. Indigenous child poverty rates were significantly higher in Manitoba and Saskatchewan. In both provinces, 65 per cent of First Nations children living on reserve lived in poverty (Table 4). Quebec had much lower child poverty rates when compared to the national average and all other provinces, with child poverty rates at 29 per cent in 2015. The poverty rate in Quebec is largely driven by the James Bay Cree. Cree communities in Northern Quebec are relatively prosperous because of the revenue-sharing agreement with Hydro-Quebec in 1975.

Chart 15: Number and Share of Indigenous Children Living Below LIM-AT, 2015



Source: Natasha Beedie, David Macdonald, and Daniel Wilson, 2019

The child poverty rate for the Eeyou Ischee of Northern Quebec (James Bay Cree) was 15 per cent in 2015 (Beedie, Macdonald and Wilson, 2019). With poverty rates below the national average, understanding the context that lead to such a success in the community is important when drafting poverty alleviation policies. The 1975 James Bay and Northern Quebec Agreement saw the implementation of a revenue sharing from hydroelectric projects between the Quebec government and First Nations governments. This permitted the Eeyou Ischee to avoid the chronic underfunding that other reserves are limited by and to keep poverty and social assistance rates low. The report by the Assembly of First Nations and the Canadian Centre for Policy Alternatives notes that research has shown that Indigenous self-determination, supported by changes in the fiscal and jurisdictional relationship between the Crown and First Nations, has been the foundation of progress.

Table 4: LIM-AT Poverty Rates (%) for On-Reserve Status First Nations Children, 2005-2015

Province	2005	2010	2015
Manitoba	63	76	65
Saskatchewan	69	69	65
Alberta	55	59	54
British Columbia	53	52	45
Ontario	49	47	45
Quebec	32	37	29
Canada	**55**	**60**	**53**

Source: Natasha Beedie, David Macdonald, and Daniel Wilson, 2019

iv. Trends in Indigenous Inequality

The concept of inequality as it applies to the Indigenous population can refer to both the income gaps between the Indigenous population and the non-Indigenous population and to the income gaps within the Indigenous population.

The 2019 report on Indigenous economic progress trends produced by the National Indigenous Economic Development Board (NIEDB) provides comprehensive data on both these inequality dimensions.[12] Readers can refer to this study for a detailed discussion on differences in average and median income between Indigenous groups and the non-Indigenous population and estimates of Gini coefficients for Indigenous groups. A general finding is that Indigenous incomes have been growing at a faster rate than non-Indigenous incomes in recent years. As a result, the income gap between the Indigenous and non-Indigenous populations has been declining. Unfortunately, First Nations living on reserve are not part of this trend.

[12] The report is available at http://www.naedb-cndea.com/wp-content/uploads/2019/06/NIEDB-2019-Indigenous-Economic-Progress-Report.pdf.

One telling statistic is that given the lower income of First Nations citizens living on reserves, only 18 per cent of this population have incomes that put them in the top half of the income distribution (NIEDB, 2019; Figure 18).

The report also provides estimates of the Gini coefficient for adjusted family income by identity group for 2005 and 2015. This is based on the income distribution within a population. Unfortunately, no breakdown of the Gini is provided between on-reserve and off-reserve First Nations. In any case, it is interesting to observe that the Gini coefficient for after-tax total income for First Nations at 0.417 in 2015 was higher than that of the non-Indigenous population (0.394). This suggests that there are greater inequalities within the First Nations population than the overall population. It may reflect uneven development with the First Nations communities, with certain First Nations citizens enjoying economic success while others remain in poverty.

v. Trends in Indigenous Well-being

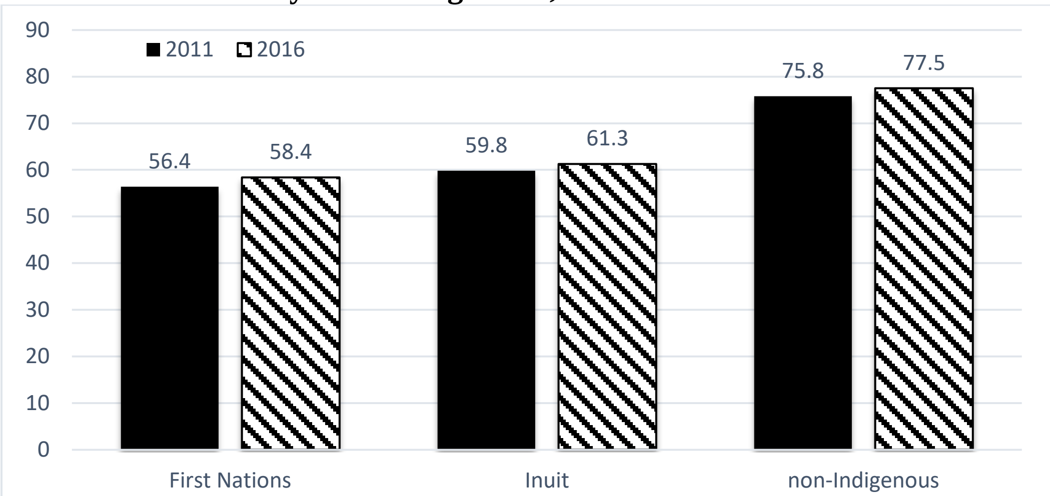
The Community Well-being index in the National Indigenous Economic Development Board report is a "socio-economic measure designed to assess the well-being of individual communities based on the indicators of education, labour force activity, income and housing".[13] The index is used to compare well-being over time and between communities by assigning them a score ranging between a low of 0 and high of 100. All four indicators are weighted equally.

When comparing First Nations and Inuit communities over time, a small upwards trend in the CWB index is visible. However, the gap between First Nations, Inuit and non-Indigenous is persistent. It remained basically unchanged between 2011 and 2016 (Chart 16). Regional variations in well-being are stark between First Nations communities, with First Nations in the Prairies achieving the lowest score, especially in Manitoba. Well-being scores were highest in the Atlantic Provinces.

Within First Nations communities, the housing component of the index was the only one to score lower in 2016 than 2011. The falling score can be explained by a deterioration in the quality of housing for First Nations. Inuit communities scored lower in university attainment, employment rate and housing quantity in 2016 than in 2011. The largest increase in score between 2011 and 2016 was for the high school completion rate for First Nations. The largest gap reduction was for Inuit labour force participation.

[13] More information of the Community Well-being (CWB) index is available at https://www.sac-isc.gc.ca/eng/1100100016579/1557319653695.

Chart 16: Community Well-being Index, 2011 and 2016



Source: Indigenous Services Canada, 2019

II. Federal Government Poverty Reduction Strategies

This section provides a brief survey of federal programs that target poverty reduction. The focus of the section is policies related to the federal government's Poverty Reduction Strategy introduced in October 2016.[14] In June 2019, the Poverty Reduction Act became law and entrenched the poverty reduction targets and the official poverty line into legislation. The Poverty Reduction Strategy played a significant part in the recent decreases in child and seniors' poverty visible in all provinces and at the national level. Government policies, in tandem with strong economic conditions and increases in the minimum wage in certain provinces have led to a decrease in the official poverty rate from 12.1 per cent in 2015 to 8.7 per cent in 2018.

That strategy sets targets to lower poverty rates from the 2016 level by 20 per cent in 2020 and by 50 per cent in 2030, based on the Market Basket Measure (Employment and Social Development Canada, 2018). Reaching the targets would require meeting a poverty rate of 9.7 per cent by 2020 and 6.1 per cent in 2030. The 2020 target for Canada was met in 2017.

Specific targets for reducing the poverty rate for Indigenous persons have not been set. Assuming the same poverty reduction targets set for the entire population had been applied to Indigenous persons, the relative change would need to be calculated based on the LICO and LIM rather than the MBM. Using the LICO in 2015 (14.1 per cent) as a baseline, a 20 per cent reduction in the poverty rate by 2020 would require the poverty rate to fall to 11.3 per cent. A reduction in the poverty rate by 50 per cent by 2030 would require poverty to fall to 7.05 per cent. According to the LIM poverty rate of 23.6, reaching the targets would require a poverty rate of 18.9 in 2020 and 11.8 per cent in 2030. Most First Nations living on reserve are excluded from

[14] The Poverty Reduction Strategy report is available at https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html.

official poverty statistics, therefore these numbers are most likely an underestimation of the actual poverty level.[15]

The provision of social assistance is a provincial responsibility and will be explored in-depth in the following section. It is important to note that social assistance on-reserve is provided by the Federal government, but the details of the program will be included in Appendix V.

A. Poverty Reduction Strategies Targeting Children

Prior to 1998, child benefits were provided federally through the Child Tax Benefit, a per-child monthly tax-free benefit, and provincially through social assistance programs. The National Child Benefit Supplement, introduced in 1998, was the first joint federal-provincial-territorial child benefit.[16] The supplement was a component of the federal Child Tax Benefit. Its introduction "provided provinces and territories the opportunity to adjust children's social assistance by an amount equivalent to the NCB Supplement" (Federal-Provincial-Territorial Directors of Income Support, 2016:7). "Resulting savings are reinvested in new or enhanced programs benefiting low-income families with children." The supplement helped low-income families. It had a minimal impact on welfare recipients since it was deducted from their benefits in most provinces.

The next major development in child benefits came in 2006, when the federal government introduced the Universal Child Care Benefit. It provided $1,200 annually per child under six to families. In 2016, the federal government created the Canada Child Benefit, which replaced the Canada Child Tax Benefit, the National Child Benefit Supplement, and the Universal Child Care Benefit.

The new child benefit is a monthly, tax-free payment worth up to $6,767 annually for children age six and under and $5,708 for children over six as of July 2020. The amount is reduced when adjusted net family income exceeds $31,120. The benefit is considered exempt income and therefore does not impact eligibility for social assistance. It is indexed to inflation. In 2019, a family with two children whose adjusted family net income is below $31,120, where one child is under six and the other is over six, would receive a maximum of $12,241 in federal child benefits annually.

The benefit has had significant positive impacts on poverty reduction for low-income families in the three years since its implementation. According to the Canadian Income Survey, poverty rates have decreased the most for single-parent families. The child benefit helped households with children on social assistance since the benefit is not clawed back (Maytree, 2018). The number of households with children on social assistance has fallen because of the benefit.

Despite the sizable increase the child benefit, there are still families with children living in poverty. The dollar amounts required to lift families on social assistance with children out of

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[15] For First Nations children, these relative change targets would mean reducing the 2015 LIM poverty rate of 47 per cent to 37.6 per cent in 2020 and to 23.5 per cent in 2030. Targeting only reductions in the poverty rate will prioritize lifting persons in shallow poverty above the poverty line.

[16] Excluding Quebec, which did not adopt the NCB and rather chose to adopt a similar provincial program.

poverty are detailed in Panel C of Table 6. These numbers reflect the dollar amounts required to lift families out of poverty assuming they receive only welfare benefits and child benefits but do not earn income through employment. For families living in poverty who are not eligible for social assistance, the increased benefit may still leave some children in poverty. Furthermore, the MBM threshold used is for the largest city in each province. Therefore, the amount required to lift people out of poverty is overestimated for persons living in regions with an MBM lower than the largest city in the province. It follows that the amount is underestimated for persons living in a region of a province where the MBM threshold is higher than the provincial reference MBM used.

It is difficult to assess the impact of the child benefit or indeed any element of the Poverty Reduction Strategy on First Nations households because annual income surveys are not conducted on reserve. The full impact of the child benefit on households on reserve and in the territories can only be properly assessed with data from the 2021 census. It is difficult to assess the impact of the child benefit on Indigenous families because poverty statistics are only collected during census years, and because census data does not include many First Nations living on reserve.

B. Poverty Reduction Strategies Targeting Seniors

Any Canadian citizen, aged 65 or older, is eligible for Old Age Security (OAS). Old Age Security is a pension program that is funded through general tax revenue and therefore does not require that individuals pay into the program directly. This distinguishes OAS from the Canada Pension Plan (CPP), a monthly, taxable benefit where payment amounts are based on contributions to the CPP and average earnings throughout the persons' working life. Eligibility for OAS is not determined by employment history and an individual can continue working while receiving their pension. The maximum monthly payment amount for the OAS pension is $613.53 ($7,362.36 per year) as of June 2020 for a person aged 65 and older, regardless of the individual's marital status. The Guaranteed Income Supplement (GIS) tops up the benefits for Old Age Security pension recipients. The GIS is a monthly, non-taxable benefit that increases incomes for the lowest-income single seniors. A single, widowed or divorced pensioner with an individual income on a sliding scale below $18,600 could earn up to $916.38 monthly ($10,996.56 per year) from the GIS if they received. OAS and GIS were both enriched in 2016 as a result of the federal Poverty Reduction Strategy. For on, the GIS benefit was made more generous (increased by $112). Second, the planned increase in the age of eligibility for OAS and GIS to 67 was dropped and 65 will continue to be the eligibility age.

When a single individual receives both the OAS pension and the GIS, they could receive up to $18,358.92 annually. The MBM thresholds in the largest city in each province for a single adult ranges from $18,026 in Montreal to $21,207 in Toronto. Therefore, a single pensioner would be above the MBM in Montreal but would require $2,848.08 to meet the MBM threshold in Toronto. The difference in regional adequacy of OAS has clear results: the poverty rate for persons 65 and older is 1.8 per cent in Montreal compared to 5.9 per cent in Toronto.

C. Poverty Reduction Strategies Targeting Working-Age Adults

The Canada Worker Benefit (CWB) was introduced to replace the Working Income Tax Benefit (WITB). Implemented in 2019, the CWB is defined as "a refundable tax credit that is intended to supplement the earnings of low-income workers and improves work incentives for low-income Canadians" (Government of Canada, 2019). The 2018 Budget allocated $3 billion over five years to introduce and improve access to the Benefit. It is accessed when an individual files their taxes and is deemed eligible. This provides an incentive for low-income earners to file their taxes and ensures a 100-per-cent take-up rate among tax filers. While the worker benefit is an important tax benefit for the working poor, it excludes anyone living in poverty who is not earning wage income.

In 2019, an individual would receive a benefit equal to 26 per cent of earned income over $3,000. The maximum an individual could receive is $1,355 and a family could receive up to $2,335. The CWB is indexed to inflation. The benefit is reduced by 12 per cent of adjusted net income more than $12,820 for an individual or $17,025 for a family. A single individual without children would no longer be eligible for the benefit if their net income exceeded $24,111. A family is no longer eligible for the CWB when family net income exceeds $36,483. If both persons in a couple are eligible for the CWB, only one person can claim the basic CWB.[17]

In Canada, 5.6 per cent of working-age persons (18-64) live in poverty and are employed (Stapleton, 2019). They are referred to as the 'working poor'. In 2016, there were 23,108,737 prime age adults. Given that 5.6 per cent of their age group is comprised of working poor, it follows that there were 1,294,089 working poor individuals. The total poverty rate for working age adults in 2016 was 11.9 per cent, equal to 2,749,940 persons. Therefore, 47.1 per cent of all working-age adults in poverty were working. Had all the working poor been lifted out of poverty in 2016, the poverty rate for prime age adults would have been 6.3 per cent rather than 11.9 per cent. Total poverty in Canada would have been 6.6 per cent rather than 10.6 per cent.

Poverty rates are highest for prime-age adults, especially individuals not in an economic family. In order to target poverty reduction among working-age working poor individuals, work-triggered and contribution-based benefits such as the Canada Workers Benefit and Employment Insurance need to be enhanced. Increases to the minimum wage would also benefit the working poor. The remaining 53 per cent of working age adults living in poverty, who are not part of the working poor, cannot access work-triggered benefits and therefore their social safety net consists solely of social assistance.

Old Age Security and the Canada Child Benefit mirror each other in many ways. Neither require the recipient to be employed, and both are age-based, means-tested entitlements that act like a guaranteed basic income for their target demographic group. On the other hand, the Canada Worker Benefit is an example of how federal assistance for low-income working-age adults is work-triggered. A universal federal benefit does not exist for working-age adults. This means that employable adults must rely on provincial social assistance if they are non-working poor.

The CWB targets low-income workers without specifically targeting low-wage workers. The benefit level is determined based on total net income and does not consider hours worked for eligibility. Part of improving the living conditions of low-wage workers would require a two-

[17] The CWB includes a disability supplement which is a non-refundable tax credit that reduces the amount of income tax that persons with disabilities must pay. In order to be eligible for the disability supplement, a person must have a medical practitioner certify that there is a severe and prolonged impairment that is expected at last at least 12 months. In 2019, the maximum disability supplement amount was $8,416. If both persons in a couple are eligible for the disability supplement, they can both claim it.

pronged approach – raise minimum wages and introduce a government provided hourly wage subsidy.

The current benefit level of the CWB is too low to bring many low-income workers above the poverty line. Assuming a person works 35 hours a week for 52 weeks, the maximum CWB benefit for a single worker would be equivalent to $0.74 an hour. In addition to being a small benefit, the CWB application process is complex and difficult to access. The application process and the benefit levels of the CWB stand in sharp contrast with the new Canada Emergency Response Benefit (CERB), for which the simple application process gives individuals nearly immediate generous financial relief. A middle ground between both benefits would most likely be a successful design.

The CWB could be extended to provide an hourly earning supplement scheme. An earning supplement scheme based on actual hours worked could top up low-wage work by up to $3 per hour, to a maximum of $18 per hour. The wage subsidy would be based on hours worked up to a maximum of 1,820 hours per year, equivalent to working full-time, full-year employment at 35 hours per week. The most an individual would receive through the supplement is $5,460 per year.[18] Low-wage workers who earn $15 per hour or less would receive the full $3 per hour benefit. Low-wage workers earning above $15 and less than $18 per hour would receive a reduced wage subsidy bringing their wages to a maximum of $18 per hour.

The supplement could be delivered based on employment income, in a similar manner to the GST/HST credit, a tax-free quarterly payment to low- and modest-income families intended to offset the GST or HST that they pay. Employers in their T4 submissions would be required to report on the number of hours paid for all employees making less than $30,000 per year. CRA would use this information and employment income to calculate the earning subsidy and then make payment directly to low-wage workers. This enriched CWB would have the objective of lifting the working poor out of poverty.

However, a wage subsidy or supplementation program for workers making less than $18 per hour will need to be carefully designed to minimize unintended consequences, including negative work incentive effects. This is beyond the scope of this report. Possible effects that merit consideration include the impact on overtime hours, employer inventive to increase wages and marginal tax rates for low-wage workers.

The introduction of the $3 per hour wage subsidy may provide workers with less incentive to work overtime as these additional hours could increase the effective hourly wage of the worker to a level where the worker would no longer qualify for a wage subsidy. Consider a worker making $15 per hour and working 35 hours per week (1,820 per year), therefore earning an employment income of $27,300 annually. The worker has the opportunity to work overtime at time and one half pay for an average of 4 hours per week (204 hour per year), earning $22.50 per hour for an additional $9,180, boosting employment income to $36,480. The average effective wage now becomes $18.02 per hour ($36,480/2,024 hours) and the worker loses all the $3 hour

[18] Using Ontario as the example, a minimum wage worker in the province earning $14 per hour and working 1,820 hours in the year would receive a wage subsidy of $3.00 per hour or $5,460, boosting employment income 21 per cent from $25,480 to $30,940.

wage subsidy. We consider this example rather extreme as average overtime hours worked are well less than 4 hours per week and overtime pay is often less than double time.

There may be a particular lack of incentive for employers to raise wages for workers earning between $15 and $18 per hour as any increase will be offset one for one in a reduction in the wage subsidy. The wage subsidy is structured such that employers are better off if they do not grant wage increases to workers in this wage range and employees are no worse off. However, workers aspire to higher wages and may prefer incremental wage raises, despite the loss in wage subsidy, especially as it is easier to go from $17.50 per hour to over $18 per hour than from $15 to over $18. Competitive pressures in the labour market may also put pressure on employers to raise wages, especially to attract and retain workers. The disincentive effect for employers to raise wages for workers in the $15 to $18 per hour range may be significantly less than appears from a static cost perspective.

Many social programs, such as the child tax benefit, reduce benefits on a sliding scale basis as income rises. The loss of these benefits means that the marginal loss in total income, or marginal tax rate, for an additional dollar in income is greater than statutory income tax rates. This means that the net increase in household income for a low-wage worker with children who receives an additional $5,460 based on 1,820 hours work may be less than $5,460 because of offsets in child benefits because of the higher employment income. In principle, high marginal tax rates can have negative effects on labour supply. The real-world impact of higher marginal tax rates on work effort appears small as other factors appear more important in determining labour supply.

This proposal is similar to one by Clavet, Duclos and Lacroix (2013) who suggest providing a $3 per hour conditional subsidy to unemployed individuals who find a full-time job equivalent to at least 30 hours per week. They argue that a conditional benefit is preferable to a guaranteed income, which creates significant work disincentives. Their suggestion is based on previous pilot experiments, Action Emploi (AE) in Quebec and the Self-Sufficient Program (SPP) in New Brunswick and British Columbia. Their results show that only a conditional subsidy, unlike a guaranteed income, can have "an unambiguously positive impact on labour supply and income" (Clavet, Duclos and Lacroix 2013:494).

Koebel and Pohler (2019) also recommend an earning subsidy based off the expansion of the CWB. They suggest expanding the CWB to include a 30 per cent employment earning subsidy for every dollar earned in wages and self-employment. However, they extend their proposal to include a guaranteed annual income to individuals with no employment earnings, by suggesting that everyone receive a guaranteed income equal to the social assistance rate in their province. This recommendation is equivalent to eliminating all work requirements and conditionalities currently in place to receive social assistance benefits.

The difference between these two proposals is the relative importance attributed to the moral expectation of reciprocity. A discussion on reciprocity is crucial when discussing income supports for working-age adults, as they are expected to take personal responsibility for their well-being, unlike children and seniors. The principle of reciprocity justifies the existence of work requirements, as it suggests that "citizens may claim rights to state support only if they behave responsibly and contribute to society" (Anderson, 2004:243). Both sides of the argument make compelling cases. Clavet, Duclos and Lacroix value the concept of reciprocity and oppose the introduction of a basic income due to empirical evidence which suggests "[l]ong-term receipt of social assistance can also reinforce poverty by eroding recipients' employment skills and by lowering aspirations and morale" (2013:494). Koebel and Pohler (2019) suggest that introducing a basic income at a very low level in conjunction with a wage subsidy will provide sufficient work incentives to prevent free-riding. On the other hand, Segall (2005) argues that the unconditional welfare benefits do not breach the principle of reciprocity because the obligation to work is only imposed on individuals in need of government support and that the entitlement of a basic income can be justified in the same way it is for education and primary education.

Relaxing the importance of reciprocity acknowledges that the expectations placed on individuals to participate in the labour market must fluctuate in accordance with their varying capabilities. Our society currently lacks the tools necessary to perfectly identify one's ability to find and maintain a job. Therefore, while imposing strict conditionalities on the receipt of income assistance may serve to incentivize labour force participation amongst able-bodied individuals, it also places an undue burden onto those who truly are unable to work through the false supposition that they are capable of labour force participation.

D. Additional Poverty Reduction Strategies

The 2017 budget introduced the National Housing Strategy which targets homelessness and inadequate housing (Government of Canada, 2017). Over ten years, the government hopes to reduce unmet housing need and chronic homelessness for 530,000 families by investing in the construction of new units and repairing existing units. As homelessness and housing insecurity affect men and women differently, 33 per cent of the $40 billion put towards the National Housing Strategy is reserved for women and their families.

Given the above-average poverty rates among Indigenous persons in Canada, a separate housing strategy for First Nations, Inuit and Métis people was introduced. The Indigenous Housing initiative includes $1.7 billion in funding: $600 million will be put towards on-reserve housing for First Nations over three years, $240 million will be allocated to housing in Nunavut over ten years, $400 million is allocated towards an Inuit-led housing plan in Nunavik, Nunatsiavut and Inuvialuit over ten years and $500 million is allocated towards housing for the Métis Nation over ten years.

Additional poverty reduction initiatives include investments to Public Transit Infrastructure, Early Learning and Child Care, Labour Market Transfer Agreements, Indigenous Skills and Employment Training Program (to replace the Aboriginal Skills and Employment Training Strategy) and Home Care and Mental Health. This combination of all these policies has helped reduce poverty in Canada. Yet despite its many strengths, the Poverty Reduction Strategy does little to reduce poverty for working age adults not in the labour force. All the new policies are either dependent on categorical eligibility (such as the Child Benefit, Old Age Security and benefits for veterans) or require that the applicant works (the Canada Workers Benefit). None of the federal policies provide a needs-tested benefit to working-age adults who are currently not employed.

In addition to leaving many working-age adults without children behind, very few federal poverty reduction policies target systemic barriers faced by racialized persons in Canada except for certain policies targeting Indigenous persons. Systemic racism is defined as "an institution or set of institutions working together creates or maintains racial inequity. It is often caused by hidden institutional biases in policies, practices and processes that privilege or disadvantage different groups of people. It can be the result of doing things the way they have always been done without considering how they affect particular groups differently," (Colour of Poverty, 2019). These systemic barriers may hinder the potential positive impacts poverty reduction policies can have. For example, financial support that only targets low-wage workers such as the Canada's Workers Benefit will not impact all Canadians equally due to systemic barriers to employment. Racialized persons, women, persons with disabilities and other vulnerable groups all face additional barriers to employment that make it more difficult to access the labour force, and therefore more difficult to access work-triggered benefits. Barriers to employment include racism in hiring and promotion, non-recognition of migrants' credentials and low educational attainment. The use of police record checks during hiring disadvantages disproportionally overrepresented groups in the criminal justice system. Within the context of social assistance, these barriers can translate to differences in service delivery (especially service delivery for First Nations living on reserve) and higher dependency rates.

III. Social Assistance in Canada

As noted, federal policies do not provide social assistance, which is a program that falls under provincial jurisdiction. This section provides an overview of social assistance for Canadians, discussing welfare income and its adequacy, rules and requirements, and welfare trends. Appendix V outlines the current social assistance programs in every province and the federal system applied on reserves.

Social assistance in Canada is provided to people who are in financial need. It is intended as a service of last resort after applicants have exhausted every other avenue of support. Each province and territory receives money from the federal government to finance their own programs through the Canada Social Transfer. Historically, municipalities provided social assistance for those deemed employable and provincial support was intended for persons requiring long-term assistance. As of 2005, all provinces and territories use a single-tier system. Municipalities no longer administer social assistance.

Information was retrieved from the websites of the provincial ministries responsible for social assistance and the Maytree Institute reports on welfare in Canada.[19] From 1989 to 2009, annual reports on social assistance were produced by the National Council of Welfare. In 2013, the Caledon Institute of Social Policy began publishing the annual reports on welfare. The Maytree Institute currently publishes the *Welfare in Canada* reports, the foundational report used in this section. Information was also drawn from Daniel Béland and Pierre-Marc Daigneault's book *Welfare Reform in Canada: Provincial Social Assistance in Comparative Perspective* and Hugh Shewell's book *Enough to Keep Them Alive: Indian Welfare in Canada, 1873-1965*.

[19] At the time of writing, provincial data on the number of social assistance beneficiaries was available until 2018. Data for 2019 have since been released and are available at https://maytree.com/wp-content/uploads/Social_Assistance_Summaries_All_Canada.pdf.

Supplemental information was retrieved by contacting representatives of the provincial ministries by telephone and drawn from discussion at the Assembly of First Nations Expert Forum on First Nation Social Assistance Reform on September 3, 2019.[20]

A. Overview of Social Assistance

Each province and territory is responsible for setting their own benefit rates, eligibility restrictions and policies.[21] A person must be 18 years old[22] and in financial need to be eligible. If the applicant is able-bodied, they must be willing to find employment. The person must have pursued all other avenues of support, including but not limited to personal savings, paid employment, Employment Insurance (EI), the Canada Pension Plan, Old Age Security and spousal and family support. An adult living with their parents is only eligible for social assistance if the parents also receive social assistance or if the individual has been deemed financially independent (Steps to Justice, 2018).

A person on social assistance will receive a basic benefit intended to cover the cost of food and their basic needs. An allowance for shelter is administered separately, as this allowance can be reduced if the recipient lives with their parents, a partner or roommates. The recipient may be eligible for additional benefits, known as in-kind benefits, including pharma care, dental care, eye care, childcare and transportation assistance. Emergency rent assistance can be provided under special circumstances. An additional nutrition supplement can also be provided if the recipient has strict dietary requirements due to health issues.

In every province, a distinction is made between persons who are considered employable and persons, who due to various circumstances are unable to work. Benefit rates are higher for persons with a disability. Work requirements may be relaxed depending on the disability. Alberta and Saskatchewan have recognized that persons with permanent and severe disabilities are a unique group and have developed a separate program to better meet their needs. Other provinces group together all persons with disabilities, regardless of the severity or expected duration of the disability.

Federal support for provincial programs has changed over time. The federal Canada Assistance Plan (CAP), introduced in 1966, imposed country-wide standards and funded 50 per cent of provincial spending on social assistance. It was abolished in 1996 and replaced by the Canada Health and Social Transfer. Given the changes in the funding formula and the reduction in the amount of money received by provinces, "[a] significant implication of the replacement of CAP was that the right to unconditional assistance (i.e., given without recipients participating in work and training programs) and to a 'reasonable' level of assistance disappeared" (Béland and Daigneault, 2015:8). In 2004, the transfer was divided into the Canada Health Transfer and the Canada Social Transfer. Today, part of the funding for social assistance comes from the Canada

[20] The proceeding from the Expert Forum on First Nations Social Assistance Reform are available at http://www.csls.ca/AFN2019.asp.

[21] First Nation persons living in the Yukon or on reserves receive social assistance directly from the federal government, except for First Nations living on reserves in Ontario.

[22] Under special circumstances, a person who is 16 or 17 years old can qualify for social assistance. In British Columbia and Nova Scotia, the applicant must be 19 years old to receive social assistance.

Social Transfer, which also funds postsecondary education and various child and family services.[23]

Federal child benefits are not considered when assessing the income of an applicant for provincial social assistance. However, child benefits are included in a household's total welfare income. Welfare income is the sum of a basic benefit rate, a shelter allowance, additional social assistance payments, the GST/HST credit, provincial or territorial tax benefits or credits, and child benefits.

Three definitions are important for the discussion that follows. A *beneficiary* or *recipient* is an individual benefiting from social assistance. In a household with two parents and two dependent children the number of beneficiaries would be four. A *case* is a single social assistance claim that may cover multiple beneficiaries in a household (Aldridge and Tweddle, 2018). The distinction is relevant because a much higher number of beneficiaries compared to cases indicates that a considerable number of households with children are receiving benefits. Finally, the *dependency rate* is derived by dividing the number of welfare beneficiaries by the total population.

Many provinces are shifting towards a case management model (also known as client-centered approach) where a case manager works in tandem with the client and multiple service providers to meet the specific needs to of the individual. Currently, social assistance recipients are expected to eventually transition back into the labour market, but barriers to self-sufficiency include but are not limited to "learning disabilities, substance abuse, depression and physical or mental disabilities, family responsibilities, including the responsibility to care for other family members with disabilities, histories of physical or sexual abuse and domestic violence, social isolation, absent and/or non-supportive mates or significant others, inadequate parenting and discipline skills, and proximity to criminal activity" (Pavetti *et. al.,* 1996:2). Given the array of barriers individuals can face, it is impossible for a single caseworker to have all the skills necessary to help the person become self-sufficient. With a case management model, a personalized strategy is designed for each case and the client is referred to specialists to address their barriers rather than be limited to the skillset of their single caseworker.

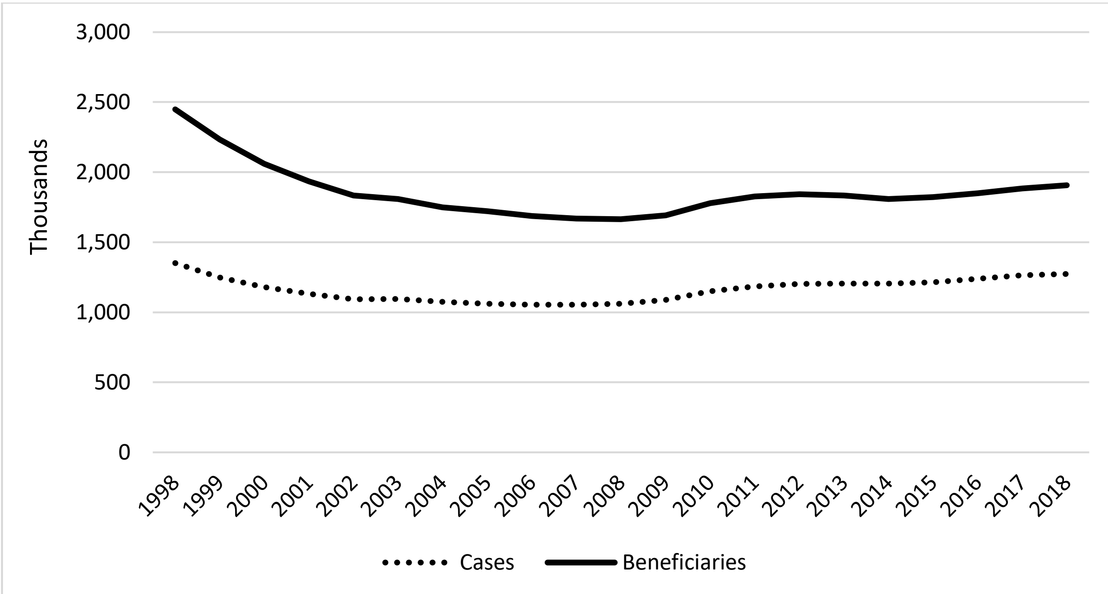
B. Trends in Cases and Beneficiaries

Data on the number of social assistance beneficiaries are compiled differently (e.g. calendar versus fiscal year, monthly average versus end of month) in each province, which creates difficulties when compiling statistics at the national level. The total number of beneficiaries in Canada is estimated by summing the number of beneficiaries in each province. The data for First Nations living on reserve are excluded, except in the Northwest Territories and Ontario (Maytree, 2019).

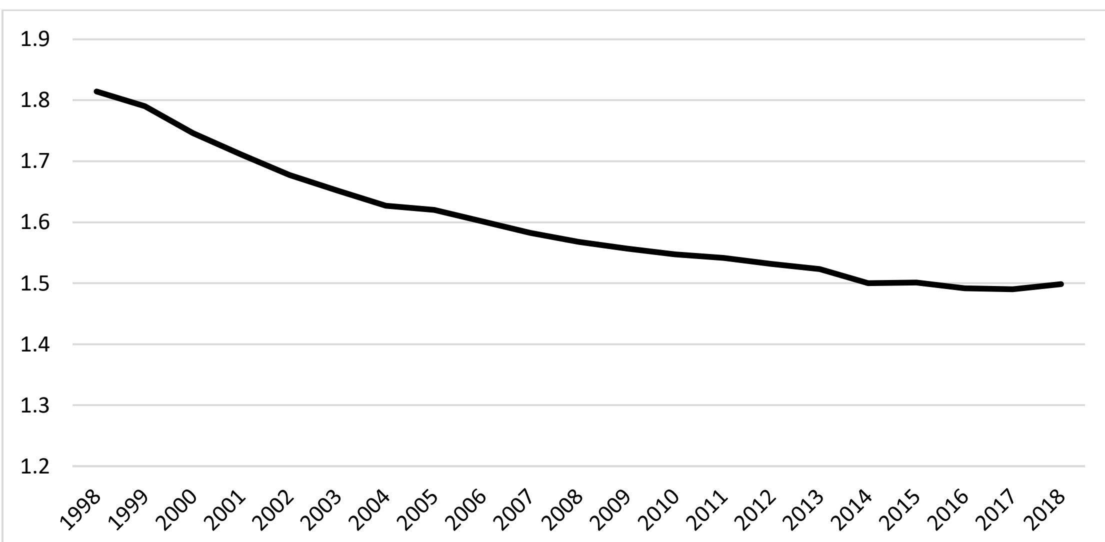
[23] In 2019-20, the Canada Social Transfer was $14.586 billion (Department of Finance Canada, 2019).

Chart 17: Social Assistance Beneficiaries and Dependency Rate in Canada, 1998-2018

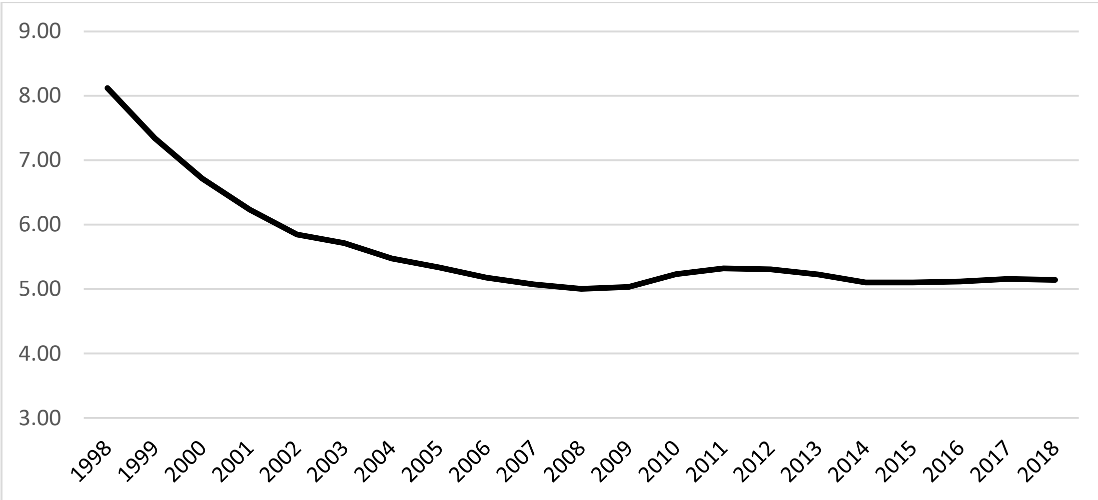
Panel A: Social Assistance Beneficiaries and Cases



Panel B: Ratio of Beneficiaries to Cases



Panel C: Dependency Rate (%)



Source: Data retrieved from Maytree, 2019

Note: Data for the number of beneficiaries of Assured Income for the Severely Handicapped in Alberta, and Accessibility Supports in Prince Edward Island are unavailable. The number of beneficiaries are underestimated since data for New Brunswick begins in 2001, data for the Northwest Territories begins in 2002, data for Nunavut begins in 2005 and data for 2014 are missing and data for Prince Edward Island begins in 2005. The number of First Nations beneficiaries living on reserve are included in Ontario and the Northwest Territories.

The number of welfare beneficiaries in Canada, excluding First Nations living on reserve except in Ontario and the Northwest Territories, fell from 2,449,338 in 1998 to 1,906,432 in 2018 (Chart 17). The slight upward trend in absolute numbers of social assistance recipients in recent years reflects the increasing number of persons receiving disability assistance.[24] The dependency rate decreased from 8.12 per cent in 1998 to 5.14 per cent in 2018, a 22.2 per cent decrease. The dependency rate was lowest in 2008, at 5.01 per cent, but increased due to the financial crisis.

Current trends indicate that the share of social assistance recipients who are single adults is ever-growing, while the number of persons in families receiving social assistance is falling (Kneebone and White, 2015), as illustrated by the falling beneficiaries to cases ratio.

Data from provinces where a time series on the number of disability support beneficiaries are available show a rising trend in the absolute number of recipients and the relative share. Part of the reason the relative share of persons on disability assistance is increasing is the number of non-disabled persons is falling in many provinces, driven by families leaving social assistance. Factors explaining the increase in the absolute number of beneficiaries on disability includes the aging population, longer lifespans for persons with disabilities, and the recognition of mental illness as a disability. Discrimination based on disability in the workplace is another factor that explains why persons with a disability may be more likely to experience poverty and therefore more likely to require income assistance than non-disabled persons.

[24] The breakdown for persons receiving disability is unavailable at the national level since not all provinces have a distinct program for persons with disabilities.

In Ontario and the western provinces, persons with disabilities represent a growing share of recipients, a trend known as the medicalization of welfare. A 2013 report on disability income systems said medicalization of welfare takes place when “low-income people with disabilities, particularly in the five westernmost provinces, who would otherwise be supported by work-triggered disability income programs [such as Employment Insurance Disability and Workers’ Compensation] are either exhausting the benefits available through these programs or finding themselves ineligible for these benefits” (Stapleton, Tweddle and Gibson, 2013).

In provinces where the medicalization trend is visible, the share of expenditure allocated to social assistance disability income supports is growing faster than spending on Employment Insurance sickness benefits, Canada Pension Plan disability benefits, veterans’ disability, workers’ compensation and disability tax credits. Spending on social assistance disability income supports in Quebec and the Atlantic provinces is decreasing as a share of total expenditure on disability support. Stapleton, Tweddle and Gibson (2013) suggest that “social assistance is becoming the dominant income support system for people with disabilities in these provinces [Ontario and western provinces]; that there is a trend toward the ‘welfareization of disability’. By this we mean that social assistance is becoming the main income security program for persons with disabilities while other programs take a back seat”. As this is not the case in Quebec and the Atlantic provinces, it could be suggested that contribution-based disability benefits are being better utilized.

Table 5 illustrates dependency rates by province and the change in the dependency rate from 2006 to 2018. Table 5 illustrates how the social assistance dependency rate is not necessarily affected by the trends in the poverty rate or the poverty gap. At the national level, the official poverty rate fell considerably between 2006 and 2018, yet trends in social assistance dependency hardly decreased. In addition, the poverty gap rose nationally and in every province. The inconsistency between trends in the poverty rate and social assistance dependency suggests that the people being lifted out of poverty in recent years were already close to the poverty line. In most cases, it is unlikely that they were accessing social assistance. When people living in shallow poverty are lifted above the poverty line by policies such as the Canada Child Benefit, persons living in deep poverty are left behind which explains the increase in the poverty gap. This is consistent with unattached individuals experiencing a larger poverty gap than persons in an economic family, and also making up a larger share of all social assistance cases.

Table 5: Social Assistance Dependency and Poverty, 2006 and 2018

Panel A: Provincial Dependency Rates

	Dependency Rate		Beneficiaries		Change in Dependency Rate	
	2006	2018	2006	2018	Per Cent	Percentage Points
Nunavut	44.04	37.99	13,570	14,488	-13.7	-6.05
Northwest Territories	4.37	6.73	1,888	3,025	53.9	2.36
Ontario	5.37	6.63	679,423	948,648	23.5	1.26
Newfoundland	8.79	6.24	44,881	32,811	-29.0	-2.55
Manitoba	4.93	5.32	58,300	72,000	8.0	0.39
Canada	5.18	5.14	1,686,744	1,906,432	-0.8	-0.04
Saskatchewan	9.59	4.93	95,120	57,308	-48.6	-4.66
Quebec	6.63	4.89	505,745	410,244	-26.2	-1.74
New Brunswick	6.01	4.77	44,845	36,771	-20.7	-1.24
Nova Scotia	5.18	4.02	48,600	38,611	-22.3	-1.16
British Columbia	3.25	3.81	137,795	190,651	17.4	0.56
Prince Edward Island	4.72	3.52	6,510	5,407	-25.4	-1.20
Yukon	3.31	3.36	1,067	1,363	1.5	0.05
Alberta	1.43	2.21	49,000	95,105	54.4	0.78

Panel B: Poverty Rates (MBM)

	Poverty Rate		Average Poverty Gap	
	2006	2018	2006	2018
Nova Scotia	18.1	10.3	29.6	37.5
Newfoundland and Labrador	19.2	9.7	27.8	33.3
Ontario	16.2	9.5	33.6	37.2
Manitoba	15.3	9.3	31.8	37.7
Prince Edward Island	19.8	9.1	23.6	30.7
British Columbia	20.4	8.9	35.1	36.8
Saskatchewan	16.0	8.8	36.8	42.8
Canada	15.6	8.7	32.4	36.8
New Brunswick	19.2	7.9	28.7	35.6
Quebec	13.1	7.9	28.6	34.3
Alberta	10.7	7.3	33.1	38.5

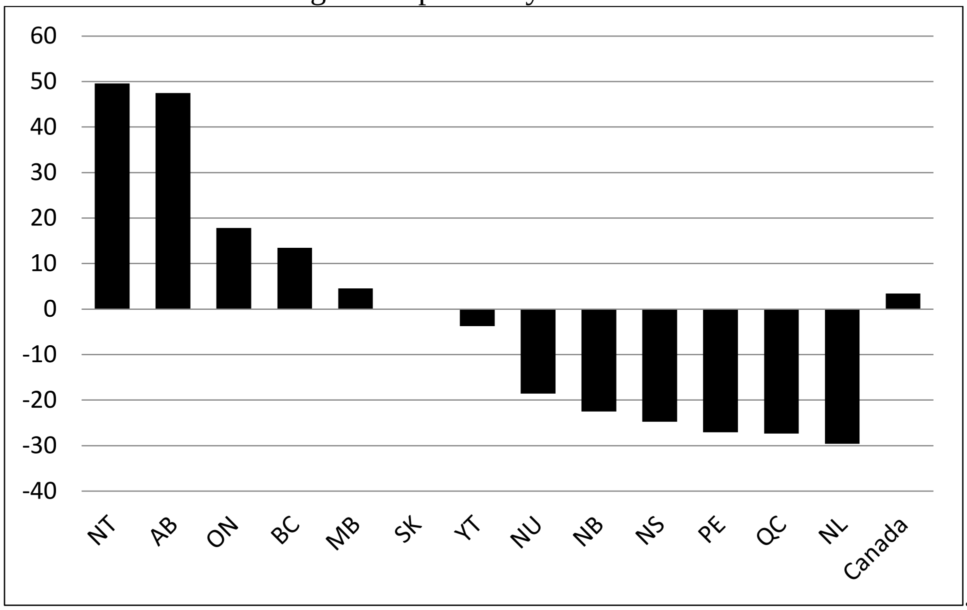
Source: Data retrieved from Maytree, 2019 and Statistics Canada Table 11-10-0135-01

Note: Data for the number of beneficiaries of Assured Income for the Severely Handicapped in Alberta, and Accessibility Supports in Prince Edward Island are unavailable. The number of First Nations beneficiaries living on reserve are included in Ontario and the Northwest Territories.

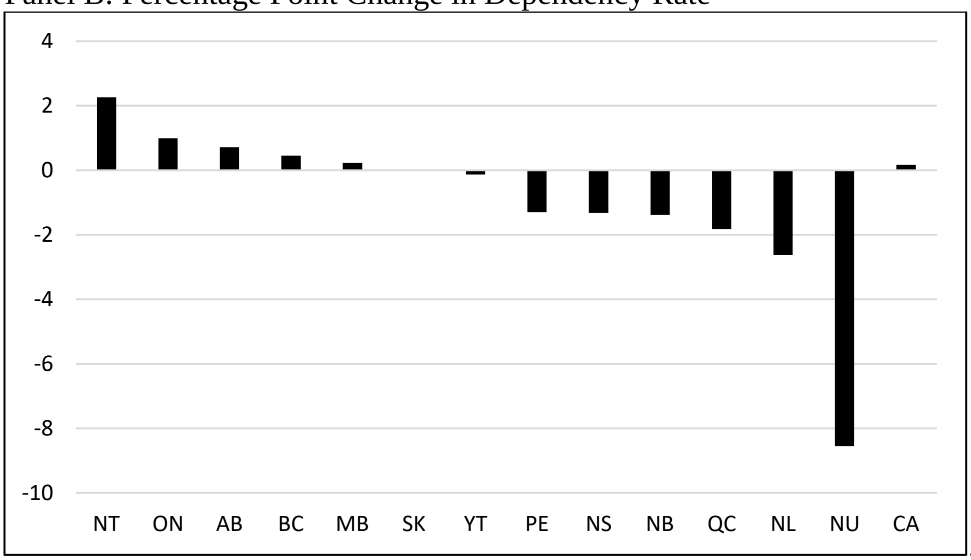
For example, Alberta had the lowest dependency rate among all provinces in both years but has the largest per-cent increase in dependency between the two years. The very low dependency rate in Alberta is historically related to the low unemployment rate and strict social assistance regulations. Alberta's unemployment rate rose significantly from 4.7 per cent in 2014 to 9.1 per cent in late 2016 before falling to 6.6 per cent in September 2019 (Government of Alberta, 2019). This could explain part of the rise in the dependency rate in the province, as could the rise in the poverty gap.

Chart 18: Change in Dependency Rate between 2006 and 2018

Panel A: Per Cent Change in Dependency Rate



Panel B: Percentage Point Change in Dependency Rate



Source: Data retrieved from Maytree, 2019

C. Welfare Income and Welfare Adequacy

The conventional view for a social assistance program to be adequate and fair at an individual level recommends that benefit levels need to support a basic living standard, employment needs to be encouraged and work-benefit income combinations should not exceed the income of a person working full-time earning minimum wage. The last point is important for two reasons. If a combination of work and benefit income is perceived to be too high, it increases public opposition to welfare benefits. It also gives rise to the concern that people might prefer to receive assistance rather than work for the minimum wage, becoming free-riders on the system (Arneson, 1997). From there, it is a small step to classifying the poor as deserving or undeserving, a distinction that amplifies the stigma and shame surrounding social assistance.

However, research has shown that the concern about free-riders is sometimes misguided. Studies have shown that most people often do not respond to certain economic incentives the way economic theory would predict. Economic theory would suggest that if a person is given money without having to work, they will be discouraged from working. Surveys indicate that individuals do not believe these financial incentives would impact their own behavior, only the behavior of others (Duflo and Banerjee, 2019).

This report uses Maytree's metric to measure the adequacy of social assistance: the maximum annual benefit a person would qualify for in a province is compared to the Market Basket Measure threshold of poverty of the largest city in the province. In every case, welfare incomes fall short of reaching the poverty line. Welfare income is the sum of a basic benefit rate, a shelter allowance, additional social assistance payments, GST/HST credit, provincial or territorial tax benefits or credits, and child benefits. In all subsequent tables, the incomes reported are the maximum income levels a person could receive assuming they only receive benefits. A person could have a higher total income if they earned income through employment, child support payments, Employment Insurance or Workers' Compensation.

Panel A in Table 6 gives the maximal annual benefit level a person could qualify for if they did not earn any income. Recipients who earn income from part-time work receive reduced payments.[25]

Shelter allowances included in welfare income are below the low end of the range of market rents in every province, and therefore cannot provide recipients with enough money to find adequate housing (Steele, 2007). The shelter allowance is reduced if the recipient moves in with family or a partner or becomes hospitalized for an extended period (Brandon, Hajer and Mendelson, 2017). Social assistance recipients often encounter difficulties paying rent, housing in need of major repairs and overcrowding.

[25] It is important to note that since welfare payments in Nunavut do not include housing or fuel costs, payments appear comparatively lower since nearly 95 per cent of income assistance recipients in Nunavut live in public housing. Housing benefits for social assistance recipients, which include but are not limited to rent, fuel, water, sewage, garbage and municipal needs, are accounted for through another separate subsidy and not included in welfare incomes (Aldridge and Tweddle, 2018). Welfare incomes in the Northwest Territories and in the Yukon are disproportionately higher than other jurisdictions due to higher shelter, utility and fuel costs.

Panel B in Table 6 shows the MBM threshold for the largest city in each province by household type, and Panel C shows the amount welfare incomes would need to be increased to reach those thresholds. In Quebec, Ontario and British Columbia, the largest city in the province has the highest Market Basket Measure threshold compared to the other MBM regions in the province (Statistics Canada, Table 11-10-0066-01, 2020). That is not true for the largest city in the other provinces. Therefore, in communities where the cost of living is lower than the MBM threshold in the largest city, welfare incomes come closer to the poverty line. For example, welfare incomes for a single parent with one child would need to be increased by $3,627 to reach the MBM in Montreal. Since Montreal's MBM threshold is the highest out of all the MBM regions in Quebec, all social assistance recipients in Quebec living outside of Montreal would need less money to reach their regional MBM threshold. However, this also implies that the poverty gap is larger in some jurisdictions than indicated in the chart. For example, the welfare income of a single parent with one child in rural Nova Scotia would require more than $8,806 to reach their regional MBM threshold since the cost of living is higher than in Halifax.[26]

Table 6: Annual Welfare Incomes from Benefits by Province, 2018

Panel A: Welfare Incomes

Jurisdiction	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
British Columbia	$9,042	$14,802	$20,782	$27,006
Alberta	8,106	10,301 (19,786)	19,927	29,238
Saskatchewan	8,883	11,422 (15,789)	21,087	29,955
Manitoba	9,756	12,403	21,764	29,918
Ontario	9,646	14,954	21,463	30,998
Quebec	9,320	13,651	21,867	30,453
New Brunswick	7,126	9,839	19,978	26,505
Nova Scotia	7,437	10,268	18,240	27,756
Prince Edward Island	10,445	11,208	20,977	32,757
Newfoundland and Labrador	11,383	11,583	23,436	29,296
Yukon Territory	18,093	21,747	34,003	50,489
Northwest Territories	22,163	27,553	34,447	45,567
Nunavut	7,782	10,782	18,098	29,561

[26] The MBM threshold for all 50 regions and the gap between provincial welfare incomes is available in the online database that can accessed at http://www.csls.ca/reports/.asp.

Panel B: MBM Threshold for Largest City in Province

Jurisdiction	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
BC (Vancouver)	$20,864	$20,684	$29,251	$41,367
AB (Calgary)	20,585	20,585	29,111	41,170
SK (Saskatoon)	19,414	19,414	27,456	38,829
MB (Winnipeg)	18,714	18,714	26,466	37,428
ON (Toronto)	21,207	21,207	29,991	42,414
QC (Montreal)	18,026	18,026	25,493	36,052
NB (Moncton)	18,206	18,206	25,747	36,412
NS (Halifax)	19,124	19,124	27,046	38,248
PEI (Charlottetown)	19,257	19,257	27,234	38,514
NL (St. John's)	19,502	19,502	27,579	39,003

Panel C: Dollar Amount Required to Lift Social Assistance Recipients to the MBM Poverty Line

	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
BC (Vancouver)	$11,642	$5,882	$8,469	$14,361
AB (Calgary)	12,479	10,284	9,184	11,933
SK (Saskatoon)	10,531	7,992	6,369	8,874
MB (Winnipeg)	8,958	6,311	4,702	7,510
ON (Toronto)	11,561	6,253	8,529	11,417
QC (Montreal)	8,706	4,375	3,627	5,599
NB (Moncton)	11,080	8,367	5,769	9,907
NS (Halifax)	11,687	8,856	8,806	10,492
PEI (Charlottetown)	8,812	8,049	6,257	5,757
NL (St. John's)	8,119	7,919	4,143	9,707
Canada	10,358	7,429	6,586	9,556

Source: Aldridge and Tweddle, 2019.

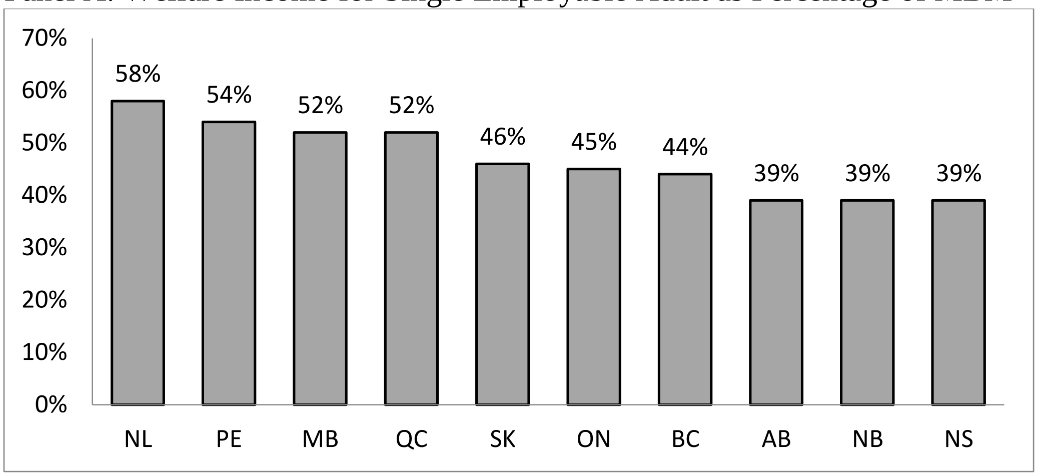
Note: Welfare incomes are reported in 2018 dollars.

Note: Alberta and Saskatchewan have separate programs for people living with severe disabilities that qualify them for additional assistance. The Assured Income for the Severely Handicapped (AISH) program in Alberta gives recipients a flat-rate living allowance that is not linked to household size. In Saskatchewan, the Saskatchewan Assured Income for Disability (SAID) grants higher benefits to persons with significant or enduring disabilities. Those rates are found in brackets. No other province has distinct programs differentiating between temporary and permanent disabilities.

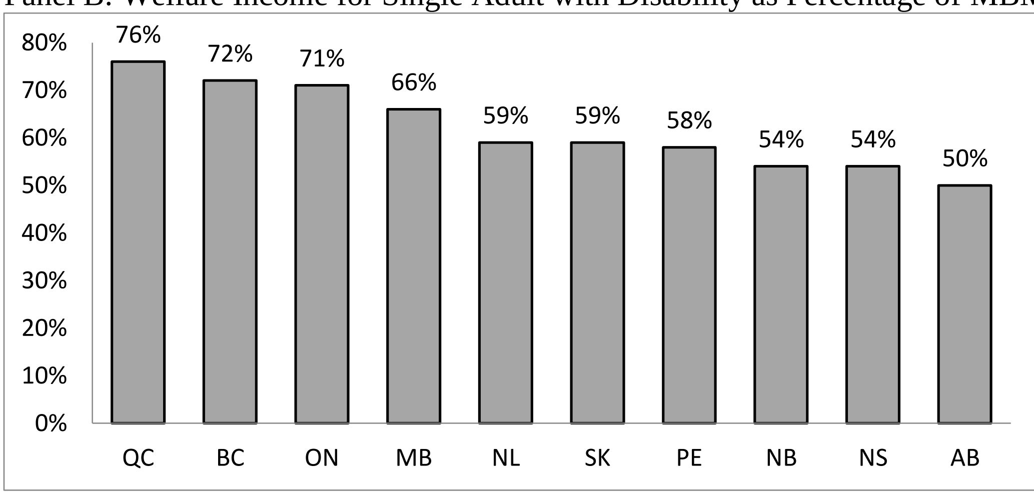
Chart 19 illustrates welfare incomes as a percentage of the MBM threshold in the largest city in each province and on average by household type. The poverty gap, the difference between 100 and welfare income as a percentage of the MBM threshold, is largest for single employable adults as their welfare incomes ranged from 39 per cent to 58 per cent of the poverty threshold. The Canada Child Benefit has reduced the poverty gap for households with children. The poverty gap for single parents with one child ranged from 12 per cent to 33 per cent and the poverty gap for a couple with two children ranged from 15 per cent to 35 per cent.

Chart 19: Welfare Adequacy by Household Type as Percentage of MBM, 2018

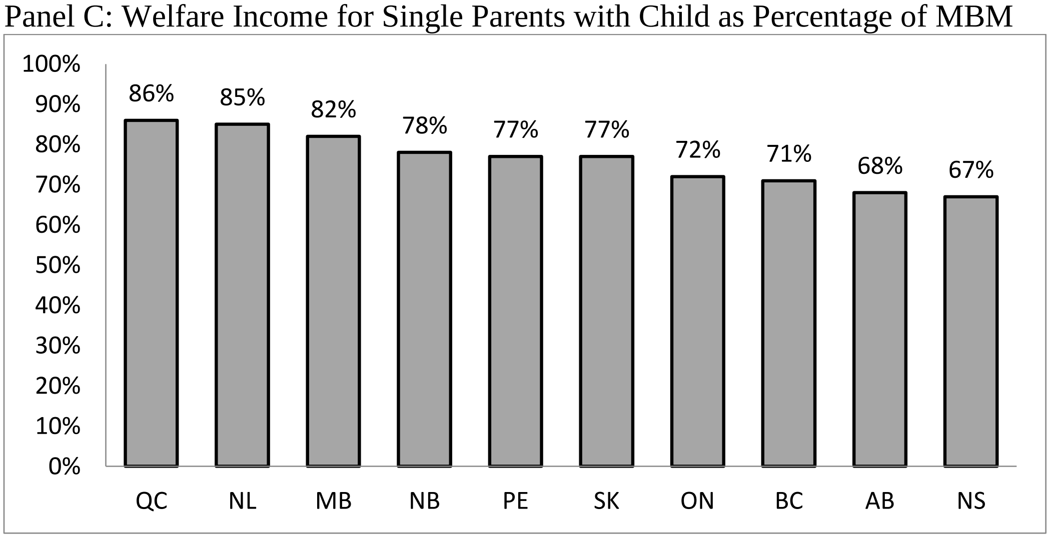
Panel A: Welfare Income for Single Employable Adult as Percentage of MBM



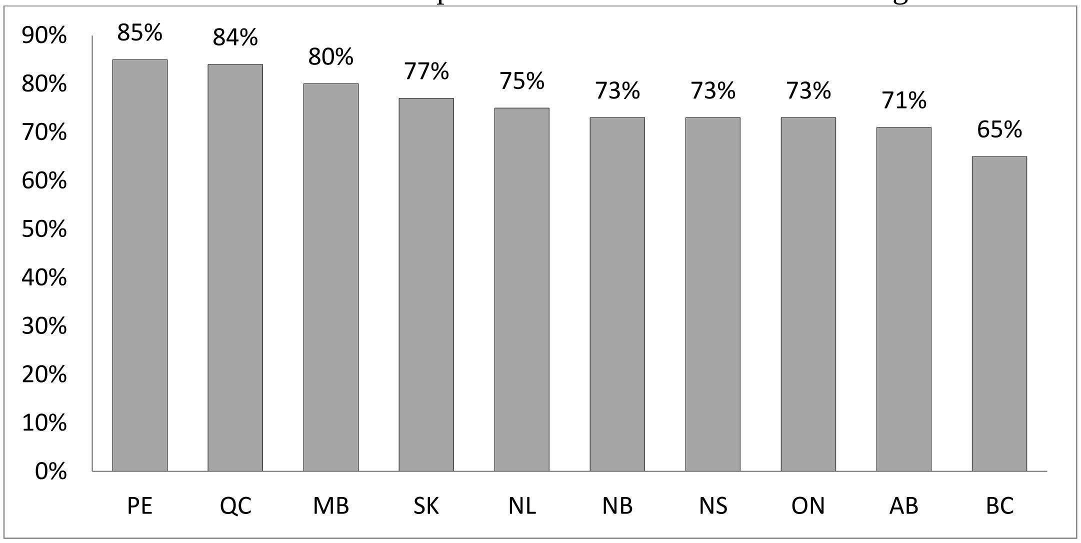
Panel B: Welfare Income for Single Adult with Disability as Percentage of MBM



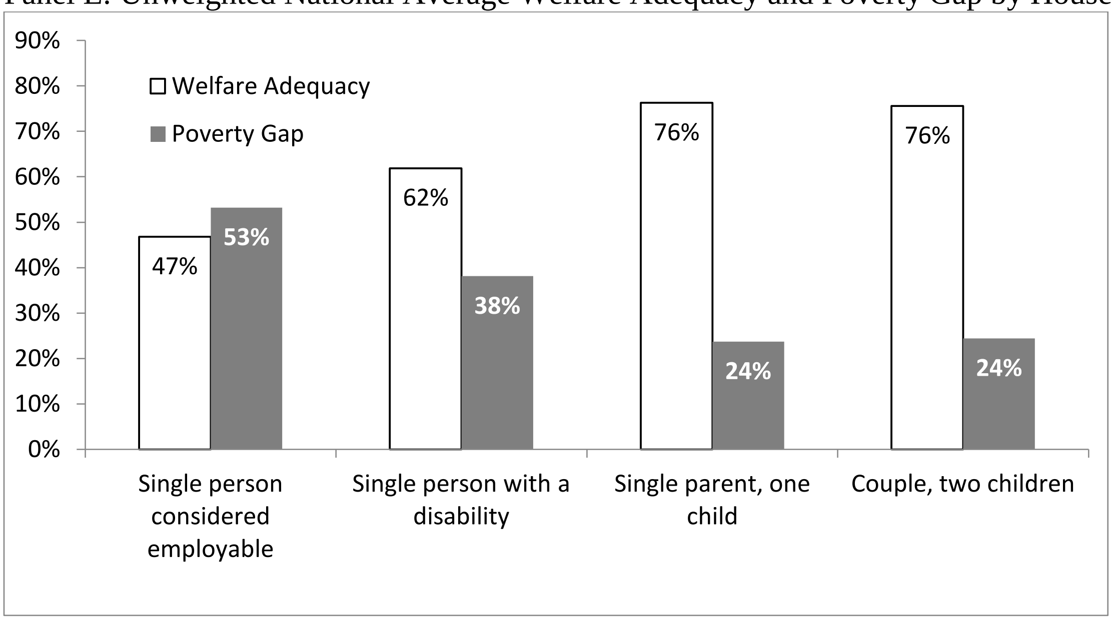
Panel C: Welfare Income for Single Parents with Child as Percentage of MBM



Panel D: Welfare Income for Couples with Two Children as Percentage of MBM



Panel E: Unweighted National Average Welfare Adequacy and Poverty Gap by Household Type



Source: Data retrieved from Aldridge and Tweddle, 2019

Note: The MBM threshold for the largest city in each province is used as a proxy for a province MBM threshold. Alberta's Assured Income for the Severely Handicapped (AISH) and Saskatchewan Assured Income for Disability (SAID) programs are excluded from this comparison. Only welfare incomes for persons with a disability receiving standard assistance were considered.

In Alberta, the income from the program for severely handicapped reaches 96 per cent of the poverty threshold. Yet someone with a temporary disability would be furthest from the threshold relative to all other provinces at 50 per cent (Chart 19: Panel B). In Quebec, persons with a disability have welfare incomes closest to the poverty line, yet the medicalization trend of welfare is not visible in their provincial data. Trends in disability program beneficiaries at the provincial level will be explored in Appendix V.

Even the lowest welfare incomes for parents are higher than the top incomes for single adults (Chart 19: Panel A, C and D). The largest welfare gap for households with children is for couples with two children in British Columbia (35 per cent) and the smallest welfare gap for single employable adults is 42 per cent in Newfoundland and Labrador. This emphasizes the depth of poverty experienced by single adults who have not seen the same increases in welfare income in recent years as have other recipients.

D. Rules Regarding Exemptions for Assets, Earnings, Clawback and In-kind Benefits

One of the primary objectives of social assistance programs is to foster financial independence among recipients. Yet current social assistance programs are structured in a way that contributes to perpetuating welfare dependency. In an ideal context, welfare incomes would be sufficient to meet recipients' basic needs, would encourage labour force participation and would not exceed the incomes of low-wage earners. The characteristics of a fair and efficient welfare system may be in conflict. As a result, welfare incomes remain low as they are constrained by the minimum wage. In addition, eligibility criteria and regulations create structural barriers to leaving poverty. This section discusses how the combination of low limits on liquid assets and earning exemptions, high clawback rates by government, and the loss of in-kind benefits when a recipient finds employment create a welfare trap. A welfare trap is said to occur when the welfare system acts as a disincentive for individuals who receive social assistance to enter the labour force.

i. Liquid-Asset Threshold for Eligibility

The first requirement considered when an individual applies for social assistance is the liquid-asset threshold. Liquid assets, which include cash on hand and in a bank account as well as stocks, bonds, and securities that can be readily converted to cash, are assessed for the entire household (Aldridge and Tweddle, 2018:3). As only liquid assets are considered initially, a recipient could own fixed assets such as a home or car and remain eligible. A grace period exists between an individual first receiving social assistance and being expected to sell their fixed assets to continue receiving welfare benefits. The duration of the grace period varies by province. The grace period exists in case a recipient should quickly find work and leave social assistance.

For single adults deemed employable, the liquid-asset limit ranges by jurisdiction from $300 in the Northwest Territories to $10,000 in Ontario (Table 7). For couples with children it ranges from a low of $380 in the Northwest Territories up to $16,000 in Ontario and Manitoba. Liquid assets must fall below this limit for a recipient to qualify and must remain below the limit the entire duration they receive benefits.

Alberta's program for the severely handicapped (AISH) recently amended the liquid-asset limit to $100,000. This change will allow recipients to save money that can be used to provide for themselves and dependents without losing their benefits. Extremely low asset exemptions essentially require that recipients experience extreme poverty before being eligible. This limits their ability to leave poverty once they receive assistance or transition back to employment.

The high liquid-asset limit in Ontario is a recent improvement to the Ontario Works program. As of 2018, the liquid-asset limit is $10,000. In 2008, the limit was $1,607 (Drummond and Stapleton, 2008), and as recently as 2017 was $2,500. The sizable jump in asset limit between

2017 and 2018 shows that large changes can be made within short timespans without major negative effects.

Table 7: Provincial and Territorial Liquid Asset Exemptions, 2018

Provinces	Single Person Household	Multi-Member Household
ON	$10,000	$10,500-16,000
MB	$4,000	$8,000-16,000
NL	$3,000	$5,500
PEI	$2,500	$3,500-5,000
NS	$2,000	$4,000
BC	$2,000	$4,000
QC	$1,500	$2,500
SK	$1,500	$3,000-4,000
NB	$1,000	$2,000
AB	$627	$1,125-1,612
NU	$500	$1,000
YT	$500	$1,000-1,600
NT	$300	$380-560

Source: Provincial websites for up-to date rates, Aldridge and Tweddle, 2019

Raising asset-level exemptions might increase dependency rates since more persons would qualify for welfare. The system's current design requires applicants to be destitute, and forces applicants to remain in a state of perpetual destitution while they receive benefits. This barrier to save money restricts recipients from improving their situation and fosters dependence. A person might be driven to spend their liquid assets to begin receiving benefits (Ratcliffe *et. al.*, 2016).

Preventing social assistance recipients from saving money results in bad spending choices and motivates fraud. Benefit levels are too low for a recipient to have money left at the end of the month, but cash gifts, inheritance and money from selling a fixed asset are all considered liquid assets, and therefore subject to the asset threshold. If a social assistance recipient receives a cash gift or inheritance, it is counted as a liquid asset in the month following the receipt of the gift. Therefore, any recipient who receives a cash gift can either disclose receiving the gift and potentially lose benefits, not disclose receiving the gift (fraud), or spend the money immediately on an item deemed an 'exempt asset'. Saving money reduces vulnerability to economic shocks and allow recipients to eventually purchase big ticket items that would improve their living situation. For example, allowing a social assistance recipient to save money might allow them the financial freedom to move to another city if employment were available elsewhere. Anyone who exceeds the asset limit is no longer eligible for social assistance. However, in most provinces and territories the liquid-asset limit is below $3,000, leaving recipients to choose between keeping money in cash and not reporting it or making sub-optimal spending choices. Since fixed assets such as cars and furniture are exempt from the asset test (within reason), a recipient might be motivated to purchase personal items rather than saving their money and risk losing their benefits.

vi. Earning Exemptions and Clawbacks

If a welfare recipient earns income from employment while receiving benefits, their social assistance payments are reduced beyond a set threshold. All additional net earnings below the earnings threshold are tax-exempt, to provide an incentive for work. However, the exempt-income threshold is so low ($75-325 per month according to the jurisdiction) and any employment earnings greater than the exemption threshold will immediately result in a sharp reduction of social assistance payments. In addition to the clawback by government, the recipient must contribute to Employment Insurance and the Canada Pension Plan, and pay provincial and federal income taxes, depending on their income level.

The reduction of social assistance benefits is necessary to maintain the principle of fairness for low-wage workers who do not benefit from social assistance. However, recipients find themselves in a situation where it is not always financially beneficial to work because benefits are too heavily reduced.

Most of the work that social assistance recipients can typically access is low-wage work, and therefore the financial incentive to work may not be present once all the additional deductions are factored in. The provision of job search assistance may increase a recipient's ability to find meaningful employment, which can create non-financial incentives for employment and strengthen labour force attachment. Furthermore, job search assistance and training programs increase a recipient's likelihood of finding better paid work.

The clawback (or reduction rate) is the percentage by which social assistance benefits are reduced above the earnings exemption threshold. In a case where a province has a 100-per-cent clawback rate, social assistance payments are reduced dollar for dollar on all income earned above the exempt net income threshold. When a person is subject to a reduction rate of 80 per cent, they keep 20 cents on every additional dollar earned above the net earnings exemption threshold. The clawback rate in the provinces and territories ranges from a low of 25 per cent in Nova Scotia to a high of 100 per cent in British Columbia, Saskatchewan, Quebec and Nunavut (Table 8). Nova Scotia has introduced a scalable clawback which will be discussed in greater detail in the fourth section of this report.

The amount of income single individuals can earn a month before the government begins to claw it back ranges from a high of $325 in Saskatchewan to a low of $75 in Newfoundland and Labrador.[27] It is slightly higher for a single parent with one child, ranging from a high of $500 in Saskatchewan to a low of $150 in Newfoundland and Labrador.

[27] Until Saskatchewan introduced a new program with new limits in July 2019, no earnings were exempt for individuals receiving social assistance. Families in Saskatchewan had an exempt income of $125. Until recipients are transferred between the old and new program, they remain subject to the old regulations. Now, earning exemptions begin at $325 for single adult but all earnings above the exemption threshold are clawed back entirely.

Table 8: Monthly Earning Exemptions and Reduction Rates, 2019

	Exempt Net Earnings ($)		Reduction Rate (%)
Province or Territory	Single Employable Adult	Single Parent with 1 Child	
BC	200	400	100
AB	230	230	75
SK	325	500	100
MB	200	200	70
ON	200	200	50
QC	200	200	100
NB	150	200	70
NS	250	250	25-75
PEI	250	400	70
NL	75	150	80
YT	100	150	50
NT	200	400	85
NU	200	400	100

Source: Aldridge and Tweddle, 2019, updated from provincial websites

ii. In-kind Benefits

Beyond the basic social assistance rate, welfare recipients are eligible for various in-kind benefits. These include a transportation allowance, childcare, eye care, medical and dental coverage, emergency shelter, funeral costs, additional rent assistance and employment support. In certain provinces, income in-kind benefits also extend to prenatal care, utilities, furniture, additional income if the recipient must follow a special diet and addiction treatment programs. However, most of the support which extends beyond basic assistance is put in place to help an individual find or train for a job.

Many Canadians receive benefits, such as supplementary healthcare, from their employer. This is not always the case for low-wage workers, especially for contract and part-time workers. For persons who leave social assistance when they become employed, finding employment often means an increase in total expenditure. They now must pay for expenses previously covered by in-kind benefits. In addition to the loss of in-kind benefits, professional clothing, transportation to and from work and childcare are examples of work-related costs that are incurred when a person on social assistance becomes employed. Between the loss of in-kind benefits and the additional work expenses, the increase in spending can be greater than the income earned through working a low-wage position.

In some provinces, employment transition benefits help offset some of the immediate costs associated with employment. For example, recipients who leave the Ontario Disability Support Program (OSDP) for paid employment receive a one-time payment of $500. In Nova Scotia, an employed person who leaves income assistance may continue to receive benefits under Pharmacare, the provincial drug insurance plan, for up to twelve months (Government of Nova Scotia, 2013).

Benefits that are not included in earned income, such as the Canada Child Benefit, do not interfere with the provision of other income-dependent benefits. As such, they do not create the same poverty traps as income-dependent benefits.

The combination of a clawback on additional earnings for social assistance recipients, the loss of certain benefits and the increase in work-related expenses associated with employment can outweigh the income a low-wage position would generate. In such a case, the primary advantage of being employed is the experience gained from the work and the potential for better employment. Given the positions available at the lower end of the wage distribution, there is often little incentive left to transition off social assistance. In simple terms, social assistance as it is structured in Canada still creates a welfare trap.

While much has been done to remedy the situation, such as the introduction of the Canada Child Benefit, certain conditions continue to perpetuate the trap today. Assistance is provided on the basis that the recipient will either look for employment or take the necessary steps to become employable, except for people with disabilities that prevent them from working. It is well documented that those who earn the lowest incomes in Canada are living below the poverty line and face a substandard quality of life. Thus, social assistance is caught between being tasked with providing reasonable living standards to recipients, and still providing a lesser standard of living than someone working and earning a low wage.

iii. Training and Work Requirements

Active work measures are used to promote the transition from welfare to work. They combine mandatory participation in training programs, job search assistance and financial incentives, such as retaining some welfare income and in-kind benefits. To be eligible for social assistance, an able-bodied person must be willing to find employment. They are also required to maintain or improve their level of employability while receiving social assistance through school or training. In cases where the designated authority deems the individual is not taking active measures to find employment, their benefits will be reduced or terminated. These requirements are often relaxed if the recipient is deemed to have a disability that prevents them from working, is pregnant or has a young child for whom they are the primary caregiver.

Social assistance programs are designed with the intention to foster independence and prepare workers for the job market. The hope of integrating recipients into the labour force is what guides the conversation on actives measures. However, while joining the labour market may take recipients off social assistance, it is unlikely to lift them out of poverty.

The obligation to accept work can force recipients to accept ill-suited employment in fear of losing their benefits. It may also force social assistance recipients to stay in a job where they feel unsafe (e.g. due to work safety issues or sexual harassment) because being fired or quitting can result in benefits being suspended or revoked. Recipients are also expected to find employment as soon as possible. This may force them to take the first available position rather than searching for more suitable employment. Pilot projects such as the Self-Sufficiency Project (SPP) and the Community Employment Innovation Project (CEIP) have found no clear evidence that mandatory job search requirements increase labour force participation in the long run (Foley, 2015). The details of both pilot projects are discussed in the section on innovation in social assistance.

iv. Social Assistance for Persons with Disabilities

Persons on social assistance who have a disability that prevents them from working do not have the same requirement to look and prepare for work. They face the reality of being dependent on welfare indefinitely. The definition of a disability is broad, but to qualify for disability assistance in most provinces, the person must have a physical or mental condition that is expected to last for more than three months and that renders them unable to work. Some provinces require an expected duration of at least two years. To qualify in British Columbia, the individual must require the assistance of a device, animal or person to perform daily activities. The federal government provides disability assistance under the Canada Pension Plan (CPP) for persons with a disability and in financial need under the age of 65. However, these disability benefits are contribution-based. The individual must have met the CPP contribution requirements to receive assistance. Once a person turns 65, they receive the CPP retirement pension rather than the disability pension. Medical reassessments take place at varied intervals to assess the recipient's condition and their eligibility.

Alberta's program for severely and permanently disabled persons, Assured Income for the Severely Handicapped (AISH), is a good example of how a person with a permanent disability could receive support until they receive the Old Age Security pension. A person can receive CPP-disability, EI or Workers' Compensation Board benefits if they are eligible while receiving AISH benefits, but the disability payments are considered earned income and are subject to the clawback rate. The program policy manual defines a severe handicap as "an impairment of mental or physical functioning or both that, in a director's opinion after considering any relevant medical or psychological reports, causes substantial limitation in the person's ability to earn a livelihood and is likely to continue to affect that person permanently because no remedial therapy is available that would materially improve the person's ability to earn a livelihood." To be eligible for the program, a person must have a permanent disability that will always prevent them from earning enough to provide for themselves and meeting their financial needs, even if the disability does not prevent them from working entirely.

The program allows households to maintain $100,000 worth of non-exempt assets.[28] The limit does not vary by household size. However, the monthly allowance can vary, based on a partner's income. A person is allowed and encouraged to work while receiving these benefits. But their condition must prevent them from earning enough to meet their financial needs. For a single person the first $800 of their monthly earning is exempt, after which a 50-per-cent reduction rate is applied. The benefit income from this program reaches 96 per cent of the MBM threshold in Calgary (Aldridge and Tweddle, 2018). A person in Alberta receiving disability assistance through Alberta Works would reach 50 per cent of the poverty threshold, the lowest of any jurisdiction.

The Saskatchewan Assured Income for Disability (SAID) is an income support program for persons living with a permanent disability. The welfare income of a person receiving SAID

[28] Exempt assets include the recipient's primary residence and mode of transportation.

benefits would meet 81 per cent of the poverty threshold when using Saskatoon as the reference threshold. A person in Saskatchewan receiving the standard disability benefit would reach 59 per cent of the MBM.

The programs in Alberta and Saskatchewan make a good case for the provision of a guaranteed income for people living with permanent disabilities. After AISH and SAID, Quebec is the province that offers the highest welfare incomes for persons with a disability, reaching 76 per cent of the MBM. AISH and SAID lift permanently disabled persons out of deep poverty, and small increases to their benefit levels could bring disabled persons in Alberta and Saskatchewan to the poverty line. Furthermore, a recipient can work while receiving AISH and SAID benefits, but the reduced work expectations mean recipients are subject to far less surveillance and mandatory requirements to keep receiving benefits. In addition, the high asset limit threshold in Alberta means recipients do not need to be destitute to receive benefits. Other provinces should be working towards implementing similar programs to lift all social assistance recipients with a disability out of poverty.

IV. Innovations in Provincial Social Assistance Programs

Provincial control of social assistance allows the provinces to experiment with different policies and programs to see what works and what does not. This section looks at various initiatives in the social assistance area with an eye to determining their relevance and potential for welfare reform. It focuses on three pilot projects, four initiatives in Nova Scotia, and Manitoba's rental assistance program. It explores the impact of various programs on the well-being of recipients including the impact on labour force participation and social assistance dependency rates.

A. Self-Sufficiency Project in New Brunswick and British Columbia

The Self-Sufficiency Project (SSP) ran between 1992 and 1999 in New Brunswick and British Columbia. It was designed to understand what factors would help single parents, who were long-term recipients of social assistance, leave that assistance for full-time employment. Human Resources Development Canada (HRDC),[29] a federal department, conceived and funded the project. The Social Research and Demonstration Corporation (SRDC), a non-profit research organization, managed and evaluated the project. The Manpower Demonstration Research Corporation (MDRC), a United States-based non-profit research organization, assisted in the evaluation phase. The participants were split evenly between a control and study group.

The program gave 6,000 single parents a generous earnings supplement if they found full-time work and left welfare within a year of entering the program. The supplement was meant to increase the incentive to work and help recipients permanently transition into the workforce. New Brunswick created a second program called the Self-Sufficiency Project Plus (SSP Plus), under which some participants in the main program were offered help in finding and keeping jobs.

[29] HRDC went through several name changes before becoming Employment and Social Development Canada in 2015.

The self-sufficiency program was designed to encourage recipients of social assistance to enter the labour force, even if it meant accepting low-paying work. If recipients found full-time work within a year and left social assistance, they received a supplementary monthly cash payment. They would be eligible to receive payments for up to three years, on condition that they remain employed full time and did not return to social assistance during that time. Child support and earnings from other family members did not affect the amount received in the supplement. Recipients could leave the program at any time and return to social assistance, but would have to give up the supplement.

The earnings supplement was worth half the difference between the participant's earnings and an earnings benchmark. During the first year of operations, the benchmark was $30,000 in New Brunswick and $37,000 in British Columbia (Michalopoulos et al., 2002:2). For example, if a participant in New Brunswick earned $7 an hour working 35 hours a week, they would receive an earnings supplement of $8,630 per year.[30]

The evaluation found that the supplement made a substantial difference to the recipient family's overall income. Recipients earned between $3,000 and $7,000 more a year, after taxes and tax credits were taken into account, than if they had not received the supplement, but had worked the same amount of hours and remained on income assistance (Michalopoulos et al., 2002:2).

In total, 36 per cent of study group members received at least one supplement payment. Participants in the study group who did not receive a supplement payment did not find a full-time job within 12 months of starting the program. When comparing the study group to the control group, those in the study group were more likely to be working full-time, had higher income and earnings, received less welfare, and saw the depth of the poverty they faced reduced. However, nearly all the better labour market outcomes disappeared once single parents no longer received the supplement (Michalopoulous et al., 2002). While the participants gained more work experience, this experience did not translate into higher future wages or earnings. Other reported advantages of employment included an increase in social acceptance and self-esteem, although these are harder to quantify.

In New Brunswick, the supplemental program called the Self-Sufficiency Project Plus combined the earnings supplement and résumé workshops, job coaching and job search assistance for participants. Participants in this program had better labour market outcomes than the participants in the regular program. SPP Plus participants were more likely to find work paying above minimum wage due to the job-search assistance and were less likely to receive social assistance to supplement their income when working part-time (Foley, 2015). However, the small sample size makes it hard to draw statistically significant conclusions.

[30] The supplement was calculated according to the following formula:

$$earnings\ supplement = \frac{[benchmark - annual\ earnings]}{2}$$

B. Action Emploi in Quebec

Quebec introduced a pilot project similar to SPP Plus called Action Emploi (AE), which ran from 2001 to 2005. Full-time workers transitioning off social assistance received monthly wage supplements for three years. The main difference between the programs was the SSP earning supplement was relative to the participants labour earnings, whereas Action Emploi recipients received the same flat-rate monthly supplement. The supplement was $390 a month for the first year, $260 in the following year and $130 in the final year. A person had to have received social assistance for 36 months out of the previous 45 to be eligible for the supplement. A single cohort of 12,848 of social assistance beneficiaries participated. Their dependency rates were studied until 2011.

Results of this program were assessed by comparing dependency rates for those who received the supplement and those who were not eligible because they had only received social assistance for 33-35 months in the last 45. In contrast to the Self-Sufficiency Project, Action Emploi created stronger attachments to the labour market, resulting in less welfare dependency and fewer months spent unemployed. These differences were significant for participants up to six years after the project ended. At the start, dependency rates were approximately 65 per cent for the study group and 40 per cent for the control group. Dependency rates were not 100 per cent for the study group as participants were not required to be currently receiving social assistance to participate. By 2011, dependency rates fell to under 20 per cent for the study group and to 30 per cent for the control group (Vigneault, 2013). Single parents and women benefited most from this program.

C. Innovations in Nova Scotia

This subsection discusses innovation in Nova Scotia. Innovations include the Community Employment Innovation Project, Educate to Work, Career Seek, Harvest Connections and the recent introduction of a scalable clawback rate on earned income.

The Community Employment Innovation Project ran between 1995 and 2005 in Nova Scotia. It was designed to see if people receiving Employment Insurance or social assistance would be motivated to take a community wage in lieu of their regular benefits, in return for employment on locally-developed projects created and run by organizations and individuals in their community (Social Research and Demonstration Corporation, 2008). The program drew on local knowledge and gave extensive control to the communities to develop programs according to their needs. It was sponsored by Human Resource and Skills Development Canada and the Nova Scotia Department of Community Services and evaluated by Social Research and Demonstration Corporation.

The six test communities were offered subsidized labour. All participating communities accepted the offer and successfully organized a board and prepared a strategic plan. Once a project was agreed upon, participants received subsidized wages for employment in a range of occupations. One of the biggest strengths of the program was that it created medium- and higher-skilled positions, contrary to the low-skilled jobs that are typically most available to social assistance recipients. Skilled positions were offered to those who already had the required skills, which reduced the problem of underemployment common after a long spell of unemployment.

Improvements in social capital, social cohesion and inclusion were reported. While these projects had positive impacts on self-assessed health and community satisfaction, there were virtually no significant changes to economic conditions in the participating communities.

A year after the end of the program, there were no sustained impacts on employment rates and household incomes (Gyarmati et al., 2008a). A slight improvement did occur in the quality of future employment for participants, if they held higher-skill positions during the project (Gyarmati et al., 2008b). Small increases in job search activity and volunteering were sustained after the projects ended, indicating the strengthening of social networks. The program did prove that social assistance recipients were willing and preferred to work (Foley, 2015).

In every province except Nova Scotia, a single adult without children cannot be enrolled as a full-time student post-secondary and continue to receive welfare benefits. Instead, persons on social assistance outside Nova Scotia who wish to pursue post-secondary education must access provincial or federal supports for students. Nova Scotia has introduced two programs that allow recipients to pursue post-secondary education. This is important because education is often hailed a solution for leaving poverty. Higher education is associated with higher-paying jobs and more financial security.

The Educate to Work program allows welfare recipients to enroll in a course at Nova Scotia Community College and receive a certificate or diploma while still receiving social assistance benefits. Tuition and books are covered for program participants. The student must be enrolled in a core program at the college to be eligible.

Career Seek has the same objective of encouraging social assistance recipients to obtain post-secondary education. It allows welfare recipients to attend any post-secondary institution of their choice. However, tuition, books and childcare are only covered for their first year. When the Career Seek program was first implemented, living expenses were covered by income assistance, but tuition and school fees had to be paid by the individual. The individual was responsible for securing additional loans, scholarships, and grants (Government of Nova Scotia, 2012).

Although Career Seek allows up to 50 people to participate, only four people were enrolled in 2016 (Laroche, 2016). Such low participation rates led to changes. Now a full year of university tuition and fees are covered and a $500 childcare supplement is included. Since tuition and fees are not covered for any additional years of university, it is likely that participants are unable to complete the program if they are enrolled in a four-year program. Participants are expected to cover school fees such as tuition and books for the remaining years through loans, scholarships and grants.

To participate in the program, social assistance beneficiaries must prove to a case worker that pursing post-secondary education will lead to them finding a job. This introduces a significant barrier to being admitted into the program as it is nearly impossible to guarantee the outcomes of post-secondary education.

Another innovative social program introduced in Nova Scotia in 2010 was the Harvest Connection program. It relaxes earning exemptions for social assistance recipients on income earned from seasonal harvesting. The purpose of the program is to encourage recipients to fill the labour shortages in seasonal harvesting. Under the regular incentive scheme, monthly earning exemptions can discourage recipients from doing seasonal work since income is generated in a short time-frame and heavily clawed back. Harvest Connection allows recipients to keep up to $3,000 per year earned from seasonal work, such as harvesting berries, vegetables, apples and Christmas trees (Government of Nova Scotia, 2010). The earning exemption is applied on a yearly basis, rather than the more common monthly basis. With the prevalence of labour shortages in seasonal harvesting work in many provinces, this program can supplement the earnings of low-income workers without affecting their benefits.

Another innovation in Nova Scotia was the introduction in October 2018 of a scalable clawback on income earned while receiving welfare benefits. For all earnings between $250 and $500 per month, the clawback is set at 25 per cent. The clawback increases to 50 per cent for earning between $500 and $750 and to 75 per cent for all additional earnings. This change places Nova Scotia's clawback far below all other provinces. The changes are recent so the implications for labour force participation are unclear. However, these modifications go some way toward eliminating the welfare trap. In Nova Scotia, 10 per cent of social assistance recipients are employed, which is consistent with the national statistics. The new, scalable clawback is estimated to lead to average increases of a few hundred dollars monthly for employed recipients. This is much more than any increase in benefits could generate (Ayers, 2018).

D. Rent Assist in Manitoba

The shelter allowance provided by social assistance programs is often inadequate, given high rents in many Canadian cities. Yet finding a job and losing welfare benefits can make the transition to employment unaffordable (Brandon, Hajer and Mendelson, 2017). Manitoba's Rent Assist program is a way to address this issue.

Manitoba helps low-income individuals and social assistance recipients meet their housing costs with a financial benefit. The program, called Rent Assist, was introduced in 2015 with the objective of ending housing insecurity. The benefit is designed so that renters in the private market pay no more than 28 percent of their income on housing, if they are renting a modestly-priced apartment. This is defined as 75 per cent or less of median market rent (Brandon, Hajer and Mendelson, 2017:1). The benefit does not depend on the recipient's actual rent, but exclusively on the median market rent. It is indexed to the rate of increase in the median market rent.

In 2017, the program helped 24,000 households on social assistance and 7,000 low-income households who did not receive social assistance. The program helps all social assistance renters, which excludes recipients who do not have housing needs. For example, recipients who live in a family home where they do not pay rent would not receive the benefit.

A review of the program by the Caledon Institute of Social Policy found that Rent Assist payments account for 5 per cent of provincial spending on social assistance and related expenditure.[31] However, total spending on social assistance only accounts for 3 per cent of the

[31] The report is available at https://maytree.com/wp-content/uploads/1117ENG.pdf.

entire provincial budget. The program is not available on reserve since housing costs are heavily subsidized.

E. Summary of Innovation Results

Results from these pilot projects and new programs have not sparked wide-scale reform of the current provincial programs. SPP Plus and Action Emploi have shown that offering an earning supplement encourages recipients to seek employment. But it is only effective in reducing long-term welfare dependency when combined with job readiness training. Career Seek and Educate to Work are both examples of ways to help recipients pursue a post-secondary education. Long-term follow-up once recipients complete the program is needed to understand the full implications of the project. The structure of Harvest Connection, increasing earning exemptions on specific jobs, can fill vacant positions. It was timely given the low unemployment rate when it was created. Rent Assist in Manitoba can be used as a model for similar programs in other provinces.

V. Guaranteed Basic Income

The crisis brought on by COVID-19 and collapsing oil prices brought to the fore the idea of providing everyone with a guaranteed annual income. To an extent, such an income already exists for children, seniors, persons with a disability and students in Canada. There have been two pilot projects in Canada to test the idea, one in Manitoba between 1974 and 1979 and another in Ontario between 2017 and 2019. Neither led to a permanent program. The following section discusses the two most common forms of guaranteed basic income and how they differ from current social assistance programs. Results from both pilot projects are summarized, as are the advantages and limitations of a guaranteed annual income.[32]

Many aspects of the social safety net, including social assistance, need reform. Employment Insurance, a contribution-based income support program for workers also needs to be changed. EI is beyond the scope of this report, but the need for better benefits and changes to eligibility criteria are well documented.[33] Because a guaranteed basic income can be designed in so many ways, it is often unclear who would receive the benefit and what existing programs it would replace. As it currently stands, a basic income exists for children and seniors, therefore only working -age adults between the ages of 18 and 64 cannot access a universal benefit. One option would be to introduce a basic income for working-age adults. A second option would be to introduce a basic income for all Canadians, which would potentially replace existing programs. A third option would be to strengthen the social safety net through a combination of reforms to income support programs and expanding the provision of free or subsidized government services (housing, healthcare, education, transit). Opting for the third option does not prevent the later introduction of a universal basic income but would eliminate the need to completely transform the system. Furthermore, transforming social assistance into a basic income for persons experiencing deep poverty can be achieved by eliminating the conditionality of receiving benefits on meeting work search requirements and increasing welfare benefits.

[32] The literature on the possibility of a basic income is expansive, and this section is only meant to introduce the concept. A full report done by the Basic Income Canada Network provides a comprehensive overview of how a basic income could be designed for Canada available here https://www.basicincomecanada.org/policy_options.

[33] See Tranjan (2019) for a discussion on EI reform in the context of low-wage work.

The COVID-19 pandemic quickly illustrated that our current social safety net is ill-equipped to deal with crisis. Economic shutdown to slow the spread of COVID-19 resulted in high unemployment and overwhelmed the Employment Insurance program. The federal government quickly rolled out the Canada Emergency Response Benefit (CERB) for employed Canadians, making them eligible to receive a $2,000 monthly benefit for up-to four months. This benefit acts as a type of basic income and is much more generous than any provincial social assistance benefit, which recipients are expected to live on. If CERB were available for an entire year, it would bring all single individuals above every MBM threshold. For comparison, social assistance benefits for a single adult range from $593 in New Brunswick to $948 per month in Newfoundland and Labrador.

In 2018, 8.7 per cent of Canadians lived below the official poverty line and 5.1 per cent of the population was dependent on social assistance. As virtually all social assistance recipients live below the poverty line, this implies that 3.6 per cent of the total population and 41 per cent of the low-income population were living in poverty and not receiving social assistance. A guaranteed annual income program would target a larger range of persons living below the poverty line than the current social assistance programs reach. Social assistance programs only target the most destitute, and not everyone who meets the income eligibility criteria can access help if they are unable to meet the training and work search requirements.

A guaranteed annual income or universal basic income is commonly defined as a regular income paid in cash to every member of society, irrespective of income from other sources and with no strings attached (Van Parijis and Vanderborght, 2017:4). This definition implies that each individual (usually above the age of 18) would receive the same benefit, regardless of household size or income levels, without having to meet any requirements. Such an income is meant to provide poverty relief for the most impoverished, reduce economic insecurity and lower the cost of administering emergency services and other income-support programs.

Two forms of universal basic income have been widely debated. The first is a taxable, universal benefit where every resident receives the same amount of money regardless of how much other income they have. The benefit is taxed back at higher income levels. The second is a needs-based benefit that operates comparable to a refundable tax credit or negative income tax. Only individuals whose income falls below a certain threshold will receive the benefit, but everyone has the security of knowing they could access it if their income fell below the threshold without having to meet any other eligibility criteria. However, such a benefit violates the condition of universality because individuals with higher incomes would receive a smaller benefit or no benefit at all.

All current income supports for working-age adults in Canada are conditional. Social assistance is the only needs-based program available to non-disabled working-age adults without children but can only be received on the condition that recipients are willing to look for work or complete training requirements. Other income supports such as Employment Insurance, Canada and Quebec Pension Disability Plans, Workers' Compensation and the Canada Workers Benefit are all work-triggered. In addition, many work-triggered income support programs are contribution-based, meaning that low-wage workers receive fewer benefits given that they contribute less to the program. A taxable, universal benefit would not be triggered by previous work, time-limited or dependent on categorical eligibility based on residency. As a result, a basic income will have a greater equalizing impact on the incomes of Canadians than income security programs tied to employment which mirror labour market discriminations rather than counterbalance it (Basic Income Canada Network, 2017). However, depending on the model selected a basic income could be income-tested.

A guaranteed income would help many Canadians living below or near the poverty line. Our current income support system leaves behind working-age adults without children, and to a lesser extent all welfare recipients whose incomes languish far below the poverty line. On the other hand, a guaranteed income would be neither needs-based nor contribution-based and would provide a baseline of financial security to everyone. In a financial sense, everyone would benefit from such a program. However, not all problems can be solved with additional income, and people who require more hands-on service delivery may be disadvantaged by a basic income if it were to be introduced with cuts in services linked to current income support programs.

Finally, even among advocates of a universal basic income there is no clear agreement on whether the benefit should be received without any reciprocity. Support for persons who are contributing or have contributed to society through employment are numerous, and social assistance is provided on the basis that the individual should at least be trying to enter to labour market. A truly unconditional basic income is contentious as many individuals "oppose subsidizing people who they believe are free-riding on others, or otherwise behaving badly. These attitudes reflect a principle of justice, based on reciprocity, and an ideal of life, based on self-sufficiency" (Anderson, 2004:244). In order to increase support for basic income, advocates have suggested that the benefit be allocated to all who contribute to the 'common good'. Satya Brata Das (2020), in an opinion piece in the *Globe and Mail* states "[s]tarting with the premise that idleness is not an option, that able people should not be able to be paid to sit around and nothing, a minimum income offers the opportunity to contribute to an ever-more-robust life lived in community, with dignity". In contrast, Philippe Van Parijs argues the benefit should be truly unconditional, as he states "[l]et's first get people's basic entitlements right, and then let reciprocity rule over the allocation of privileges" (Van Parijis, 1997:330). Both perspectives merit consideration, as the core argument amounts to whether a basic income is an entitlement or must be earned.

However, an unconditional benefit could still be consistent with the belief that a basic income is not an entitlement. Assuming that some people will take advantage of the system, whether it be of a basic income, social assistance or a temporary benefit like CERB, we as a society we must decide where our priorities lies. Two main perspectives exist: the system should be designed around the prevention free-riding so those who contribute do not lose faith in it, or accept that a minority of individuals will take advantage of the system but should not be the focus of attention as a much larger group of individuals would benefit. Furthermore, the cost of monitoring the minority of individuals who abuse the system may be more costly than the benefits they receive.

A. Manitoba Basic Annual Income Experiment

The Government of Manitoba ran an extensive basic income experiment between 1974 and 1979 called Mincome. Funded by the provincial and federal government, the program took the form of a negative income tax. "The negative income tax was remarkable in its simplicity" (Simpson, 2015:196). All households were assigned an income support level, or income guarantee, based on family composition. The benefit paid up to that level when no income was earned. A rate was established at which the income support would decline. This was a negative income tax rate, that would apply to earning (Simpson, 2015:196). The project was the first such experiment to include a saturation site, where 30 per cent of all residents of Dauphin participated in the experiment although all residents were eligible to participate.

While the Manitoba pilot project ran for the full five years, no government resources were allocated to study the results of the experiment. Years later, independent researchers accessed the data and found Mincome positive effects on well-being with almost no impact on labour force participation.

The main impacts were improved health and higher high school completion rates. Participants reported feeling less symptoms of stress and anxiety (Forget, 2018). Recipients were less likely to require emergency services and more likely to take preventative health measures. Results showed a slight decrease in work hours among adolescents and women. However, grade 12 enrollment and high school completion rates increased during the experiment. This suggests that adolescents choosing between finishing high school and finding work were more likely to choose school. The decrease in work hours among women was driven by single mothers. It is worth nothing that while interesting, the findings on labour force participation may be less relevant in today's context. Financial support for student's has been considerably improved and women's labour force participation and earnings have increased drastically.

B. Ontario Basic Income Pilot Project

In June 2017, the Ontario Basic Income Pilot Project was launched in Hamilton, Thunder Bay and Lindsay. A study group of 4,000 randomly selected low-income individuals received a guaranteed basic income. A control group of 2,000 individuals only received benefits under Ontario Works. The project was meant to study whether a guaranteed income had an impact on basic needs, food security, stress and anxiety levels, mental health, housing stability, education and training levels, and employment and labour market participation. Individuals who earned less than $34,000 a year and couples who earned less than $48,000 were deemed low-income and eligible for the project. Individuals received $16,989. Couples received $24,027 a year. Any additional earned income was deducted from the basic income benefit at a clawback rate of 50-per-cent (Government of Ontario, 2019). All earned income is taxable and subject to deduction for CPP and EI payments.

The project was meant to run for three years but was cancelled by the new provincial Conservative government in March 2019. The government argued that the project was too expensive and not helping enough people. Unfortunately, it was terminated after recipients had only completed a single survey on the impacts of the benefit. This will hinder any meaningful research on the consequences of the basic income.

C. Advantages of Guaranteed Annual Income

The primary advantages of a guaranteed annual income are increased economic security, increased freedom of choice, better health and education outcomes, and poverty alleviation.

A basic income is an unconditional income support, therefore provides economic security to recipients as they never risk losing the benefit and can plan for the future as they are guaranteed to receive the money. In contrast, social assistance payments are received monthly, conditional on the recipient meeting all their requirements. The uncertainty of knowing if they will receive their welfare payments can be an additional source of stress. Since social assistance payments can be reduced or suspended if certain conditions are not met, recipients cannot count on them as a steady source of future income when making financial decisions.

The economic security and potentially higher incomes associated with a basic income can have positive impacts on an individual's health outcomes. Health inequities are well established in Canada, as they "lie in the effects of poverty and income inequality, precarious work and unemployment, inadequate housing and homelessness, racism and other lines of social exclusion, inequitable access to social, health and other services and support, and other social determinants of health" (Gardner and Barnes, 2011:6). One of the most important findings from the Mincome experiment was receiving a guaranteed income can prevent health problems that are associated with insecure housing, poor nutrition, precarious work and stress. Currently, social assistance fails to protect the health of its recipients due to a combination of low benefit rates and exposure to precarious work. In Canada, social assistance recipients were 52.5 per cent more likely to report fair or poor health than persons not receiving social assistance (Sod-Erdene *et. al.*, 2019). In the absence of universal dental care and universal pharmacare, low-income persons often cannot afford to use preventative health services. Social assistance recipients receive dental and pharmacare benefits, but often must prove the need to use the service and therefore also seldom access preventative care. With a guaranteed income, they are more likely to take preventative health measures and depend less on emergency health care services, which are more expensive to society.

A basic income can increase high school completion rates and post-secondary attendance. Children in financially secure households experience less stress at home and do better in school since they are less likely to change schools or skip meals. A guaranteed annual income allows working adults to return to education if they want to improve their skills or chose a new career path. Education and training offer a better path to higher wages than work experience in low-paid jobs. Inability to enroll in post-secondary education is restricted for social assistance recipients. In most provinces, recipients must choose between receiving welfare benefits or enrolling in full-time post-secondary studies and going into debt.

A guaranteed income can minimize the stigma associated with receiving a needs-based income benefit such as social assistance. Furthermore, depending on the generosity of the benefit, a basic income can reduce the social isolation experienced by many low-income persons. The distinction of the “deserving” and “undeserving” poor emphasized by social assistance imposes a social stigma on recipients. Using evidence from the Mincome experiment in Manitoba, Calnitsky found that “the design and framing of Mincome led participants to view payments through a pragmatic lens, rather than the moralistic lens through which welfare is viewed (2016:27). In Dauphin, Manitoba all residents who qualified for the experiment were eligible to receive the payments (in other locations participants were randomly allocated between treatment and control groups), of which 30 per cent chose to participate. As a result, “[t]he social meaning of Mincome was sufficiently powerful that even participants with particularly negative attitudes toward government assistance felt able to collect Mincome payments without a sense of contradiction” (Calnitsky, 2016:27).

A basic income could mean greater freedom of choice for individuals. Freedom of choice extends from decisions surrounding work to decisions regarding childcare. Transitioning to a green economy will require divesting from environmentally damaging industries. This transition may come at the expenses of thousands of jobs and a basic income could support individuals as they re-skill and prepare to reinter the labour force in new industries. If such a transition is delayed, a basic income could give individuals the “agency to say ‘no’ to undesirable work, including much environmentally damaging work, and ‘yes’ to opportunities that often lie out of reach” (Maslin and Lewis, 2019).

D. Limitations of Guaranteed Annual Income

The limitations of a basic income are entirely dependent on what version of a basic income is introduced. A basic income can act as a disincentive to work for persons earning incomes marginally higher or below the benefit. Furthermore, a basic income has the potential to be extremely expensive, lead to a reduction in currently available social services and might fail to address other barriers to well-being that are not rooted exclusively in monetary poverty. Finally, the cost of a basic income can also be a limitation.

A common argument in opposition to a basic income is its potential to reduce the incentive to work, despite mixed empirical evidence to support this concern. A needs-based benefit would not affect high-income people and therefore it follows that a high-earning person would not reduce their work hours. Therefore, the concern is focused on persons earning close to what they would receive as a benefit being discouraged from working. A basic income is unconditional, therefore mandatory work search and upskilling requirements that exist for social assistance recipients would no longer be in place. Currently, 10 per cent of social assistance recipients are employed part-time and many more are looking for work (Stapleton, 2019).

The Mincome study found that most of the reduction in hours worked was primarily driven by women and adolescents reducing worked hours. There was no significant impact on labour force attachment and hours worker for men. In a household with young children, where both parents are employed and the children are in childcare, it is rational for the person earning less to assume child-care duties. However, the Mincome results are from an experiment carried out in the 1970s, when women’s attachment to the labour force was much weaker and wages were lower. The result may not be the same today, as women are better educated on average and consequently have greater attachment to the labour force. Given the Mincome results, there is a concern that a basic income will discourage female labour force participation or increase gaps in their employment if they take off additional time for childcare. Women should be incentivized to participate in the labour force with a combination of high wages and occupational mobility, rather than rather than financial insecurity.

A valid concern when implementing a basic income is whether it would be accompanied with the continuation of existing social services. One major question is what would happen to social services associated with program that might be replaced by a universal basic income. Social assistance recipients received financial assistance, but also access enhanced medical benefits (pharmacare, eye care, dental care), rent subsidies and more. Job readiness programs and skills training are included in social assistance programs, as are various counselling services. While increases in income will improve the lives of many low-income persons, not all problems are purely financial ones. For persons who experience income poverty and 'living standard poverty,' a basic income is likely to be insufficient to address systemic issues. Living standard poverty refers to a context where heat, light, water, housing, education, internet access and other essentials are substandard (Stapleton, 2019). Racialized and Indigenous persons are more likely to experience living standard poverty and therefore a reduction in existing social services is likely to have disproportionate impacts on marginalized groups.

Given mobility between provinces, implementing a basic income in select provinces may be unsustainable for provinces which implement generous schemes if Canadians move to those provinces where higher benefits are available. Persons in need would migrate to where a guaranteed income was available. Those contributing to the program through their taxes might leave. Social assistance benefits do not result in the same mobility as there is no guarantee of benefits and it is nearly impossible to determine in advance how much money you will receive without being admitted into the program. This is not to say that it cannot be done at a provincial level, simply that an ideal guaranteed income program would be implemented at the national level by the federal government.

Furthermore, a guaranteed income is often suggested as a way to protect workers from unemployment driven by increasing automation and the emergence of artificial intelligence. However, it is important to note that previous major technology improvements have never resulted in less employment in the long-term. Calsamiglia and Flamand note in their review of basic income that "working is not only about receiving money but also about leading a fulfilling and meaningful life, which explains why unemployment is more important than income in explaining subjective happiness" (Calsamiglia and Flamand, 2019:655). Services that help individuals find jobs would still be necessary, regardless of whether they receive a basic income

One of the primary objections to providing a guaranteed annual income is the projected cost. Estimates vary significantly. The gross cost of the program depends on the value of the guarantee, the clawback rates and how the guarantee is adjusted for family size. The value of the guarantee would also determine how many people are eligible to receive benefits. The net cost of the program would have to factor in social programs and services and/or tax credits are eliminated as a result of the basic income, if taxable-income thresholds are changed or the marginal tax rate increased. The net cost may be further reduced due to a reduction in poverty-induced costs, such as spending on emergency health services, policing and incarceration, food banks, homeless shelters and more. These savings are difficult to estimate.

An estimate of the potential cost of a basic income calculated by the Parliamentary Budget Office (PBO) estimates the cost of extending Ontario's pilot project model.[34] Under this model, single recipients could receive $16,989 and couples could receive $24,027 annually from the benefit, equivalent to 75 per cent of the LIM. The cost of the basic income would range from $47.5 to $98 billion, depending on the clawback rate on additional earnings. Cutting programs such as disability supports, worker's compensation and various tax credits could reduce the cost of the program by $15 to $46 billion annually. The more programs are cut to reduce the net cost of providing a basic income, the more the program begins to resemble a "one size fits all" solution.

Harvey Stevens, an economist at the University of Manitoba, attempted to cost a guaranteed income program in the form of a refundable tax credit (Stevens, 2019). The basic income would bring every family to reach 100 per cent of the LIM for 2018. Under this model, a single individual would earn $19,200 and a couple would earn $27,153 annually. All additional earnings would reduce the basic income benefit by $0.50 for every dollar earned. The calculation done by Stevens is available only for New Brunswick and shows that give the 75,600 families living below the poverty line would receive $10,628 on average. The gross cost of such a program would be $803.9 million. Given that $104.1 million is spent on social assistance annually, the net cost would be $699.8 million. Assuming that the poverty in New Brunswick is proportional to poverty Canada-wide, the gross cost of the program at a national level would be a $38.6 billion and the net cost would be $35.0 billion, comparable to the PBO estimate. Stevens' projection assumes that the guaranteed income would replace social assistance programs entirely. It does not contemplate what would happen if the tax structure were altered or other social services eliminated.

VI. Policy Recommendations

The following six recommendations would lead to significant improvements in the social safety net in Canada:

1. Increase the minimum wage: We recommend that the minimum wage be increased to $15 per hour in every province.

Minimum wages are set by the provinces for all industries outside of the federal jurisdiction, and currently range from $11.32 in Saskatchewan to $15 per hour in Alberta for adult workers.[35] According to Statistics Canada, the proportion of employees earning the minimum wage in Canada rose from 5.2 per cent in 1998 to 10.4 per cent in 2018, partially in conjunction with the rise in minimum wage.[36] A common misconception surrounding minimum wage is that the overwhelming majority of minimum wage workers are young adults and students. While it is

[34] The PBO's costing of a guaranteed income program is available at https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/RP-2021-014-M/RP-2021-014-M_en.pdf.
[35] Minimum wages vary based on level of experience, for students under 18 and for positions where gratuities apply. Hourly minimum wages from 1965 onwards for all provinces and the federal jurisdiction are available at http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt2.aspx?GoCTemplateCulture=en-CA
[36] See Thomas (2016) for a detailed discussion on trends in low-wage employment in Canada from 1997 to 2014.

true that 52.3 per cent of minimum wage workers were under 25 in 2018, 47.7 per cent of minimum wage workers were aged 25 and over. This proportion is up from 39.3 per cent of workers in 1998 (Dionne-Simard and Miller, 2019). The larger share of older minimum wage workers is driven by an increase in persons aged 55 and over earning minimum wage, from 5.1 per cent in 1998 to 13.4 per cent in 2018.

Minimum wages are extremely low in some provinces relative to others. Currently, the minimum wage is set below $12 per hour in Manitoba, New Brunswick, Newfoundland and Labrador and Saskatchewan. This suggestion focuses on provinces where there has been no substantial increase in the minimum wage or planned increased, such as Alberta, Ontario and British Columbia. Furthermore, the ratio of minimum to median or averages wages can be used a comparative indicator of the adequacy of minimum wages between countries. The ratio of minimum to median wages in Canada is 0.51, compared to 0.54 in Australia, 0.61 in France and 0.66 in New Zealand. The ratio of minimum to average wages is lower, at 0.45.

The benefits of raising the minimum wage are numerous, from allowing low wage earners to keep up with price inflation, increased spending, and increased tax revenues, less reliance on government income supports and less employee turnover. Much of the criticism of raising minimum wages has been disproven, such as minimum wage increases leading to job loss. Evidence from the minimum wage increases in Ontario to $14 per hour in 2018 show tha,t in sectors heavily impacted by the wage increase, there has been an increase in the number of jobs (Younglai, 2018).

In addition, low minimum wages constrain welfare benefits to low levels as welfare incomes should not exceed low-wage workers' incomes. Social assistance is not designed to provide income support to low-income earners. Social assistance recipients who may otherwise find employment might be discouraged from entering the workforce since the low wages they would earn do not compensate for the loss of in-kind benefits they receive through social assistance programs. Despite the low welfare benefit rates, there is flexibility to increase benefits without reaching the income earned of a full-time minimum wage worker.

2. Enrich the Canada Workers Benefit to a maximum of $5,460 per year through a $3 per hour wage subsidy to low-wage workers based on hours worked up to a maximum of 1,820 hours per year.

The "working poor" is used to define an individual between the ages of 18 and 64, who is not a student and who lives independently and who has an after-tax income below the LIM but earned at least $3,000 annually (Stapleton, 2019). In 2016, working poor individuals accounted for 5.6 per cent of the working age population, equivalent to 1,294,089 persons. Recent immigrants, Indigenous persons and Black Canadians are overrepresented among the working poor population, and therefore policies targeting the working poor will reduce income gaps between identity groups in Canada. Non-disabled working-age adults without children are the group most frequently left behind in poverty reduction strategies. The Canada Workers Benefit is a refundable tax credit that provides tax relief for low-income workers. Benefit levels are low, as the maximum benefit is $1,355 per year for a single person and $2,335 for a family. Enhancing the CWB with an hourly earnings supplement could lift significant numbers of the working poor above the poverty line. This policy targets all low-wage workers, and therefore is beneficial for workers with children and single adults.

The enriched CWB would 'make work pay' by introducing an hourly wage subsidy of up to $3 per hour for workers making less than $18 per hour. Wages with the subsidy will not exceed $18 per hour, so low-wage workers earning above $15 per hour and below $18 per hour will earned a reduced income subsidy on every hour worked. An individual who earns $15 or less per hour, and worked full-time (35 hours per week, 52 weeks per year), would earn the full subsidy worth $5,460. An individual who earns $17 dollars per hour and worked full-time, would receive a $1 per hour wage subsidy and earn an additional $1,820 per year. This subsidy, especially when combined with higher minimum wages, increases the incentive to work and can offset the potentially negative labour force incentives associated with subsequent policy recommendations on enhanced welfare incomes.

3. Increase welfare benefits to 100 per cent of each regional MBM threshold and implement best practices.

Currently, welfare benefits are below all the regional MBM thresholds for any household type. In order to maintain a sense of fairness, welfare benefits are designed not to exceed the income of a person working full-time at minimum wage. Increasing the minimum wage and introducing an hourly wage subsidy would greatly increase the incomes of low-wage workers. Welfare benefits based on regional MBM thresholds imply that there would be different welfare rates within provinces to account for variations in the cost of living.[37] The base benefit in every region should accurately reflect the cost of shelter, food, clothing and transportation. Furthermore, benefits should be indexed to inflation in the province. If social assistance recipients were brought to the poverty line with their benefits, the increased economic security is likely to improve their outcomes and could have a positive impact on labour force participation rather than simply discouraging employment. Reduced stress, improved nutrition, housing security and mental and physical health improvements are examples of outcomes that may increase an individual's ability to find work (or increase hours worked).

In addition, best practices in welfare, such as higher liquid asset thresholds and earning exemptions, and lower clawbacks on earnings have been recommended many times.[38] Unfortunately, few of these best practices have been implemented. Provinces that have made strides to implement best practices, such as Ontario drastically increasing the liquid asset threshold to $10,000 and Nova Scotia introducing a scalable clawback rate on earnings, have not reported negative impacts associated with the changes in policies. Many of the recommendations and best practices are self-evident, such as working with social assistance recipients to develop a plan for employment based on the individual's goals and needs. This illustrates how taking a more

[37] If the intention is to bring all social assistance recipients to the poverty line, then benefits must be adjusted to the cost of living which differs by region. If it is considered more just to provide the same amount to all recipients, the only way to alleviate all poverty is to increase all levels to the highest poverty threshold. This logic holds for all income support benefits, such as the Canada Child Benefit and Old Age Security.

[38] Lankin and Sheikh (2011) suggest 108 recommendations in their report *Brighter Prospects: Transforming Social Assistance in Ontario* to improve OW and ODSP. Many of the best practices they outline are applicable in all provinces, not just Ontario.

humane approach to the provision of social assistance is not currently done in every circumstance and would improve service delivery and reduce stigma.

Best practices differ for administering social assistance for First Nations living on reserve. Revisiting benefit levels and policies to reflect the unique challenges First Nations face rather than measuring adequacy by comparing rates and service availability to the provinces is crucial to providing adequate social assistance on reserve. Best practices on reserve include giving First Nations responsibility for the management and delivery of social assistance and employment services and allowing greater flexibility in determining eligibility to remote First Nations.

4. Relax conditionality on labour force participation and implement more intensive case management.

Currently, social assistance is provided to working-age adults without children or a disability on the condition that they meet work search requirements or participate in upskilling and training programs. A study on the health of social assistance recipients in Canada recommends easing work conditionality given that "work conditionalities attached to receipt of social assistance may be offsetting health benefits of social assistance, because recipients are being exposed to precarious labour market conditions that are all too common in low-wage jobs" (Sod-Erdene *et. al*., 2019:392).

Shahidi *et. al.* assess the impact of work requirements on health and found that while "these measures have been shown to marginally improve employment outcomes among welfare recipients, the terms of their attachment to the labour market tend to be short-lived and produce their own set of adverse socioeconomic consequences, including higher rates of in-work poverty" (Shahidi et al, 2019:8) The authors find that precarious work may potentially pose greater adverse health consequences than unemployment, and that welfare incomes are insufficient to offset the negative health consequences of the severe socioeconomic disadvantages recipients' experience. Between leaving social assistance (and therefore losing their benefits) and working enough insurable hours to receive Employment Insurance if they were to become unemployed, workers are especially vulnerable. The precarity of low-wage work and limited in-kind benefits are realities for nearly all the working poor, but a government income support program should not amplify these problems.

A health condition that does not inherently prevent a social assistance recipient from working may not be sufficient to make them exempt from work requirements. The incidence of diabetes, heart disease, mood and anxiety disorders were between 2.4 and 4.6 times higher for social assistance recipients than persons not receiving social assistance (Sod-Erdene *et. al*., 2019). Social assistance recipients were also 4 times more likely to consider suicide during their lives and 20 times more likely to attempt suicide. Implementing intensive case management models in every province could allow recipients to access the services they need without having to accept employment that may be ill-suited to the individual. This is not to say that labour force participation is not desirable, but instead recognize that having their basic needs met may increase recipients' ability to work. It can be argued that the incentive to work imposed by potential sanctions is outweighed by the lack of resources to make an individual employable. Social assistance could be conditional on meeting and working with a case manager but should not impose strict behavioral requirements on recipients. Incentive schemes modelled after successful policy experiments, such as the Self-Sufficiency Project Plus in New Brunswick and British Columbia, and Action Emploi in Quebec should be promoted, but optional, for all recipients.

Strong sanctions (generally suspended benefits) for failure to meet mandatory work search and upskilling requirements naturally lead to a reduction in social assistance dependency as non-compliance results in loss of eligibility for social assistance. Between 1994 and 2014, 27 per cent of the reduction in the national welfare dependency rate in Canada could be linked to the increased stringency of work sanctions (Berg and Gabel, 2015:525). But this is not the best wat to reduce welfare dependency rates as it may have unforeseen consequences. For example, individuals with personal barriers to employment who are still deemed employable (undiagnosed mental or physical illness or developmental disabilities, previous traumatic experiences, previous criminal convictions, racism and discrimination in hiring) are disadvantaged when non-compliance is heavily penalized. Social assistance is meant to support the most financially vulnerable members of society, and therefore the focus should be on protecting individuals with complex barriers rather than preventing and punishing free riding on the system.

5. Adopt the AISH model in all provinces for persons with persistent barriers to employment, especially social assistance recipients with disability or illness.

All provinces should consider adopting a model similar to Alberta's Assured Income for the Severely Handicapped (AISH) program for persons with a severe and permanent disability to bring all persons with a severe disability to the poverty line. The advantages of this model are higher benefit levels, higher liquid asset thresholds and relaxed work requirements. Benefit rates should be increased to 100 per cent of regional MBM thresholds, only a small increase from AISH current benefit rates which reach 96 per cent of the MBM. A particularly important feature of the AISH program is the $100,000 personal total net asset limit, excluding the recipient's primary residence and mode of transportation. A high asset limit allows recipients to receive an inheritance or other cash gifts without losing eligibility to the program. Losing eligibility to the program could compromise a recipient's access to essential health care services and other in-kind benefits.

Furthermore, provinces can explore the option of expanding the scope of the social assistance program to persons with a temporary disability or other barriers to employment such as a substance use disorder or caring for young children. Expanding the program in that manner would shift the program away from a focus on permanent disability towards temporary, but severe, barriers to employment.

6. **Extension of in-kind benefits and housing subsidies to all low-income persons.**

The loss of in-kind benefits when a person leaves welfare can act as a major disincentive to find employment. In addition to losing the income support, low-wage workers often received fewer benefits through their employer and may not be able to access extended health care services such as pharma care, eye care, dental care, physiotherapy and more. The absence of in-kind benefits for many low-wage workers is a problem that does not only impact social assistance recipients or those who have recently left social assistance.

Free extended healthcare and free addiction and mental health counselling should be available and easily accessible to all persons living below the poverty line, with the possibility to extend it to all. Additionally, free childcare and generous housing subsidies should be accessible for all low-income persons. Increased in-kind benefits for all low-income persons further dismantle the welfare wall by removing a major disincentive to finding employment and leaving social assistance. Furthermore, training and upskilling programs should be made available to all low-income persons. Services provided through income assistance programs should be expanded to all and no new services should be introduced exclusively for social assistance recipients while excluding low-income individuals who do not receive social assistance.

Subsidized childcare could be modelled after Quebec's successful model and could be extended to provide free childcare to persons living in poverty. Housing subsidies, a crucial component of income security, could be modelled after Manitoba's Rent Assist which helps provide low-income Manitobans with affordable housing even in the private market. Increasing the availability of subsidized housing units would further reduce housing insecurity among low-income renters.

VII. Conclusion

Canada has made considerable progress in reducing poverty in recent years. Prior to the 2020 crisis, the official poverty rate measured by the MBM fell from 12.1 per cent in 2015 to 8.7 per cent in 2018. Many more Canadians could be lifted out of poverty if governments strengthened Canada's social safety net.

Since 2000, income inequality, as measured by the Gini coefficient and the income share of the top 1 per cent has leveled-off, after a period of increasing inequality between 1976 and 2000. Real incomes have increased between 2006 and 2018, and therefore absolute poverty measures such as the LICO and the MBM report considerable decreases. Little change is reported by the LIM, a relative poverty measure.

Between 2006 (the first year the MBM estimates are available) and 2018, the official poverty rate for children fell from 19.2 per cent to 8.2 per cent. Poverty for working age adults (18-64) fell from 16.0 per cent to 10.3 per cent and the poverty rate for persons 65 and over fell from 7.6 per cent to 3.5 per cent. In 2018, 82.3 per cent of the total poverty gap was attributable to working-age adults. An estimate provided by Statistics Canada to the CSLS suggests the total cost of eliminating poverty in 2018 according to the regional MBM thresholds would be $18.485 billion. It would cost an estimated $15.2 billion to lift all working-age adults out of poverty, compared to $2.48 billion for children and $766 million for seniors.

Most of the poverty reduction since 2016 (from 10.6 per cent to 8.7 per cent) has been driven by a reduction in child and senior poverty, directly because of policies such as the new and more generous Canada Child Benefit and the enriched Guaranteed Income Supplement for seniors, which act as a guaranteed income for these respective groups. Between 2016 and 2018, child poverty fell from 11.0 per cent to 8.2 per cent, and the poverty rate for persons 65 and older fell from 4.9 per cent to 3.5 per cent.

Large reductions in child and senior poverty rates have led to working-age adults making up a larger share of total persons living in poverty (75.4 per cent, up from 67.4 per cent in 2006). Unfortunately, non-disabled working-age adults without children have been mostly left of out of poverty reduction strategies. For working-age adults, the social safety net is comprised of contribution-based or work-triggered benefits such as EI, CPP-disability, Workers Compensation and the Canada Workers Benefit or social assistance.

Filling the gaps in the social safety net for Canadians living in poverty can be done in many ways. One option is to introduce a guaranteed annual income provided at the federal level. The guaranteed income could replace (or enhance) the basic incomes already available for children and senior with a single, comprehensive program for all Canadians or could be introduced exclusively for working-age adults. Such a program would have to be crafted with care and in negotiation with the provinces, which are responsible for most social assistance programs. Important elements of provincial programs, like job search assistance and in-kind health services, would still be needed to encourage recipients to make the leap from welfare to paid employment.

The approach preferred in this report, is to opt for repairing the social safety net by fixing provincial social assistance programs and federal income support programs (EI, CWB) that are already in place rather than introducing an entirely new program. Filling the gaps in our current system would allow the conversation on basic income to shift away from comparing the status quo to a universal benefit, but rather to more functional social safety net. The main issues governments are dealing with are providing adequate benefit levels compared with the cost of living, while ensuring those benefits do not exceed the income earned from a low-wage job. This constraint primarily affects recipients deemed employable and can be reflected in the growing share of single adult social assistance recipients in the total social assistance population. It is important to note that the policy recommendations made in the previous section do not address the systemic inequalities and barriers to leaving poverty such as racism and classism in Canada. They do not dismantle systemic racism within institutions but instead provide solutions to alleviate financial poverty. These policies recommendations are designed to allow vulnerable and marginalized persons to access income supports and facilitate meaningful employment in a manner that is empowering and adapted to the individual's needs.

Policy recommendations on how to strengthen the social safety net are included in the report. Social assistance offers only limited income support to low-income persons because benefit rates are extremely low for most household types, especially single individuals, when compared to regional MBM thresholds, and sanctions for non-compliance with work search requirements put additional stress on social assistance recipients. In order to increase benefits without exceeding the incomes of low-wage workers, the minimum wage should be increased to $15 per hour in every province. Furthermore, the federal government should supplement low-wage workers with an hourly earnings subsidy of up to $3 per hour for all wages below $18 per hour. Higher earned incomes for low-wage workers will allow the flexibility to increase welfare incomes to 100 per cent of regional MBM thresholds. Best practices must be implemented in the provinces and on reserve. Welfare incomes for social assistance recipients with barriers to employment must also be increased to 100 per cent of regional MBM thresholds and should follow the AISH model of high benefit rates and liquid asset limits. Conditionality to receiving social assistance should be dependent on working with a caseworker rather than participating in various programs that may not suit the needs of the individual. Relaxing labour force participation requirements could improve the health of social assistance recipients. Finally, in-kind benefits should be extended to all low-income persons to further dismantle the welfare wall. These services should include free and complete health coverage, free childcare, transportation subsidies and housing subsidies.

Finally, better data are crucial to understand developments in social assistance in Canada and the impact the current system has on recipients. For example, since 2009, spending on social assistance is no longer published in the National Accounts by Statistics Canada. That data should once again be collected and made available to the public. Longitudinal data on recipients are needed to understand the dynamics of welfare and its long-term nature. While more complicated to compile, data on how individuals fare once they leave social assistance would be greatly beneficial. Official poverty thresholds need to be calculated for First Nations reserves and in the territories. Furthermore, a consistent time-series of beneficiaries and dependency rates on-reserve is crucial. Longitudinal data on social assistance recipients on-reserve is also desperately needed to understand how eligibility criteria and upskilling requirements, coupled with insufficient resources for adequate service delivery impact recipients.

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Appendices

Appendix I: Trends in Average and Median Income for Economic Families and Unattached Individuals

A. Economic Families

Table A1 breaks down average and median income for persons in economic families. In the 1976-2000 period, average market income for persons in an economic family grew 0.40 per cent a year, close to the rate of average after-tax income which rose 0.32 per cent. During the same period, median after-tax income increased 0.10 per cent.

Average government transfers grew 1.73 per cent a year between 1976 and 2000, boosting total income growth to 0.52 per cent. Average income taxes rose 1.46 per cent a year, reducing average after-tax income growth to 0.32 per cent.

From 2000-2018 average after tax income grew 1.41 per cent per year. Median income also rose 1.47 per cent per year as the trend toward increased inequality levelled off. Average government transfers grew 2.10 per cent per year and median government transfer grew 4.45 per cent per year.

Table A1: Average and Median Income, Tax, and Government Transfers for Economic Families in Canada, 1976-2018 (average annual rate of change)

Panel A: Average

Average	Market Income	Government Transfers	Total Income	Income Tax	After-Tax Income
1976-2018	0.70	1.88	0.81	0.92	0.79
1976-2000	0.40	1.73	0.52	1.46	0.32
2000-2018	1.08	2.10	1.19	0.20	1.41

Panel B: Median

Median	Market Income	Government Transfers	Total Income	Income Tax	After-Tax Income
1976-2018	0.46	3.05	0.65	0.60	0.68
1976-2000	0.06	2.02	0.21	0.99	0.10
2000-2018	0.99	4.45	1.24	0.09	1.47

Source: Table 11-10-0190-01, Statistics Canada
Note: The data reported are the compound annual growth rate.

B. Persons not in Economic Families

Table A2 illustrates the components of average and median income for persons not in an economic family, also referred to as unattached individuals. In the 1976-2000 period, average market income for persons not in an economic family grew 0.14 per cent a year, close to the rate of average after-tax income which rose 0.20 per cent. During the same period, median after-tax income only increased 0.05 per cent.

Average total income grew 0.22 per cent a year between 1976 and 2000 and average income taxes rose 5.62 per cent a year, causing average after-tax income to grow 0.32 per cent.
From 2000-2018 average after tax income grew 1.06 per cent per year. Median income also rose 1.19 per cent per year as the trend toward increased inequality levelled off. Average government transfers grew 0.67 per cent per year and median government transfer grew 2.42 per cent per year.

Average and median after-tax income for all units was impacted negatively through a composition effect by the slower growth for persons not in an economic family, who account for a significantly larger share of the population in 2018 compared to 1976 and who report lower incomes than their counterparts in economic families.

Table A2: Average and Median Income, Tax, and Government Transfers for Persons not in an Economic Family in Canada, 1976-2018 (average annual rate of change)

Panel A: Average

Average	Market Income	Government Transfers	Total Income	Income Tax	After-Tax Income
1976-2018	0.48	1.57	0.65	1.15	0.57
1976-2000	0.14	2.25	0.47	1.96	0.20
2000-2018	0.95	0.67	0.88	0.08	1.06

Panel B: Median

Median	Market Income	Government Transfers	Total Income	Income Tax	After-Tax Income
1976-2018	0.31	-	0.60	3.17	0.54
1976-2000	-0.63	-	0.22	5.62	0.05
2000-2018	1.57	2.42	1.12	0.00	1.19

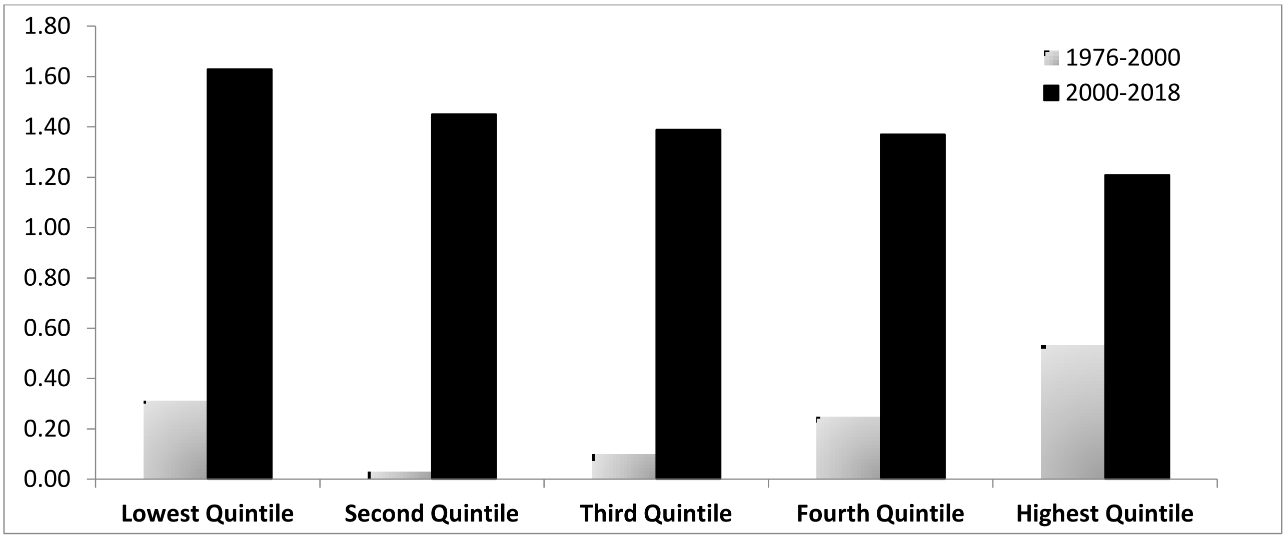
Source: Table 11-10-0190-01, Statistics Canada
Note: The data reported are the compound annual growth rate. Median government transfers cannot be calculated from 1976-2018 and 1976-2000 since data are unavailable in the first four years of the time series.

C. Average After-tax Income by Quintile

Chart A1 illustrates the "picket fence" phenomenon for both persons in economic families and individuals not in economic families. This phenomenon refers to the nearly equal growth rates accross all income quintiles between 2000-2018. For persons in economic families, the rising inequality during the 1976-2000 time period is clearly shown by the significantly larger increase in after-tax average income for persons in the fifth quintile. For persons not in economic families, the highest growth rate between the 1976-2000 period was for individuals in the second quintile, followed by the bottom quintile. Therefore, the overall increase in inequality would have been primarily driven by persons in economic families.

Chart A1: Growth in Average After-Tax Income by Quintile in Canada, (average annual compound rate)

Panel A: Economic Families



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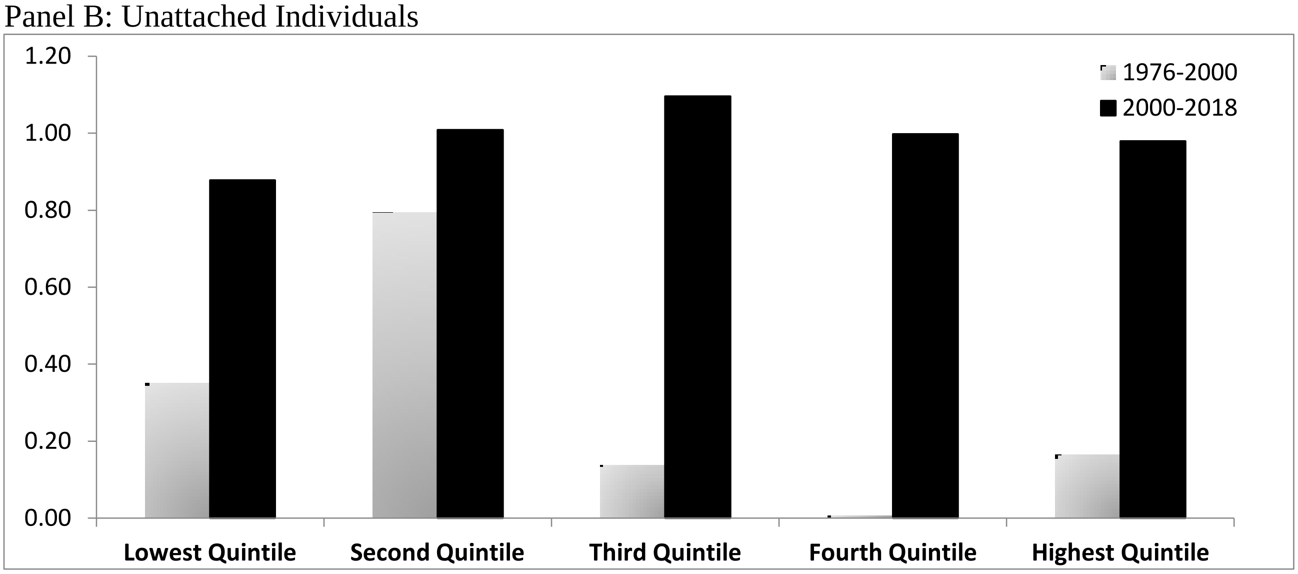
Panel B: Unattached Individuals



Source: Table 11-10-0192-01, Statistics Canada

Appendix II: Poverty Rates Among Ethno-racial Groupings

Table A3 illustrates the LIM and LICO poverty rates in Canada in 2015 according to the census by ethno-racial grouping. Data on poverty rates among Indigenous groups is available in Table A3 of the main report. The overall higher rates of poverty among racialized persons relative to non-racialized persons in Canada is driven by different histories and social barriers faced by each group. The term 'racialized' is used to refer to Canadians of non-European background, both those who are Canadian born as well as those who are born elsewhere. The term racialized is preferred over the term visible minority because it acknowledges the fact that the barriers they face are rooted in the historical and contemporary racial prejudice of society and are not a product of their own identities or shortcomings (City for all Women Initiative, 2016).

Since 2016, children and seniors have had impressive reductions in their poverty rates, an improvement worth celebrating. However, as poverty decreases across Canada, it is important to understand which groups aren't benefiting equally from these policies and for what reasons. Data on poverty rates by ethno-racial will be available from the 2021 census and must be used to understand which groups are driving the reduction in poverty, and which groups are seeing smaller improvements. When policy recommendations are written without taking into consideration Canada's history of colonialism and systemic racism, they do little to dismantle the oppressive structures within our societies and their potential effectiveness is reduced. Policies designed to achieve the poverty reductions in absolute numbers may not be as effective in alleviating poverty among groups with persistent barriers.

Table A3: LICO and LIM Poverty Rate by Visible Minority Groupings in Canada, 2015

Ethno-Racial Grouping	Poverty rate (LICO)	Poverty Rate (LIM)
Arab	28.5	36.2
West Asian	27.1	34.7
Korean	25.6	32.6
Black	18.6	23.9
Chinese	19.4	23.4
Latin American	15.6	19.8
Southeast Asian	13.5	17.6
South Asian	12.5	16.5
Japanese	11.5	12.9
Filipino	6.3	7.4
Total Population	**9.2**	**14.2**
Total Visible Minority	**16.4**	**20.8**
Total Not Visible Minority	**7.1**	**12.2**

Note: The term "visible minority" is used in this table rather than "racialized" to be consistent with Statistics Canada.
Source: Statistics Canada - 2016 Census. Catalogue Number 98-400-X2016211.

Appendix III: Welfare Adequacy

Table A4 shows the dollar amounts to lift all social assistance recipients to the poverty line according to the LICO and the LIM. The LIM is a relative poverty measure and the LICO is an absolute poverty measure, therefore different amounts are required to lift social assistance recipients out of poverty based on the measure used. The differences in relative and absolute poverty are especially visible for households with children, where welfare incomes bring social assistance recipients with children close to the LICO but are extremely inadequate compared to the LIM. Chart 19 and Panel C of Table 6 in the main report illustrate welfare incomes adequacy based on the MBM. It is worth noting that bringing all social assistance recipients to 100 per cent of the MBM threshold would eliminate poverty measured by the LICO for social assistance households with children but falls just short of alleviating poverty for households with children. The LIM threshold is above the MBM threshold in every jurisdiction, and therefore poverty measured by the LIM would persist.

The LIM thresholds vary by household size but not by region or province. The LICO thresholds vary by family size and community size. The LICO threshold used is that of the largest city in each province. Therefore, the amount required to lift recipients to the LICO threshold is overestimated for provinces with regions with a lower poverty line than the largest city and underestimated for regions with a higher poverty line.

Table A4: Dollar Amount Required to Lift Social Assistance Recipients to Poverty Lines, 2018

Panel A: LIM

	Single person considered employable	**Single person with a disability**	**Single parent, one child**	**Couple, two children**
BC	$15,012	$9,251	$13,235	$21,101
AB	15,948	13,752	14,090	18,870
SK	15,171	12,631	12,930	18,153
MB	14,298	11,651	12,253	18,190
ON	14,408	9,099	12,554	17,110
QC	14,734	10,402	12,150	17,654
NB	16,928	14,215	14,039	21,603
NS	16,617	13,786	15,777	20,352
PEI	13,609	12,846	13,040	15,351
NL	12,671	12,471	10,580	18,812
Canada	**14,940**	**12,010**	**13,065**	**18,720**

Panel B: LICO

	Single person considered employable	**Single person with a disability**	**Single parent, one child**	**Couple, two children**
BC	$12,439	$6,679	$5,361	$13,608
AB	13,375	11,180	6,216	11,377
SK	9,283	6,744	1,022	4,392
MB	11,725	9,078	4,379	10,696
ON	11,835	6,527	4,681	9,617
QC	12,161	7,830	4,277	10,161
NB	11,040	8,327	2,131	7,842
NS	10,729	7,898	3,869	6,591
PEI	7,494	6,731	858	1,163
NL	6,783	6,583	1,327	5,051
Canada	**10,686**	**7,758**	**3,412**	**8,050**

Source: Data retrieved from Aldridge and Tweddle, 2019
Note: MBM thresholds used are those of the largest city in each province.
Note: The data reported for Canada is an unweighted average.

Appendix IV: Trends in Poverty by Province

This Appendix discusses poverty trends by low-income measure, age group and by type of economic unit by province. For all provinces, poverty rates in 2018 were lowest for seniors, followed by children and highest for working-age adults (18-64). Poverty was higher in every province for unattached individuals relative to persons in an economic family.

Despite significant progress in poverty alleviation measured by the MBM between 2006 and 2018, the poverty rate for children increased in Ontario, Manitoba, and Alberta in 2018. Similarly, poverty rates for working-age adults increased in Newfoundland and Labrador, Manitoba, and Alberta in 2018. Finally, poverty for seniors increased negligibly in Nova Scotia and Alberta. In 2018, unattached individuals saw an increase in poverty in New Brunswick, Saskatchewan, Alberta, and British Columbia. Persons in economic families only saw an increase in poverty in Newfoundland and Labrador and Manitoba. The total poverty rate as measured by the MBM decreased or remained constant in every province in 2018 except Alberta, which saw a slight increase.

Table A5 summarizes the poverty rate in 2018 in every province and trends in poverty between 1976 and 2018 for the LICO and LIM, and between 2006 and 2018 for the MBM. In 2018, the poverty rate was lowest when measured by the LICO and highest when measured by the LIM. When measured by the MBM, poverty in 2018 was highest in Nova Scotia and lowest in Alberta. British Columbia had the largest relative and absolute decrease in overall poverty between 2006 and 2018, and Alberta had the lowest relative and absolute decrease in poverty.

In Canada, working age adults (18-64) had the highest poverty rate, followed by children and seniors had the lowest poverty rate. However, there was considerable variation across provinces, and child poverty was higher than poverty for working age adults in Nova Scotia and Manitoba. Across provinces, working age adults experienced the lowest relative and absolute decreases in poverty between 2006 and 2018.

Poverty was considerably higher for persons in an economic family than persons not in an economic family. Furthermore, persons in an economic family experienced larger relative decreases in poverty between 2006 and 2018 but persons not in an economic family experienced larger absolute decreases in poverty.

Table A5: Summary in Poverty Levels and Trends by Province, 2006-2018
Panel A: Poverty Levels by Indicator, Age and Economic Unit, 2018

	Poverty Indicator			MBM by Age Groups			MBM by Economic Unit	
	LIM	LICO	MBM	<18	18-64	65+	Persons in Economic Families	Persons not in Economic Families
CA	12.3	7.3	8.7	8.2	10.3	3.5	5.8	24.6
NFL	16.0	5.1	9.7	9.0	12.3	2.3	7.0	26.0
PEI	14.6	4.1	9.1	9.1	10.6	5.6	5.6	29.4
NS	15.9	7.3	10.3	12.1	11.9	3.5	6.9	25.6
NB	13.8	4.9	7.9	7.9	9.6	2.7	4.7	24.7
QC	14.0	8.1	7.9	5.7	10.1	2.5	4.9	21.1
ON	12.4	7.5	9.5	10.0	10.8	3.8	6.5	27.6
MB	14.1	8.4	9.3	11.3	10.1	3.3	7.0	22.7
SK	13.0	6.7	8.8	8.2	10.5	2.7	5.8	24.5
AB	7.5	6.2	7.3	6.4	8.6	2.6	4.8	21.7
BC	11.2	7.1	8.9	6.9	10.5	5.1	5.3	26.0

Panel B: Per Cent Change in Poverty Rate by Indicator, Age and Economic Unit, 2006-2018

	Poverty Indicator			MBM by Age Groups			MBM by Economic Unit	
	LIM (1976-2018)	LICO (1976-2018)	MBM (2006-2018)	<18	18-64	65+	Persons in Economic Families	Persons not in Economic Families
CA	-5.4	-43.8	-44.2	-57.3	-35.6	-53.9	-53.6	-26.8
NFL	-42.9	-73.2	-49.5	-63.0	-33.2	-85.3	-55.1	-45.4
PEI	-37.6	-73.0	-54.0	-61.6	-43.3	-70.7	-62.4	-43.7
NS	-14.1	-47.9	-43.1	-49.2	-32.8	-69.8	-49.6	-38.2
NB	-32.0	-68.4	-58.9	-70.4	-48.9	-74.5	-70.3	-37.8
QC	5.3	-44.1	-39.7	-54.4	-29.9	-67.9	-47.3	-34.9
ON	18.1	-33.0	-41.4	-51.9	-34.5	-43.3	-52.2	-19.1
MB	-16.1	-52.5	-39.2	-40.8	-35.7	-50.0	-46.2	-20.4
SK	-29.3	-52.1	-45.0	-63.9	-33.5	-60.3	-56.4	-20.7
AB	-32.4	-44.1	-31.8	-46.2	-23.9	-10.3	-38.5	-20.2
BC	0.0	-39.8	-56.4	-76.0	-47.8	-46.9	-69.0	-30.9

Panel C: Percentage Point Change in Poverty Rate by Indicator, Age and Economic Unit, 2006-2018

	Poverty Indicator			MBM by Age Groups			MBM by Economic Unit	
	LIM	LICO	MBM	<18	18-64	65+	Persons in Economic Families	Persons not in Economic Families
CA	-0.7	-5.7	-6.9	-11.0	-5.7	-4.1	-6.7	-9.0
NFL	-12.0	-13.9	-9.5	-15.3	-6.1	-13.3	-8.6	-21.6
PEI	-8.8	-11.1	-10.7	-14.6	-8.1	-13.5	-9.3	-22.8
NS	-2.6	28.0	-7.8	-11.7	-5.8	-8.1	-6.8	-15.8
NB	-6.5	-10.6	-11.3	-18.8	-9.2	-7.9	-11.1	-15.0
QC	0.7	-6.4	-5.2	-6.8	-4.3	-5.3	-4.4	-11.3
ON	1.9	-3.7	-6.7	-10.8	-5.7	-2.9	-7.1	-6.5
MB	-2.7	-9.3	-6.0	-7.8	-5.6	-3.3	-6.0	-5.8
SK	-5.4	-7.3	-7.2	-14.5	-5.3	-4.1	-7.5	-6.4
AB	-3.6	-4.9	-3.4	-5.5	-2.7	-0.3	-3.0	-5.5
BC	0.0	-4.7	-11.5	-21.8	-9.6	-4.5	-11.8	-11.6

Note: 2017 is the latest year for which data are reported on the poverty rate for persons under 18 in Prince Edward Island.
Note: The per cent change and percentage point change in the poverty rate for seniors is Alberta is calculated between 2007-2018 due to data being unavailable for 2006.
Source: Statistics Canada. Table 11-10-0135-01

A. Newfoundland and Labrador

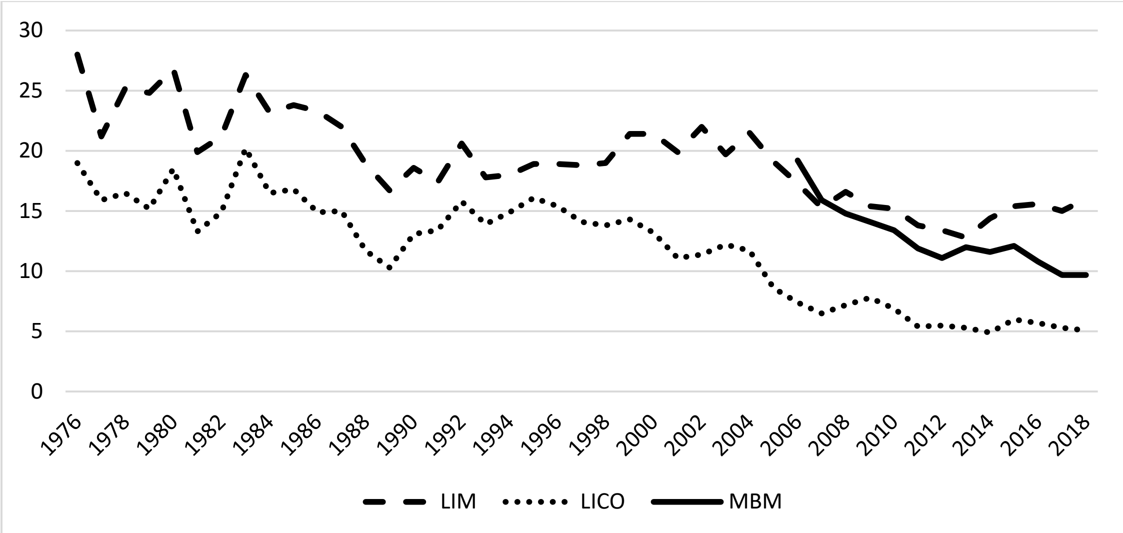
In 2018, 9.7 per cent of people in Newfoundland and Labrador lived in poverty, as per the Market Basket Measure (Chart A2). This was slightly higher when compared to the national rate of 8.7 per cent. There is no official provincial Market Basket Measure therefore the threshold for St. John's is used as a proxy for the province.[39]

Between 1976 and 2018, the LICO fell from 19.0 per cent to 5.1 per cent. This decline represents a 73 per cent change (13.9 percentage points). The LIM fell from 28.0 per cent in 1976 to 16.0 per cent in 2018, a decline of 42.9 per cent (12 percentage points). The discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall, but relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. Between 2006 and 2018 period, this rate fell from 19.2 per cent to 9.7 per cent, a decline of 50 per cent (9.5 percentage points).

[39] In 2018, the MBM threshold for a single person considered employable in St. John's was $19,502. The poverty line for a family with two adults and two children living in St. John's was $38,536 and was the lowest in the province. The MBM threshold is highest in regions with populations under 30,000 persons at $40,375.

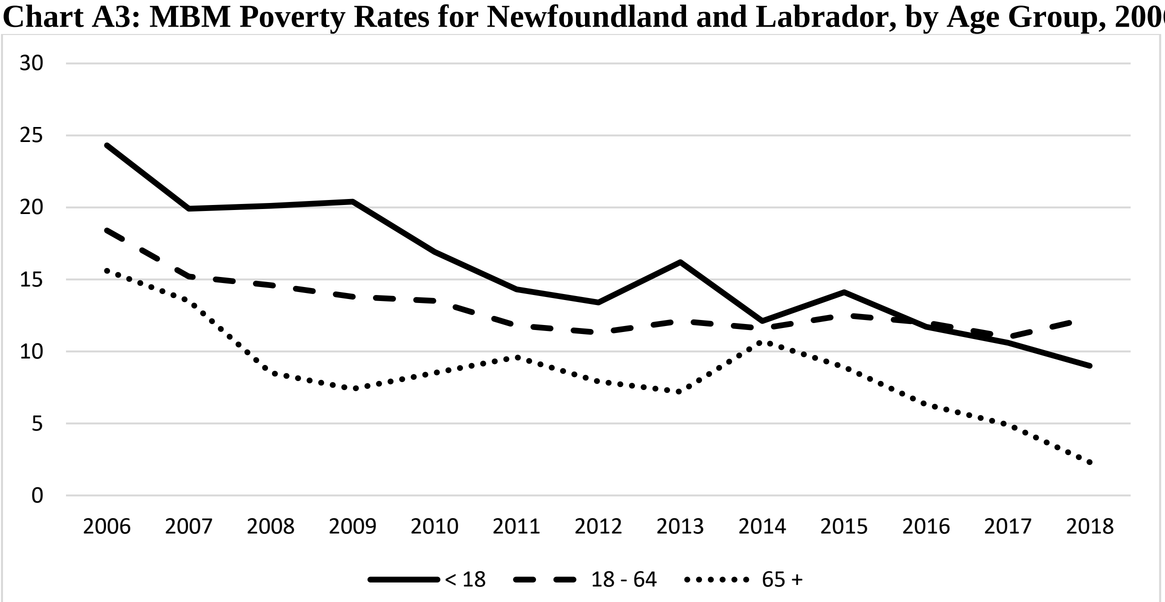
Chart A2: LICO, LIM and MBM Poverty Rates for Newfoundland and Labrador, All Persons, 1976-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rate and trends in the rate for Newfoundland and Labrador varies significantly by age group. Poverty among minors fell 63 per cent (15.3 percentage points), from 24.3 per cent in 2006 to 9.0 per cent in 2018. Poverty among seniors fell 85.3 per cent (13.3 percentage points), from 15.6 per cent in 2006 to 2.3 per cent in 2018. The poverty rate for prime age adults fell the least among the three age groups, by only 33 per cent (6.1 percentage points) from 18.4 per cent in 2006 to 12.3 per cent in 2018 (Chart A3). In contrast to the national trend, the poverty rate among prime-age adults increase in 2018, from 11 per cent to 12.3 per cent. The only other provinces to exhibit this same trend were Manitoba and Alberta.

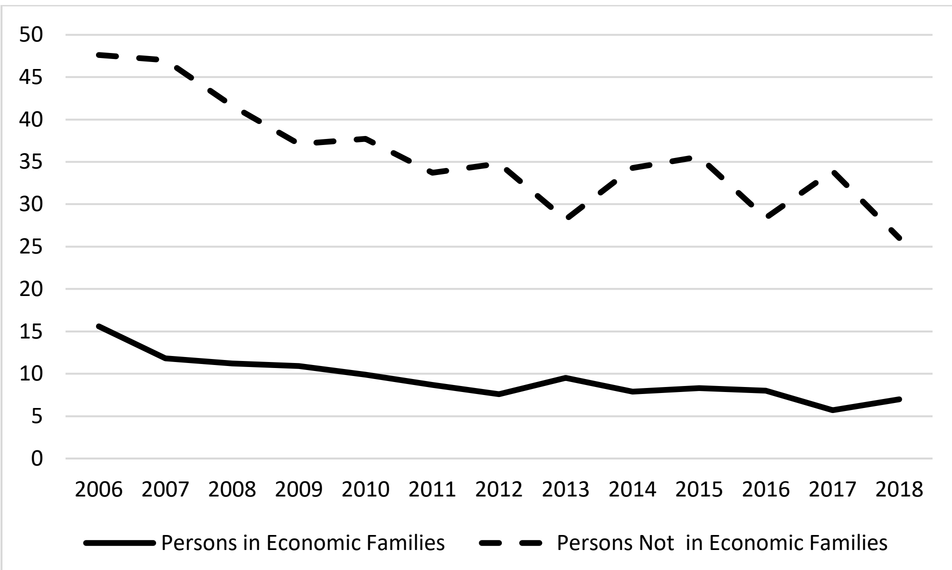
Chart A3: MBM Poverty Rates for Newfoundland and Labrador, by Age Group, 2006-2018



Source: Table: Table 11-10-0135-01 (formerly CANSIM 206-0041)

In Newfoundland and Labrador in 2018, the poverty rate for persons not in economic families was over 3.5 times higher than the poverty rate for persons not in an economic family (Chart A4). The poverty rate for attached individual decreased more in relative terms, but not in absolute terms. The poverty rate for attached individuals fell from 15.6 per cent in 2006 to 7.0 per cent in 2018, a decline of 55.1 per cent (8.6 percentage points). The poverty rate for unattached individuals fell from 47.6 per cent to 26.0 per cent, a 45.4 per cent decline (21.6 percentage points). In addition to seeing a rise in poverty among prime-age adults, attached individuals also saw an increase in their poverty rate from 5.7 per cent in 2017 to 7.0 per cent in 2018. Since children still experienced a decrease in poverty, this increase was driven by prime-age adults in economic families without children experiencing an increasing incidence of poverty.

Chart A4: MBM Poverty Rates for Newfoundland and Labrador, by Economic Families, 2006-2018



Source: Table: Table 11-10-0135-01 (formerly CANSIM 206-0041)

B. Prince Edward Island

Prince Edward Island had an official poverty rate of 9.1 per cent in 2018 (Chart A5). This is higher than the rate for Canada of 8.7 per cent. The official poverty rate fell by 54.0 per cent between 2006 and 2018. Because there is no official estimate of the Market Basket Measure for the province, that of Charlottetown is used as a proxy.[40]

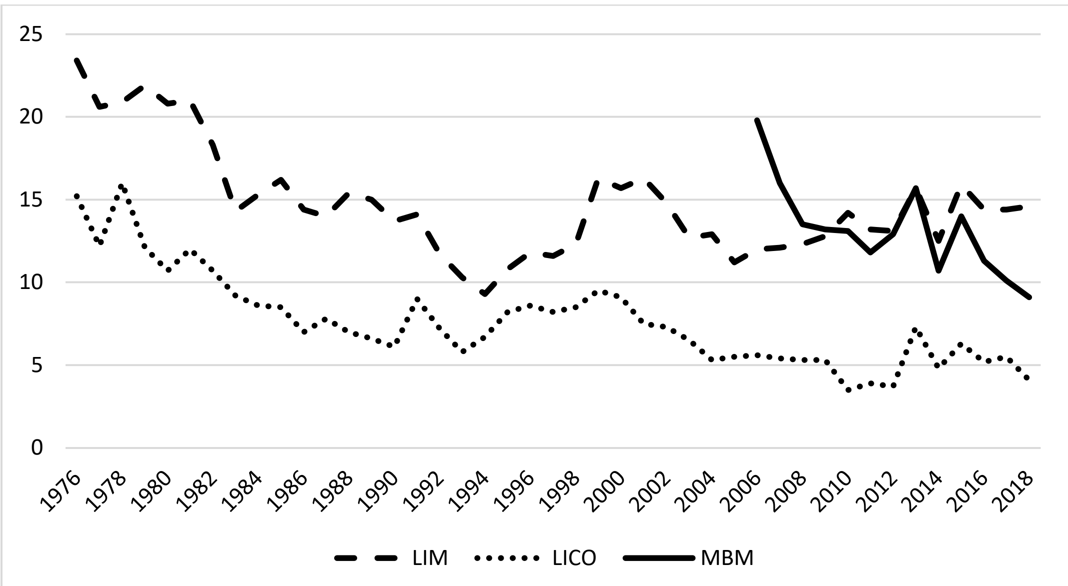
Both the LICO and the LIM for the province experienced large declines between 1976 and 2018. This is different from the national experience over the same period, where the LICO fell significantly but the LIM edged down only slightly. Between 1976 and 2018, the LICO poverty rate for PEI fell from 15.2 per cent to 4.1 per cent. This was a drop of 73.0 per cent (11.1 percentage points). The LIM poverty rate for the province fell from 23.4 per cent to 14.6 per cent

[40] The poverty line for a person not in an economic family living in Charlottetown in 2018 was $19,257. In 2018, the poverty line for a family with two adults and two children was $37,591, the lowest poverty line in the province. The poverty line was highest in regions on PEI with fewer than 30,000 residents ($39,184).

in 2018. This is a 37.6 per cent decline (8.8 percentage points). As with the other provinces, the discrepancy in growth trends between the LICO and the LIM is explained by the difference in the poverty measures. The decrease in the LIM in PEI is indicative of a decrease in relative poverty within the province.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. Between 2006 and 2018 period, this rate fell from 19.8 per cent to 9.1 per cent, a decline of 54.0 per cent (10.7 percentage points).

Chart A5: LICO, LIM and MBM Poverty Rates for Prince Edward Island, All Persons, 1976-2018

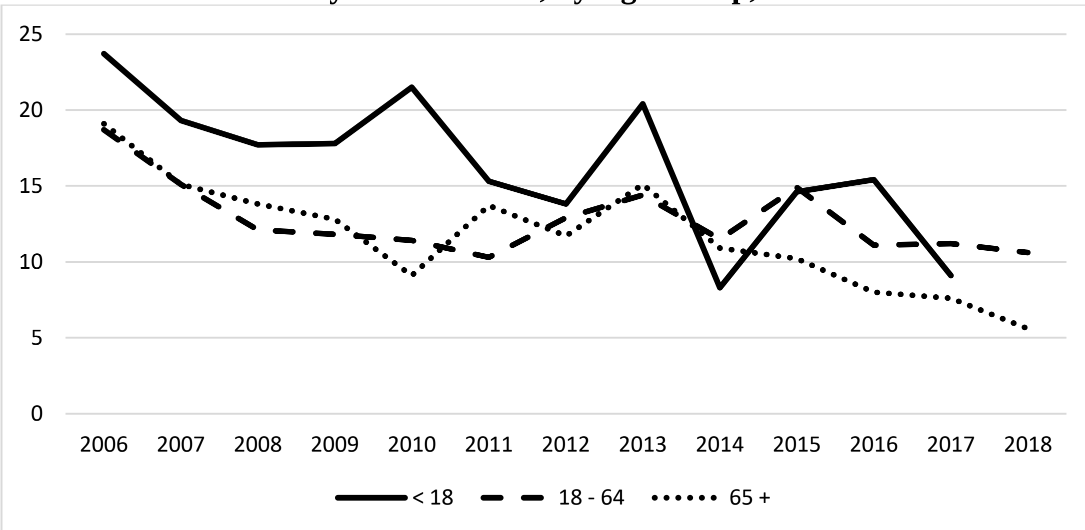


Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

Persons between the ages of 18 and 64 had the highest poverty rate in 2018, which mirrors the national situation. The poverty rate of 10.6 per cent for persons of prime age compares with 9.1 per cent for minors (in 2017) and 5.6 per cent for seniors (Chart A6).[41]

[41] For PEI, the poverty rate for person 17 and under was unavailable for 2018 therefore 2017 data is used.

Chart A6: MBM Poverty Rates for PEI, by Age Group, 2006-2018

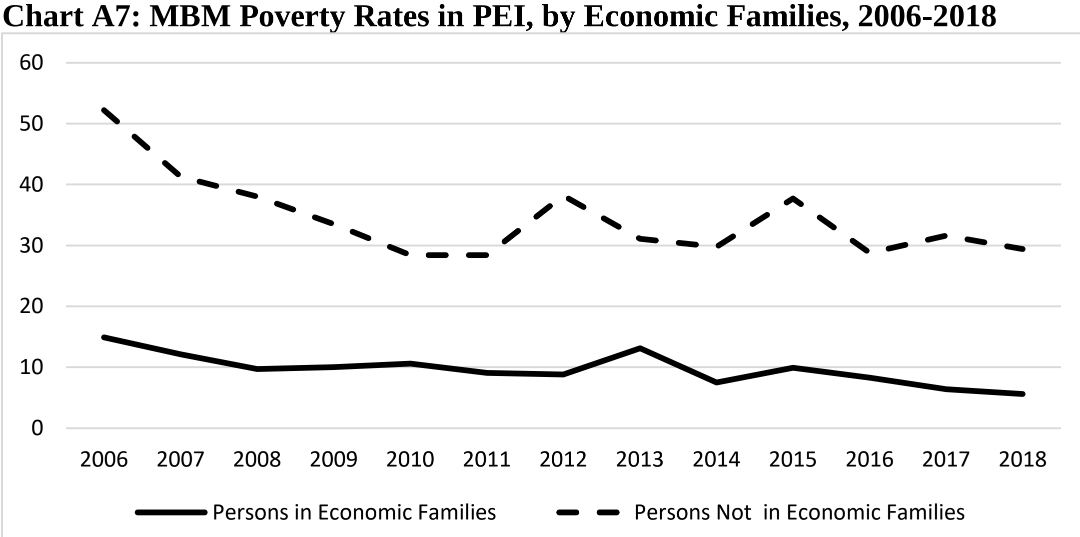


Note: The poverty rate for persons under the age of 18 is only available until 2017.
Source: Table 11-10-0135-01 (formerly CANSIM 206-0041), Statistics Canada

There are dramatic differences in poverty rates for persons in economic families and unattached individuals in Prince Edward Island (Chart A7). At only 5.6 per cent in 2018, the poverty rate for persons in economic families was only one-fifth of the poverty rate of 29.4 per cent for unattached individuals.

The poverty rate measured in absolute terms among unattached persons has fallen far more over the period than the rate for persons in economic families. From 2006 to 2018, the poverty rate among unattached individuals fell from 52.2 per cent to 29.4 per cent, a considerable 43.7 per cent decrease (22.8 percentage points). In contrast, the poverty rate among persons in economic families fell 62.4 per cent, from 14.9 per cent in 2006 to 5.6 per cent in 2018 (9.3 percentage points).

Chart A7: MBM Poverty Rates in PEI, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041), Statistics Canada

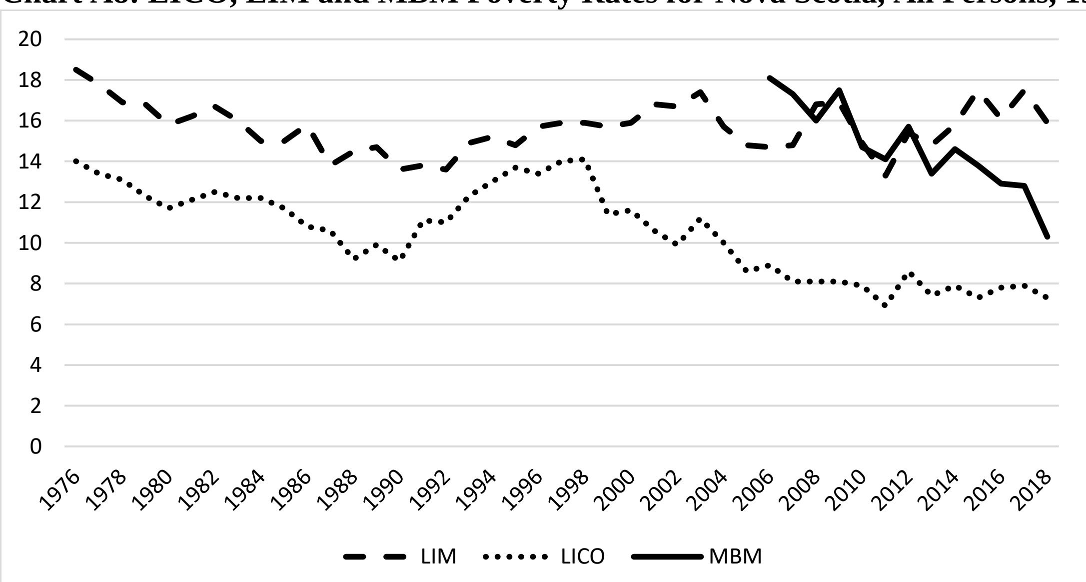
C. Nova Scotia

In 2018, 10.3 per cent of people in Nova Scotia lived in poverty (Chart A8), as per the Market Basket Measure, compared to the national rate of 8.7 per cent. This is the highest poverty rate when compared to all other provinces. Because there is no provincial Market Basket Measure, that of Halifax is used as a proxy for the province.[42]

Between 1976 and 2018, the LICO fell from 14.0 per cent to 7.3 per cent (Chart A8). This is a significant decline which translates to a drop of 47.9 per cent (6.7 percentage points). The LIM has fallen much less, decreasing from 18.5 per cent in 1976 to 15.9 per cent in 2018. This is a drop of 14.0 per cent (2.6 percentage points). The discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall, but relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. Between 2006 and 2018 period, this rate fell from 18.1 per cent to 10.3 per cent, a decline of 43.0 per cent (7.8 percentage points).

Chart A8: LICO, LIM and MBM Poverty Rates for Nova Scotia, All Persons, 1976-2018



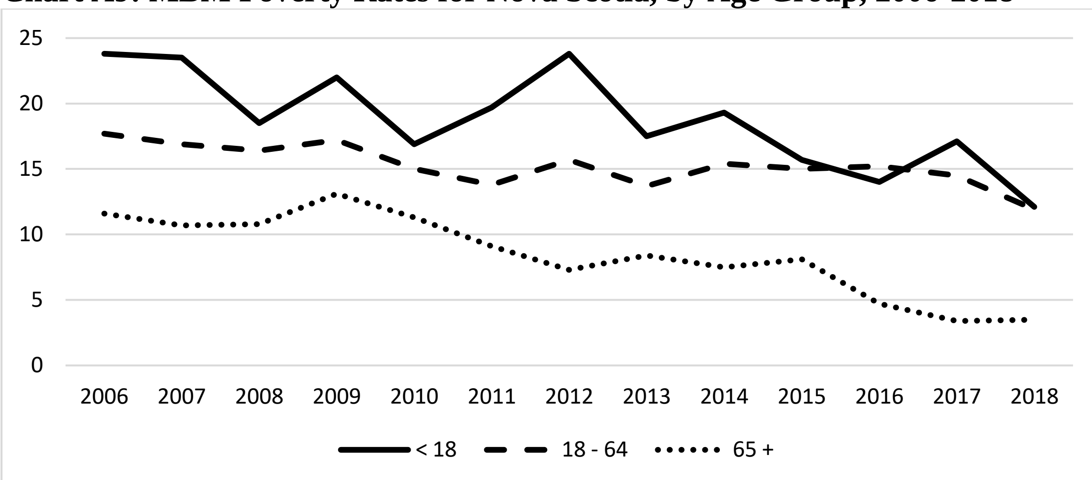
Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rate for Nova Scotia varies significantly by age group. In 2018, minors in the province (persons under 18) had the highest poverty rates of the three age groups (12.1 per cent). They were closely followed by prime-age persons, at 11.9 per cent. Persons 65 and over in Nova Scotia had by far the lowest poverty rates, at only 3.5 per cent (Chart A9).

[42] In 2018, the poverty line for a person not in an economic family living in Halifax was $19,124. The poverty line for a family with two adults and two children living in Halifax was $37,816. The MBM threshold is lowest in Cape Breton ($35,524) and highest in rural Nova Scotia ($38,741).

While poverty among minors and persons 65 and over decreased significantly from 2006 to 2018, the decline in poverty among prime-age persons was much smaller. Poverty among prime age persons fell from 17.7 per cent in 2006 to 11.9 per cent in 2018. This was a drop of 33 per cent (5.8 percentage points). In contrast, poverty among persons 65 and over fell 70 per cent (8.1 percentage points). Children experienced an even larger decrease of 49 per cent (11.7 percentage points). The large gap in per cent declines, in contrast to the much smaller gap in absolute declines, is explained by the comparatively lower poverty rate for seniors in 2006.

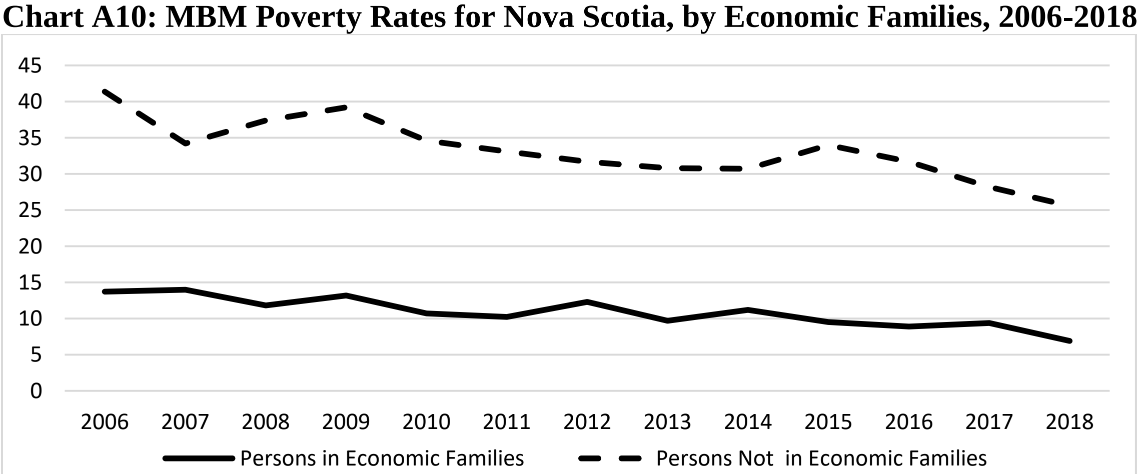
Chart A9: MBM Poverty Rates for Nova Scotia, by Age Group, 2006-2018



Source: Table: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rate for Nova Scotia also varies significantly by family type. The 2018 poverty rate of unattached individuals, 25.6 per cent, was dramatically higher than the rate of 6.9 per cent for persons in economic families (Chart A10). Still, poverty among unattached individuals has decreased far more over the measurement period than among persons in economic families, both in absolute and in percentage terms. From 2006 to 2018, the poverty rate for unattached individuals in Nova Scotia fell 38.2 per cent (15.8 percentage points). Over the same period, the poverty rate for persons in economic families fell 49.6 per cent (6.8 percentage points).

Chart A10: MBM Poverty Rates for Nova Scotia, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

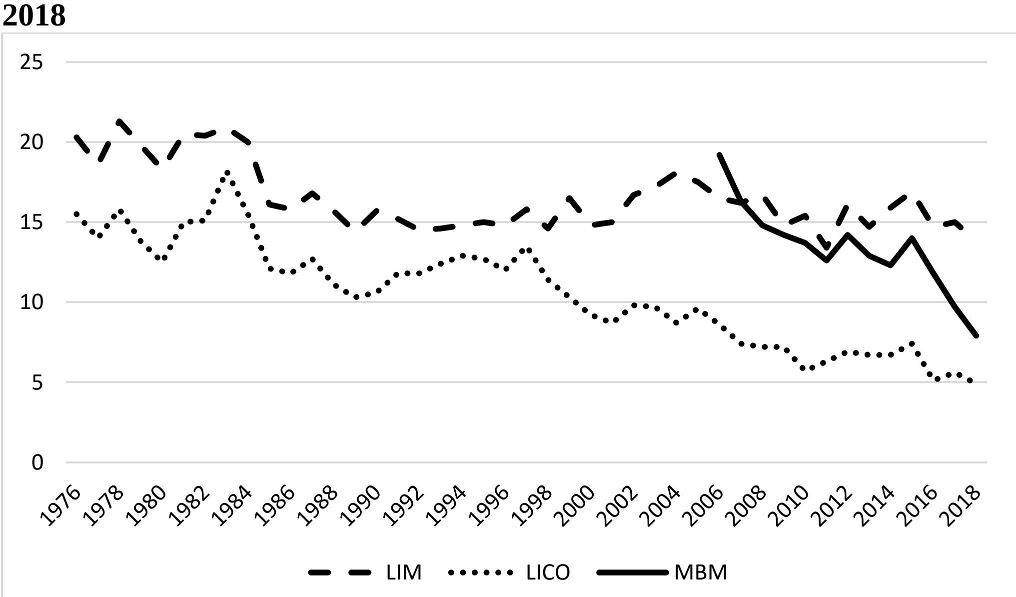
D. New Brunswick

The official poverty rate for New Brunswick in 2018 was 7.9 per cent (Chart A11), slightly below the rate for Canada of 8.7 per cent. Because there is no official Market Basket Measure for the province that of Moncton is used as a proxy.[43]

Both the LICO and the LIM poverty rates for New Brunswick experienced significant declines over the measurement period. However, the decline in the LIM poverty rate was smaller. From 1976 to 2018, the LICO for New Brunswick fell from 15.5 per cent to 4.9 per cent. This was a drop of 68.4 per cent (10.6 percentage points). In contrast, the LIM fell from 20.3 to 13.8 per cent. This was a drop 32.0 per cent (6.5 percentage points). This discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall. Relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. The official poverty rate for the province exhibited a significant decline, dropping from 19.2 per cent in 2006 to 7.9 per cent in 2018, a decline of 59.0 per cent (11.3 percentage points).

Chart A11: LICO, LIM and MBM Poverty Rates for New Brunswick, All Persons, 1976-2018



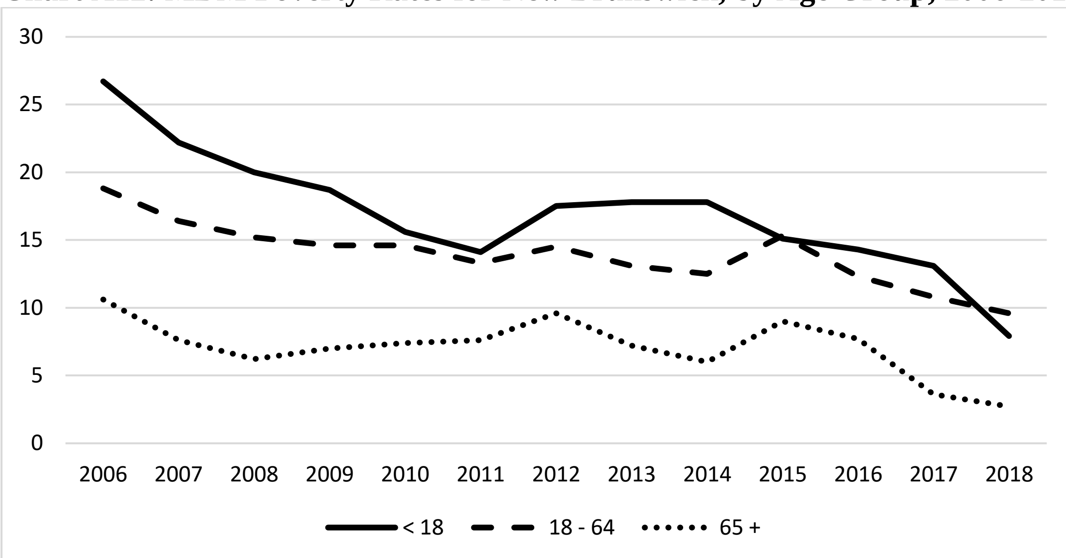
Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

All three age groups in New Brunswick experienced significant falls in poverty between 2006 and 2018 (Chart A12). The largest decrease occurred among children, where the rate fell from 26.7 per cent in 2006 to 7.9 per cent in 2018. This was a decline 70.4 per cent (18.8

[43] In 2018, the poverty line was $18,206 for a person not in an economic family. For a family with two adults and two children, the poverty line was $36,212. Moncton was the region with the lowest poverty line. The poverty line was highest in Fredericton ($39,675).

percentage points). Poverty among prime age persons declined more than poverty among seniors in percentage point terms, though not in per cent terms. Poverty among persons of prime age declined 48.9 per cent (9.2 percentage points) over the period. Poverty among persons 65 and over fell 74.5 per cent (7.9 percentage points). Persons 65 and over experienced the lowest poverty rate by far of any age group in 2018. Their poverty rate was 2.7 per cent, compared to 9.6 per cent for prime age persons and 7.9 per cent for persons 17 and under.

Chart A12: MBM Poverty Rates for New Brunswick, by Age Group, 2006-2018

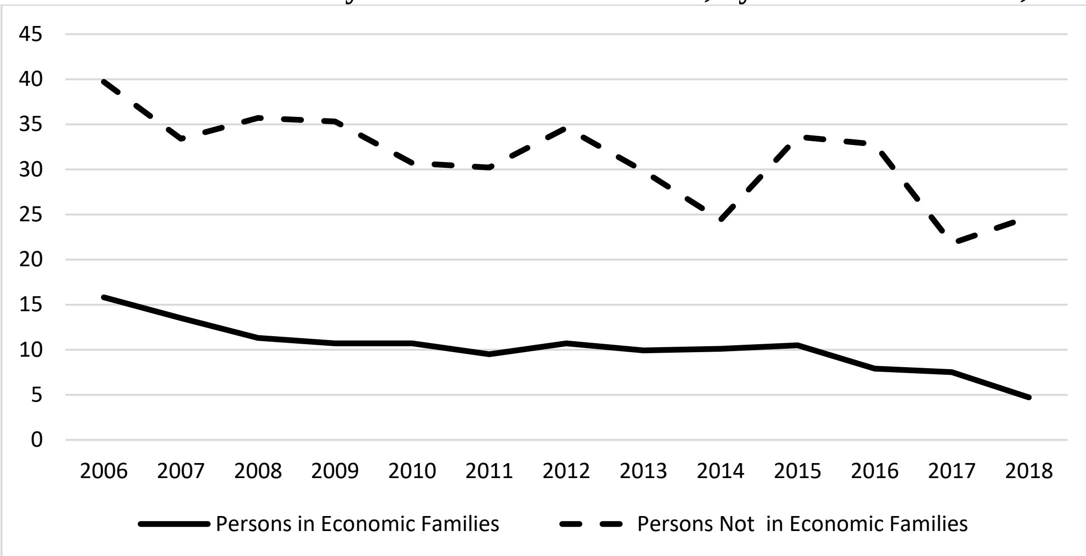


Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

Unattached individuals in New Brunswick experience much higher rates of poverty than persons in economic families. This is similar to the situation in other provinces and in Canada as a whole. In 2018, 24.7 per cent of unattached individuals in New Brunswick lived in poverty, compared to 4.7 per cent of persons in economic families (Chart A13). While this poverty rate is five times higher than for persons in economic families, it is the lowest out of the Atlantic provinces, but higher than the national rate.

The poverty rate for unattached individuals in New Brunswick followed the national trend, and fell 37.8 per cent, from 39.7 per cent in 2006 to 24.7 per cent in (15 percentage points). The poverty rate for attached individuals fell 70.3 per cent, from 15.8 per cent in 2006 to 4.7 per cent in 2018 (11.1 percentage points). Much of that decrease occurred very recently, as the poverty rate for persons in an economic family decreased from 7.5 per cent to 4.7 per cent from 2017 to 2018. In the same time period, the poverty rate for persons not in an economic family rose from 21.8 per cent to 24.7 per cent. New Brunswick was the only Maritime province to show a rise in poverty among unattached individuals in 2018 (Saskatchewan, Alberta and British Columbia were the other provinces to see a similar increase).

Chart A13: MBM Poverty Rates in New Brunswick, by Economic Families, 2006-2018



Source: Table: 11-10-0135-01 (formerly CANSIM 206-0041)

E. Quebec

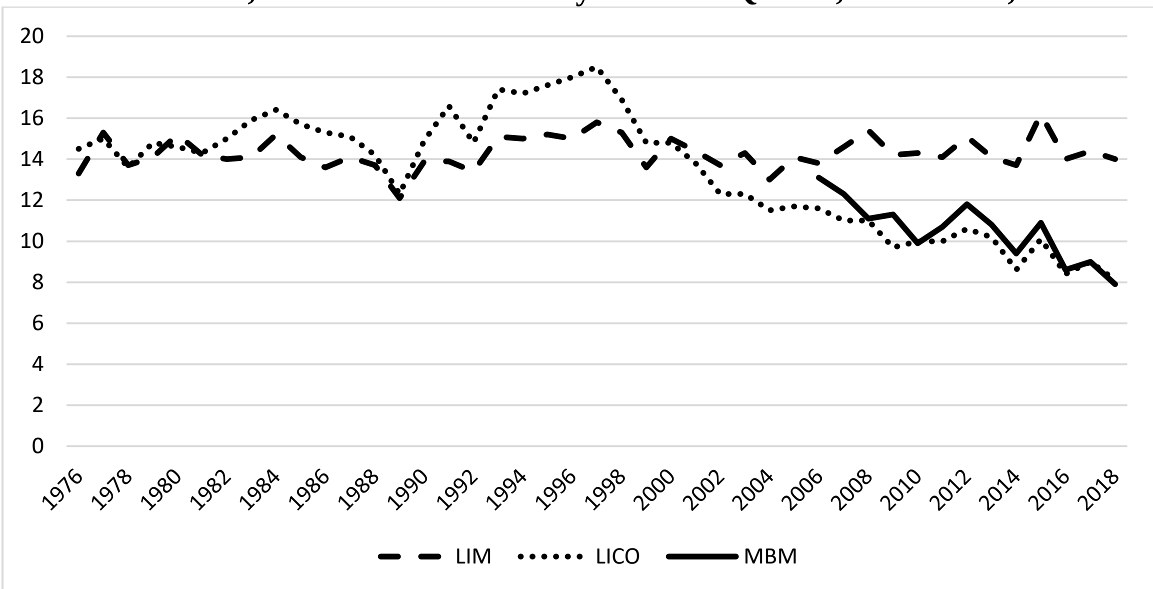
The official poverty rate in Quebec in 2018 was 7.9 per cent (Chart A14), slightly below the rate for Canada of 8.7 per cent. Because there is no official Market Basket Measure for the province that of Montreal is used as a proxy.[44]

Only the LICO poverty rate saw a significant decrease in poverty between 1976 and 2018. The LICO in Quebec fell from 14.5 per cent to 8.1 per cent. This was a decline of 44.1 per cent (6.4 percentage points). In contrast, there was an increase in poverty when measured by the LIM. In 1976, the poverty rate was 13.3 per cent and increased to 14.0 per cent in 2018. This is an increase of 5.3 per cent (0.7 percentage points). This discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall. Relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged. Therefore, real income grew in Quebec between 1976 and 2018 but inequality did not decrease.

Market Basket Measure data for all regions only extend back to 2006 on the current 2008 base year. The official poverty rate for the province declined, dropping from 13.1 per cent in 2006 to 7.9 per cent in 2018, a decline of 39.7 per cent (5.2 percentage points).

[44] In 2018, the poverty line was $18,026 for a person not in an economic family. For a family with two adults and two children in Montreal, the poverty line was the highest in the province at $18,026. Regions with population between 30,000 and 99,999 persons had the lowest poverty threshold at $33,115.

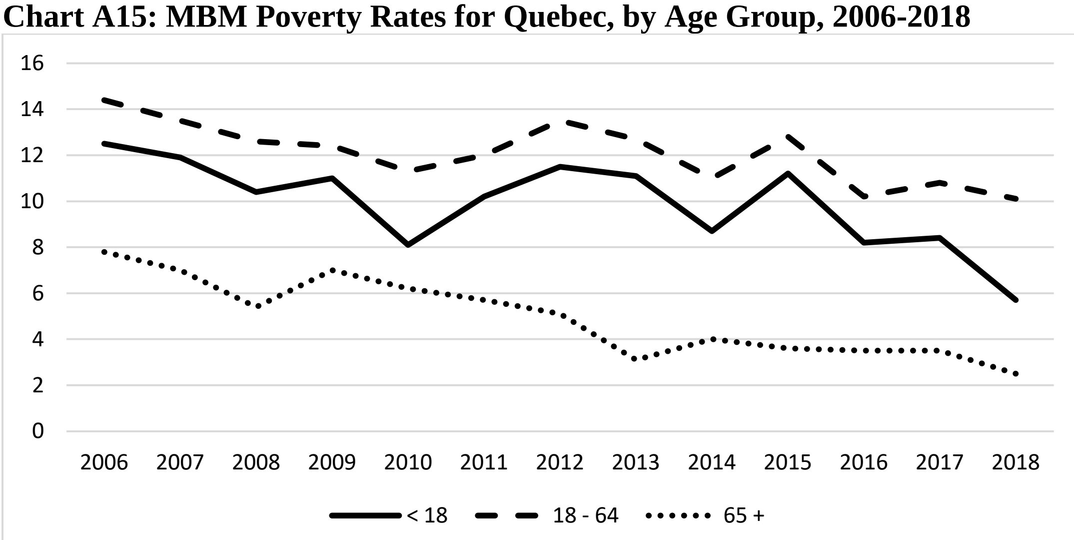
Chart A14: LICO, LIM and MBM Poverty Rates for Quebec, All Persons, 1976-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rate differs by age group in Quebec, like all other Canadian provinces. While all three age groups experienced declines in poverty, seniors saw the largest relative decline and youth saw the largest absolute decline (Chart A15). Poverty among minors fell 54.4 per cent (6.8 percentage points), from 12.5 per cent in 2006 to 5.7 per cent in 2018. Quebec has the lowest child poverty rate among all the provinces in 2018. Poverty among seniors fell 67.9 per cent (5.3 percentage points), from 7.8 per cent to 2.5 per cent. The poverty rate for prime-age adults fell 29.9 per cent (4.3 percentage points) from 14.4 per cent to 10.1 per cent during the same time period.

Chart A15: MBM Poverty Rates for Quebec, by Age Group, 2006-2018

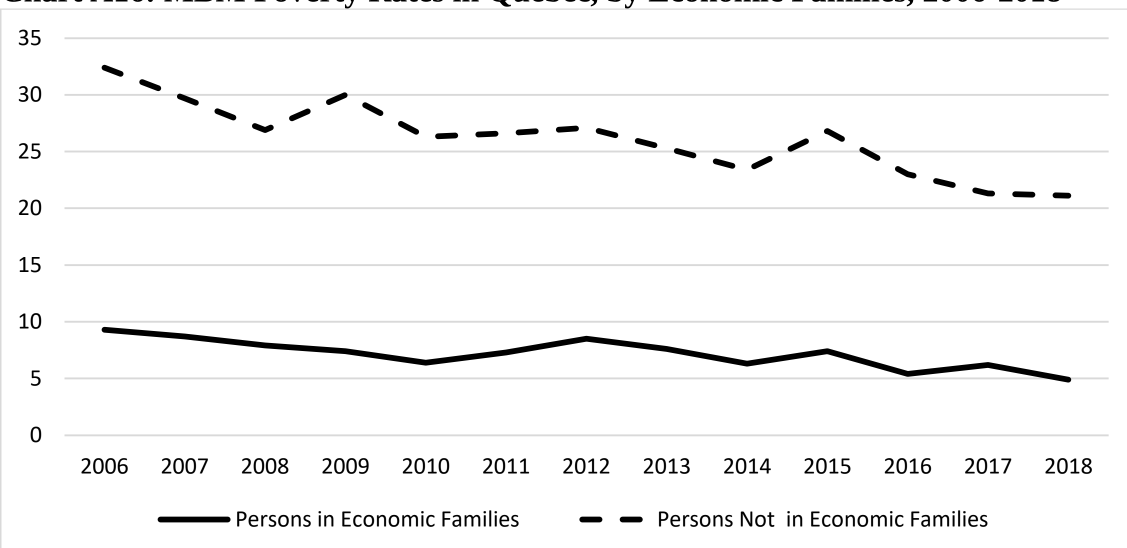


Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rate for unattached individuals in Quebec was 21.1 per cent in 2018, compared to 4.9 per cent for attached individuals (Chart A16). This was the lowest poverty rate for unattached individuals when compared to all other provinces, but New Brunswick and Alberta both had lower poverty rates for attached individuals.

The poverty rate for unattached individuals followed the national trend and fell 39.5 per cent (11.3 percentage points), from 32.4 per cent in 2006 to 21.1 per cent in 2018. The poverty rate for attached individuals fell 47.3 per cent (4.4 percentage points), from 9.3 per cent to 4.9 per cent during the same time period.

Chart A16: MBM Poverty Rates in Quebec, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

F. Ontario

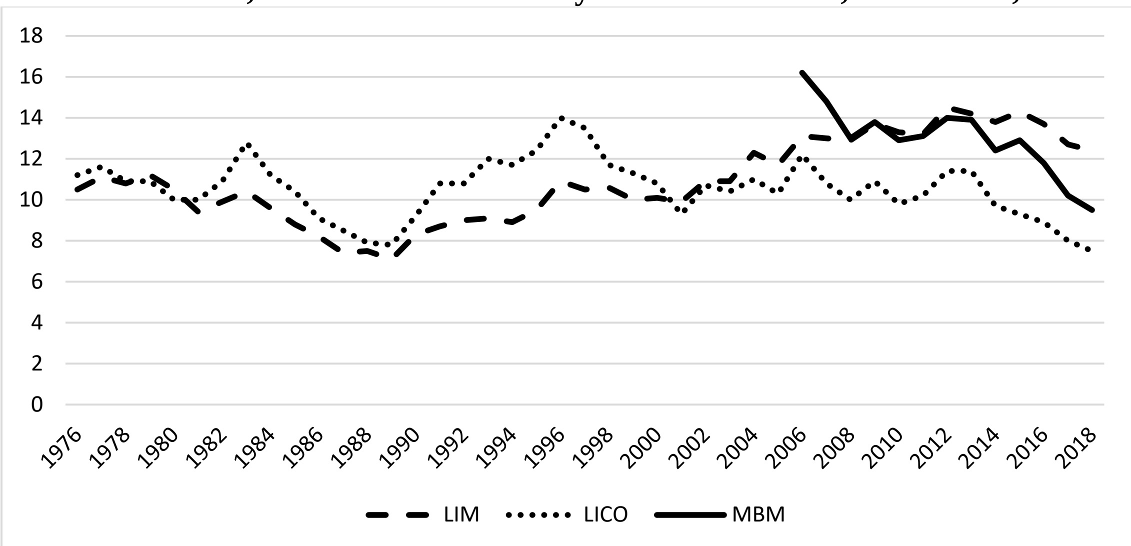
The official poverty rate in Ontario in 2018 was 9.5 per cent (Chart A17), only slightly higher than the rate for Canada of 8.7 per cent. Because there is no official Market Basket Measure for the province that of Toronto is used as a proxy.[45]

Only the LICO poverty rate in Ontario saw a decrease in poverty between 1976 and 2018. The LICO in Ontario fell from 11.2 per cent in 1976 to 7.5 per cent in 2018. This was a decrease of 33.0 per cent (3.7 percentage points). In contrast, there was an increase in poverty when measured by the LIM. In 1976, the poverty rate was 10.5 per cent and increased to 12.4 per cent in 2018. This is an increase of 18.1 per cent (1.9 percentage points). This discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall. Relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged. Therefore, real income grew in Ontario between 1976 and 2018 but inequality did not decrease.

[45] In 2018, the poverty line was $21,207 for a single employable adult in Toronto. For a family with two adults and two children, the poverty line was $42,101. Regions with populations between 30,000 and 99,999 people had the lowest poverty line at $34,932.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. The official poverty rate for the province declined, dropping from 16.2 per cent in 2006 to 9.5 per cent in 2018, a decline of 41.4 per cent (6.7 percentage points).

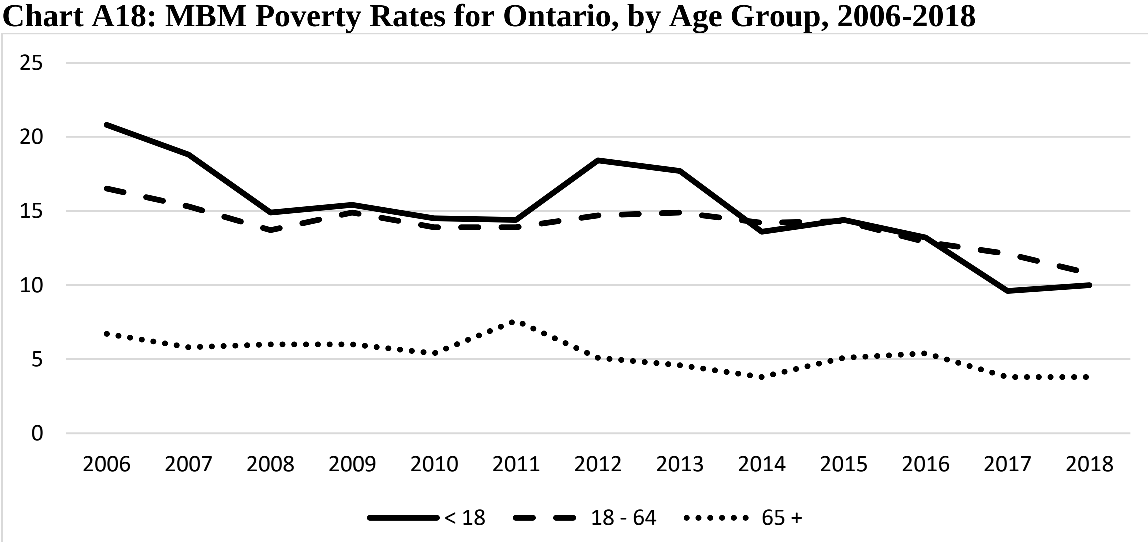
Chart A17: LICO, LIM and MBM Poverty Rates for Ontario, All Persons, 1976-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

In Ontario, the child poverty rate fell 51.9 per cent (10.8 percentage points), from 20.8 per cent in 2006 to 10.0 per cent in 2018 (Chart A18). Contrary to the national trend, the child poverty rate increase in Ontario between 2017 and 2018, from 9.6 per cent to 10.0 per cent. Three other provinces experienced an increase in the child poverty rate during the last year: Nova Scotia, Manitoba and Alberta. The poverty rate for seniors fell from 6.7 per cent to 3.8 per cent, a 43.3 per cent decline (2.9 percentage points). Poverty for prime-age adults fell 34.5 per cent (5.7 percentage points), from 16.5 per cent to 10.8 per cent in the same time period.

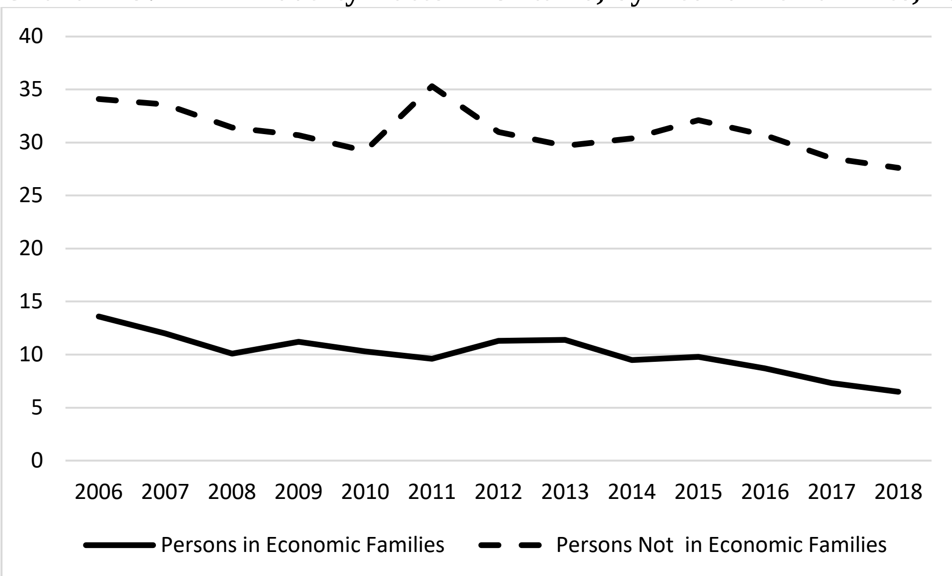
Chart A18: MBM Poverty Rates for Ontario, by Age Group, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

In Ontario, the poverty rate for attached persons fell from 13.6 per cent in 2006 to 6.5 percent in 2018. Despite this 52.2 per cent decrease (7.1 percentage points), the poverty rate remains above the national average of 5.8 per cent. The poverty rate for unattached individuals declined 19.1 per cent (6.5 percentage points), from 34.1 per cent to 27.6 per cent in the same time period (Chart A19).

Chart A19: MBM Poverty Rates in Ontario, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

G. Manitoba

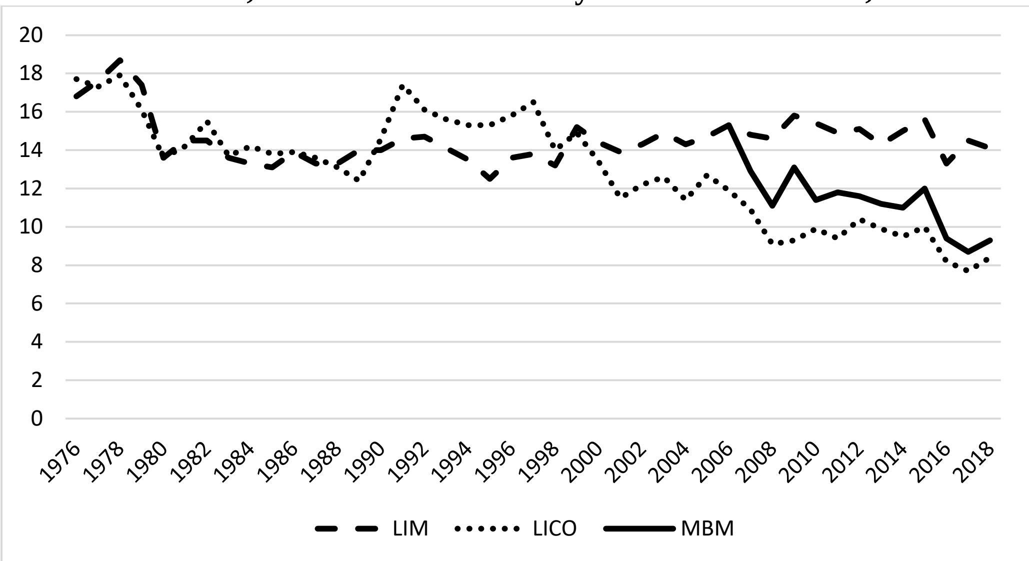
The official poverty rate in Manitoba in 2018 was 9.3 per cent (Chart A20), only slightly higher than the rate for Canada of 8.7 per cent. Because there is no official Market Basket Measure for the province that of Winnipeg is used as a proxy.[46]

Both the LICO and the LIM poverty rates for Manitoba experienced significant declines over the measurement period. However, the decline in the LIM poverty rate was smaller. From 1976 to 2018, the LICO for Manitoba fell from 17.7 per cent 8.4 per cent. This was a drop of 52.5 per cent (9.3 percentage points). In contrast, the LIM fell from 16.8 to 14.1 per cent. This was a drop 16.1 per cent (2.7 percentage points). This discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall. Relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged. Therefore, Manitoba saw an increase is real income yet only a minor decrease in inequality.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. The official poverty rate for the province declined, dropping from 15.3 per cent in 2006 to 9.3 per cent in 2018, a decline of 39.2 per cent (6.0 percentage points).

[46] In 2018, the poverty line was $18,714 for single employable adults in Winnipeg. For a family with two adults and two children, the poverty line was $37,510. Brandon, Manitoba was the region with the lowest poverty line ($35,121).

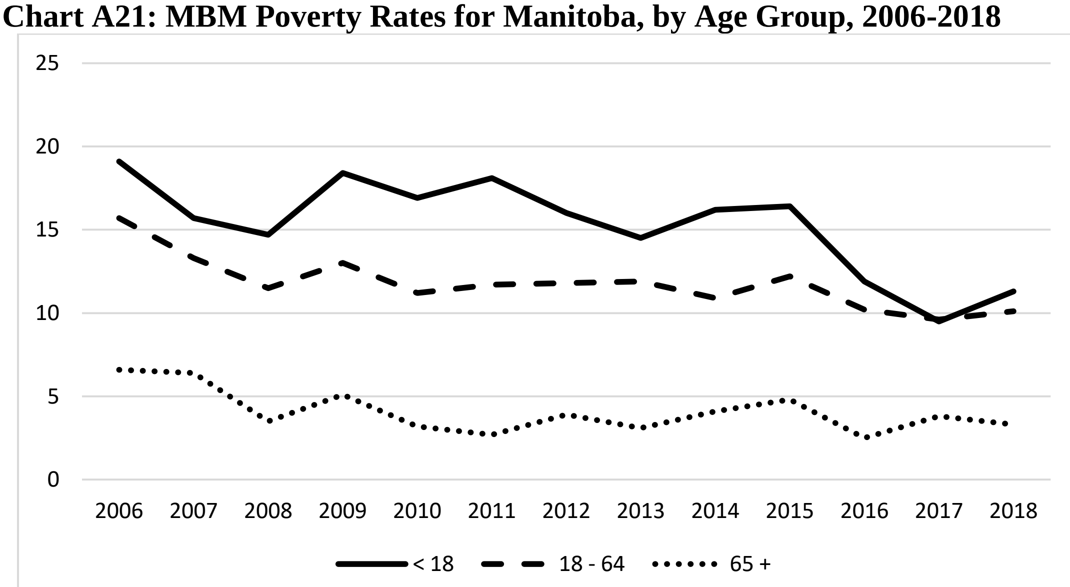
Chart A20: LICO, LIM and MBM Poverty Rates for Manitoba, All Persons, 1976-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

Between 2006 and 2018, poverty in Manitoba fell for all three age groups, but increased for both children and prime-age adults between 2017 and 2018 (Chart A21). For children, the poverty rate fell 40.8 per cent (7.8 percentage points) between 2006 and 2018, from 19.1 per cent to 11.3 per cent. The increase in the poverty rate from 2017 to 2018 was substantial, from 9.5 per cent to 11.3 per cent. For prime-age adults, the poverty rate fell from 15.7 per cent to 10.1 per cent between 2006 and 2018, a 35.7 per cent decrease (5.6 percentage points). Between 2017 and 2018, the poverty rate for prime-age adults increased from 9.6 per cent to 10.1 per cent. The poverty rate for seniors saw the largest relative decrease, but smallest absolute decrease. From 2006 to 2018, the poverty rate for adults 65 years and older fell from 6.6 per cent to 3.3 per cent, a 50.0 per cent decline (3.3 percentage points).

Chart A21: MBM Poverty Rates for Manitoba, by Age Group, 2006-2018

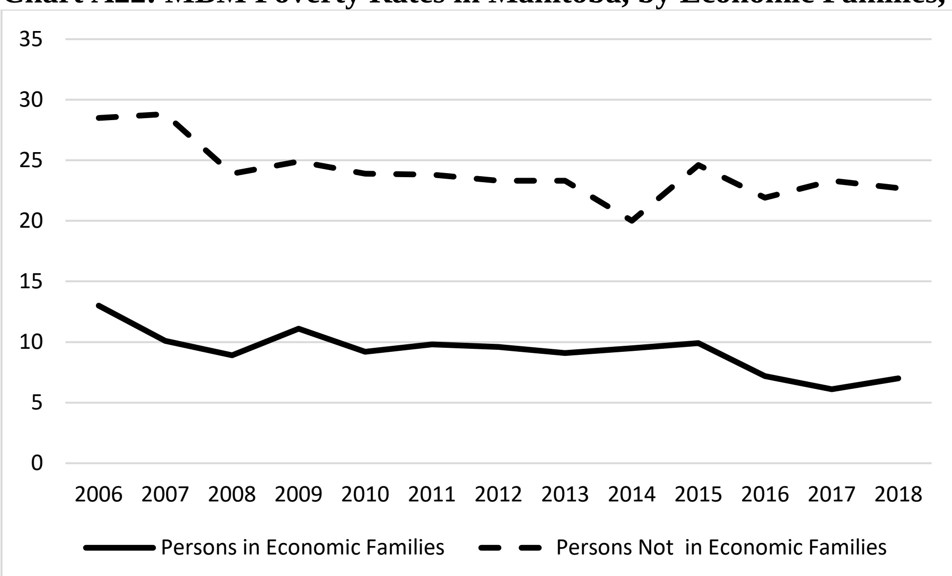


Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rate for attached individuals in Manitoba was 7.0 per cent in 2018, compared to 22.7 per cent for unattached individuals. The poverty rate for attached individuals was above the national level (1.2 percentage points), but below the national level for unattached individuals (1.9 percentage points) (Chart A22).

The poverty rate for attached individuals decreased from 13.0 per cent to 7.0 per cent between 2006 and 2018. This is a decrease of 46.2 per cent (6 percentage points). However, attached individuals experienced an increase in their poverty rate between 2017 and 2018 of 14.8 per cent (0.9 percentage points). The only other province where there was an increase in the poverty rate in 2018 among attached individuals was Newfoundland and Labrador. The poverty rate for unattached individuals fell from 28.5 per cent to 22.7 per cent, a decrease of 20.4 per cent (5.8 percentage points).

Chart A22: MBM Poverty Rates in Manitoba, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

H. Saskatchewan

The official poverty rate in Saskatchewan in 2018 was 8.8 per cent (Chart A23), slightly higher than the rate for Canada of 8.7 per cent. Because there is no official Market Basket Measure for the province that of Saskatoon is used as a proxy.[47]

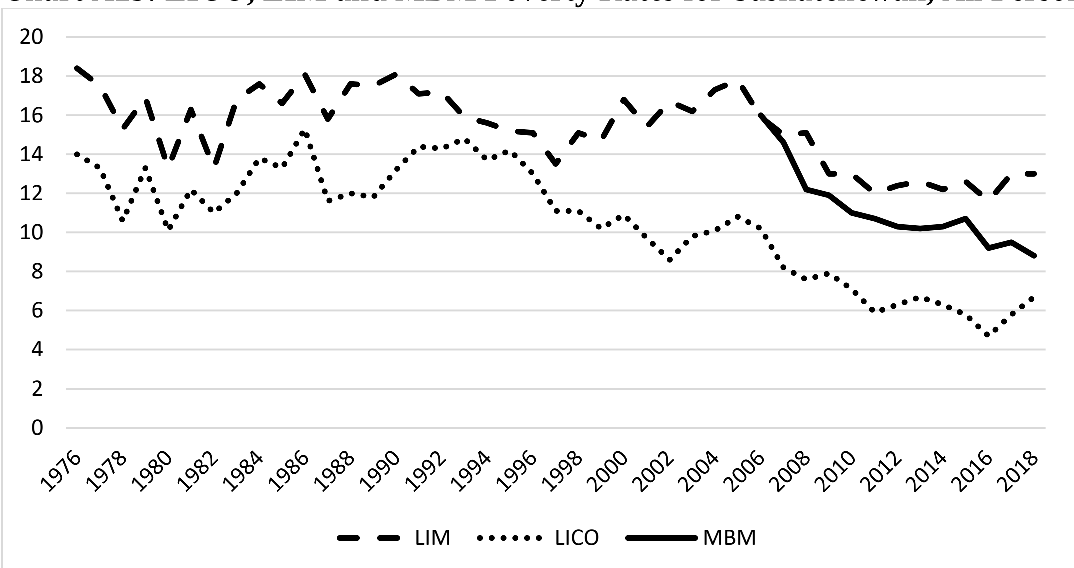
Both the LICO and the LIM poverty rates for Saskatchewan experienced significant declines over the measurement period. However, the decline in the LIM poverty rate was smaller. From 1976 to 2018, the LICO for Saskatchewan fell from 14.0 per cent to 6.7 per cent. This was a drop of 52.1 per cent (7.3 percentage points). In contrast, the LIM fell from 18.4 to 13.0 per cent.

[47] In 2018, the poverty line was $19,414 for a single employable adult in Saskatoon. For a family with two adults and two children, the poverty line was $37,849. Regions with populations between 30,000 and 99,999 persons had the lowest poverty threshold at $35,791. The poverty threshold was highest in regions with fewer than 30,000 persons at $38,634.

This was a drop 29.4 per cent (5.4 percentage points). This discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall. Relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. The official poverty rate for the province exhibited a significant decline, dropping from 16.0 per cent in 2006 to 8.8 per cent in 2018, a decline of 45.0 per cent (7.2 percentage points).

Chart A23: LICO, LIM and MBM Poverty Rates for Saskatchewan, All Persons, 1976-2018

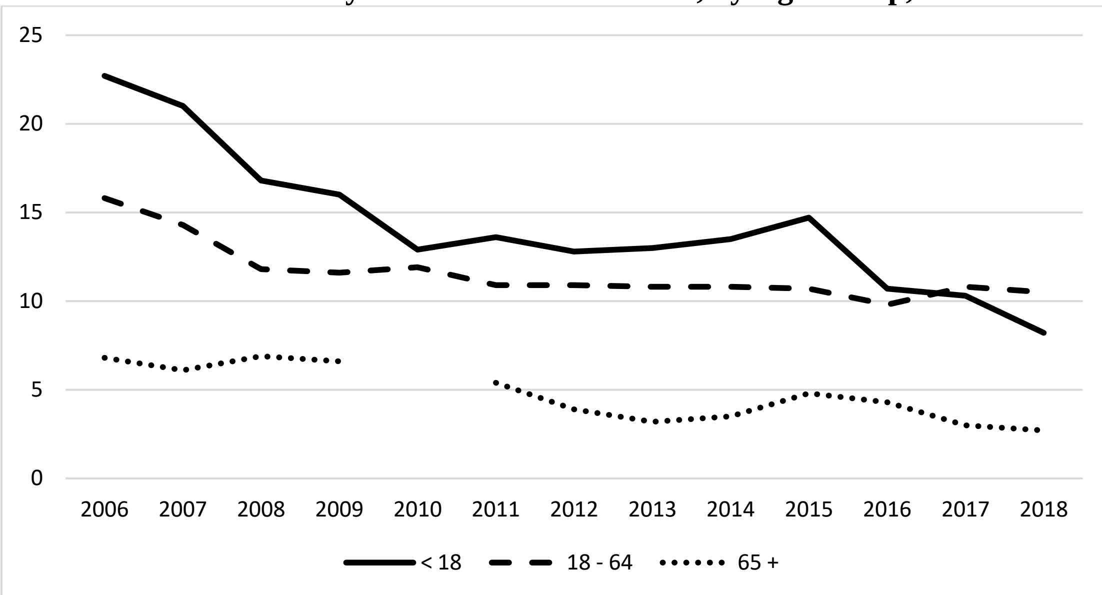


Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rate varied significantly by age group in Saskatchewan. When compared to the national average, poverty rates in 2018 for prime-age adults and seniors were lower and the child poverty rate was identical.

Child poverty fell from 22.7 per cent in 2006 to 8.2 per cent in 2018, a 63.9 per cent decrease (14.5 percentage points). The poverty rate for prime-age adults fell from 15.8 per cent to 10.5 per cent, a 33.5 per cent decline (5.3 percentage points). The poverty rate for seniors fell from 6.8 per cent to 2.7 per cent, a 60.3 per cent decline (4.1 percentage points) over the same time period (Chart A24). Saskatchewan was the only Prairie province where no age group saw an increase in their poverty rate between 2017 and 2018.

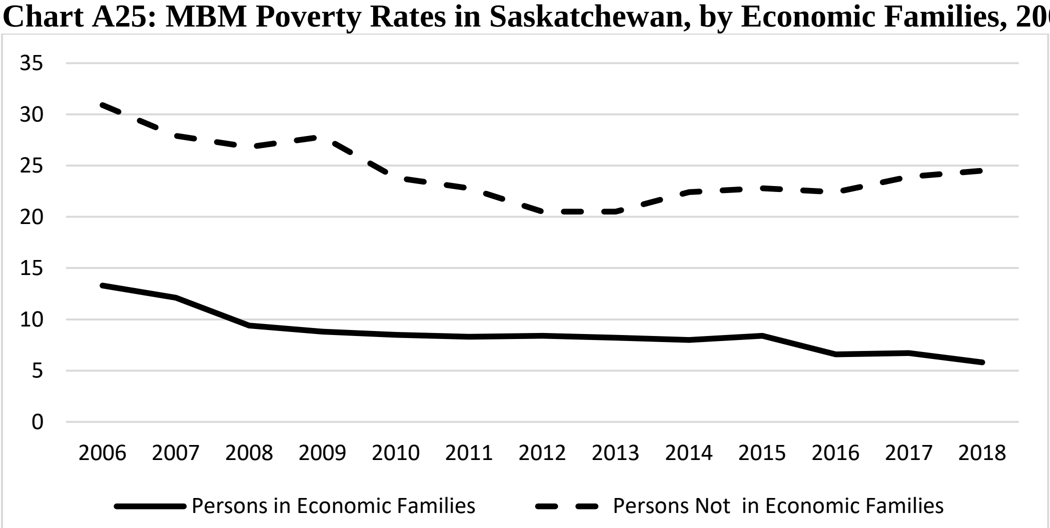
Chart A24: MBM Poverty Rates for Saskatchewan, by Age Group, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)
Note: There is no data available for the poverty rate for persons aged 65 and over in 2010.

The poverty rates for attached and unattached individuals in Saskatchewan were nearly identical to the national average. In 2018, 5.8 per cent of attached individuals lived in poverty, compared to 24.5 per cent of unattached individuals (Chart A25). The poverty rate for attached individuals in Saskatchewan followed the national trend and fell 56.4 per cent (7.5 percentage points), from 13.3 per cent in 2006 to 5.8 per cent in 2018. For unattached individuals, the poverty rate fell 20.7 per cent (6.4 percentage points) from 30.9 per cent in 2006 to 24.5 per cent in 2018. Unfortunately, Saskatchewan saw an increase in the poverty rate for unattached individuals in 2018, from 23.9 per cent to 24.5 per cent. The same trend is visible in Alberta and British Columbia.

Chart A25: MBM Poverty Rates in Saskatchewan, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

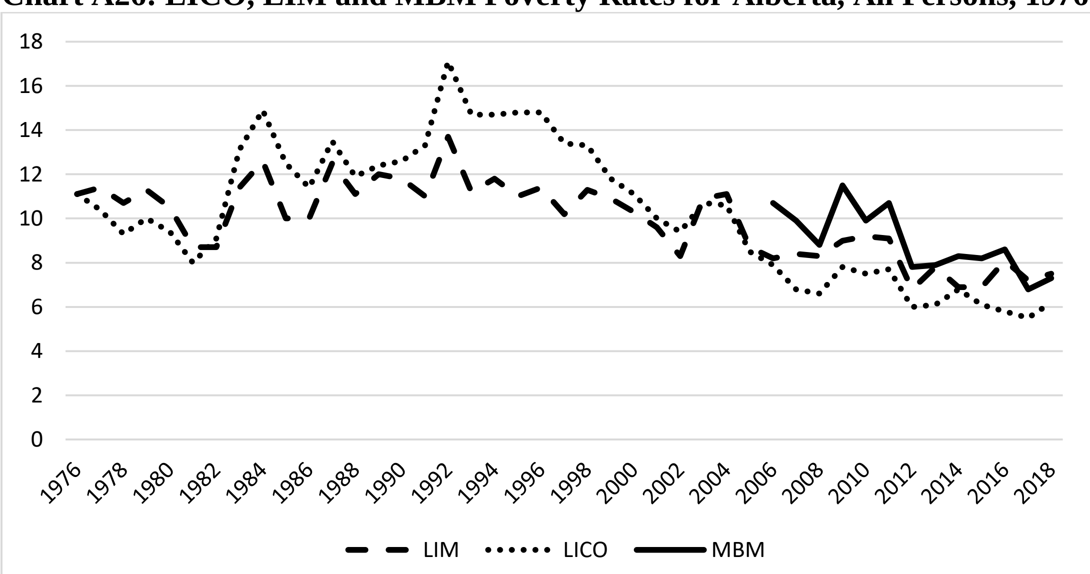
I. Alberta

The official poverty rate in Alberta in 2018 was 7.3 per cent (Chart A26), slightly below the rate for Canada of 8.7 per cent. This is the lowest poverty rate out of all the provinces. Because there is no official Market Basket Measure for the province that of Calgary is used as a proxy.[48]

Both the LICO and the LIM poverty rates for Alberta experienced declines over the measurement period. However, the decline in the LIM poverty rate was smaller. From 1976 to 2018, the LICO for Alberta fell from 11.1 per cent to 6.2 per cent. This was a drop of 44.1 per cent (4.9 percentage points). In contrast, the LIM fell from 11.1 to 7.5 per cent. This was a drop 32.4 per cent (3.6 percentage points). This discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall. Relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged. The increase in real income in Alberta was more significant than the decrease in inequality, therefore the decline in the LICO is more prominent than the decrease in the LIM.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. The official poverty rate for the province exhibited a slight decline, dropping from 10.7 per cent in 2006 to 7.3 per cent in 2018, a decline of 31.8 per cent (3.4 percentage points). This was both the smallest absolute and relative decrease in the MBM out of all the provinces.

Chart A26: LICO, LIM and MBM Poverty Rates for Alberta, All Persons, 1976-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

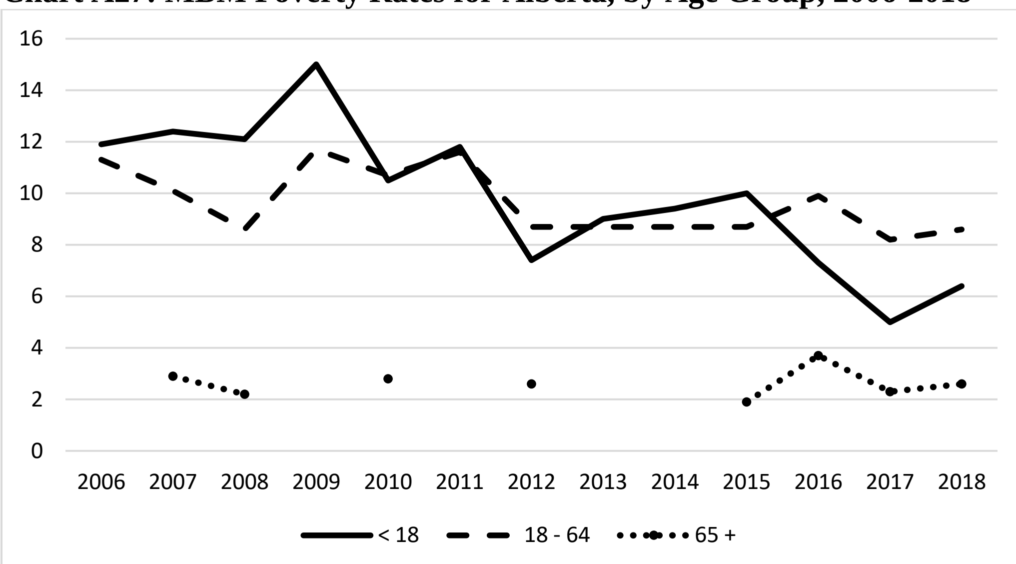
Poverty by age group in Alberta followed the declining national trend when studied over the entire 2006-2018 period, but unfortunately every age group saw an increase in their poverty

[48] In 2018, the poverty line was $20,585 for single employable adults in Calgary. For a family with two adults and two children, the poverty line was $40,452. The poverty line was lowest in Edmonton at $38,584. The poverty line was highest in regions with population below 30,000 people at $41,598.

rate between 2017 and 2018 (Chart A27). Alberta is the only province where this development occured.

From 2006 to 2018, child poverty in Alberta fell from 11.9 per cent to 6.4 per cent, a 46.2 per cent decline (5.5 percentage points). However, child poverty in 2017 was 5.0 per cent. Over the same time period, the poverty rate for prime-age adults fell from 11.3 per cent to 8.6 per cent, a 23.9 per cent decrease (2.7 percentage points). Poverty data for seniors is not available in every year, but from 2007 to 2018 the poverty rate fell from 2.9 per cent to 2.6 per cent, a 10.3 per cent decline (0.3 percentage points). The poverty rate for seniors was 1.9 per cent in 2015, the lowest reported over the time period. In 2017, the senior poverty rate was 2.3 per cent.

Chart A27: MBM Poverty Rates for Alberta, by Age Group, 2006-2018

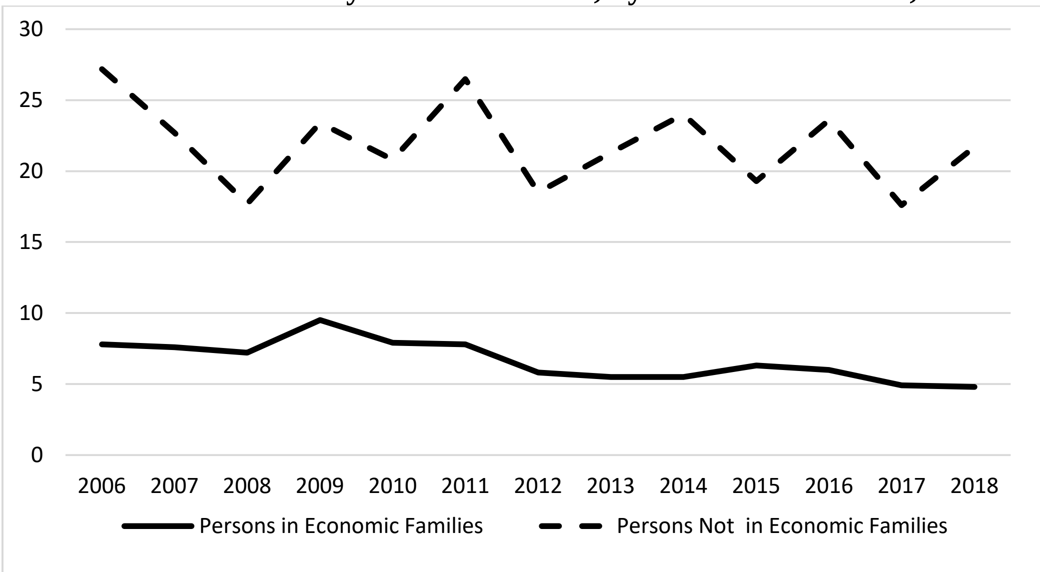


Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)
Note: There is no data available for the poverty rate for persons aged 65 and over in 2006, 2009, 2011, 2013 and 2014.

The poverty rates for attached and unattached individuals in Alberta were lower than the national average. In 2018, 4.8 per cent of attached individuals lived in poverty, compared to 21.7 per cent of unattached individuals (Chart A28).

The poverty rate for attached individuals in Alberta fell 38.5 per cent (3.0 percentage points), from 7.8 per cent in 2006 to 4.8 per cent in 2018. For unattached individuals, the poverty rate fell 20.2 per cent (5.5 percentage points) from 27.2 per cent in 2006 to 21.7 per cent in 2018. Unfortunately, Alberta saw an increase in the poverty rate for unattached individuals between 2017 and 2018, from 17.6 per cent to 21.7 per cent. The same trend is visible in Saskatchewan and British Columbia. In 2017, Alberta had the lowest poverty rate for unattached individuals when comparing between provinces. However, due to the recent increase in the poverty rate Quebec is now the province with the lowest poverty rate for unattached individuals.

Chart A28: MBM Poverty Rates in Alberta, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

J. British Columbia

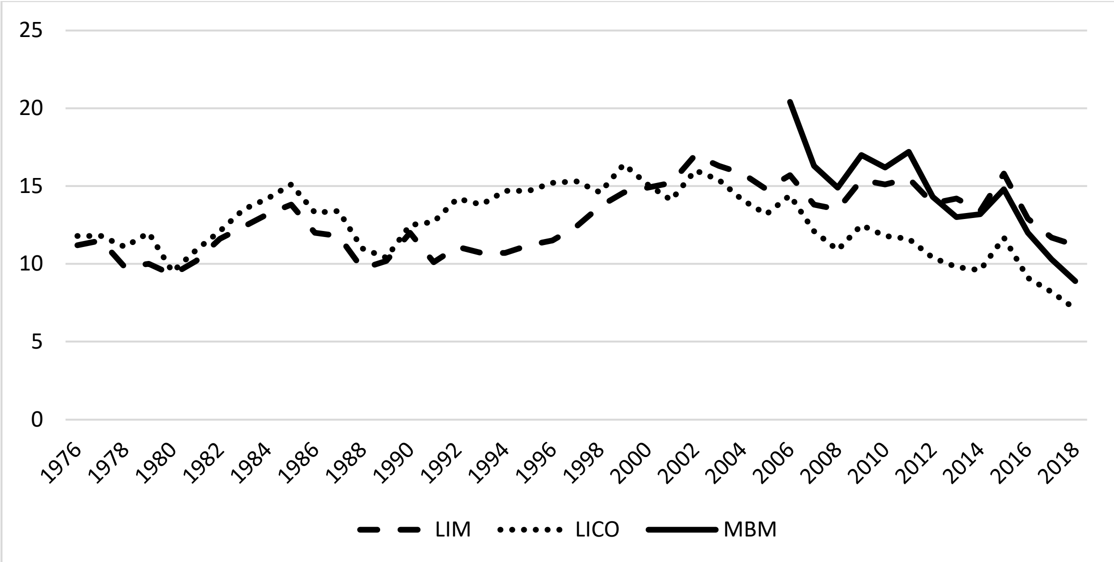
The official poverty rate in British Columbia in 2018 was 8.9 per cent (Chart A29), only slightly higher than the rate for Canada of 8.7 per cent. Because there is no official Market Basket Measure for the province that of Vancouver is used as a proxy.[49]

Only the LICO poverty rate in British Columbia saw a decrease in poverty between 1976 and 2018. The LICO in British Columbia fell from 11.8 per cent in 1976 to 7.1 per cent in 2018. This was a decrease of 39.8 per cent (4.7 percentage points). In contrast, there was no change in poverty when measured by the LIM. In 1976 and 2018, the poverty rate was 11.2 per cent. This discrepancy in trends is explained by the difference in the poverty measures. With real income growth, absolute poverty measures such as the LICO fall. Relative poverty measures such as the LIM do not change if the overall income distribution remains unchanged. Therefore, real income grew in British Columbia between 1976 and 2018 but there was no change in the income distribution.

Market Basket Measure data for all regions only extends back to 2006 on the current 2008 base year. The official poverty rate for the province declined, dropping from 20.4 per cent in 2006 to 8.9 per cent in 2018, a decline of 56.4 per cent (11.5 percentage points).

[49] In 2018, the poverty line was $20,684 for single employable adults in Vancouver. For a family with two adults and two children, the poverty line was $40,644, the highest in the province. The poverty line was lowest in regions with populations from 30,000 to 99,999 persons at $35,795.

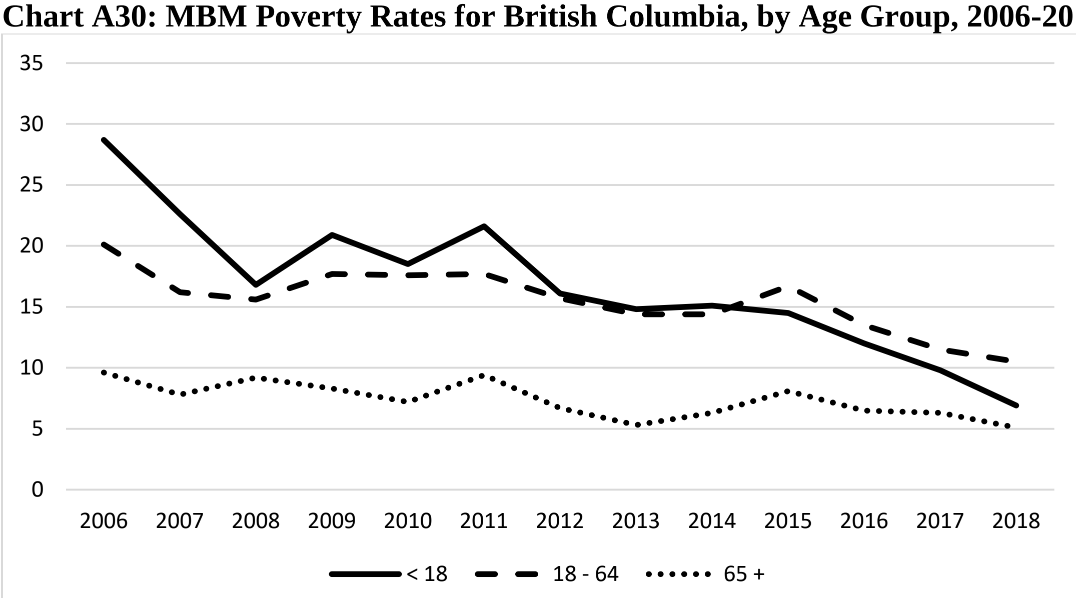
Chart A29: LICO, LIM and MBM Poverty Rates for British Columbia, All Persons, 1976-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rates for all three age groups showed continuous decline between 2006 and 2018 in British Columbia (Chart A30). The child poverty rate fell from 28.7 per cent to 6.9 per cent, a 76.0 per cent decrease (21.8 per cent). This is the largest absolute and relative decrease in child poverty experienced in any province. The poverty rate for prime age adults fell from 20.1 per cent to 10.5 per cent, a 47.8 per cent decrease (9.6 percentage points). British Columbia experienced the largest absolute decrease in prime-age poverty out of any province. The poverty rate for seniors fell from 9.6 per cent to 5.1 per cent, a 46.9 per cent decrease (4.5 percentage points).

Chart A30: MBM Poverty Rates for British Columbia, by Age Group, 2006-2018

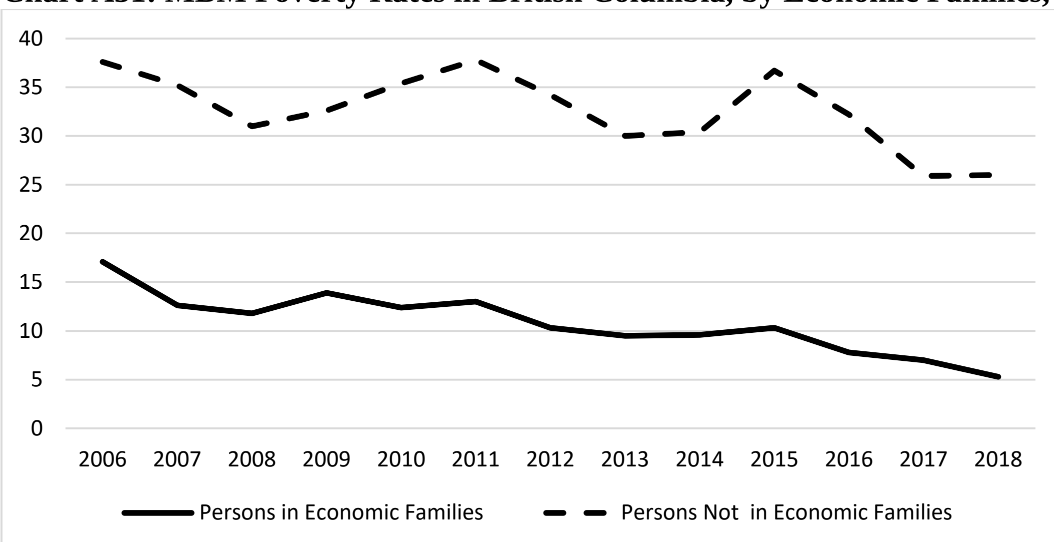


Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

The poverty rates for attached and unattached individuals in British Columbia followed the national average. In 2018, 5.3 per cent of attached individuals lived in poverty, compared to 26.0 per cent of unattached individuals (Chart A31).

The poverty rate for attached individuals in British Columbia fell 69.0 per cent (11.8 percentage points), from 17.1 per cent in 2006 to 5.3 per cent in 2018. For unattached individuals, the poverty rate fell 30.9 per cent (11.6 percentage points) from 37.6 per cent in 2006 to 26.0 per cent in 2018. British Columbia saw a slight increase in the poverty rate for unattached individuals between 2017 and 2018, from 5.9 per cent to 6.0 per cent. Increases in the poverty rate for unattached individuals are also visible in Saskatchewan and Alberta.

Chart A31: MBM Poverty Rates in British Columbia, by Economic Families, 2006-2018



Source: Table 11-10-0135-01 (formerly CANSIM 206-0041)

Appendix V: Social Assistance by Province

This Appendix provides an overview of social assistance developments by province. Trends in the provincial dependency rate, benefit levels and a brief outline of each province's recent history of social assistance changes are provided.[50]

Social assistance is not uniform across Canada. Each province has its own policies and programs. The federal government has programs for First Nations on reserve. Certain programs lift recipients closer to the poverty line than others. None of them provide enough assistance to push recipients over the poverty line.

Welfare income is defined as the sum of a basic benefit rate, a shelter allowance, additional social assistance payments, the GST/HST credit, provincial or territorial tax benefits or credits, and child benefits. Increases or decreases in welfare incomes are exclusively a reflection of changes in benefit levels, and do not account for whether social assistance recipients are earning more through part-time work. Beneficiaries are counted by averaging monthly data over a fiscal or calendar year or taking the precise number of recipients on March 31.

A. Newfoundland and Labrador

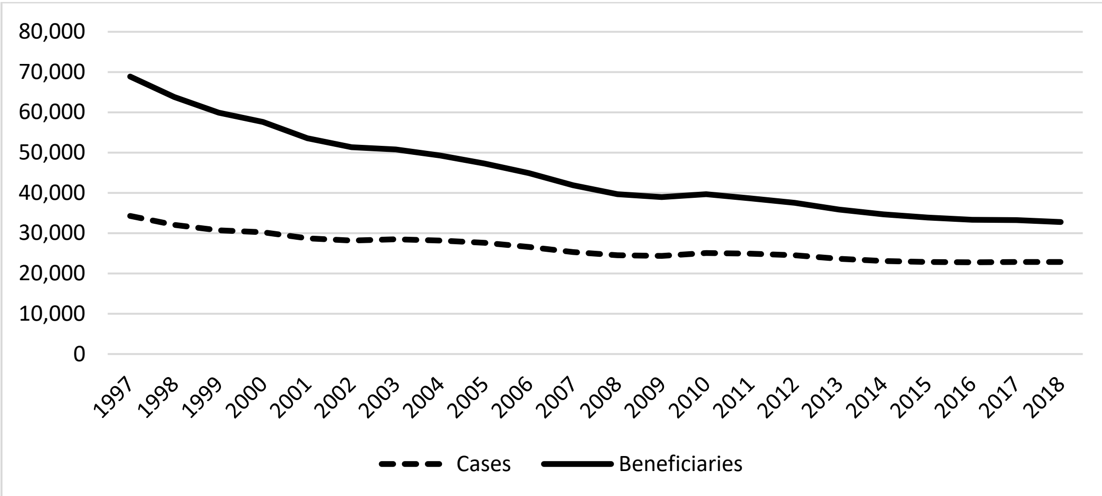
Social assistance in Newfoundland and Labrador is delivered through a single program known as Employment and Income Assistance (EIA). Financial and in-kind benefits may extend beyond coverage for basic needs, depending on the individual's specific needs. In 2018, there were 22,800 cases filed amounting to 32,800 beneficiaries (Chart A32). This accounts for 6.2 per cent of the total population. Both the number of cases and beneficiaries have been falling in the province, but the drop is levelling off. Benefits are indexed to inflation (Mondou, 2015).

The decreasing ratio of beneficiaries to cases clearly illustrates the declining number of cases with multiple beneficiaries. Newfoundland and Labrador does not have a distinct program for persons with a disability so it is impossible to say with absolute certainty if the medicalization trend in welfare is present in the province. However, it can be observed that there is a growing relative importance of single adults without children on social assistance in Newfoundland and Labrador, with the possibility that many are receiving disability benefits.

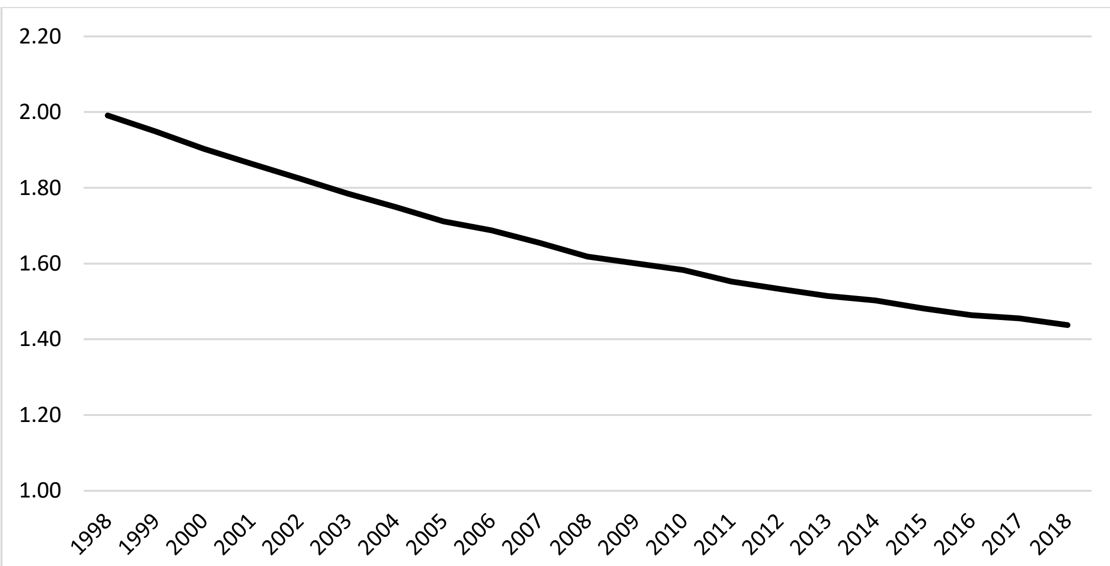
[50] Discussion of pre-2014 developments in this section are drawn from the chapters on provincial welfare programs in the volume *Welfare Reform in Canada: Provincial Social Assistance in Comparative Perspective (*eds. Daniel Béland and Pierre-Marc Daigneault). More recent developments are drawn from provincial websites and by contacting provincial representatives by telephone.

Chart A32: Social Assistance Cases and Beneficiaries in Newfoundland and Labrador, 1997-2018

Panel A: Cases and Beneficiaries



Panel B: Ratio of Beneficiaries to Cases



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

Welfare benefits in 2018 were $11,383 a year for single employable adults and $29,296 for couples with two children. The benefit includes the Supplemental Shelter Benefit of $150 per month, which is provided to all recipients. This additional benefit is granted because rent for over 90 per cent of welfare households exceeded the basic shelter benefit. Since 2016, the main increase in income for households with children was a result of the federal Canada Child Benefit. In addition to this, the provincial government of Newfoundland and Labrador provides a small child benefit. Real welfare incomes of single employable adults without children have fallen slightly since 2013 and the incomes for persons with a disability have consistently decreased (from $13,508 in 1989 to $11,583 in 2018) (2018 dollars) (Aldridge and Tweddle, 2019).

Income for a single parent with one child reached 85 per cent of the official poverty threshold (Table A6). That of single persons considered employable reached 58 per cent of the threshold, the smallest gap between the MBM and welfare income in all the provinces for that household type.

Table A6: Adequacy of Social Assistance in Newfoundland and Labrador, 2018

Adequacy indicator	**Single person considered employable**	**Single person with a disability**	**Single parent, one child**	**Couple, two children**
Total welfare income	$11,383	$11,583	$23,436	$29,296
MBM threshold (St. John's)	$19,502	$19,502	$27,579	$39,003
Welfare income minus MBM threshold	-$8,119	-$7,919	-$4,143	-$9,707
Welfare income as % of MBM	58%	59%	85%	75%

Source: Aldridge and Tweddle, 2019

The Social Assistance Act of 1990 emphasized self-reliance and active work measures. It included harsh eligibility criteria and penalties for non-compliance. The cod moratorium of 1992 declared because of depleting fishing stocks, increased pressure on the province's welfare system. Since 1997, welfare benefits have been increased and punitive and restrictive criteria have been eliminated because of community pressure. Today, benefit rates are among the highest in the country, due in part to oil revenues in the province. The oil money would not have been used for welfare were it not for "community sector mobilization and tripartite government, business, and labour involvement in resolving age-old questions of wealth production and redistribution in the province" (Mondou, 2015:249).

B. Prince Edward Island

Prince Edward Island delivers two social assistance programs, Social Assistance Program and AccessAbility Supports (formerly Disability Support Program). The first is the standard program. The second supports persons in need of financial assistance who are living with a physical, intellectual, neurological, sensory and mental disability. If a person with a disability is financially independent, they can still access supports such as technical aids and caregivers through this program. Personal and community supports are made available to all persons supported by AccessAbility, regardless of financial need. Benefits in Prince Edward Island are not indexed to inflation.

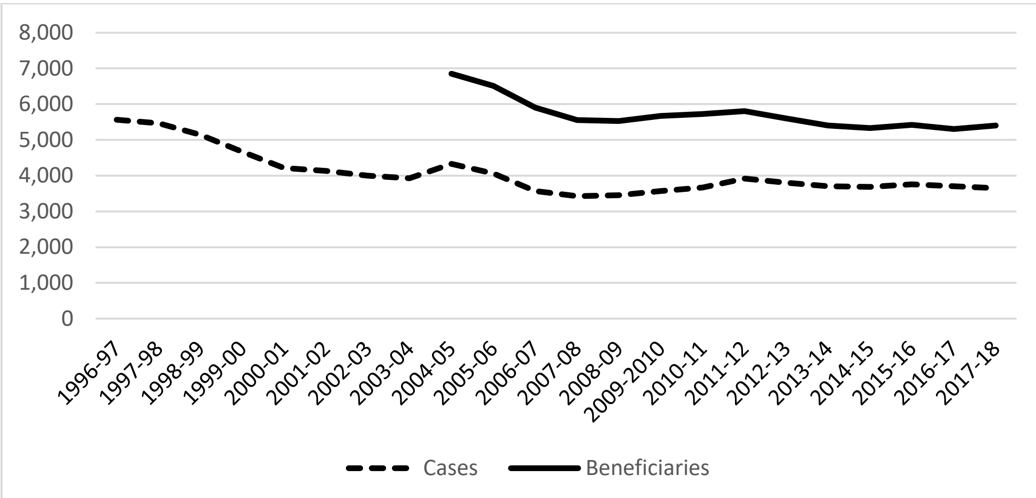
The dependency rate in PEI was 3.5 per cent in 2017-18.[51] In that period there were 3,600 cases amounting to 5,400 individuals benefiting from the standard social assistance program (Chart A33: Panel A). In the same year, roughly 1,400 individuals were supported by the

[51] This number only accounts for recipients of the general Social Assistance program since not all persons in the AccessAbility Supports program receive financial assistance.

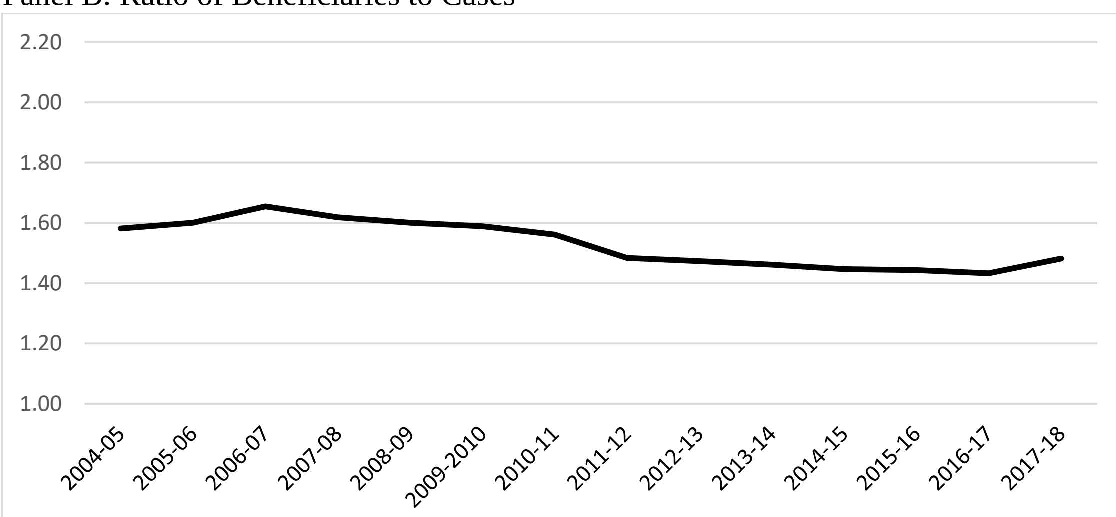
Disability Support Program. While all 1,400 individuals are eligible for the AccessAbility Supports program, it is unknown how many receive financial assistance through the program. In Prince Edward Island, the trend of beneficiary and caseloads converging is not present (Chart A33: Panel B).

Chart A33: Social Assistance Cases and Beneficiaries in Prince Edward Island, 1996-97 to 2017-18

Panel A: Number of Cases and Beneficiaries



Panel B: Ratio of Beneficiaries to Cases



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

In 2018, total welfare benefits in the province ranged from $10,445 to $32,757 for the selected household types. Real welfare incomes for single employable adults rose nearly $2,000 between 2017 and 2018 due primarily to changes in the shelter allowance. In order to reflect changing labour market conditions, the standard shelter allowance for single adults considered employable was increased from $346 to $539 per month. Real incomes have remained constant for single parents with one children and risen slightly for households with more children. The nominal income increases for households with children are entirely driven by the Canada Child Benefit as there is no provincial child benefit in PEI (Tweddle and Aldridge, 2019).

In 2018, PEI announced changes to their social assistance eligibility requirements and earning exemptions. Previously, the first criterion for eligibility to social assistance was having liquid assets below $50 for single employable adults and up to $1,800 for a couple with a disability and dependents. Thresholds for liquid-asset exemptions now begin at $2,500 for single employable adults and increase to $10,000 for a couple with a disability and dependents. Monthly earning exemptions increased from $75 to $250. Clawbacks by government decreased from 90 per cent to 70 per cent.

To counter the deterrent to employment generated by the loss of income-in-kind once employed, recipients who take jobs continue to receive medical, dental and optical benefits for 24 months. A lump sum is provided to help newly employed persons purchase clothes for work and obtain a driver's license, if necessary. Additional life-skill training to help employable persons enter the work force has been introduced. Finally, the provincial government increased assistance to low-income residents by increasing emergency food supplements and shelter rates (Ross, 2018).

Welfare income in 2018 for couples with two children were at 85 per cent of the poverty threshold, the closest to the threshold for all family types. The situation was worse for single employable persons, whose income reached 54 per cent of the threshold, and persons with a disability, whose income reached 58 per cent (Table A7). PEI is the only province where the adequacy of welfare incomes has risen considerably for single adults as it increased from 40 per cent of the poverty threshold in 2017 to 54 per cent in 2018. This is the result of increases in social assistance shelter rates and in the food allowance for single employable adults (Aldrige and Tweddle, 2019).

Table A7: Adequacy of Social Assistance in Prince Edward Island, 2018

Adequacy indicator	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
Total welfare income	$10,445	$11,208	$20,977	$32,757
MBM threshold (Charlottetown)	$19,257	$19,257	$27,234	$38,514
Welfare income minus MBM threshold	-$8,812	-$8,049	-$6,257	-$5,757
Welfare income as % of MBM	54%	58%	77%	85%

Source: Aldridge and Tweddle, 2019.

In the 1990s, social assistance reform made the province's system more redistributive. New measures included increased benefits, improved in-kind income for persons with a disability and increased supplements for educational expenses. When case numbers rose drastically because of the 1990-92 economic downturn, the province introduced stricter eligibility requirements and the number of persons on social assistance began to decrease.

In 2001, PEI introduced its first separate social assistance program for persons with a disability. The program provided needs-based funding. There was no clawback on earned income. After the introduction of the Social Action Plan in 2012, the clawback on the National Child Benefit was eliminated (Flanagan, 2015). The Social Action Plan was a poverty reduction strategy aimed at improving health, education and childcare programs in the province.

In March 2018, the province reformed the AccessAbility program which provides income assistance for persons with disability. AccessAbility combines personal and community supports with social assistance for those who are eligible. The range of disabilities eligible for the program was extended. More programs to ensure community participation were introduced. Employment support was increased and financial help for home and vehicle modification were increased. AccessAbility is unique among provincial disability programs as it provides non-financial support to all persons with a disability in Prince Edward Island. Any persons with a disability can access the program and the in-kind benefits provided. However, persons eligible for welfare also receive their financial assistance through the AccessAbility program.

Prior to the reform, persons with a disability received assistance from the Disability Support Program, which was not intended to be an income-support program. It was designed to assist persons with a disability with personal skills training and community inclusion. If a person with a disability was also in need of financial assistance, they could apply separately for welfare from Prince Edward Island’s general social assistance program.

The province planned to start a pilot project for secure income in 2020. The project is expected to last one year and will include 400 randomly-selected, low-income persons (Neatby, 2019). This project differs from other guaranteed-income experiments, as it does not offer a lump-sum for all household types. It is a means-tested benefit program designed to provide financial assistance to people living below the poverty line. Eligibility criteria have not been finalized. The pilot’s objective is to bring the incomes of all recipients to at least 80 per cent of the poverty threshold.

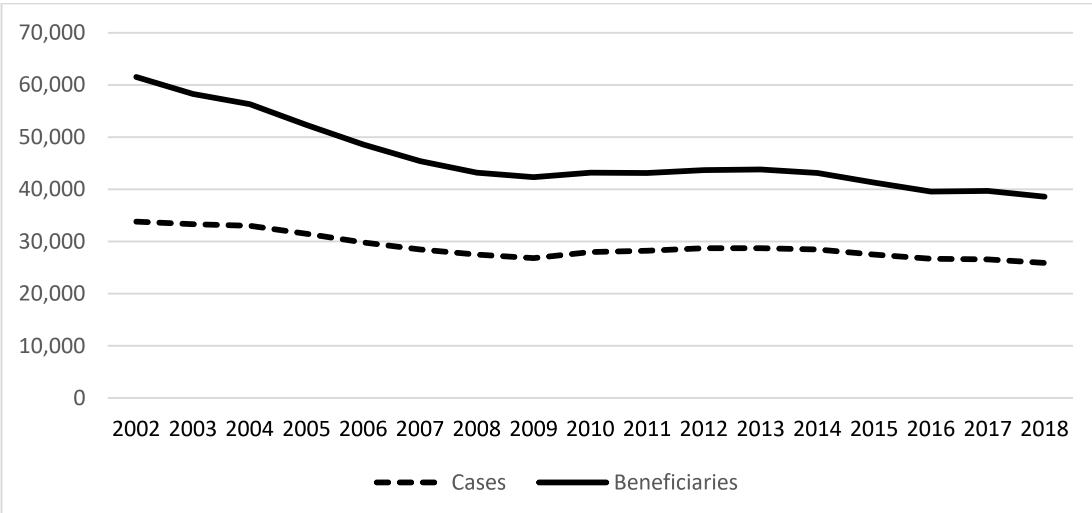
C. Nova Scotia

Nova Scotia has a single social assistance program known as Employment Support and Income Assistance (ESIA). There is no separate program for persons with a disability. In 2018, there were 25,900 cases filed, amounting to 38,600 beneficiaries (Chart A34). The number of beneficiaries is declining, and currently accounts for 4.0 per cent of the population. Benefits are not indexed to inflation in Nova Scotia.

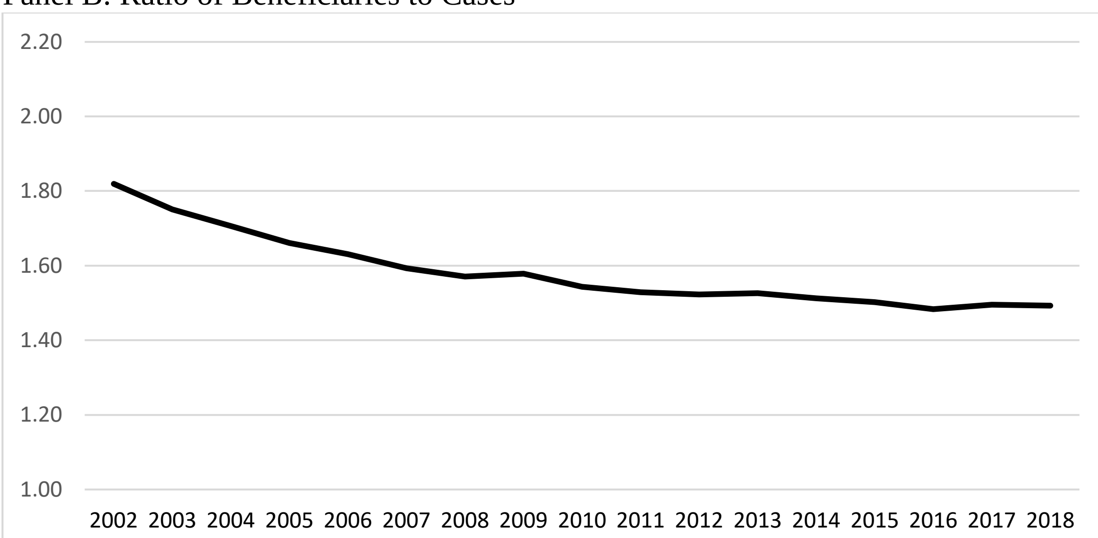
One of the important factors contributing to the decline in welfare beneficiaries in Nova Scotia is government policy that enable people to leave welfare or result in people not having to go on welfare. These policies, introduced for all low-income persons, included the introduction of more income-based tax credits, extended Pharmacare, childcare subsidies and job-development programs. The province has also seen a gradual increase in the minimum wage. The combination has likely contributed to the increase in single parents transitioning from welfare to work since 2001 (Lord, 2015:235). The decline in families with children on welfare is illustrated by the declining ratio of beneficiaries to cases, indicating that each case has fewer beneficiaries on the file (Chart A34: Panel B).

Chart A34: Social Assistance Cases and Beneficiaries in Nova Scotia, 1997-2018

Panel A: Cases and Beneficiaries



Panel B: Ratio of Beneficiaries to Cases



Source: Maytree, 2019.

Basic assistance for an employable individual is comprised of their shelter allowance and a personal allowance. Welfare benefits in 2018 ranged between $7,437 for single adults to $27,756 for couples with two children. From 2016 to 2017, welfare incomes for households with children increased due to the Canada Child Benefit. However, welfare incomes for all household types fell between 2017 and 2018 in real terms since benefits are not indexed to inflation (Aldridge and Tweddle, 2019).

The welfare income of a couple with two children comes to 73 per cent of the official poverty line in Nova Scotia. This corresponds to the highest welfare income adequacy for any household type in the province. The income for a single employable person came to 39 per cent of the poverty threshold (Table A8).

Table A8: Adequacy of Social Assistance in Nova Scotia, 2018

Adequacy indicator	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
Total welfare income	$7,437	$10,268	$18,240	$27,756
MBM threshold (Halifax)	$19,124	$19,124	$27,046	$38,248
Welfare income minus MBM threshold	-$11,687	-$8,856	-$8,806	-$10,492
Welfare income as % of MBM	39%	54%	67%	73%

Source: Aldridge and Tweddle, 2019

Prior to 1994, Nova Scotia used a two-tier system where recipients who were deemed eligible to work received municipal assistance and recipients with disabilities or single-parents who required long-term assistance received provincial assistance. Between 1994 and 1998, municipal social assistance responsibilities were transferred to the provincial government. The Family Benefit (FB) program was reformed to include the Nova Scotia Child Benefit in 1998, and clawback of federal child benefits was eliminated. By 2002, the two-tiered system had been eliminated altogether. All recipients were transferred to the provincial program. While the transition to a single-tier program made benefits more equal across the province, the provincial program imposed stricter employment requirements on single parents and reduced benefits for persons with disabilities (Lord, 2015).

Some of the stricter regulations have since been removed, such as regulations preventing single parents from receiving assistance if they attended a post-secondary program for more than two years. Labour market participation remains a central focus of social assistance. New services for skills training use a case-management approach. The innovative aspects of Nova Scotia's system are discussed in more detail in Section IV of the main report.

D. New Brunswick

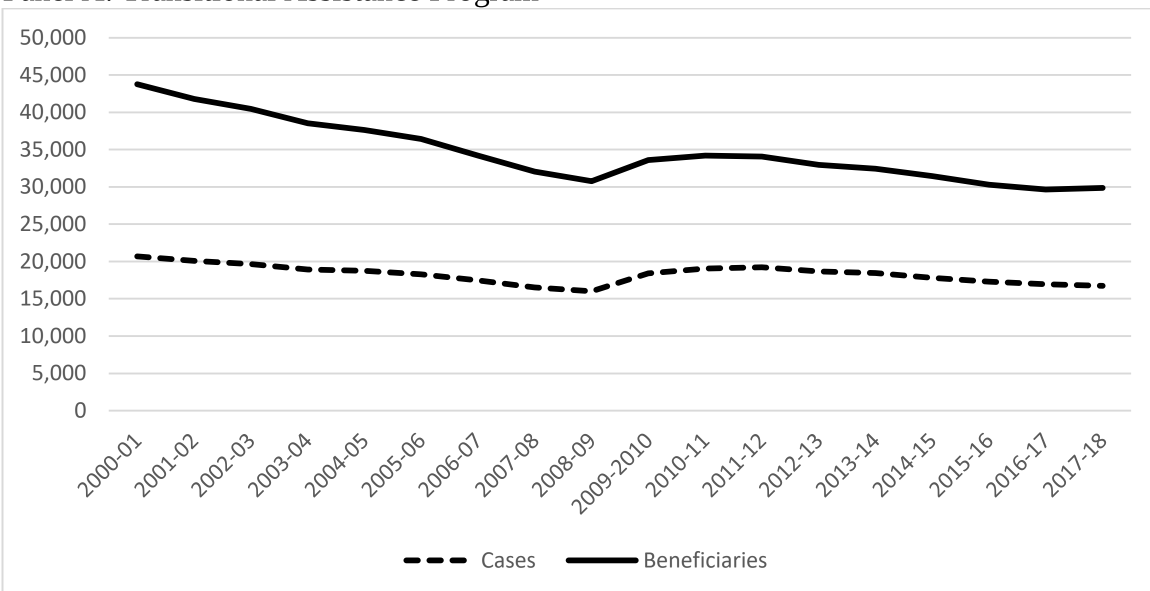
New Brunswick has two separate social assistance programs.[52] The Transitional Assistance Program (TAP) is the standard program. The Extended Benefits Program (EBP) is

[52] A third program, the Interim Assistance Program (IAP) was terminated in 2010, which provided low benefits but high wage exemptions as it was designed for persons who were expected to be self-reliant in little time.

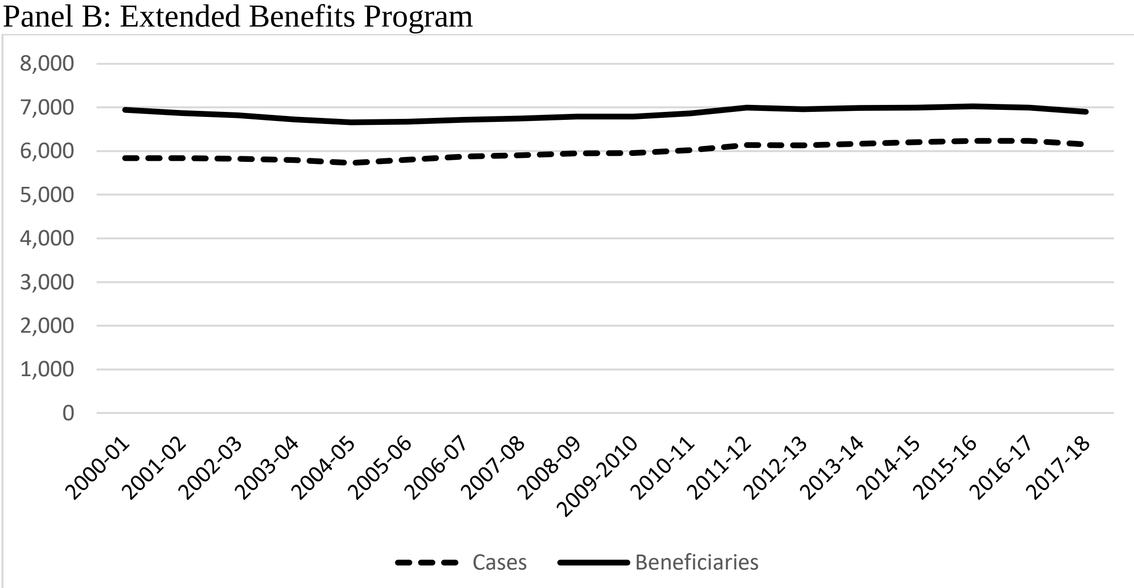
intended for individuals who have a disability. In 2018, 4.8 per cent of the population was a beneficiary of either of the two programs. There were 16,800 cases amounting to roughly 29,000 individuals in the standard program (Panel A in Chart A35). There were 6,200 cases amounting to 6,900 beneficiaries, in the extended benefit program.

Chart A35: **Social Assistance Cases and Beneficiaries in New Brunswick, 2001-01 – 2017-18**

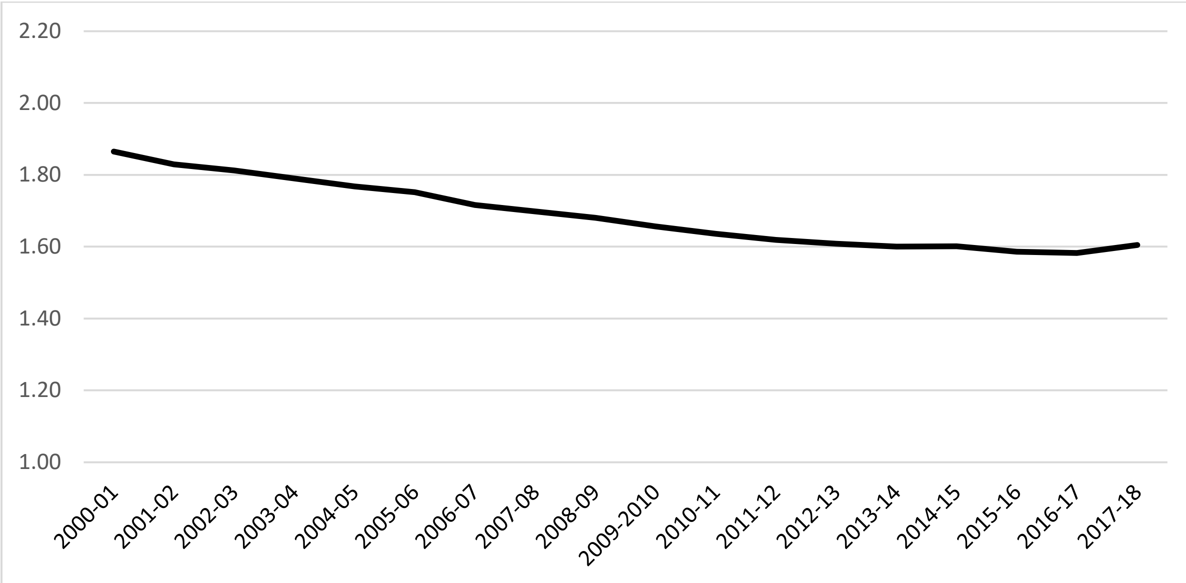
Panel A: Transitional Assistance Program



Panel B: Extended Benefits Program



Panel C: Ratio of Beneficiaries to Cases



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

The similarity between the number of cases and beneficiaries in the EBP indicates that in most cases the filer did not have a dependent or a partner (Panel B in Chart A35). Single persons account for 65.3 per cent of cases. However, only 41 per cent of recipients in the standard program were single adults, whereas 90 per cent of those receiving extended benefits were single (Thériault and Lebreton, 2015). While the growing trend of single adults on social assistance is present, it is primarily being driven by persons with a disability. The overall decrease in the ratio of beneficiaries to cases shows the compounded effects of the growing number of persons with disability on social assistance and the increasing share of single adults receiving welfare benefits (Chart A35: Panel C). Benefits are not indexed in New Brunswick.

Under the standard program, the current basic rate of social assistance is $537 per month for a single recipient, equal to $7,126 annually once combined with GST credit and provincial tax benefits and credits. The latest increases to benefit rates at the provincial level were made in 2014. Nominal welfare incomes for households with children have risen slightly in the province since 2016 due to changes to the Canada Child Benefit. Real welfare incomes have fallen for all household types between 2017 and 2018 (Aldridge and Tweddle, 2019).

For all household types, the base rate of social assistance fell below the official poverty line. The highest incomes were received by single parents with a child and reached 78 per cent of the poverty threshold (Table A9). The largest poverty gap was for single adults considered employable, where social assistance incomes reached 39 per cent of the poverty line.

Table A9: **Adequacy of Social Assistance in New Brunswick, 2018**

Adequacy indicator	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
Total welfare income	$7,126	$9,839	$19,978	$26,505
MBM threshold (Moncton)	$18,206	$18,206	$25,747	$36,412
Welfare income minus MBM threshold	-$11,080	-$8,367	-$5,769	-$9,907
Welfare income as % of MBM	39%	54%	78%	73%

Source: Aldridge and Tweddle, 2019.

New Brunswick eliminated its two-tier system in 1967. All assistance has since been provided at the provincial level. After being impacted by a recession in 1991, New Brunswick's social assistance policy was reformed to focus on more active policies, encouraging recipients to integrate in the workforce. New Brunswick, along with British Columbia, participated in the Self-Sufficiency Project (SPP) and Self-Sufficiency Project Plus (SPP Plus) to try to understand which incentives could break the cycle of dependency. The motivation and findings of this pilot project are discussed in Section IV of the main report.

The 2009 adoption of New Brunswick's first-ever poverty reduction strategy led to significant reform of social assistance. In 2013, benefits under the standard program increased and the clawback on employment income by government was reduced. Initiatives to minimize the welfare trap have included extending supplementary health benefits for up to three years after an individual leaves social assistance and subsidizing childcare for all low-income families. Subsidized childcare is linked with higher labour market participation for women and single parents.

New Brunswick has been using an intensive case management approach since the mid-1990s. A case manager is assigned to each recipient and is expected to advise on how to become financially independent and address any specific barriers the individual faces. The approach is unique as it includes extensive assessment of the recipient's goals and needs and the development of a plan. The assigned case manager is then responsible for coordinating services to facilitate the recipient's access to services. The case management model used in New Brunswick is aimed at enabling case managers to counsel clients on how to be independent from the system (Thériault and Lebreton, 2015:212).

In New Brunswick, many seasonal workers access Employment Insurance during the winter months, rather than depending on social assistance. In the province, "[s]easonal trends in the number of employed New Brunswickers appear to be inversely related to seasonal trends in the number of households on income support" (Thériault and Lebreton, 2015:210). Since EI is a contribution-based benefit, it only provides support to persons who have worked enough hours to qualify for the benefits. Therefore, workers who do not have sufficient insurable hours must access social assistance in the months where they do not have work. Seasonal trends in welfare dependency (higher welfare dependency in the winter than summer) are partially mitigated by EI benefits. The absence of EI would most likely result in additional seasonal workers being dependent on social assistance.

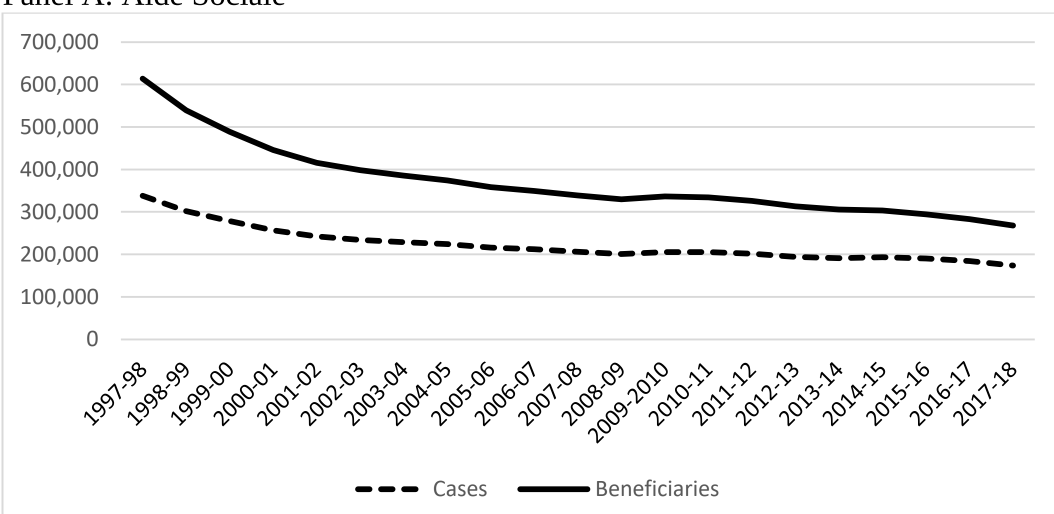
E. Quebec

Quebec offers two programs: Aide Sociale (Social Assistance Program) for persons who could be employed and Solidarité Sociale (Social Solidarity Program) for persons who require extended income support. This latter program is comparable to most provinces' disability programs. The province has been successful in having recipients transition off social assistance to employment. Its dependency rate is currently falling. Benefits in Quebec are higher than in most provinces. This indicates that generous benefits are not necessarily a disincentive to work but rather can facilitate the transition (Noel, 2015).

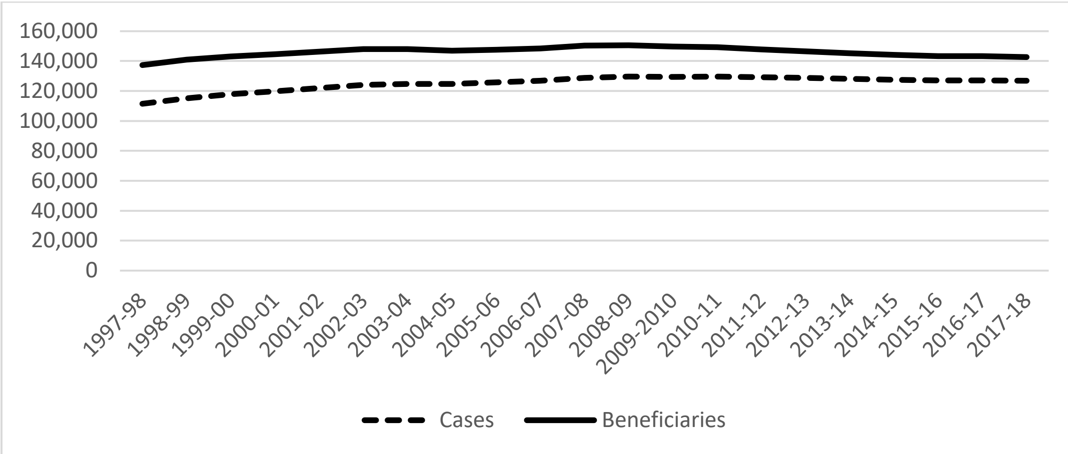
Despite all the progress, it is important to note that welfare incomes are still far below the poverty threshold for most household types, especially single adults. With increasing demand for subsidized daycare spots and increasing costs of living, social services are stretched thin. To reduce costs, changes such as work requirements for older recipients and parents with young children have been imposed (Daigneault, 2015). Social assistance benefits are indexed to inflation.

Chart A36**:** Social Assistance Cases and Beneficiaries in Quebec, 1997-98 - 2017-18

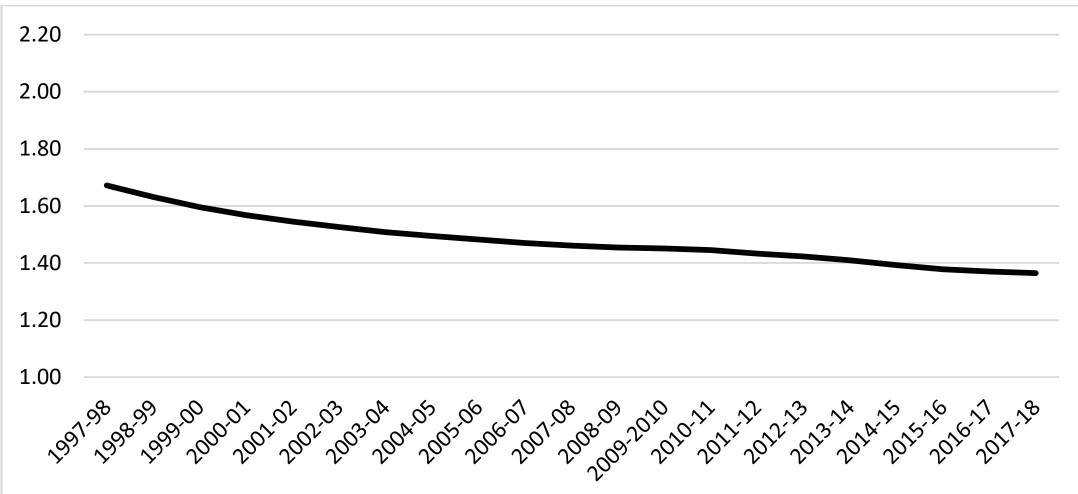
Panel A: Aide Sociale



Panel B: Solidarité Sociale



Panel C: Ratio of Beneficiaries to Cases



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

The current welfare dependency rate in Quebec is 4.9 per cent. In 2017-18, there were 267,705 beneficiaries of Aide Sociale and 142,538 beneficiaries of Solidarité Sociale. The medicalization trend is much less present in Quebec than in other provinces. The number of persons receiving Solidarité Sociale has remained nearly constant for the last 20 years. This is attributed to a variety of factors, including the availability of EI sickness benefits, Quebec Pension Plan disability benefits and veterans' benefits (Stapleton, Tweddle and Gibson, 2013).

The ratio of cases to beneficiaries exhibited a smaller downwards trend (Panel C in Chart A23) compared to most provinces. It is worth noting that Quebec had the lowest ratio of beneficiaries to cases in 1998, and today has the second lowest ratio after British Columbia. This low ratio is indicative of a larger share of single adults on welfare in Quebec than in other provinces. The continuously low number of families on social assistance is in part due to the generous provincial child benefits.

Welfare incomes for households with children in Quebec are closer to the poverty threshold than in any other jurisdiction (84-86 per cent of MBM threshold) (Table A10). Incomes for single adults deemed employable are much lower, reaching only 52 per cent of the MBM. Quebec has the highest welfare-income adequacy for persons with a disability and for single parents with a child.

Welfare incomes for households with children have risen in real terms since 2016 due to the Canada Child Benefit. Furthermore, Quebec offers the largest provincial child benefit. Single parent families with one child received $3,282 in provincial child benefits in 2018. For single adults without children and adults with a disability, real welfare incomes have remained constant since 2012 (Aldridge and Tweddle, 2019).

Table A10: **Adequacy of Social Assistance in Quebec, 2018**

Adequacy indicator	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
Total welfare income	$9,320	$13,651	$21,867	$30,453
MBM threshold (Montreal)	$18,026	$18,026	$25,493	$36,052
Welfare income minus MBM threshold	-$8,706	-$4,375	-$3,627	-$5,599
Welfare income as % of MBM	52%	76%	86%	84%

Source: Aldridge and Tweddle, 2019.

Quebec reformed its social assistance program in 1989. It created two programs: the Financial Support Program (FSP) for persons with a disability requiring long-term assistance and the Work Employment Incentive Program (WEIP) for people who were expected to transition to work. Both programs were eliminated when social assistance was reformed again in 1998, leading to the creation of the two current programs Aide Sociale and Solidarité Sociale. The distinction between those deemed employable and unemployable, reflected in the benefit levels and work expectations, was integrated into the new programs (Noel, 2015).

Social policy in Quebec is heavily focused on family policy. The province launched accessible and subsidized childcare in 1997. The introduction of subsidized daycare led to a decrease in poverty rates because more women were able to work. Combined with active work measures, most of the welfare reform in 1997 was targeted at helping recipients leave welfare. New policies included coverage for prescription drugs for low-income families and a one-time supplement of $500 for recipients who found full-time work (Daigneault, 2015). Evidence of the success of these policies includes the drastic reduction in welfare dependency: between 1997-98 and 2017-18, the number of beneficiaries of Aide Sociale fell from 613,626 persons to 267,705.

The province passed an anti-poverty law in 2002 that had major positive impacts on the lives of low-income Quebecers. Penalties for failure to meet work search requirements were reduced. Low-income families with children were the biggest beneficiaries. Benefit levels remain far lower for single employable adults relative to other household types in Quebec, who make up 57.2 per cent of social assistance beneficiaries (Daigneault, 2015). Their incomes in 2018 only reached 52 per cent of the poverty threshold (Aldridge and Tweddle, 2018). Quebec's pilot project Action Emploi is discussed in the section on welfare innovations.

F. Ontario

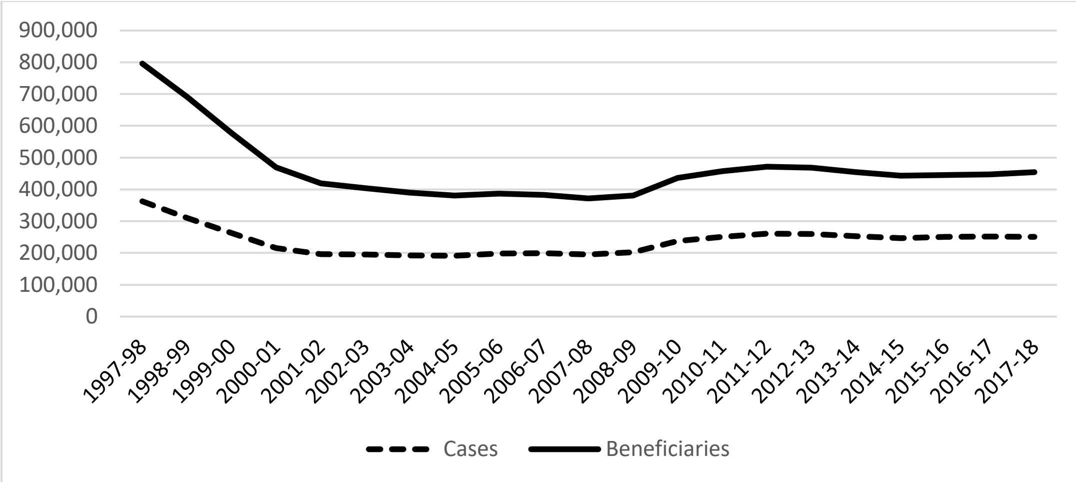
In 1997, the Ontario government combined the Family Benefits Act and the General Welfare Assistance Act into the Social Assistance Reform Act. This led to the creation of Ontario Works (OW) and Ontario Disability Support Program (ODSP), which both still operate today. Ontario Works provides financial and employment assistance to help recipients meet their basic financial needs and find work. The Ontario Disability Support Program offers financial assistance and employment support to persons with a disability. The provincial government defines employment assistance as "assistance to help clients find, prepare for and keep a job, such as workshops on resume writing and interviewing, job counselling, job-specific training and access to basic education, so clients can finish high school or improve their language skills" (Government of Ontario, 2018b). Ontario is the only province that administers social assistance to First Nations people living on reserve.

In 2017-18, there were 454,256 beneficiaries of Ontario Works (OW), including First Nations living on reserve (Chart A37). There are slightly more women than men in this number, notably single mothers with children. The number of beneficiaries under the age of 18 is falling slightly. Persons aged 25-34 make up the largest demographic group receiving these benefits. The average duration for all OW cases is 34 months, an increase from 33 months the previous year. The average duration for single parents with children is 46 months (Government of Ontario, 2018b).

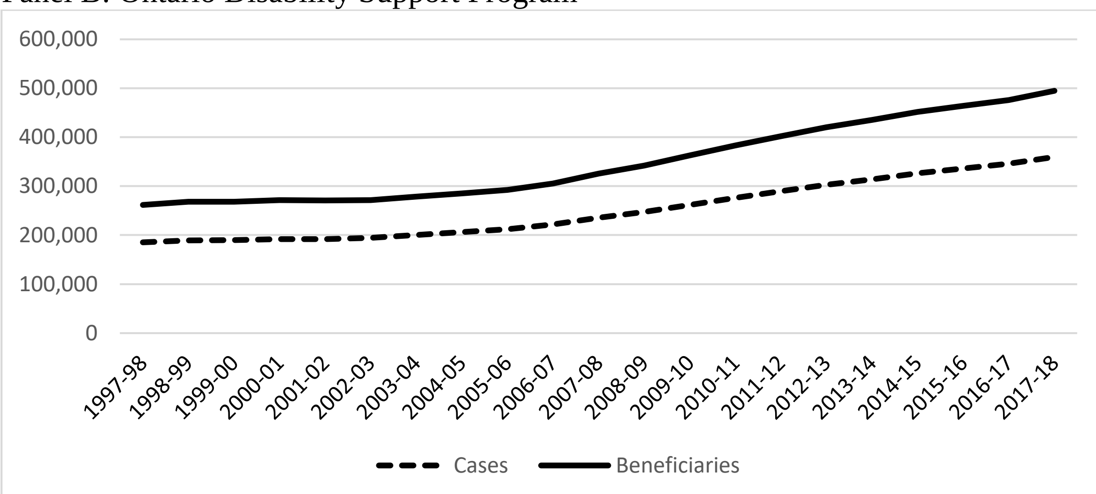
There are currently more persons receiving assistance under the disability program than under Ontario Works. In 2017-18, there were 494,402 beneficiaries of Ontario Disability Support Program (ODSP). The difference in trends between the works program and the disability program provides a clear visual representation of the medicalization of social assistance. In 1997-98, 24.7 per cent of all income assistance beneficiaries received disability benefits. By 2017-18 that percentage had climbed to 52.1 per cent (Panel C in Chart A37). The medicalization trend is further emphasized by the falling ratio of beneficiaries to cases (Panel D in Chart A37).

Chart A37: Social Assistance Cases and Beneficiaries in Ontario, 1997-98 – 2017-18

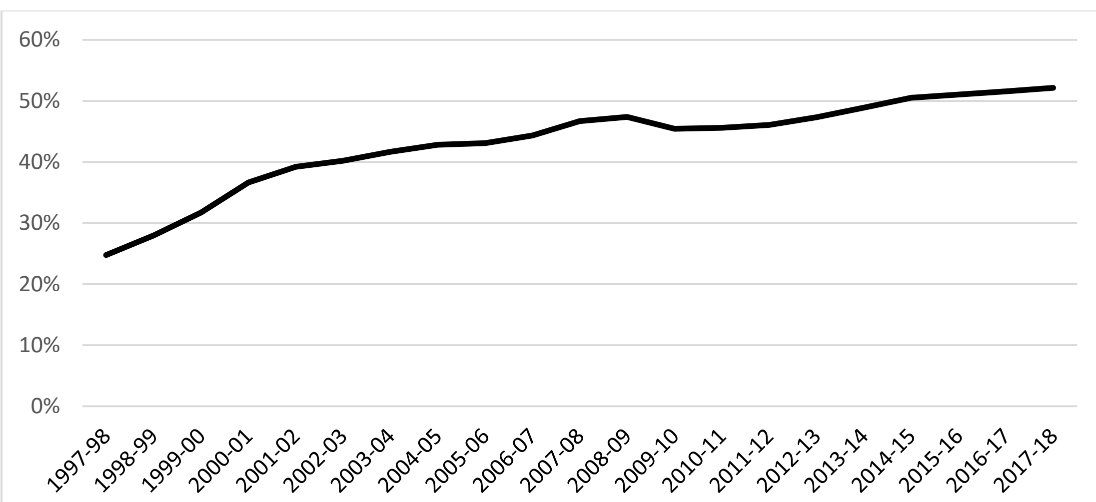
Panel A: Ontario Works



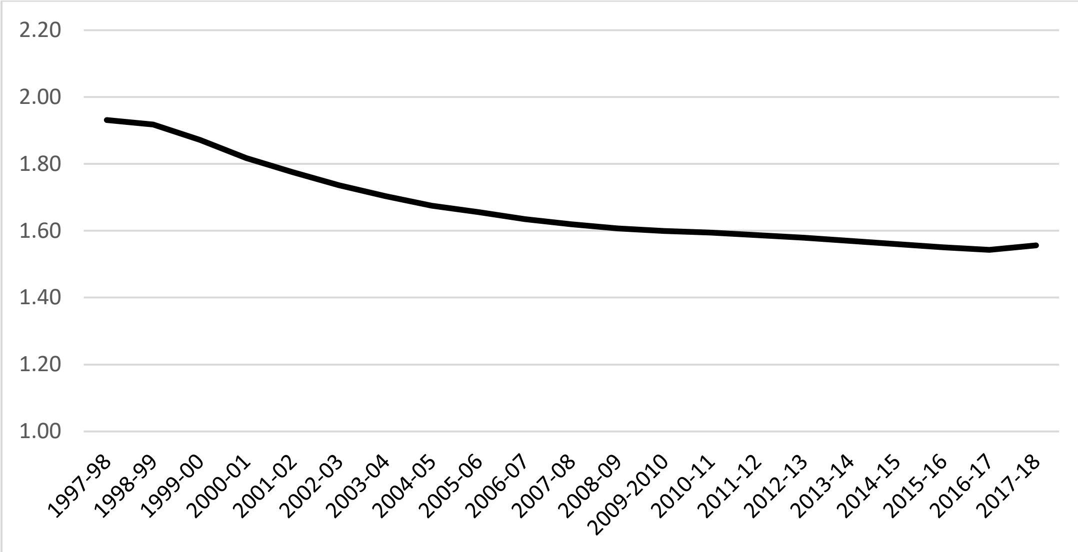
Panel B: Ontario Disability Support Program



Panel C: Proportion of Total Income Assistance Recipients Receiving OSDP, 1997-98 – 2017-18



Panel D: Ratio of Beneficiaries to Cases



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

In 2018, the dependency rate in Ontario was 6.58 per cent. The dependency rate includes First Nations living on reserve. The on-reserve caseload/population rate was 23 per cent in 2017, the latest year where provincial data was available according to Indigenous Services Canada.[53] The on-reserve caseload/population rate is calculated by Indigenous Services Canada by averaging quarterly caseloads and dividing by the total population. It reflects the number of cases in relation to the population, rather than the number of beneficiaries. It is therefore an underestimate of the total dependency rate and is not entirely comparable to the dependency rates calculated off reserve. Calculating a comparable dependency rate is not possible on-reserve since ISC does not collect client-level data (Indigenous Services Canada, 2018).

No household types reach the poverty threshold. The poverty gap is largest for single adults, as welfare incomes only reach 45 per cent of the MBM threshold, and smallest for single parents with two children, with welfare incomes reaching 73 per cent of the MBM threshold (Table A11).

Real welfare incomes have remained steady for the past five years for single employable adults without children and single persons with a disability (Tweddle and Aldridge, 2019). Since 2016, households with children have seen increases in their real welfare income because of the Canada Child Benefit. Benefits in Ontario are not indexed to inflation.

[53] The on-reserve caseload/population rate is calculated by Indigenous Services Canada by averaging quarterly caseloads and dividing by the total population.

Table A11: Adequacy of Social Assistance in Ontario, 2018

Adequacy indicator	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
Total welfare income	$9,646	$14,954	$21,463	$30,998
MBM threshold (Toronto)	$21,207	$21,207	$29,991	$42,414
Welfare income minus MBM threshold	-$11,561	-$6,253	-$8,529	-$11,417
Welfare income as % of MBM	45%	71%	72%	73%

Source: Aldridge and Tweddle, 2019.

To qualify for Ontario Works, all adult members in the household must be willing to look for work. The program is quite punitive. Case reviews are conducted every three months for all cases and if criteria are not met payments are suspended and sometimes cancelled. Critics have highlighted the focus on monitoring and policing recipients. "The real aim of the program appears to be limiting costs by stringently managing access to benefits" (Graefe, 2015:116). Recipients can be suspended if they cannot prove they are actively looking for work, if they have missed two referrals at agencies or interviews, or have been absent for three of more days from their education or substance abuse program. Any refusal to accept employment or participate in a placement or a drug screening can make them ineligible for assistance (Government of Ontario, 2019). While the stated purpose of the program is to help recipients find employment and leave social assistance, the program focuses on enforcing eligibility standards and requirements rather than providing interventions that clients need to help them find work (Pennisi, 2014: 103). This practice is time consuming for caseworkers and creates uncertainty for recipients about whether they will receive their benefits the following month.

The low value of the shelter allowance makes it extremely difficult for a recipient to live alone. It almost always forces recipients to live in shared accommodations or move in possibly prematurely with a partner to reduce living expenses. This can be a problem for adults who do not wish to depend on one another. Once a recipient begins cohabitating with another adult, they are obliged to report the relationship. After three months, an assessment takes place to decide if they are in a spousal relationship, in which case they would have to qualify as a couple for social assistance (Government of Ontario, 2008). If the co-resident does not qualify for social assistance, they are expected to provide for the recipient, whose benefits are terminated. The criteria for a spousal relationship are extremely lenient and could easily lead to two adults who are not in a relationship being deemed as such. This can happen even if one of the people is married or separated from someone else (Steps to Justice, 2016). A recipient who lives with a partner may lose their benefits, essentially trapping them in the relationship which could become an abusive living situation. The legislation on spousal relationships is applied to disability recipients as well.

The Ontario 2008 Poverty Reduction Strategy recommended that social assistance programs in Ontario be reformed. Frances Lankin and Munir A. Sheikh were commissioned to lead a review of both programs. Their report, *Brighter Prospects*, included 104 recommendations to amend the system (Lankin and Sheikh, 2012). They recommended a single system combining the works and disability programs, more specialized employment services and a simplified benefit structure. They suggested that disability, child and health benefits should be made available outside of social assistance as not to discourage transitioning into the labour market. In its 2013 budget, the provincial government increased asset limits and made small changes to benefit levels. But none of the recommendations of the Lankin and Sheikh report to restructure the programs were implemented (Graefe, 2015).

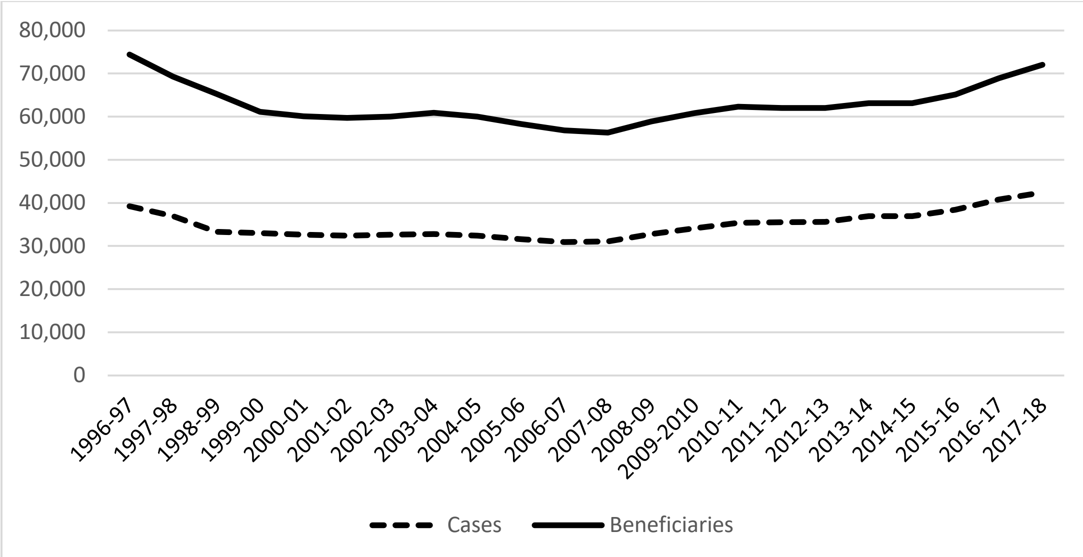
In 2017, the Ontario government commissioned a second report to reform social assistance programming. *Income Security: Roadmap for Change* is the result of the combined effort of the Income Security Reform Working Group, the First Nations Income Security Reform Working Group and the Urban Indigenous Table on Income Security Reform. The report called for the establishment of a housing benefit for all low-income Ontarians, a more effective Working Income Tax Benefit (WITB) and better health benefits. Suggested improvements for the WITB included increasing the overall amount of support provided, increasing the net income at which individuals are no longer eligible to receive benefits, increasing the threshold at which benefits are reduced and making sure the WITB can be accessed by First Nations persons. The report also recommended that First Nations be allowed to develop and control their own social assistance programming. It also called for more adequate funding for social assistance programs for First Nations that account for the remoteness and cost-of living on reserve (Ministry of Children, Community and Social Services, 2017).

G. Manitoba

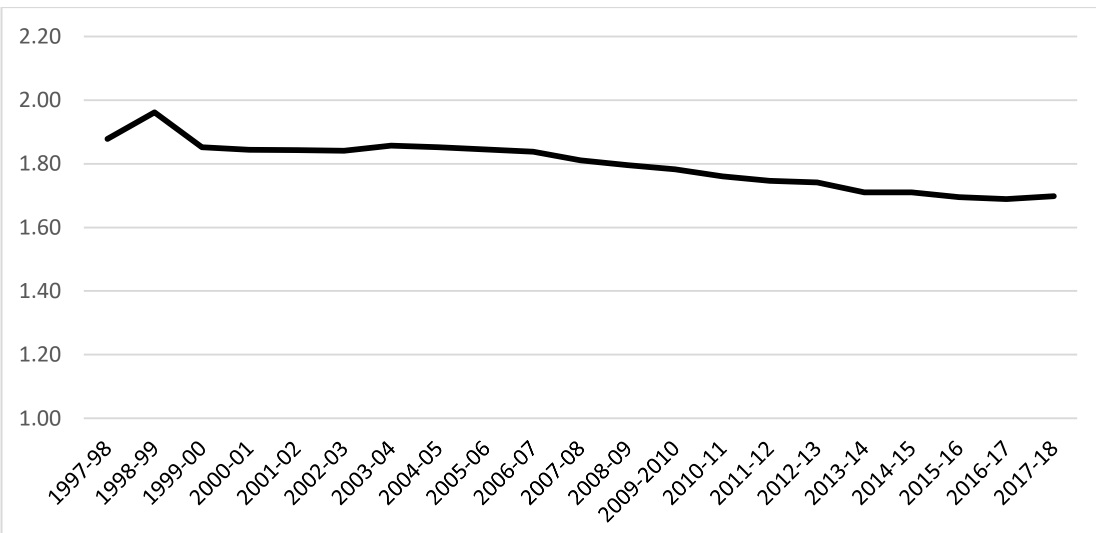
Manitoba offers a single program, Employment and Income Assistance (EIA). Benefits are not indexed to inflation. As of 2017-18, there were 72,000 beneficiaries of Manitoba's income assistance program. The past decade has seen a small increase in dependency on social assistance (Chart A38). The current welfare dependency rate is 5.3 per cent. Despite not having a specific program for persons with a disability, persons with a disability receive higher benefits and work requirements are relaxed. In 2012, 58 per cent of cases filed were for persons with a disability, many of which were long-term recipients (Simpson, 2015). Saskatchewan shows a much less visible declining ratio between the number of beneficiaries and cases than most provinces (Panel B in Chart A38).

Chart A38: Social Assistance Cases and Beneficiaries in Manitoba, 1996-97 - 2017-18

Panel A: Cases and Beneficiaries



Panel B: Ratio of Beneficiaries to Cases



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

The pattern of welfare adequacy in Manitoba is consistent with national trends. Households with children have the highest adequacy, followed by singles with a disability and finally single adults considered employable have the largest poverty gap (Table A12).

Since 2016, real welfare incomes for households with children have risen due to the Canada Child Benefit. There are no provincial child benefits in Manitoba. Real welfare incomes have also risen for single adults considered employable and single adults with a disability. In Manitoba, the basic social assistance rate is extremely low for all household types ($2,640 per year for a single adult considered employable) and most of welfare income is comprised of additional benefits ($6,834 for a single adult considered employable) (Aldridge and Tweddle, 2019).

Table A12: Adequacy of Social Assistance in Manitoba, 2018

Adequacy Indicator	**Single person considered employable**	**Single person with a disability**	**Single parent, one child**	**Couple, two children**
Total welfare income	$9,756	$12,403	$21,764	$29,918
MBM threshold (Winnipeg)	$18,714	$18,714	$26,466	$37,428
Welfare income minus MBM threshold	-$8,958	-$6,311	-$4,702	-$7,510
Welfare income as % of MBM	52%	66%	82%	80%

Source: Aldrige and Tweddle, 2019

In 1993 and 1994, various supplements for social assistance in Manitoba were eliminated and the focus shifted towards labour force integration. The objective of the welfare program was to provide short-term assistance and training, allowing recipients to quickly transition to work (MacKinnon, 2015). Until the elimination of the two-tiered system in 2004, all assistance provided to persons deemed employable was administered by the municipality and those who were unable to work received support from the provincial government.

A discussion on the guaranteed annual income pilot project that took place in Manitoba in the 1970s and the Rent Assist program can be found in the section on innovations in social assistance in the main report.

H. Saskatchewan

Saskatchewan runs three social assistance programs, the Saskatchewan Assistance Plan (SAP), the Transitional Employment Allowance (TEA) and the Saskatchewan Assured Income for Disability Program (SAID). Whereas SAP is a standard social assistance program, the transitional program is only for temporary benefits. When applicants are first assessed, they are placed in the transitional program. They are placed in the standard program only if they are unable to find work.

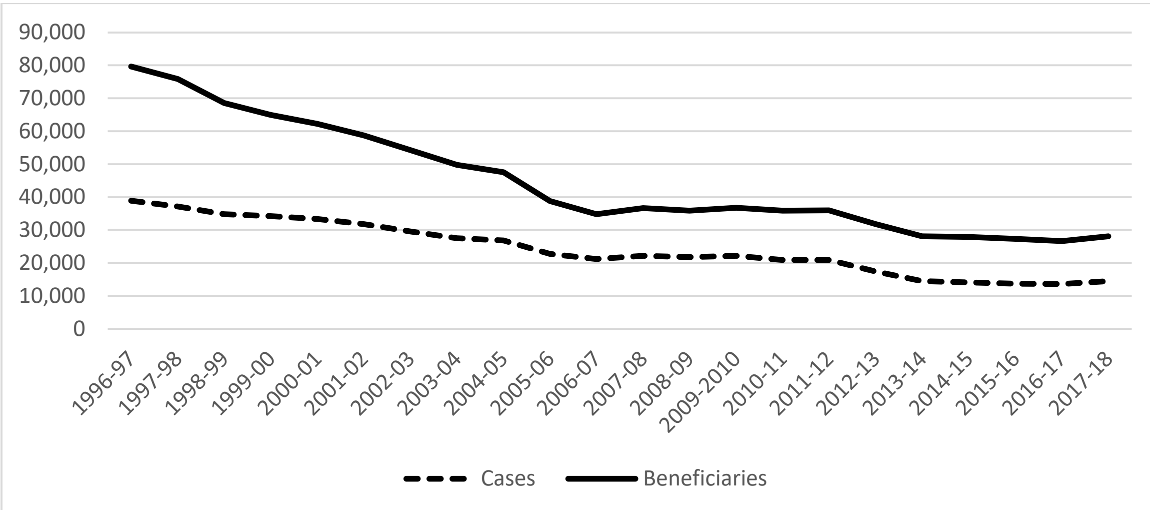
As of July 2019, the province is folding the transitional and standard programs into a single program, Saskatchewan Income Support (SIS). All new applicants are accepted directly into it. Those already receiving standard or transitional benefits will be transferred to the new program by the summer of 2021. As part of this reform, the province said recipients in the new program will be allowed an earning exemption of $325 a month. Under SAP and TEA, there were no earning exemptions and the clawback rate was 100 per cent.

The welfare dependency rate in the province was 4.9 per cent in 2018. Overall numbers of beneficiaries have fallen since 1996-97, driven almost entirely by the standard assistance program.

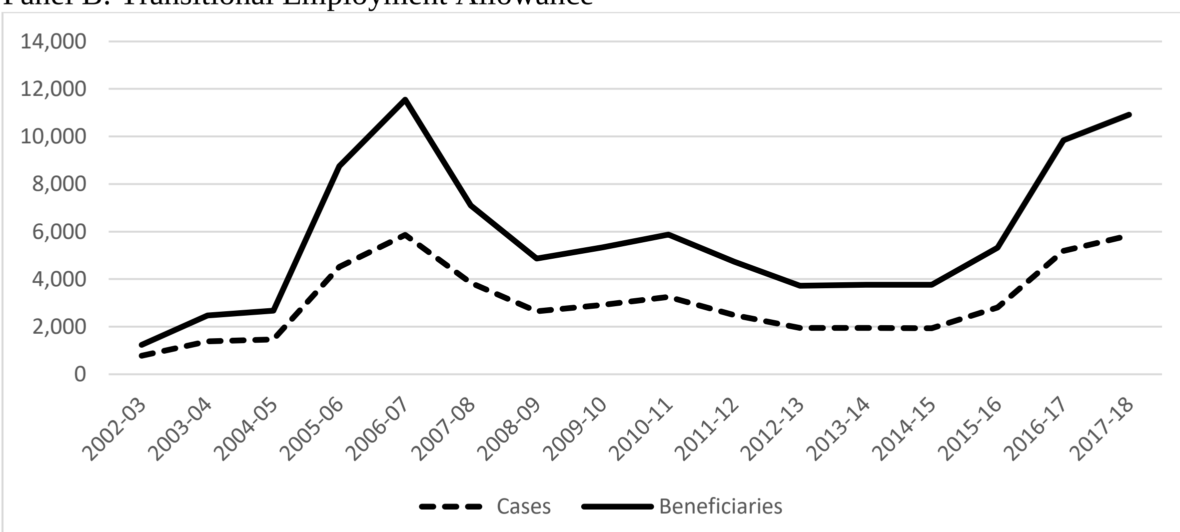
Some of that decrease has been offset by a steady increase in recipients of transitional or disability benefits. The increase in single adults and persons with a disability receiving social assistance is illustrated by the falling ratio of beneficiaries to cases in Panel D of Chart A39. The ratio remains higher than the national average, a trend visible in all three prairie provinces.

Chart A39: Social Assistance Cases and Beneficiaries in Saskatchewan, 1996-97 - 2017-18

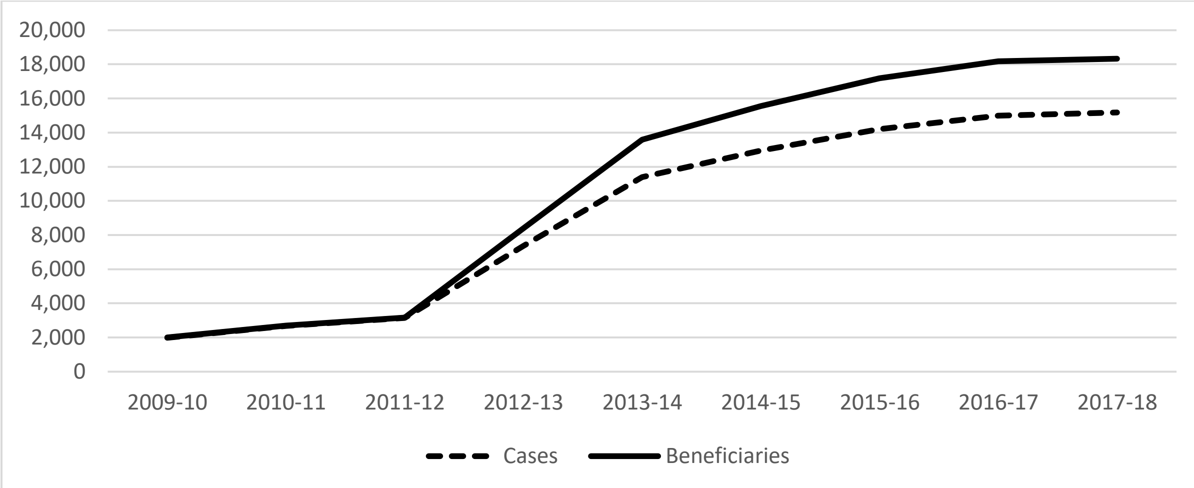
Panel A: Saskatchewan Assistance Plan



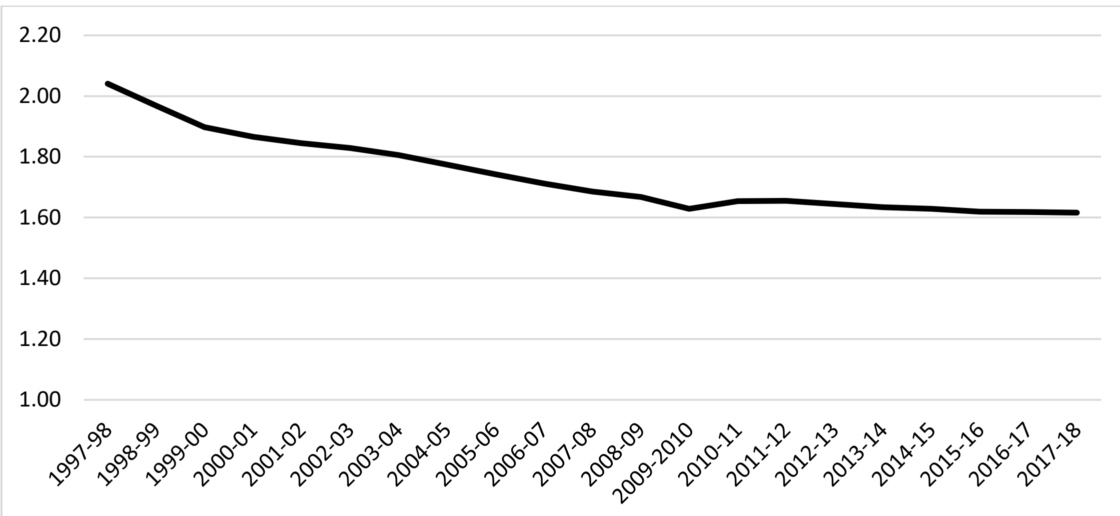
Panel B: Transitional Employment Allowance



Panel C: Saskatchewan Assured Income for Disability Program



Panel D: Ratio of Beneficiaries to Cases



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

Transitional assistance is designed to help recipients who often face fewer barriers to employment and can quickly reinter the workforce. The number of transitional beneficiaries fluctuates with cyclical variations of the larger economy (Panel B in Chart A39). When labour market conditions are poor and unemployment is high, applicants are more likely to be referred to SAP because as the expectation to find employment quickly and transition off social assistance is reduced. Therefore, there are fewer TEA recipients during periods of economic slowdown. Those same fluctuations are not visible in trends for the standard program because persons who face barriers to employment are less likely to respond to changes in the availability of employment (Panel A in Chart 39). The province expanded its disability program in 2012, resulting in a large increase in beneficiaries (Panel C in Chart 39).

In Saskatchewan, welfare adequacy is highest for Saskatchewan Assured Income for Disability (SAID) beneficiaries (Table A13). While the program is modelled after AISH in Alberta, the benefit levels remain considerably lower (81 per cent of MBM). Real welfare incomes have remained nearly constant for all household types in the past five years, despite the enhanced federal child benefits (Aldridge and Tweddle, 2019).

The SAID program, implemented in 2009, is intended for persons in financial need who have a permanent disability. The benefit has three components: a fixed monthly income, a disability income based on their specific needs and an exceptional need income intended for special circumstances. If the recipient has a spouse who does not have a disability, the spouse is expected to work full-time. Earning exemptions and clawback rates are applied on total household income. Training programs are available to help recipients find work (Government of Saskatchewan, 2019).

Table A13: Adequacy of Social Assistance in Saskatchewan, 2018

Adequacy indicator	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children	Single person in SAID program
Total welfare income	\$8,883	\$11,422	\$21,087	\$29,955	\$15,789
MBM threshold (Saskatoon)	\$19,414	\$19,414	\$27,456	\$38,829	\$19,414
Welfare income minus MBM threshold	-\$10,531	-\$7,992	-\$6,369	-\$8,874	-\$3,625
Welfare income as % of MBM	46%	59%	77%	77%	81%

Source: Aldridge and Tweddle, 2019

Saskatchewan reformed social assistance between 1998 and 2005. The most notable changes were in work and training requirements aimed at reducing the use of social assistance. In 1998, the Building Independence project was introduced. It consisted of five programs that provided for the basic needs of recipients, while encouraging them to rejoin the labour market. While the number of beneficiaries fell by 25 per cent between 1994-95 and 2002-03, it is unclear if the individuals who left the program remained in poverty.

In 2002, the Jobs First program was added to the Building Independence project. While looking for work, recipients could receive benefits through the transitional programs. Such recipients receive an allowance for food, shelter and childcare while looking for work. The transitional program had an 81-per-cent success rate, meaning that 81 per cent of recipients find work and no longer receive standard benefits (Dyck, 2004). There is no follow-up with recipients of transitional benefits to confirm they can meet their basic needs once they find a job. Since the early 2000s, most of the changes made to the standard and transitional programs have been slight increases to benefit levels.

Following the implementation of the National Child Benefit Supplement (NCBS), the predecessor of the Canada Child Benefit, Saskatchewan eliminated provincial child benefit payments. The money was reallocated to employment programs for low-income parents. "For Saskatchewan, the National Child Benefit initiative provided the fiscal and policy leverage that enabled the province to begin to move toward a more active social policy based on a partnership approach between citizen and state" (August, 2015:189).

I. Alberta

Alberta offers two separate social assistance programs, Alberta Works – Income Support (AW-IS) and Alberta Income for the Severely Handicapped (AISH). In 2018, Alberta was the province with the lowest dependency rate, only 2.2 per cent of the population relied on social assistance. Despite remaining low, the number of beneficiaries had risen significantly since 2014 due to the rise in unemployment related to the decline in oil prices. The number of beneficiaries and the dependency ratio are likely to jump following a further collapse in oil prices in 2020 and the economic disruption caused by the global pandemic. Benefit levels have historically been indexed to the Alberta Consumer Price Index, but cuts to the program resulted in the deindexing of benefits in January 2020.

Although most provinces have disability programs, Alberta's AISH is the first in Canada designed specifically for persons with a severe and permanent disability. The eligibility requirements are much stricter than other disability programs. Recipients must have a permanent and untreatable condition (Wood, 2015). Those deemed eligible have the highest welfare adequacy of any family type discussed in this report, reaching 96 per cent of the poverty threshold (Table A14).

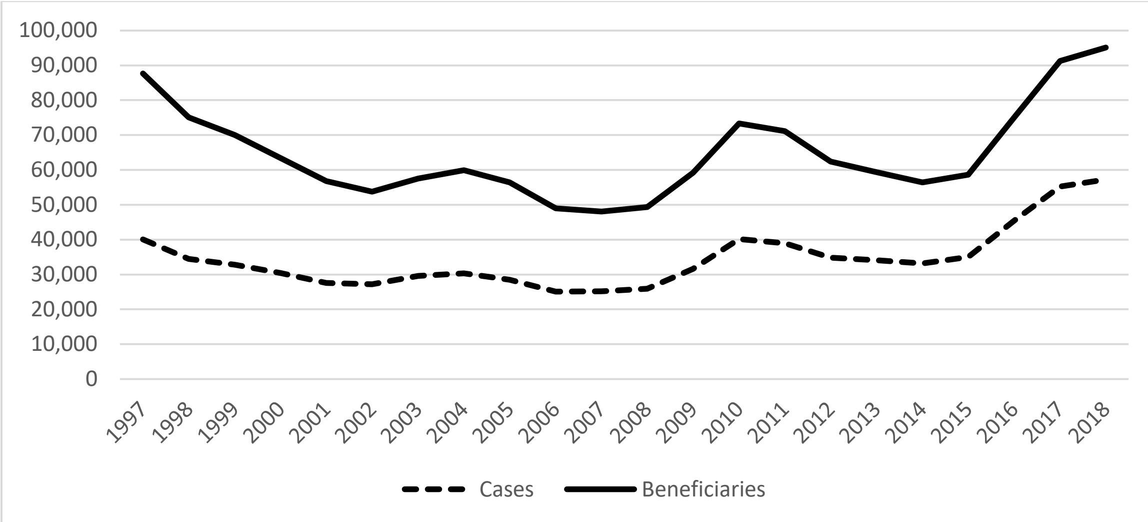
The medicalization trend is present in Alberta. The number of disability cases has risen every year since the introduction of AISH. An important factor explaining this trend is Alberta Works recipients moving to the AISH program. Other factors include the aging population, the growing population and the growing gap between AW-IS and AISH welfare incomes. A 2004 review of the program found that the disability program "clearly privileged support for persons with disabilities, thereby drawing people from AW-IS into the AISH program" (Wood, 2015: 166). There were more disability recipients than works recipients, presumably because unemployment was low in Alberta.

The ratio of cases to beneficiaries was highest in Alberta in 1997 among all provinces. The ratio has since fallen, highlighting the growing share of single adults receiving Alberta Works benefits. AISH recipients are excluded from the ratio illustrated in Panel C of Chart 40 because only data on cases is provided. Without knowing the number of AISH beneficiaries, the number of total cases in Alberta far outweighs the number of beneficiaries.

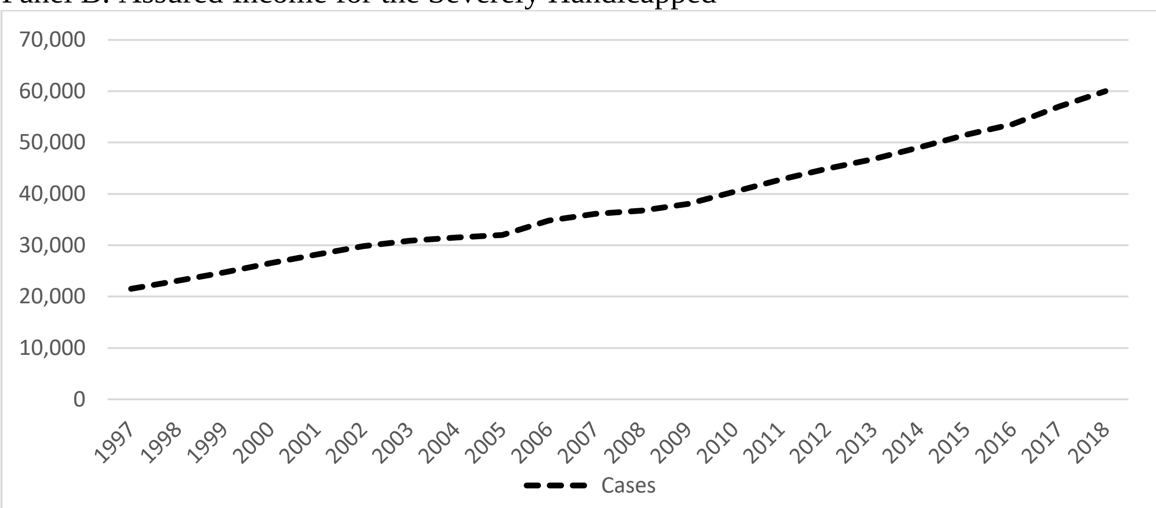
The fluctuation in dependency on the works program illustrates the link between the number of social assistance recipients and job market conditions. When benefit rates are low and work requirements are strict, most employable adults will transition to paid employment when opportunities exist. Chart A40 clearly illustrates the cyclical variations in dependency on the works program which sharply contrasts the completely linear trend for the disability program.

Chart A40: **Social Assistance Cases and Beneficiaries in Alberta, 1997-2018**

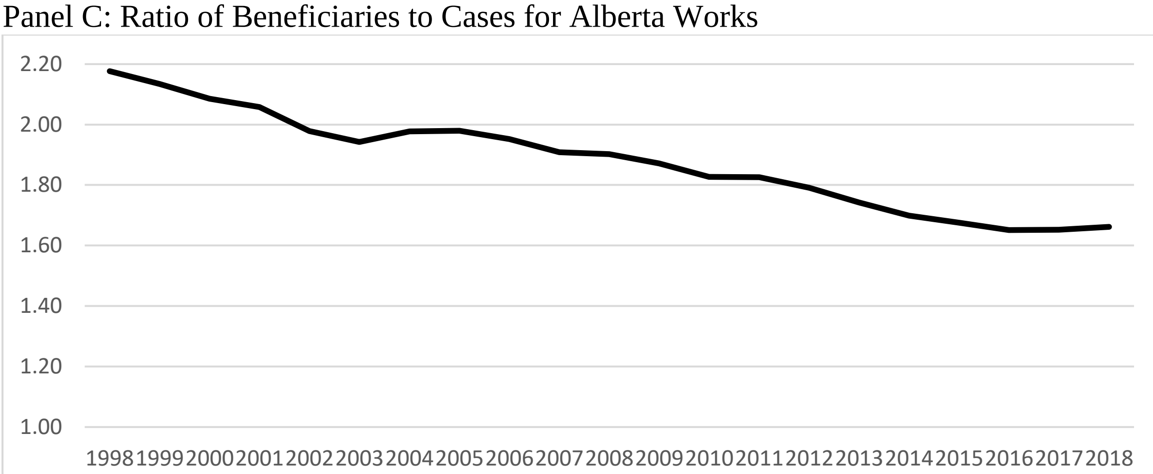
Panel A: Alberta Works – Income Support



Panel B: Assured Income for the Severely Handicapped



Panel C: Ratio of Beneficiaries to Cases for Alberta Works



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

Note: Data includes First Nations living on reserves for AISH only. Only cases are recorded for AISH.

Welfare incomes in Alberta are among the lowest in Canada. For single employable adults in the Alberta Works program, their incomes reach 39 per cent of the poverty threshold (tied for lowest adequacy in Canada with Nova Scotia). The significant difference in benefit levels between AISH and AW-IS indicates that the Alberta government subscribes to the idea of deserving and undeserving poor. Alberta consistently has some of the lowest welfare adequacy for each household type, except for persons with a permanent disability.

Real welfare incomes have been steady in Alberta over the past few years. Real income for households with children saw an increase between 2016 and 2017 due to the enhanced federal child benefits, but real welfare income for those households decreased between 2017 and 2018 (Aldridge and Tweddle, 2019).

Table A14: **Adequacy of Social Assistance in Alberta, 2018**

Adequacy indicator	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children	Single person in AISH program
Total welfare income	$8,106	$10,301	$19,927	$29,238	$19,786
MBM threshold (Calgary)	$20,585	$20,585	$29,111	$41,170	$20,585
Welfare income minus MBM threshold	-$12,479	-$10,284	-$9,184	-$11,933	-$799
Welfare income as % of MBM	39%	50%	68%	71%	96%

Source: Aldrige and Tweddle, 2019

In 1990, the Social Allowance program was renamed Supports for Independence (SFI). With an eye to reducing caseloads and discouraging dependency, the province tightened eligibility criteria and cut benefits. Caseloads fell by 61.5 per cent between 1993 and 1997. This reflects a reduction of 172,176 beneficiaries, of which roughly 20 per cent returned to social assistance within a year. Persons leaving social assistance were often worse off. As noted by Wood (2015:163) in a study on Alberta, "[b]y 1996, demands at the Edmonton food bank had reached their peak. Homelessness and child welfare referrals increased significantly". Of the individuals who left the program, 67.7 per cent were employed either full-time or part-time in 1997. For recipients who returned to the program, 31.8 per cent were employed. Most who were not looking for work cited health or personal problems (Azmier and Roach, 1997). Unfortunately, 19.4 per cent of the recipients who returned to the program cited insufficient income as their reason. This illustrates the inadequate income generated by low-paying work. Even among recipients who did not return to social assistance, 68.2 per cent reported being unable to always meet their shelter and food needs (Azmier and Roach, 1997). In 2003, the program was restructured to offer better employment services, health benefits and child support services (Wood, 2015).

Alberta's current social assistance program for persons deemed employable is characterized by barriers such as requiring evidence of job search and long wait periods for accessing financial assistance. Once a recipient does qualify, social assistance benefit rates are extremely low (Table 14). While these features have kept beneficiary numbers extremely low, they have not reduced poverty or the need for social assistance in Alberta. Wood states "[c]ommunity-run food banks and homelessness appear to be the face of welfare in Alberta today, not any provincial government program" (2015:173). Furthermore, the deindexation of welfare benefits will lead to a decrease in real welfare incomes unless there are periodic increases to the rates.

J. British Columbia

British Columbia offers two social assistance programs, Temporary Assistance and Disability Assistance. The temporary program is divided into multiple designations based on the recipient's ability to work and the timeframe in which they are expected to find work. While the number of temporary cases and beneficiaries is falling, the number of people receiving disability benefits is increasing consistently (partly a result of transfer of recipients between programs). This is again representative of the medicalization trend of social assistance, where the government is emphasizing the idea that to receive social assistance there must be medical barriers to working. This also feeds into the idea of deserving and undeserving poor (Pulkingham, 2015). Benefits are not indexed to inflation.

The welfare dependency rate in British Columbia was 3.8 per cent in 2017-18. There were 68,220 beneficiaries of the general program and 122,431 beneficiaries of the disability program. The drastic reduction in beneficiaries in the general program through the 1990s can be attributed to stricter eligibility requirements. There were 190,651 beneficiaries in 2017-18 in the general and the disability program, a drastic decrease from 333,129 in 1996-97 (Chart A29). Even as beneficiaries fell in the 1990s, the poverty LICO poverty rate rose from 10 per cent to just above 16 per cent between 1990 and 1998 (Ivanova, 2011). British Columbia experiences high child poverty and faces a homelessness crisis, especially in Vancouver. Many factors are responsible for those conditions, but the absence of adequate social assistance is an aggravating factor of the current situation (Falvo, 2018).

Table A15: **Adequacy of Social Assistance in British Columbia, 2018**

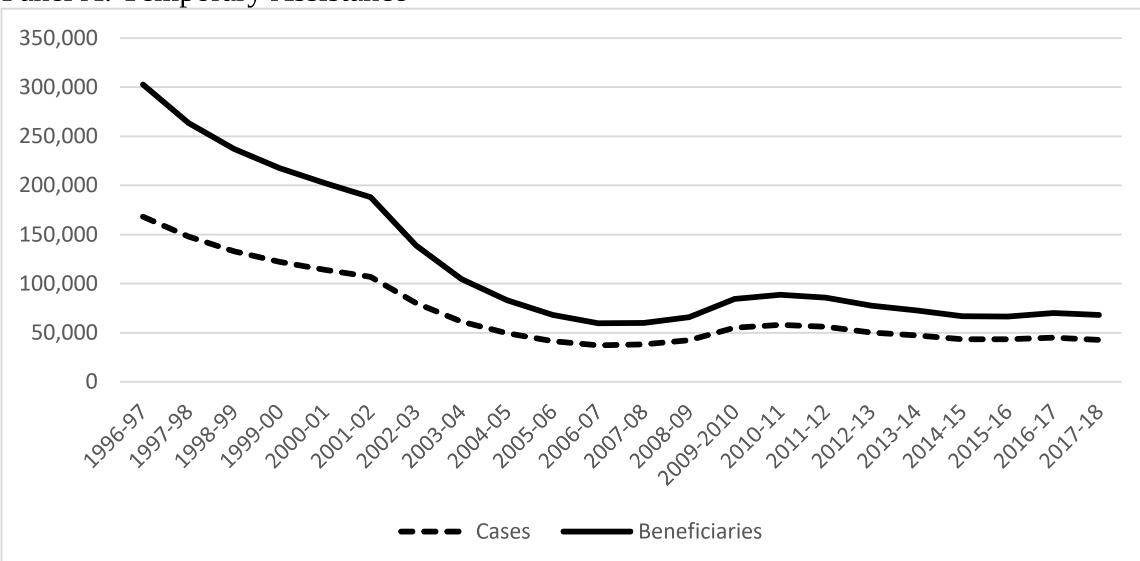
Adequacy indicator	Single person considered employable	Single person with a disability	Single parent, one child	Couple, two children
Total welfare income	$9,042	$14,802	$20,782	$27,006
MBM threshold (Vancouver)	$20,684	$20,684	$29,251	$41,367
Welfare income minus MBM threshold	-$11,642	-$5,882	-$8,469	-$14,361
Welfare income as % of MBM	44%	72%	71%	65%

Source: Aldridge and Tweddle, 2019.

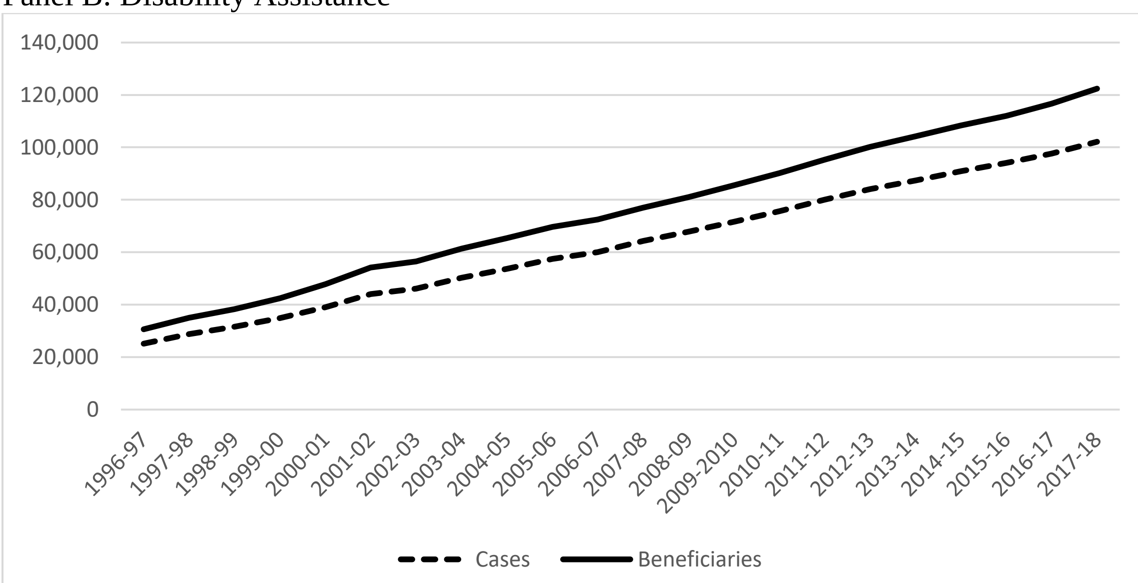
Welfare adequacy in British Columbia is the lowest in Canada at 65 per cent of the MBM for couples with two children. Surprisingly, welfare incomes are more adequate for single adults with a disability rather than in households with children (Table A15). Real welfare incomes for adults without children were constant from 2010 to 2017 but increased in 2018. Real welfare incomes for households with children increased in 2016 due to the federal child benefit (Aldridge and Tweddle, 2019).

Chart A41: **Social Assistance Cases and Beneficiaries in British Columbia, 1996-97 - 2017-18**

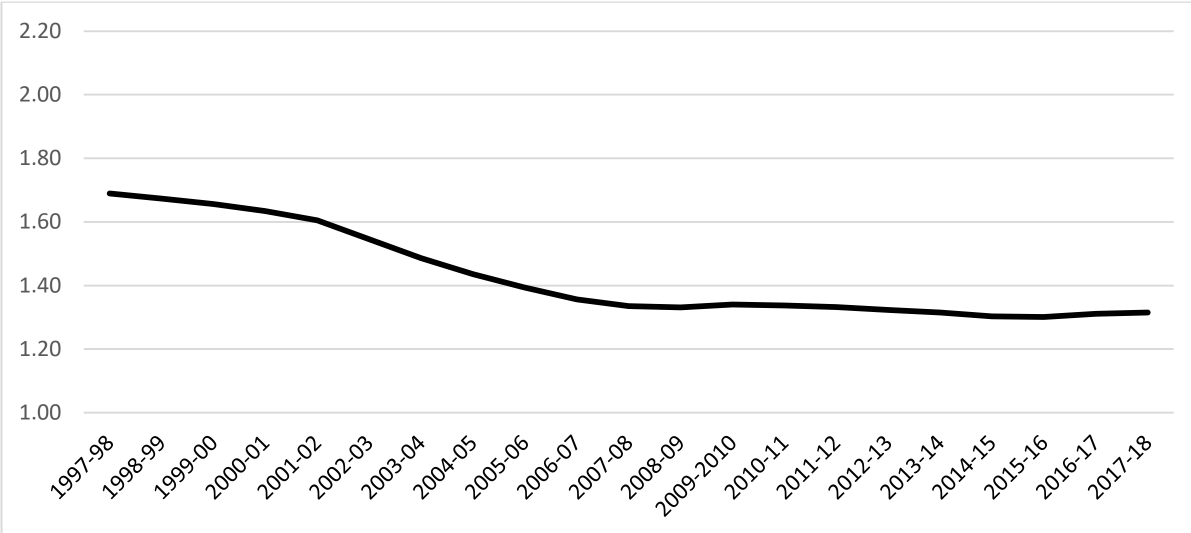
Panel A: Temporary Assistance



Panel B: Disability Assistance



Panel C: Ratios of Beneficiaries to Case



Source: Maytree Report on Social Assistance Summaries in Canada, 2018

Attitudes towards welfare in British Columbia have fluctuated significantly in the last 30 years. The early 1990s saw a shift away from a conservative and punitive model, towards one that encouraged market integration and facilitated the transition off assistance with generous earning allowances, childcare, transportation subsidies and job training. From 1992 to 1999, British Columbia participated alongside New Brunswick in the Self-Sufficiency Program (SPP). They did not participate in SPP Plus.

Increasing caseloads due to an increase in poverty led to a shift in attitude and the implementation of the BC Benefits Act in 1996. As noted by Pulkingham (2015:144), the new model prioritized labour force participation "not by improving working conditions or creating positive incentives to work but by eroding welfare supports and reinforcing privatized familial support obligation". A change in government in 2001 made way for the creation of BC Employment and Assistance (BCEA), which replaced the BC Benefits Acts in 2002. Using the same underlying principles, the new legislation added harsher provisions. A training wage, below the minimum wage was introduced for welfare recipients entering the labour market for the first time. All earning exemptions were removed. Applicants had to wait three weeks before they could receive benefits and demonstrate they were looking for work. Notably, the program included a two-in-five rule, where recipients could only receive assistance for two years within a five-year period if they were considered employable and did not have children. The policy was eliminated in 2012, yet British Columbia remains the only province in Canada to have ever set a time limit to receiving social assistance (North Shore Community Resources, 2013).

The consequences of being cut off social assistance are often devastating and can lead to an increase in the use of food banks, a return to abusive relationships, and homelessness. Despite the elimination of the time-limit rule, individuals can still be cut off social assistance, primarily for failure to meet work requirements. The Canadian Centre for Policy Alternatives reviewed BC's welfare program and suggested that the regulations and administrative practices that permit people being cut off, even temporarily, must be revisited. The review said these measures were "too arbitrary, they are applied inappropriately, and they cause unacceptable hardship and harm"

(Pulkingham and Klein, 2008:7). Applicants are still required to prove they are looking for work before being accepted in the program. Earning exemptions have been re-established.

K. Social Assistance for First Nations on Reserve

Social assistance on reserve is funded by the federal government through Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) and Indigenous Services Canada (ISC). Band and tribal councils are responsible for delivering the programs on reserve in accordance with provincial guidelines on eligibility and work requirements. However, the federal government says bands "may opt to share service delivery with other First Nations communities or organizations, or contract for service with provincial, municipal, or non-government agencies" (Indigenous and Northern Affairs Canada, 2010). To qualify for assistance, the applicant must be a resident of a reserve, but can be living off reserve if they are receiving an education or services that are otherwise not available on the reserve.

In every province except Ontario, which provides on-reserve assistance provincially, assistance is provided under the Income Assistance Program for First Nations.[54] In Ontario, the federal and provincial governments share the costs. The provincial government is responsible for the provision of social assistance services to First Nation persons living on reserve. The federal government covers 95 per cent of the costs associated with delivering Ontario Works to First Nations living on reserves. The 1965 Memorandum of Agreement Respecting Welfare Programs for Indians between the federal and Ontario governments set up the cost-shared income assistance program. Ontario Works is delivered by individual bands. However, the provincial government sets the guidelines for administration (Indigenous Services Canada, 2019).

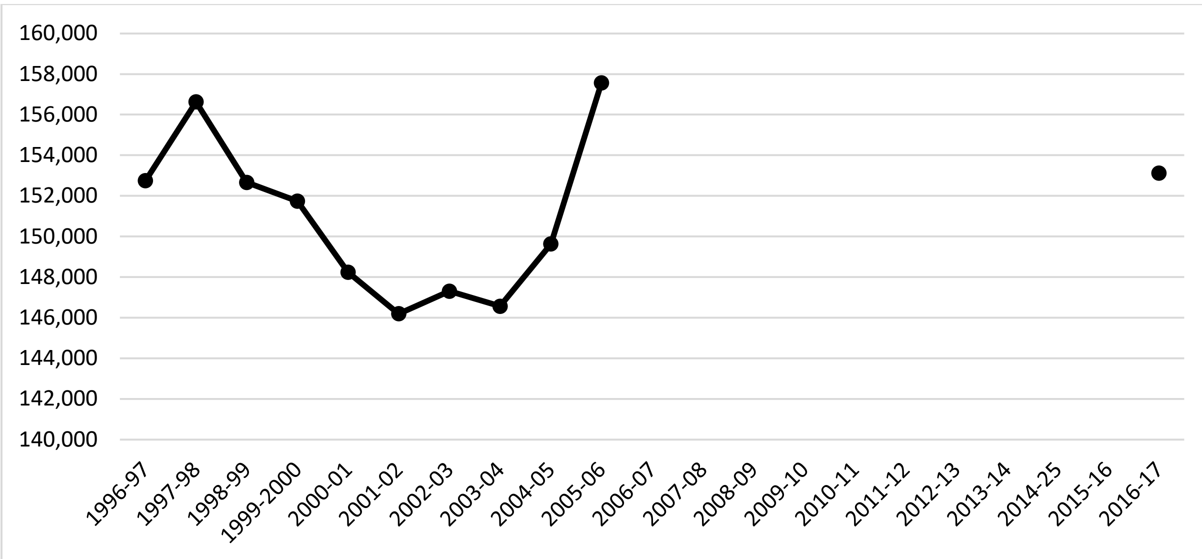
In 2016-17, 29.9 per cent of persons living on reserve were beneficiaries of income assistance (Chart A42), nearly six times higher than the Canadian average of 5 per cent. The dependency rate varies significantly between reserves, with some having dependency rates lower than 5 percent and others near 80 per cent. Hugh Shewell, in his *book "Enough to Keep Them Alive": Indian Welfare in Canada, 1873-1965,* said that "welfare dependency on reserve is as much an outcome to suppress Indians' cultural and political sovereignty as it is a result of economic deprivation and high unemployment" (Shewell, 2004:5).

In 2011-12, the most recent year for which data are available, there were 541 First Nation communities participating in the federal income assistance program (Table 16). However, dependency rates are not reported for 54 First Nations that are self-governing or where the program is managed by a tribal council or administering organization. In 2011-12, 6.5 per cent had dependency rates between 0 and 5 per cent, 48.6 per cent had dependency rates between 6 and 36 per cent and 34.9 per cent had dependency rates above 37 per cent. Rates were highest in Saskatchewan and Manitoba and lowest in Quebec and Ontario. Prince Edward Island and Newfoundland and Labrador had no First Nations with dependency rates above the average, but both provinces only had two First Nations reporting data. Low rates in Quebec are in part due to

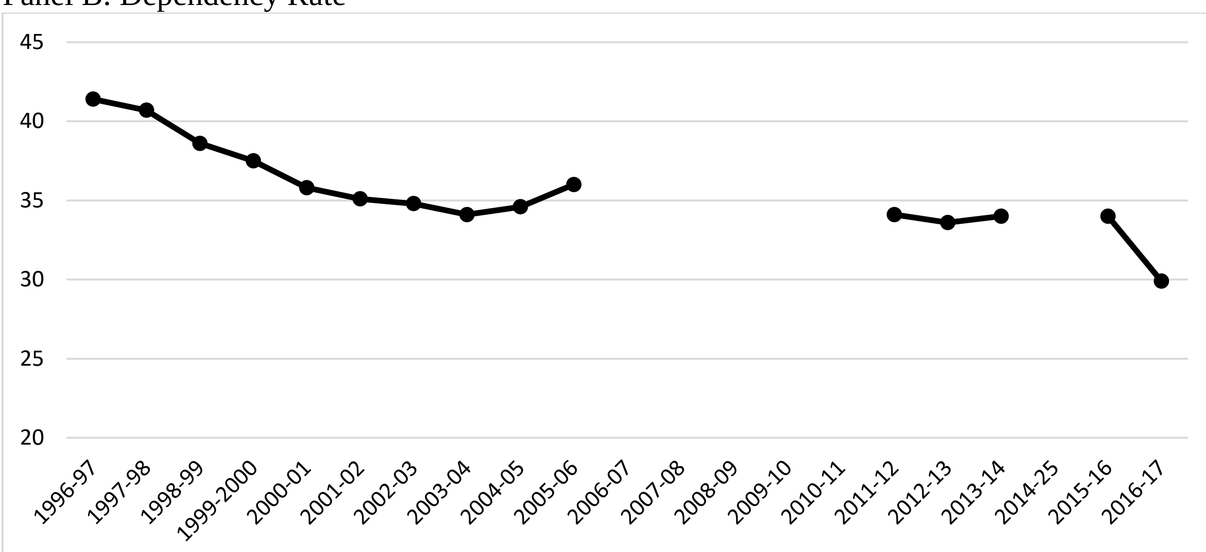
[54] Limited information is available on the program's website. The Indigenous Services Canada website defers to links to contact band office or regional offices. General eligibility requirements are made available, but to find details on the program, benefit rates and the application process one must contact the band offices individually.

good economic conditions for Cree communities in northern Quebec. They have been able to use the financial settlement from the 1975 James Bay and Northern Quebec Agreement to their advantage.

Chart A42: **Average Beneficiaries and Dependency Rate On-Reserve, 1996-97 – 2016-17**
Panel A: Beneficiaries



Panel B: Dependency Rate



Note: Breaks in the line represent years were the data are unavailable.
Source Panel A: 1996-97-2006-07: Audit and Evaluation Sector INAC, 2007; 2016-17: Indigenous Services Canada, 2019
Source Panel B: 1996-97-2006-07: Audit and Evaluation Sector INAC, 2007; 2011-12 and 2016-17: Indigenous Services Canada, 2019; 2012-13: Joint Evaluation of the On-Reserve Income Assistance Reform, 2016; 2013-14: Aboriginal Affairs and Northern Development Canada and Canadian Polar Commission, 2015

Table A16: **On-Reserve Dependency Rates by Province, 2011-12**

Panel A: Number of First Nations Participating in Income Assistance Program by Dependency Rate, 2011-12

Province	First Nations in Income Assistance Program	Between 0-5 %	Between 6 and 36%	37+%	Unavailable
BC	186	20	98	35	33
AB	45	1	21	15	8
SK	69	0	19	50	
MB	62	0	9	53	
ON	110	6	78	14	12
QC	30	3	23	4	
NS	13	1	3	9	
PEI	2	0	2	0	
NB	15	1	7	7	
NL	3	1	1	0	1
YK	6	2	2	2	
Total	541	35	263	189	54

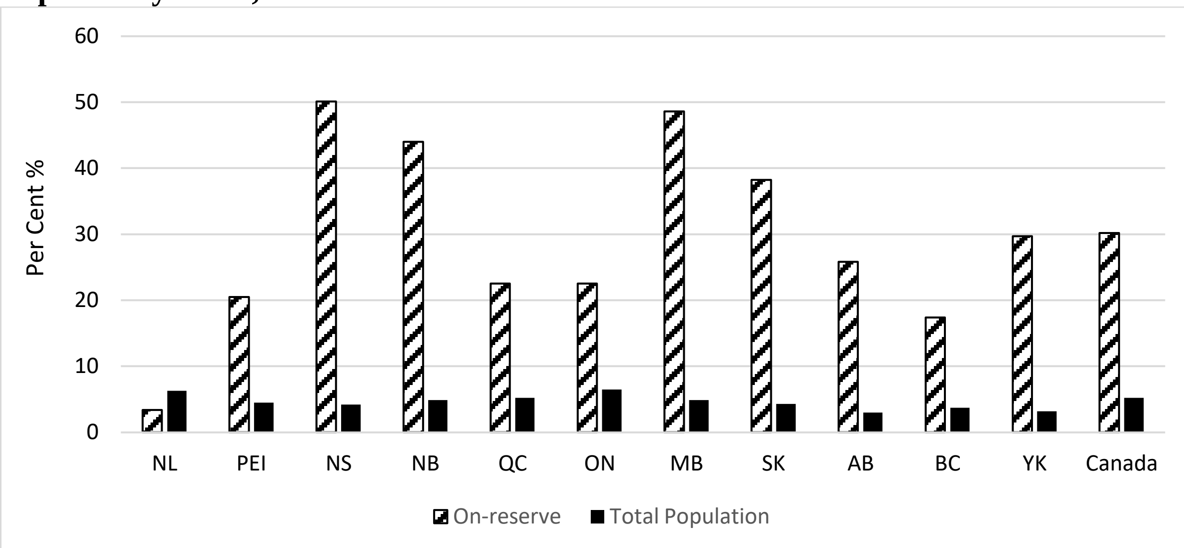
Panel B: Distribution of Dependency Rates of First Nations Participating in Income Assistance Program, 2011-12

Province	First Nations in Income Assistance Program	Between 0-5 %	Between 6 and 36%	37+%	Unavailable
BC	186	10.8	52.7	18.8	17.7
AB	45	2.2	46.7	33.3	17.8
SK	69	0.0	27.5	72.5	0.0
MB	62	0.0	14.5	85.5	0.0
ON	110	5.5	70.9	12.7	10.9
QC	30	10.0	76.7	13.3	0.0
NS	13	7.7	23.1	69.2	0.0
PEI	2	0.0	100.0	0.0	0.0
NB	15	6.7	46.7	46.7	0.0
NL	3	33.3	33.3	0.0	33.3
YK	6	33.3	33.3	33.3	0.0
Total	541	6.5	48.6	34.9	10.0

Source: Data retrieved from Joint Evaluation of the On Reserve Income Assistance Reform, 2016
Note: Data are unavailable for the 54 First Nations in the Income Assistance Program that have their program managed either by their related Tribal Council or Administrative Organization or are self-governing.

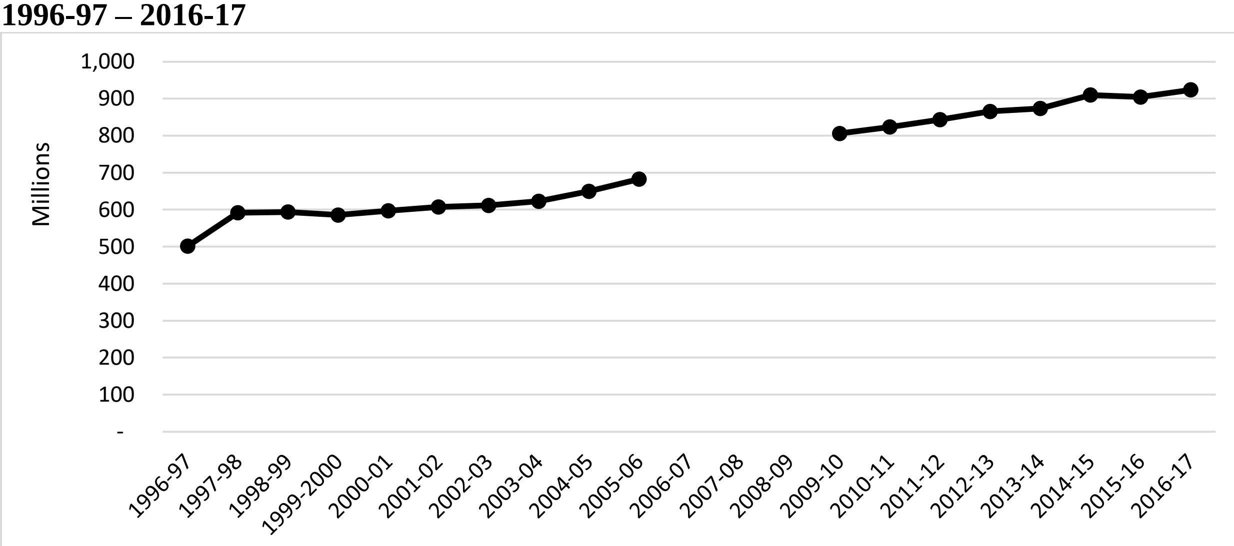
The number of cases over the total population on-reserve are available for 2015-16 at the provincial level. The overall on-reserve caseload/population rate was 30.2 per cent (Chart A43). This rate is not comparable to the standard dependency rate which measures the number of beneficiaries over the total population. British Columbia, Quebec and the Atlantic provinces have seen a decrease in their caseload/population rate between 2012 and 2017, but the rates for Alberta, Saskatchewan and Manitoba have remained steady (Indigenous Services Canada, 2018).

Chart A43: On-Reserve Caseload/Population Rate and Provincial Social Assistance Dependency Rates, 2015-16



Source: Evaluation, Performance Measurement and Review Branch of Indigenous Services Canada, 2018

Chart A44: **Total Expenditure by the Federal Government on Social Assistance On-Reserve, 1996-97 – 2016-17**



Source: 1996-97 – 2006-07: Audit and Evaluation Sector INAC, 2007; Evaluation, 2009-10-2016-17: Performance Measurement and Review Branch Indigenous Services Canada, 2018

Total expenditure on social assistance in current dollars has been rising at a slow but steady rate (Chart A44). Funding for employment training and job search programs began to address the low labour force participation of First Nations in 2013. From 2013 to 2017, the Income Assistance Reform Initiative was introduced and led by Indigenous and Northern Affairs Canada and Employment and Social Development Canada to target on-reserve youth income assistance dependency. The program had two components: Enhanced Service Delivery and the First Nations Job Fund.

Enhanced Service Delivery was administered by Indigenous and Northern Affairs Canada. On reserve, 25,547 youth between the ages of 18-24 are beneficiaries of social assistance. The program was designed to introduce the case management model for young social assistance recipients. With the ESD program, a recipient worked with a case manager and other service delivery providers to identify individual barriers, and then the appropriate pre-employment skills training was available for six months. Following the six months of training, the recipients were expected to be employable. The project was limited by overwhelming caseloads that made personal assessments rushed, and an inadequate timeframe to allow the youth to develop the necessary skills.

The First Nations Job Fund (FNJF) was introduced in 2013 and administered by Employment and Social Development Canada to target employment strategies for Indigenous youth between the ages of 18 and 24 on social assistance. The program was delivered by Aboriginal Skills and Employment Training Strategy. Between 2013-14 and 2016-17, $108.6 million was allocated to the FNJF, with a target of $7,000 per client (Indian and Northern Affairs Canada, 2016).

Both programs showed mildly successful results. INAC reported that "As of March 31, 2017, more than 10,400 on-reserve young adults have received case management support and nearly 7,300 young people have left the Income Assistance program" (INAC, 2017, pp.24). Between 2013 and 2017, welfare dependency rates for youth on-reserve aged 18-24 are reported to have fallen from 33.6 per cent to 30.2 per cent.

In the 2019 budget, the federal government committed to improve social services for First Nations. It plans to spend $39 million in the 2020-21 fiscal year to enhance on-reserve income assistance with better case management and pre-employment support.

To find rates for social assistance provided to persons living on reserve, it is necessary to contact individual band offices. However, an example of the monthly rates available to persons living on reserves in British Columbia is given below (Table A17).

Basic benefit rates are identical to off-reserve rates for all citizens. However, applicants are expected to contact their band office to find the rates they would receive for their household types and which in-kind benefits they can access. The primary difference in benefit levels exists in provinces where a shelter allowance is included in welfare benefits. On-reserve, "[s]helter allowance is only paid where there is a universal rental regime and/or a Canada Mortgage and Housing Corporation mortgage, which leaves out many homes" (Indigenous Services Canada, 2019:26). Persons living on reserve do not always have access to disability programs, even if a program exists for persons living off reserve.

Table A17: **Social Assistance On-Reserve in British Columbia, 2018**

	Single Person Considered Employable	Single Person with Disability	Single Parent with Child	Couple with Children
Base Rate	$710	$1,133	$1,046	$1,161
Basic Needs	$335	$758	$476	$501
Shelter Allowance	$375	$375	$570	$660
Earned Income Exemption	$400	$1,000	$600	$700

Source: Legal Services Society, *Income Assistance on Reserve in British Columbia, 2018*

Statistics Canada does not apply official poverty thresholds in the territories or on reserves. To assess the adequacy of welfare programs on reserve, the government uses a dated metric to compare on-reserve poverty to that of the province. This is not ideal because needs and the cost of living of the two groups are different. Rates on-reserve should not be set to be identical to the provinces, but rather should be calculated based on the cost of living and specific needs on-reserve.

Despite benefit rates being identical on and off reserve, the service delivery is not. A case study of the social assistance delivery models on- and off-reserve in Manitoba found considerable differences (Indigenous Services Canada, 2018). In Manitoba, the application process for an individual living off-reserve begins with a pre-intake orientation over the phone where the process is explained, followed by an in-person appointment where the client's eligibility is assessed. If eligible for social assistance, the client is paired with a case manager and if the situation is deemed an emergency may immediately receive their first payment. Manitoba uses a case management approach, where the case managers are trained to empower their clients by helping them develop work or job readiness plans, secure housing, procure a driver's license, enroll in adult education and more. Case management staff include trained financial case workers and social case workers.

The reality is much different on-reserve, where staff training and service delivery models vary from band to band. Eligibility for social assistance is assessed by the First Nation and very few First Nations offer case management. The absence of a case management approach means "[c]lients do not, generally, fill out work plans, they do not receive job readiness training, and they do not have access to transition-to-work activities. Where job plans are filled out, they are not enforced due to lack of available jobs on-reserve" (Indigenous Services Canada, 2018:26). In addition, case workers are paid less on-reserve than their off-reserve counterparts.