



# Interpreting the data:

Key takeaways from *Welfare in Canada, 2021*

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All of the data contained in this policy brief and the full version of *Welfare in Canada, 2021* are available to download at [www.maytree.com/welfare-in-canada](http://www.maytree.com/welfare-in-canada).

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### **About Maytree**

Maytree is committed to advancing systemic solutions to poverty and strengthening civic communities. We believe the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are respected, protected, and fulfilled for all people living in Canada. Through our work, we support non-profit organizations, their leaders, and people they work with.

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# Overview

This policy brief provides an analysis of data published in Maytree's *Welfare in Canada, 2021* report. It highlights the key trends in the report's analysis of the income support benefits available to people who qualify for social assistance across Canada.

The data in *Welfare in Canada, 2021* reveal five main findings:

1. Welfare incomes were deeply inadequate across Canada:
  - All households in every province lived in poverty, and the large majority lived in deep poverty.
  - Seven of eight households in the Northwest Territories and the Yukon lived in poverty.
2. Most jurisdictions did not make substantive increases to already inadequate social assistance benefits.
3. Federal income supports for unattached single households in all jurisdictions were very limited.
4. Fewer payments related to the COVID-19 pandemic were provided to households receiving social assistance in 2021 as compared to 2020.
5. Total welfare incomes increased in a limited number of cases. In most instances, higher inflation in 2021 negated their positive impact.

The brief also identifies possible policy actions to improve income support benefit programs at both the provincial/territorial and federal levels. We hope that governments will prioritize the dignity of all members in our society and consider taking these actions. It would be an important step in ensuring that everyone in Canada can realize their human right to an adequate standard of living.

The data that forms the basis of analysis is available for download, as is the entire *Welfare in Canada, 2021* report, at <https://maytree.com/welfare-in-canada/>.

## Context

Maytree's *Welfare in Canada* report presents and analyzes the total incomes of four example households who qualify for social assistance benefits in each of Canada's provinces and territories in a given year. Welfare income refers to the total income of households who qualify for provincial or territorial social assistance benefits, and includes payments from social assistance as well as provincial, territorial, and federal benefits and refundable tax credits.

In Canada, social assistance programs are the jurisdictional responsibility of the provincial and territorial governments. As such, Maytree develops its *Welfare in Canada* report by engaging with public officials across the country to verify total income and related data that we collect through a review of online legislation, regulation, and policy sources.

For each jurisdiction, the four household types presented in the report are:

- An unattached single who is considered employable;
- An unattached single with a disability;
- A single parent with one child, age two; and
- A couple with two children, ages ten and 15.

In total we analyze the incomes of 53 households, as we include two unattached single with a disability households in Alberta.

The analysis in this policy brief focuses on the total incomes of the unattached single households (i.e., single adults without a spouse or children), both those who are “considered employable” and those who have a disability. Some discussion of the incomes of the households with children is also included.

Unattached singles comprise the largest household group receiving social assistance. As reported in *Social Assistance Summaries, 2021*, unattached singles made up the majority of recipients in half of the social assistance programs in Canada in 2021, while in the other half of programs, they were the largest or second largest group of recipients.<sup>1</sup> Furthermore, unattached singles under 65 currently face the highest rates and deepest levels of poverty in the country; in 2019, they represented over half of the 1.8 million people living in deep poverty in Canada.<sup>2</sup>

To better contextualize the data analyzed in this policy brief, a summarized methodology is available in the appendix. For the full methodology, please consult the *Welfare in Canada* report.

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- 1 Tabbara, Mohy and Garima Talwar Kapoor. (2022). “Interpreting the data: What are the key trends in Social Assistance Summaries, 2021?”. Policy Brief. Maytree. Accessed at: <https://maytree.com/publications/interpreting-the-data-what-are-the-key-trends-in-social-assistance-summaries-2021/>. See the whole Social Assistance Summaries, 2021 report at: <https://maytree.com/social-assistance-summaries/>.
  - 2 Talwar Kapoor, Garima, Mohy Tabbara, Sherri Hanley, and Sasha McNicoll. (2022). “Upshot: How to reduce the depth of single adult poverty in Canada. Proposal for a Canada Working-Age Supplement.” Maytree & Community Food Centres Canada. P.1. Accessed at: <https://maytree.com/wp-content/uploads/canada-working-age-supplement-upshot.pdf>.

# Analysis

## Welfare incomes were deeply inadequate across Canada in 2021

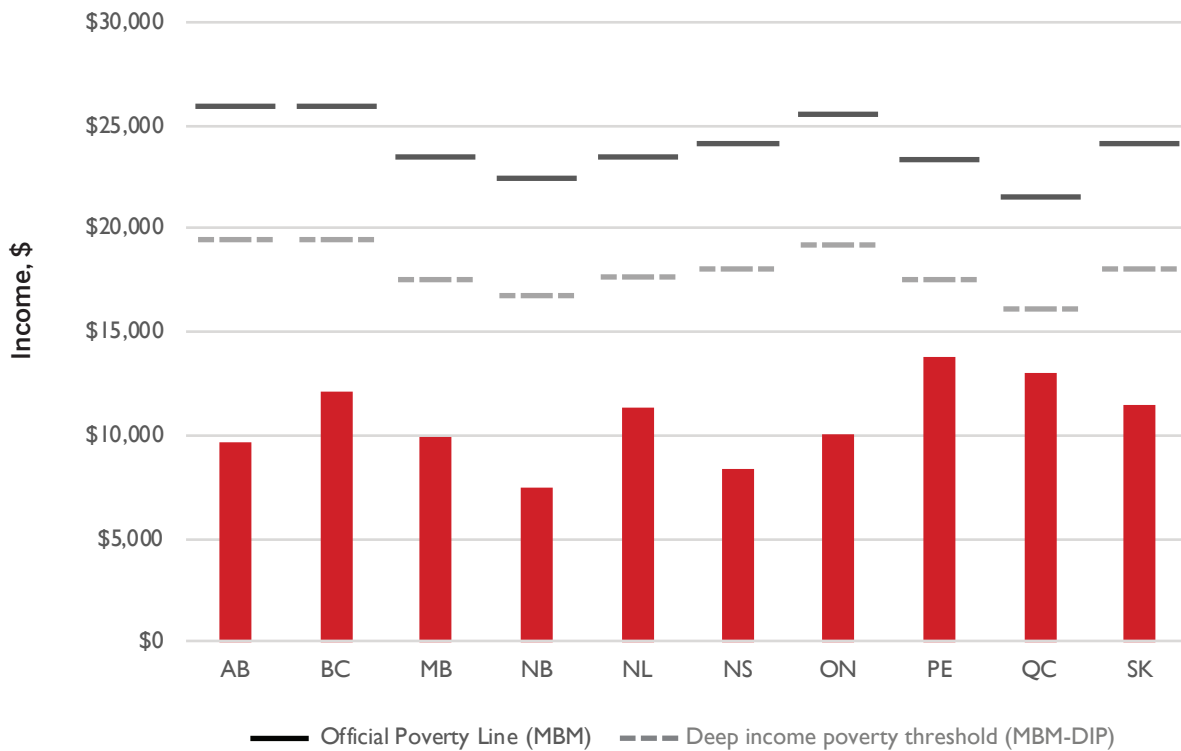
In *Welfare in Canada*, we compare the total welfare incomes of all our example households in all ten provinces, the Northwest Territories, and the Yukon to two poverty thresholds:

- The Market Basket Measure (MBM), Canada's Official Poverty Line, identifies households whose disposable income is less than the cost of a basket of goods and services that represent a basic standard of living. For the two territories, the Official Poverty Line is the Northern Market Basket Measure (MBM-N).
- The deep income poverty threshold (MBM-DIP or MBM-N-DIP in the two territories) represents 75 per cent of the Official Poverty Line and identifies households whose disposable income is less than the cost of only the very basic necessities such as food, clothing and footwear, shelter, and transportation.

### Inadequacy in the provinces

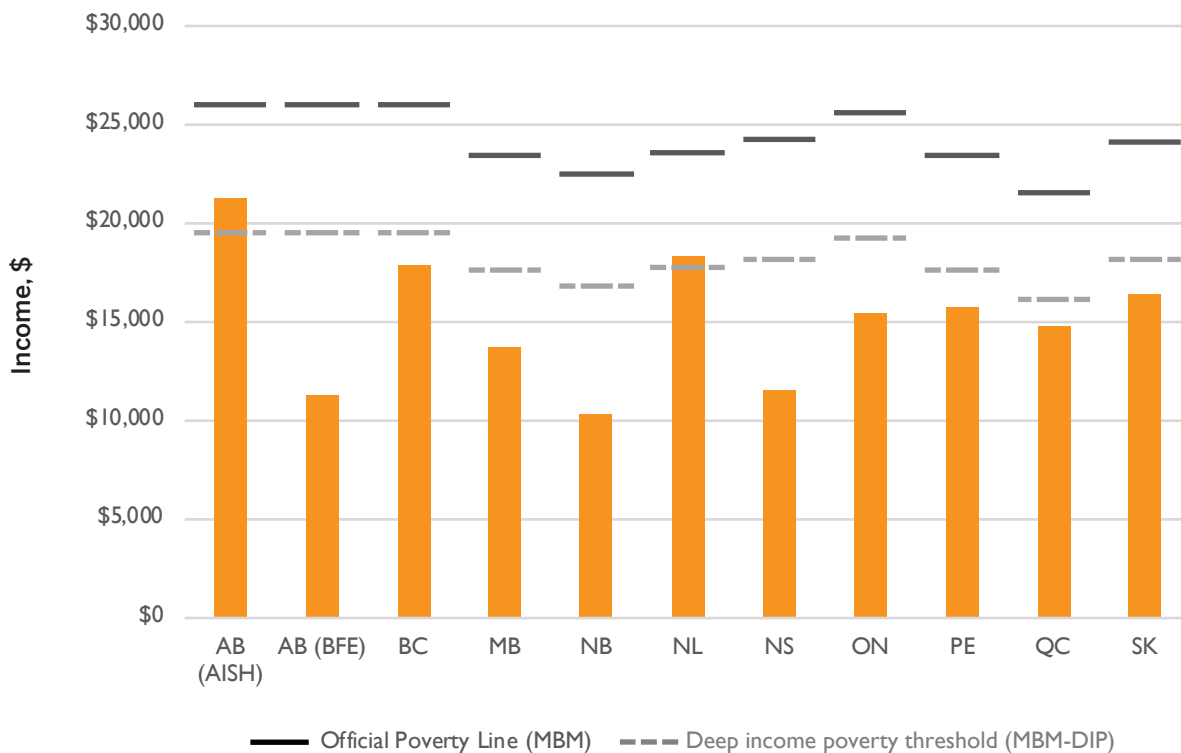
The two graphs below compare the total welfare incomes of unattached single households in the provinces with the Official Poverty Line and the deep income poverty threshold. Note that the MBM and MBM-DIP do not account for the higher cost of living faced by persons with disabilities; these additional costs are not reflected in the analysis and thus their depth of poverty may be underrepresented.

## Adequacy of welfare incomes for unattached single considered employable households in the provinces, 2021



- As this graph demonstrates, all **unattached single considered employable** households in all ten provinces were living in deep poverty, with incomes that were far below the deep income poverty threshold. Of the four households, they received the least adequate incomes.
  - The highest income, in Quebec, amounted to just 60 per cent of the Official Poverty Line.
  - The two lowest incomes, in New Brunswick and Nova Scotia, were only 33 and 35 per cent of the poverty line, respectively.

## Adequacy of welfare incomes for unattached single with a disability households in the provinces, 2021



- **Unattached single with a disability** households lived in deep poverty in 2021 in all but two cases.
  - o Of the two households above the deep income poverty threshold, the **unattached single with a disability** household in Alberta receiving benefits through the Assured Income for the Severely Handicapped (AISH)<sup>3</sup> program had a welfare income that was only 82 per cent of the poverty line, while the income of the household in Newfoundland was only 77 per cent.
  - o Of the nine households living in deep poverty, the least adequate was also in Alberta, for the household receiving benefits through the Barriers to Full Employment (BFE) program, at 43 per cent of the poverty line.

3 Alberta has two social assistance programs for people with disabilities:

- The Assured Income for the Severely Handicapped (AISH): To access AISH, an applicant must show evidence that they have a severe disability that causes substantial limitation in their ability to earn a livelihood and that is likely to be permanent.
- The Barriers to Full Employment (BFE): To access BFE, an applicant must show evidence that they will probably never be able to work full time continuously in the competitive labour force. This includes people whose employment is intermittent due to their health problems.

Households with children in the provinces fared only slightly better.

- Of the ten **single parent with one child** households, seven had incomes below the deep income poverty line. The three most adequate were in Quebec and Prince Edward Island, at only 81 per cent of the poverty line, and Manitoba, at 76 per cent. The least adequate income, in Nova Scotia, was 62 per cent of the poverty line.
- Of the ten **couple with two children** households, eight were below the deep income poverty threshold. The two most adequate were in Quebec, at 92 per cent of the poverty line, and Prince Edward Island, at 85 per cent. The least adequate, in New Brunswick, was only 61 per cent of the poverty line.

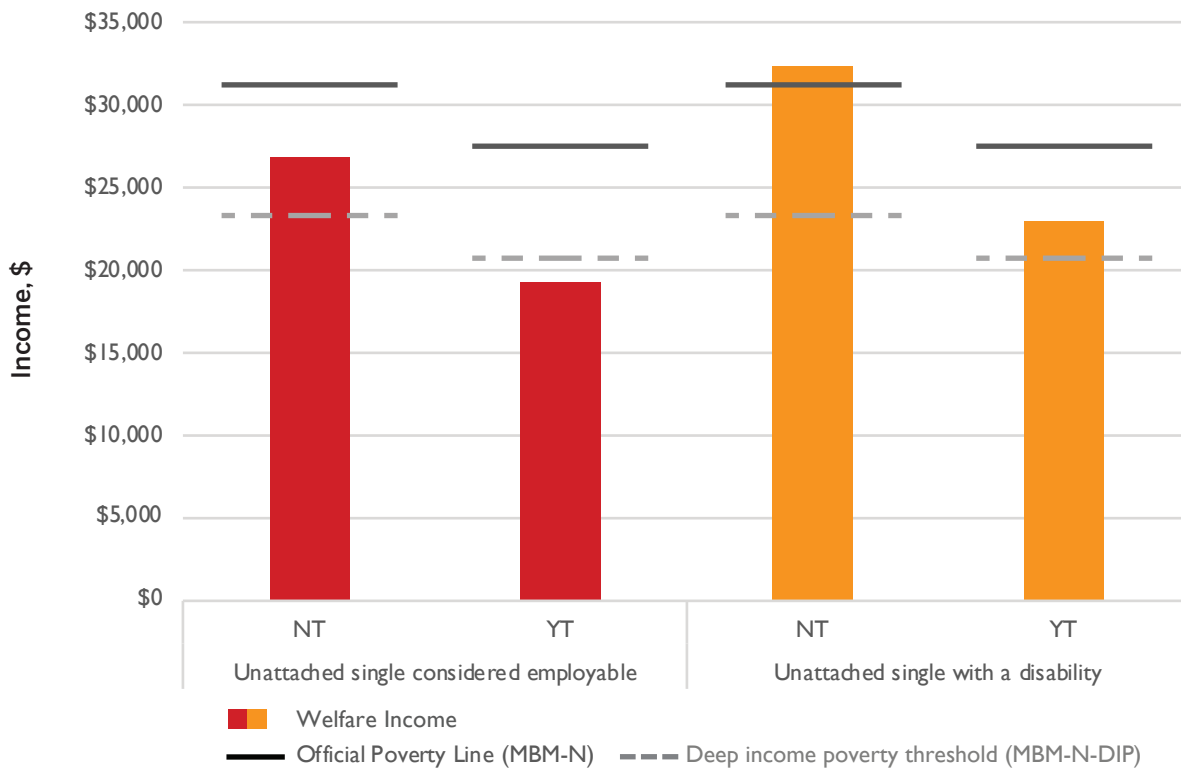
## Inadequacy in the territories

For the first time, we were able to assess the adequacy of welfare incomes in the Northwest Territories and the Yukon for 2021. In November 2022, Statistics Canada released the finalized thresholds for the Northern Market Basket Measure (MBM-N) for these two territories. A market basket measure for Nunavut is still being established.

The graph below compares the total welfare incomes of unattached single households in the Northwest Territories and the Yukon with the Official Poverty Line (MBM-N) and the deep income poverty threshold (MBM-N-DIP), which is 75 per cent of the MBM-N.



## Adequacy of welfare incomes for unattached single households in the territories, 2021



- One household, the **unattached single considered employable** in the Yukon, was living in deep poverty, at just 70 per cent of the poverty line.
- Two households had incomes that were above the deep income poverty threshold but below the poverty line. The **unattached single with a disability** in the Yukon had an income of 83 per cent of the poverty line, and the **unattached single considered employable** in the Northwest Territories had an income of 86 per cent of the poverty line.
- The **unattached single with a disability** in the Northwest Territories had an income of 104 per cent of the poverty line. This is the only household in the two territories and all the provinces to be living out of poverty. Note, however, that the MBM-N and the MBM-N-DIP do not account for the higher cost of living faced by persons with disabilities, and thus these additional costs are not reflected in the analysis.

In addition, all four households with children in the two territories lived in poverty.

- All the welfare incomes of households with children in the two territories were above the deep income poverty thresholds, but all were below the poverty line. The range was between 80 and 96 per cent of the poverty line.

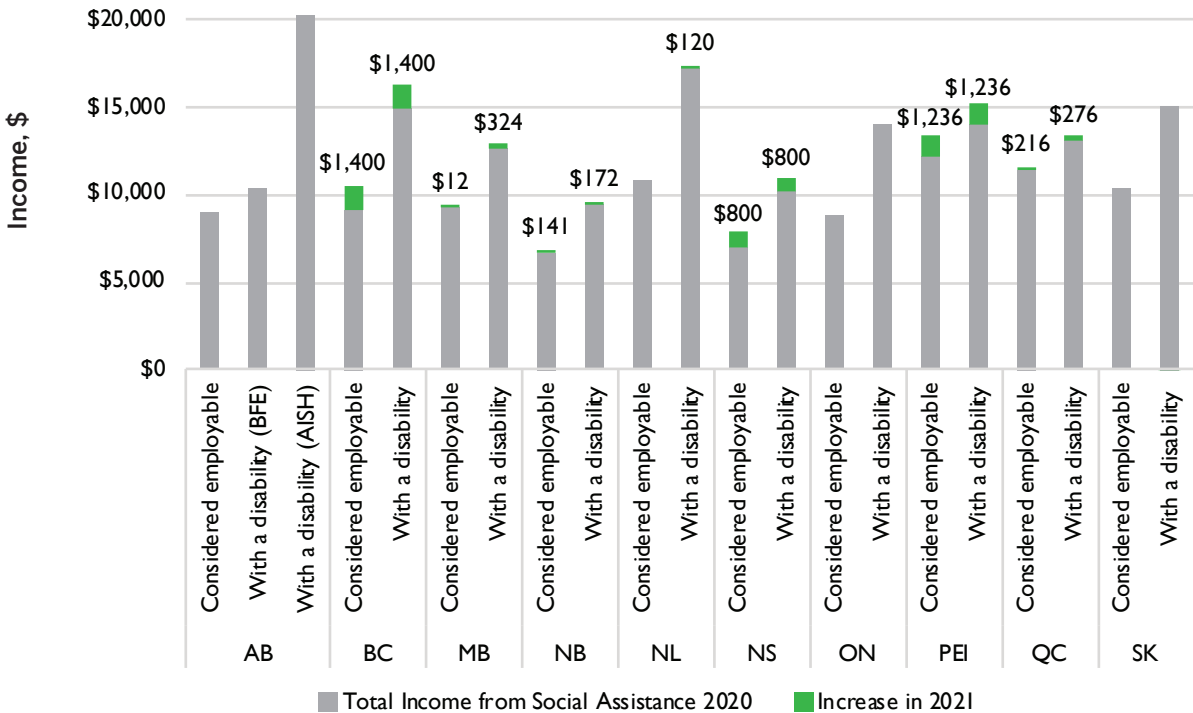
# Most jurisdictions did not make substantive increases to social assistance benefits

Benefits provided through provincial and territorial social assistance programs are primary sources of income for all households in our analysis. In 2021, few jurisdictions provided increases to social assistance benefits and, where they did, in most instances benefit increases were modest or non-existent.

## Unattached single households

The graph below shows the real dollar increases (i.e., not accounting for inflation) in social assistance benefits between 2020 and 2021 for unattached single households in the ten provinces, which does not account for inflation.

**Increases to provincial social assistance benefits for unattached single households, 2020 to 2021 (nominal dollars)**



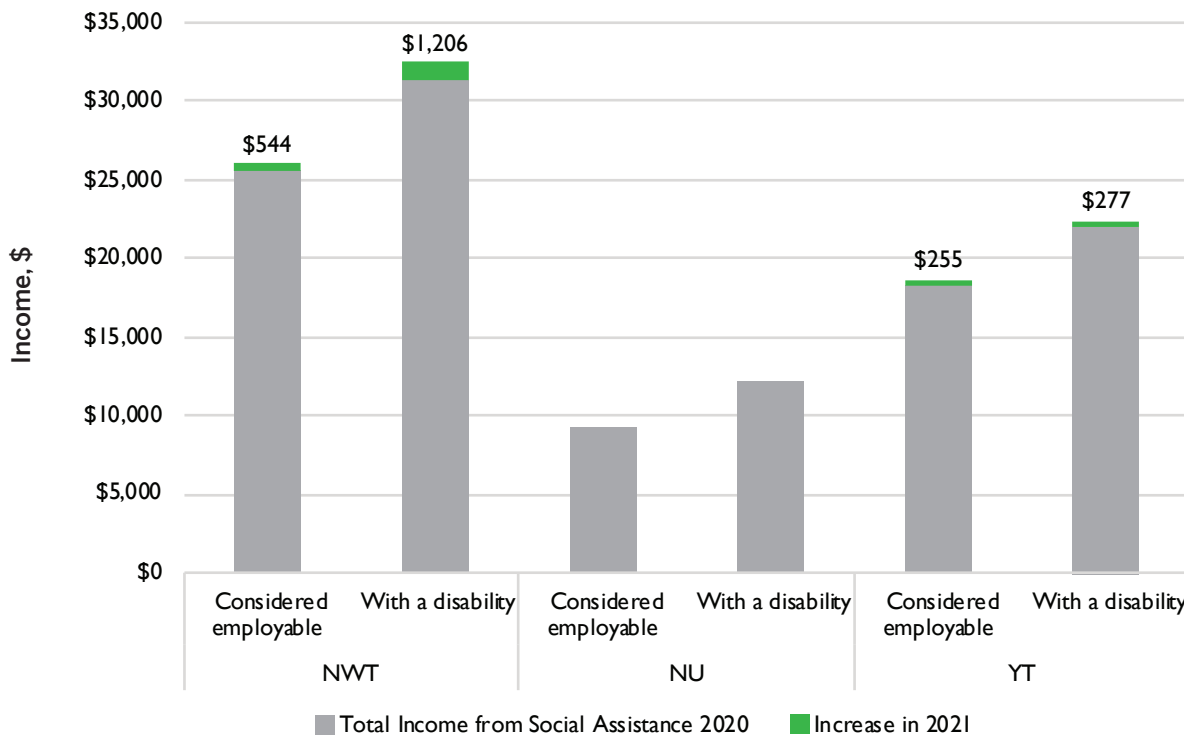
Thirteen of 21 unattached single households (or 62 per cent) saw an increase in the nominal amount of their social assistance benefits. However, further analysis reveals several important findings.

- **Only three of the ten provinces made substantial improvements in social assistance benefits for unattached single households between 2020 and 2021, despite these households facing the highest and deepest rates of poverty. Over the course of 2021:**
  - British Columbia increased benefits by \$1,400 per household – a 15-per-cent increase for the **unattached single considered employable** and a 9-per-cent increase for the **unattached single with a disability**.
  - Nova Scotia increased benefits by \$800 per household – an 11-per-cent increase for the **unattached single considered employable** and an 8-per-cent increase for the **unattached single with a disability**.
  - Prince Edward Island increased benefits by \$1,236 per household – a 10-per-cent increase for the **unattached single considered employable** and a 9-per-cent increase for the **unattached single with a disability**.
- **Two provinces increased social assistance benefits due to annual indexing to their jurisdictional inflation rates:**
  - New Brunswick began annual indexing of benefits as of April 2021, which increased benefits by approximately 1 per cent. Note that benefits rose by an additional 1 per cent in October 2021.
  - Quebec has long indexed social assistance benefits, which increased on January 1, 2021, by 1.26 per cent.
- **One province did not increase social assistance benefits for unattached single households but did increase shelter benefits through annual indexing.**
  - In Manitoba, shelter benefits are provided through its Rent Assist program and are indexed to median market rents in July of each year. The last increase to basic benefits for unattached single households was in 2004.
- **Four provinces did not increase social assistance benefits for unattached single households:**
  - In Alberta, benefits have not increased since January 2019.
  - In Newfoundland and Labrador, the last increase to any of the basic benefits was in 2014. Note that **unattached single with a disability** households receive rent and utilities top-ups from outside the social assistance system.
  - In Ontario, benefits have not increased since October 2018.
  - In Saskatchewan, the last increase to any of the basic benefits for unattached single households was in 2019. Note that the Saskatchewan Assured Income for Disability (SAID) program pays either a flat rate or

actual amounts for utilities, and that our calculations include an average of monthly utilities amounts paid in 2021.

Similarly, the graph below shows the real dollar increases in social assistance benefits between 2020 and 2021 for unattached single households in the Northwest Territories, Nunavut, and the Yukon, which does not account for inflation.

### Increases to territorial social assistance benefits for unattached single households, 2020 to 2021 (nominal dollars)



Four of six unattached single households in the territories saw an increase in the real dollar amount of their social assistance benefits between 2020 and 2021.

- In the Yukon, basic benefits increased by 1 per cent in November 2021 due to indexing to the Consumer Price Index (CPI) for Whitehorse.
- Two territories did not increase base benefits, but the story is a bit more complex:
  - In the Northwest Territories, the last increase to any of the basic benefits was in 2015 and in 2019 for additional benefits. Note that the program pays actual costs for fuel, utilities and shelter.
  - In Nunavut, the basic allowance has not increased since 2018. Note that actual shelter costs are paid in Nunavut, and the majority of Income Support households live in social housing, where rents and utilities are heavily subsidized.

## Households with children

Six provinces and two territories increased social assistance benefits for households with children in 2021.

- Three provinces made meaningful improvements to benefits.
  - British Columbia (11 per cent for the **single parent with one child** household and 20 per cent for the **couple with two children**), Nova Scotia (8 per cent and 11 per cent), and Prince Edward Island (8 per cent and 6 per cent).
- Two provinces and one territory increased benefits based on indexing to inflation, and one province increased shelter benefits available outside social assistance as they are indexed to average market rents.
  - New Brunswick, Quebec, and the Yukon index benefits annually, while Manitoba indexes their Rent Assist program benefits to median rents, as noted above.
- One territory saw increases because of higher average costs used in our calculations.
  - The Northwest Territories pays actual utilities and shelter, but our calculations use averages of these costs, which increased in 2021.
- Four provinces and one territory made no increases to social assistance benefits for these households.
  - Alberta, Newfoundland and Labrador, Ontario, Saskatchewan and Nunavut.

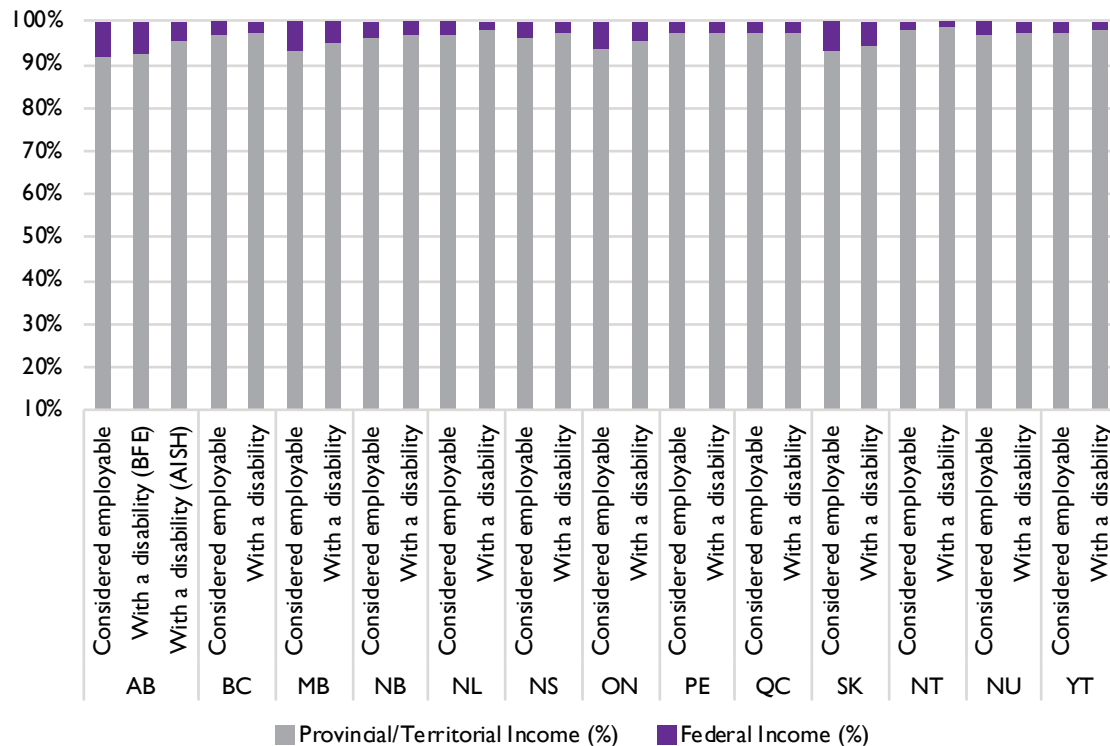
## Federal supports for unattached single households were limited

Households that received provincial or territorial social assistance benefits were also eligible for tax-delivered supports from those jurisdictions, as well as tax-delivered credits and benefits from the federal government.

### Unattached single households

The graph below shows how much of the total welfare income received by unattached single households in all thirteen provinces and territories came from provincial/territorial versus federal sources in 2021.

## Proportion of total welfare income of unattached single households from provincial/territorial and federal sources, 2021



As shown above, provincial or territorial social assistance benefits and refundable tax credits made up the vast majority of income available to unattached single households in 2021.

- Benefits from provincial or territorial sources made up between 92 and 99 per cent of welfare incomes, leaving only 1 to 8 per cent coming from federal sources.

## Households with children

In contrast, households with children in most jurisdictions received a much larger proportion of support from the federal government in 2021.

- Households with children received between 54 and 69 per cent of their income from provincial or territorial sources, with 31 to 46 per cent from federal sources.
- The exceptions are the Northwest Territories and the Yukon, where federal benefits made up only 22 to 24 per cent of welfare incomes in 2021 due to their much higher territorial benefits relative to other jurisdictions.

The difference in these proportions stems from the larger number and higher actual amounts of federal income supports provided to households with children.

- Households with children received both the GST/HST Credit<sup>4</sup> and the Canada Child Benefit from the federal government. Unattached single households only had access to the GST/HST Credit. Note that the climate action incentive provided an additional and important source of federal benefits to households in Alberta, Manitoba, Ontario, and Saskatchewan.
- Households with children in our analysis received between \$8,750<sup>5</sup> and \$13,380 in federal payments. In contrast, unattached single households only received between \$298 and \$944.

The federal government could and should do much more to support unattached singles.

## Social assistance recipients felt the loss of pandemic-related benefits

The loss of benefits related to the COVID-19 pandemic from the federal, provincial, and territorial governments exacerbated the depth of poverty experienced by households receiving social assistance in 2021.

In 2020, a number of additional financial supports were made available to the 53 households analyzed in the report in response to the COVID-19 pandemic from both the federal and provincial / territorial governments. While these supports were relatively small because none of the household types analyzed had employment earnings, they did have a positive impact on the total incomes of all households. By 2021, however, nearly all pandemic-related supports available in 2020 were discontinued.

- In 2020, five provinces and one territory provided either stand-alone pandemic-related benefits or top-ups to pre-existing tax credits or benefits. The federal government provided top-ups to the GST/HST credit and the Canada Child Benefit.

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4 This includes the GST/HST Credit Supplement in the case of **unattached single with a disability** households and **single parent with one child** households, and the **unattached single considered employable** households in some instances.

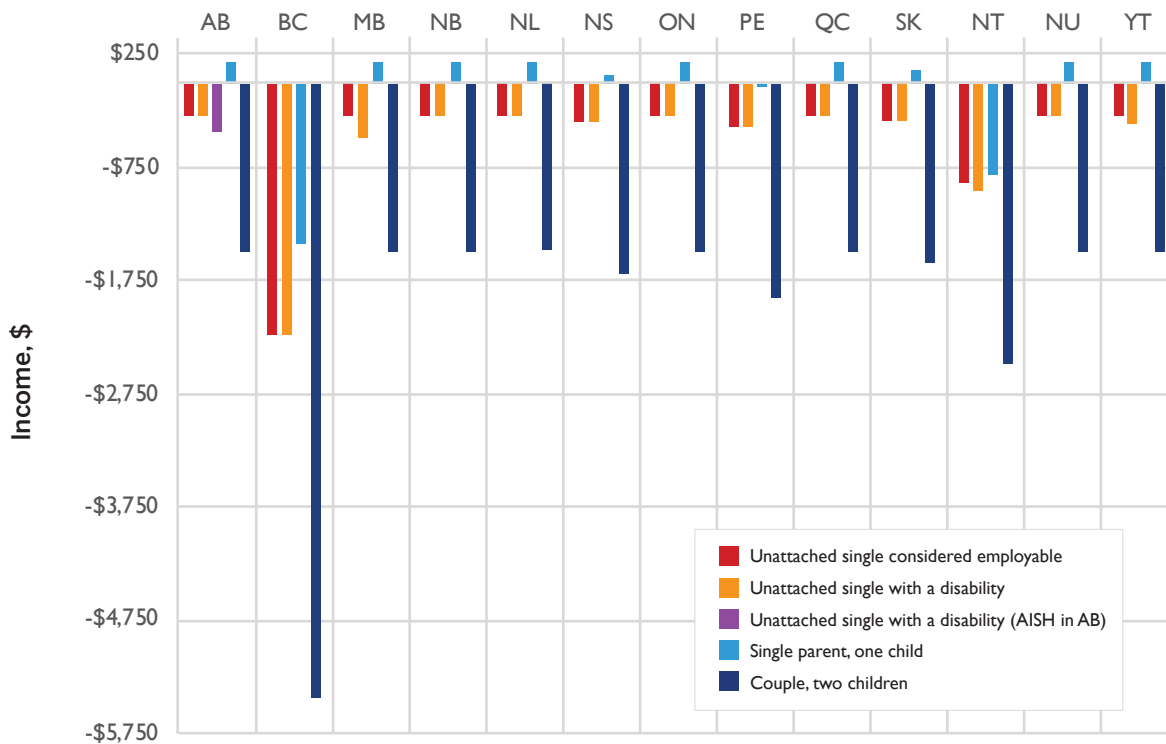
5 This includes the \$1,200 in pandemic-related benefits available to the **single parent with one child** household from the Canada Child Benefit Young Child Supplement. Without this amount included, the range is from \$7,550 to \$13,380.

- In 2021, only British Columbia and the Northwest Territories provided pandemic-related payments to all households, the former through the BC Recovery Benefit and the BC Recovery Supplement, and the latter through the Income Assistance program's Furnishing Allowance. The federal government provided a pandemic-related benefit only to households with children under six years of age through the Canada Child Benefit Young Child Supplement.

## All households

The graph below shows the change in income from pandemic-related benefits experienced by all households between 2021 and 2020.

### Change in income from federal and provincial/territorial pandemic-related payments, all households in all provinces and territories, 2020-2021





- Only **single parent with one child** households in ten of 13 jurisdictions experienced an increase in the amount of income coming from pandemic-related payments, due to the introduction of the Canada Child Benefit Young Child Supplement by the federal government in 2021. The **single parent with one child** households in British Columbia, Prince Edward Island, and the Northwest Territories did not see an increase because the increase in federal pandemic supports did not make up for the loss of provincial and territorial pandemic supports.

Overall, 43 households saw a net loss in their pandemic-related supports in 2021. The loss ranged from \$33 to \$5,438.

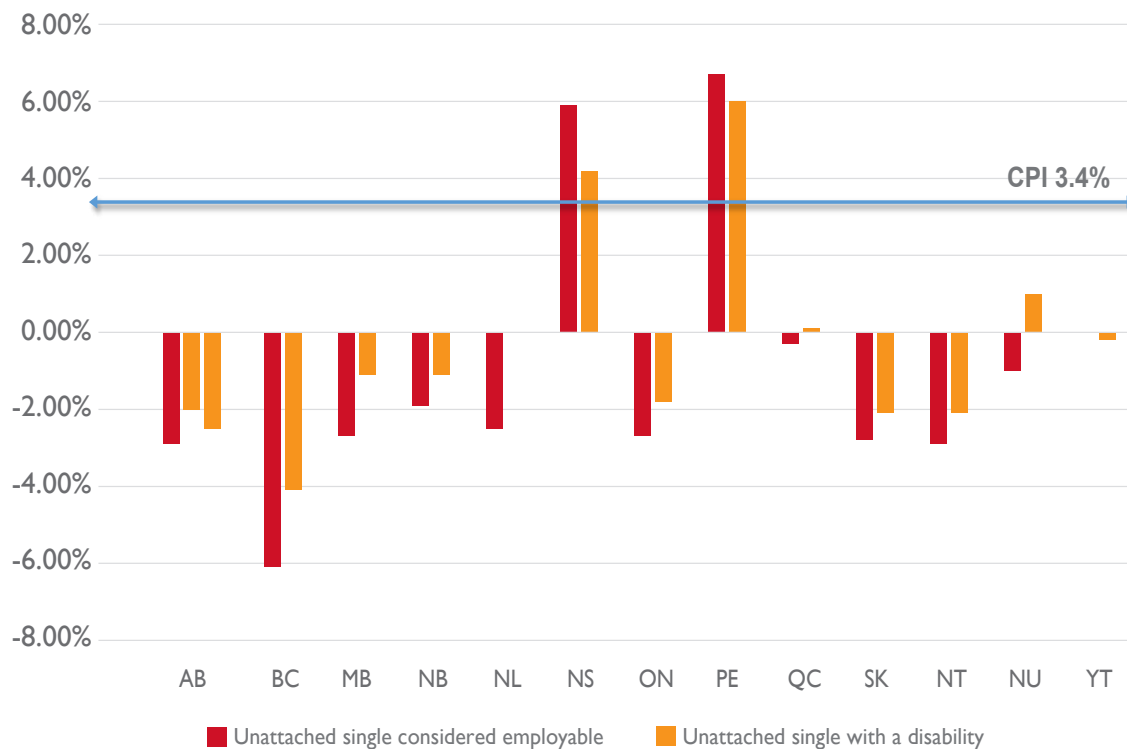
## Inflation negated much of the gains in welfare incomes

A lack of meaningful increases to social assistance benefits, limited supports from the federal government, and the loss of pandemic-related benefits were compounded by high inflation in 2021.

### Unattached single households

The graph below indicates the change in total welfare incomes for unattached single households in all 13 provinces and territories between 2020 and 2021, without adjusting for inflation. The rates of change are compared to the 3.4 per cent rate of inflation in that same period, as determined by the CPI.

## Real dollar change in total welfare income for unattached single households in all jurisdictions, 2020 to 2021, with National CPI



Note: The real dollar change between 2020 and 2021 for the unattached single with a disability in Newfoundland and Labrador and the unattached single considered employable in the Yukon was zero per cent.

- Only households in two jurisdictions saw real dollar increases in total incomes that outpaced the national rate of inflation: Nova Scotia and Prince Edward Island. These four households were better off in 2021 than they were in 2020.
- Very small increases were also seen in two other jurisdictions, in Quebec and the Northwest Territories for the **unattached single with a disability** households, but those increases were much lower than inflation and therefore did not keep up with increases in the cost of living.
- In all other jurisdictions, total incomes either remained the same or decreased in real value between 2020 and 2021, largely due to the loss of pandemic-related benefits. These real dollar decreases were compounded by inflation, meaning that real purchasing power declined even more and thus these households were even worse off than in 2020.

## Households with children

The situation is similar for households with children.

- Only two **single parent with one child** households saw increases greater than the rate of inflation, again in Nova Scotia and Prince Edward Island. In all other instances, the **single parent with one child** households saw the real value of their total welfare income increase, but those increases were negated by inflation.
- The **couple with two children** household in Nova Scotia saw a below-inflation increase. In all other instances, **couple with two children** households saw the real value of their welfare incomes either stay the same or decrease, which was worsened by inflation.

## All households

Overall:

- Only six of the 53 households saw increases in total welfare incomes between 2020 and 2021 that outpaced the rate of inflation.
- Fourteen saw increases in welfare incomes that were negated by inflation.
- Thirty saw decreases that were worsened by inflation.

# Key takeaways and recommendations

People receiving social assistance in the provinces and territories continue to live with inadequate, below-poverty and deep-poverty level incomes in 2021. As demonstrated in *Welfare in Canada, 2021*, inadequacy has been a hallmark of welfare incomes for a very long time.

However, inadequacy is not inevitable. It is a policy choice made by governments. The analyses provided in this policy brief and in the larger *Welfare in Canada, 2021* report highlight the need for action on several fronts:

- Given the continuing stagnation of provincial and territorial social assistance benefits, the provinces and territories need to invest in higher social assistance benefits for all households, and particularly for unattached singles who have very few other sources of income from government benefits and credits. As well, provincial and territorial tax-delivered benefits and credits, including child benefits, should be increased in jurisdictions in which they exist and created in those where they do not.
- As inflation continues to reduce the purchasing power of total welfare incomes, social assistance benefits and tax-delivered benefits and credits that are not already indexed to inflation should be indexed annually. People receiving social assistance will be even more impacted by the effects of inflation in 2022 due to sharp increases in costs of living, particularly in basic costs such as food and shelter.
- The federal government's very low proportion of total welfare incomes should be remedied through specific action to address the deep poverty of people receiving social assistance in Canada. Progress on the federal government's poverty reduction goals will not occur until significant investments are made to bolster the total incomes of households receiving social assistance, and particularly those of unattached single households. There are a number of policy avenues through which this can be accomplished:
  - Implementing a Canada Working-Age Supplement (CWAS) by enhancing the current Canada Workers Benefit. The CWAS is a proposal from Maytree and Community Food Centres Canada, and would help to reduce the depth of poverty experienced by working-age adults receiving social assistance, in much the same way as the Old Age Supplement and

- the Canada Child Benefit have reduced poverty for seniors and children in Canada.
- Implementing the proposed Canada Disability Benefit, which should be structured to supplement social assistance benefits without clawbacks or labour market attachment requirements, would address the depth of poverty experienced by people with disabilities who receive social assistance.
  - Addressing the deep poverty of households with children by enhancing child supports through proposals such as the Canada Child Benefit (CCB) End of Poverty Supplement,<sup>6</sup> and broadening access to the CCB for families with precarious immigration status who qualify for social assistance but not for the CCB.
  - Increasing the Canada Social Transfer to provide more funds for provincial and territorial social assistance benefit increases, and creating agreements with the provinces and territories to ensure that transferred funds are spent on those increases.
  - Governments at all levels also need to invest in the kinds of basic supports and services that would reduce the cost of living, such as increasing the stock of deeply affordable housing available across the country, improving access to affordable healthy food, and ensuring the wide range of needed health care expenses are covered, among others. Such investments would lower the cost of living and thus improve income adequacy.

These measures are urgent and necessary. We must prioritize the dignity of all members in our society and ensure that everyone in Canada can realize their human right to an adequate standard of living.

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6 Sarangi, Laila. (2022, October 12). “Campaign 2000 submits federal pre-Budget 2023 recommendations.” Campaign 2000. Accessed at: <https://campaign2000.ca/campaign-2000-submits-federal-pre-budget-2023-recommendations/>.

# Appendix

## Methodology

Established by the Caledon Institute of Social Policy, *Welfare in Canada* is a continuation of the *Welfare Incomes* series originally published by the National Council of Welfare. As such, the methodology of *Welfare in Canada* replicates the approach used by the National Council of Welfare.

We make the following assumptions:

- The households started to receive assistance on January 1 and remained on assistance for the entire year.
- The households had no earnings, so they were eligible to receive the maximum rate of assistance.
- The heads of all households were deemed fully employable, with the exception of the unattached single with a disability (as reflected in program eligibility definitions).
- The households lived in the largest city in their province or territory.
- The households lived in private market housing and utility costs were included in the rent.
- The households filed an income tax return at the end of the previous tax year.
- Changes to welfare rates or other program rates over the course of the year were accounted for.
- Basic rates and additional items (for example, a Christmas allowance or a back-to-school allowance) were included where applicable. Special needs amounts were not included.
- COVID-19 pandemic-related payments are included either if they were automatically paid to social assistance recipients or if the payment had at least a 50 per cent take-up.

The full *Welfare in Canada* methodology is available in the report, which is available for download at <https://maytree.com/welfare-in-canada/>.



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