

Improving the incomes of Nova Scotians living in deep poverty

Written submission for the Nova Scotia
pre-budget consultations in advance of
the 2023 provincial budget

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At Maytree, we believe that the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are protected, respected, and fulfilled for everyone in Canada. Maytree's submission is focused on ensuring that the Nova Scotia government takes action to strengthen the province's social safety net, so that those living in deep poverty can live a life with dignity.

To this end, Maytree recommends that the Nova Scotia government:

1. Increase benefit amounts for people receiving Employment Support and Income Assistance (ESIA).

Maytree's annual *Welfare in Canada* report¹ shows that Nova Scotia households had some of the lowest welfare incomes² in Canada in 2021.

The following provides the total welfare incomes of four household types in Nova Scotia in 2021, and how their welfare incomes compared across other social assistance programs in Canada:

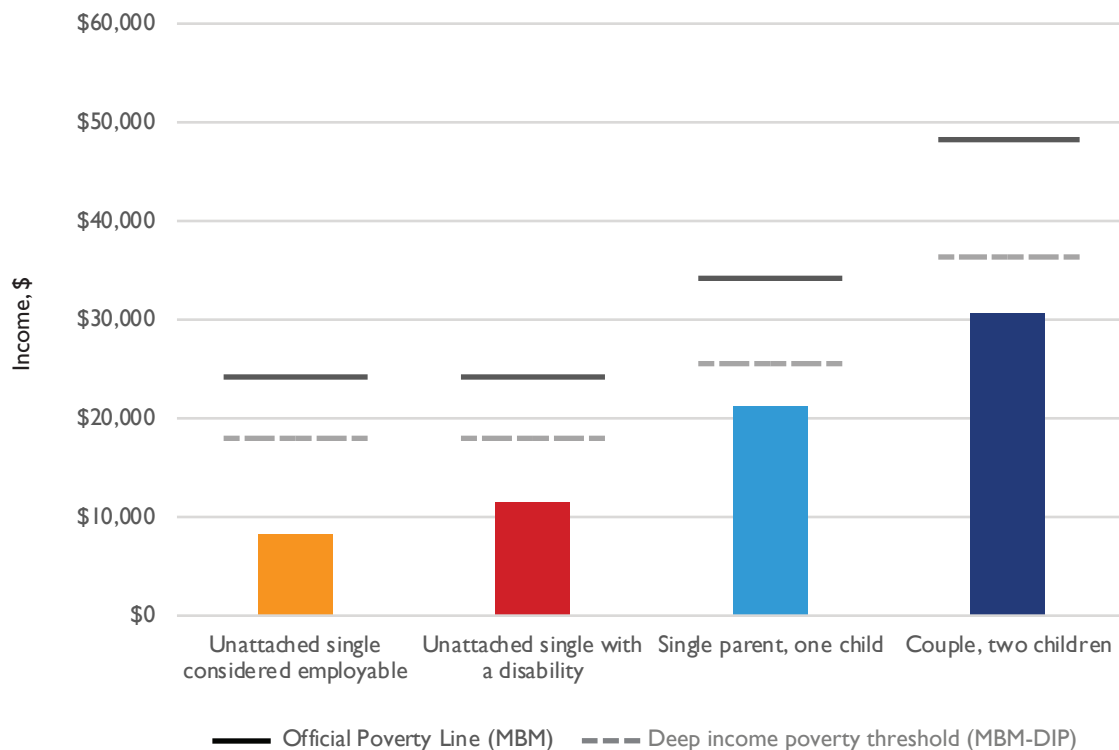
- Unattached singles considered employable had a total welfare income of \$8,385, the second lowest in Canada;
- Unattached singles with a disability had a total welfare income of \$11,559, the third lowest in Canada;
- Single parents with one child had a total welfare income of \$21,134, the lowest in Canada; and
- Couples with two children had a total welfare income of \$30,571, the second lowest in Canada.

It is also important to assess the adequacy of welfare incomes. As such, we compare them to Canada's Official Poverty Line (the Market Basket Measure, or MBM), and the deep income poverty threshold (which is 75 per cent of the MBM). Because the MBM is regional, we use the threshold for Nova Scotia's largest city, Halifax.

1 Laidley, Jennefer and Mohy Tabbara. (November 2022). "Welfare in Canada, 2021." Maytree. Accessed at: <https://maytree.com/welfare-in-canada/>

2 Welfare incomes include social assistance amounts, benefits, and refundable tax credits.

Figure – Nova Scotia welfare incomes relative to two poverty thresholds, 2021



Note: All households are receiving social assistance for the first time in 2021, and are assumed to have received it for the entire 2021 calendar year. They are also assumed to not have employment income.

As can be seen in the figure above, all four Nova Scotia household types lived in deep poverty in 2021. Not only that, unattached single households lived far below both poverty thresholds. Unattached singles with a disability had a welfare income that reached 48 per cent of the Official Poverty Line. Unattached singles considered employable had welfare income that reached only 35 per cent of the Official Poverty Line.

Living below 75 per cent of the Official Poverty Line means that a person can no longer cover the basic necessities of life such as food and shelter.

The current situation is not new. All four household types in Nova Scotia have lived in deep poverty since the MBM measure was created in 2002.³

While there have been modest increases to ESIA in the last two years, the benefit amounts are still deeply inadequate, and recipients continue to live in deep poverty. We strongly recommend that the government of Nova Scotia make significant

3 Laidley, Jennefer and Mohy Tabbara. (November 2022). “Welfare in Canada, 2021.” Maytree. Accessed at: <https://maytree.com/welfare-in-canada/>

increases to social assistance benefits for all recipients. This will reduce the depth of poverty in Nova Scotia and ensure that all Nova Scotians can live a life of dignity.

2. Index Employment Support and Income Assistance (ESIA) and other income support benefits and tax credits.

The significant increase to the cost of living in the last two years due to high inflation has reduced people's ability to pay for necessities, and this is especially so for people living in poverty.

In jurisdictions where social assistance and other income supports are indexed to inflation, the impact of high inflation on the quality life of people receiving social assistance has been mitigated. But in jurisdictions without indexation, recipients would find themselves even worse off.

Social assistance benefits in Quebec and the Yukon have been indexed to inflation for several years. Furthermore, high inflation in recent years has led Alberta, New Brunswick, and Ontario (for ODSP recipients) to also index social assistance benefits.

We recommend that Nova Scotia follow suit and move to index social assistance benefits—along with other income supports—to inflation.

3. Transform part of the Canada Workers Benefit (CWB) into the proposed Canada Working-Age Supplement (CWAS).

Working-age single adults without children, or unattached single adults, face the highest and deepest rates of poverty in Canada. To address this, Maytree and Community Food Centres of Canada (CFCC) released a report proposing the development of the Canada Working-Age Supplement (CWAS).⁴ The report outlines how the federal government could enhance the Canada Workers Benefit (CWB) and transform it into the CWAS, so that the federal government can better support unattached single adults without labour market attachment and living in deep poverty.

Advocacy from provincial and territorial governments, including Nova Scotia, is needed to encourage the federal government to implement the CWAS. At the same time, just as provinces and territories have the option to enhance the CWB themselves to address their jurisdictions' own needs, they need not wait for federal leadership to better support working-age single adults living in deep poverty.

4 For more details on the proposal, see: Talwar Kapoor, Garima et al. (2022). How to reduce the depth of single adult poverty in Canada: Proposal for a Canada Working-Age Supplement. Maytree and Community Food Centres Canada. Accessed at: <https://maytree.com/wp-content/uploads/canada-working-age-supplement-report.pdf>

The enhancement of the CWB into the CWAS would only impact the portion of the CWB targeted to unattached single adults and would be further refined to target those who are of working age. Unattached, working-age adults represented about 45 per cent of the 74,000 people living in poverty in Nova Scotia⁵ in 2020, and the CWAS would reduce their depth of poverty.

Implementing the CWAS would require the following parameter changes to the CWB:

- Adding a floor benefit of \$3,000, which would be provided to those with very little or no employment income. This change is in contrast to the current CWB design, where people need \$3,000 or more in earnings to receive the benefit.
- An employment boost—that is, a benefit that is phased in as earnings increase—of up to \$1,000.
- A maximum benefit amount of up to \$4,000 per year, combining the floor benefit and the employment boost. This maximum is much higher compared to the current CWB maximum benefit of \$1,395 for single adults.
- A broader reach, meaning that benefits would continue to be provided to those with low and moderate earnings, until adjusted family net income reaches \$49,611, compared to the current threshold of \$32,244.

The CWAS would largely mirror the current structure of the CWB—that is, the personal income tax system would be used for assessment and delivery, and the benefit would be indexed to inflation to protect its value over time.

Implementing the CWAS would markedly improve the quality of life of unattached working-age singles in Nova Scotia. Notably:

- Welfare incomes of social assistance recipients would increase by up to 40 per cent;
- Many part-time minimum wage workers would no longer live in deep poverty; and
- Many full-time minimum wage workers would live above the Official Poverty Line.

Maytree thanks you for the opportunity to provide input on the 2023 budget. We welcome any questions or comments you may have on our recommendations.

5 Statistics Canada. (March 2022). “Low income statistics by age, sex and economic family type.” Accessed at: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110013501>