



# Interpreting the data:

## Key takeaways from *Welfare in Canada, 2023*

Jennefer Laidley and Mohy-Dean Tabbara

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All of the data contained in this policy brief and the full version of Welfare in Canada, 2023 are available to download at <https://maytree.com/changing-systems/data-measuring/welfare-in-canada/>.

### **About the authors**

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### **About Maytree**

Maytree is a Toronto-based human rights organization 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

The persistence and depth of poverty that people receiving social assistance must endure as a consequence of very low total welfare incomes has been documented in the *Welfare in Canada* report series and its predecessors for nearly forty years. As the only publicly available resource that compiles and analyses this data, the annual *Welfare in Canada* report is the primary source for evaluating Canada's progress on fulfilling the human right to an adequate standard of living for households receiving social assistance.<sup>1</sup>

The 2023 edition of the report examines the total welfare incomes of example households receiving social assistance in all 13 provincial and territorial jurisdictions in Canada looking at total amounts, adequacy, and trends over time.<sup>2</sup> The report also includes data on several key features of social assistance programs, including indexation of benefits and tax credits to inflation, asset levels and income exemptions that determine eligibility, and the structure of basic benefits.

In this policy brief, we expand on the analysis presented in the 2023 report. Our main findings are:

1. Total welfare incomes were deeply inadequate across Canada in 2023.
2. Increases to social assistance benefits between 2018 and 2023 were uneven across jurisdictions.
3. Very few jurisdictions have indexed benefits and tax credits to inflation as of 2023.
4. Many jurisdictions allowed only flat-rate earnings exemptions, which restricted the ability of households receiving social assistance to improve their total incomes through work.
5. In all jurisdictions, federal income supports for unattached single households were very limited.
6. The federal Canada Disability Benefit, which is to be delivered in summer of 2025, is unlikely to lift social assistance recipients with disabilities out of poverty.

We also identify six possible policy actions that the federal, provincial, and territorial governments could take to improve income support benefit programs and

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1 Canada signed on to the International Covenant on Economic, Social, and Cultural Rights on May 19, 1976, and the treaty entered into force in Canada on August 19 of that year. The Covenant commits all levels of government to the progressive realization, within the maximum available resources, of the right to an adequate standard of living.

2 See the Appendix for more information.



reduce poverty. By taking these actions, governments would prioritize the dignity of all members of our society.

The policy actions are:

1. Provinces and territories should invest in higher social assistance benefits and tax-delivered income supports.
2. Governments at all levels should index all social assistance benefits and tax-delivered benefits or credits to inflation where they don't already do so.
3. Provincial and territorial governments should improve earned income exemptions.
4. The federal government must deliver a Canada Disability Benefit that is generous and accessible, and supplements existing supports.
5. All provinces and territories must commit to ensuring the Canada Disability Benefit does not reduce social assistance benefits.
6. The federal government should invest in targeted income supports for people living in poverty across Canada.

## Total welfare incomes were deeply inadequate across Canada in 2023

Social assistance is intended to be a program of last resort to support people when they have few or no alternative sources of income. However, the amount of social assistance benefits, even combined with other income supports, has long been inadequate to allow recipients to live a life of dignity. This trend continued in 2023, as total welfare incomes remained well below Canada's Official Poverty Line. More information about how we define total welfare income and about the Poverty Line are in the Appendix.

Overall, in 2023, 98 per cent of example households (or 55 of the 56) were living on incomes below the Official Poverty Line, with 79 per cent (or 44) below the Deep Income Poverty threshold, which is 75 per cent of the Official Poverty Line.

Our adequacy analysis below focuses on two types of unattached single households – unattached singles considered employable and unattached singles with a disability. Unattached single households make up the majority of social assistance cases across Canada.<sup>3</sup> We also include information about the adequacy of the total welfare incomes of households with children.

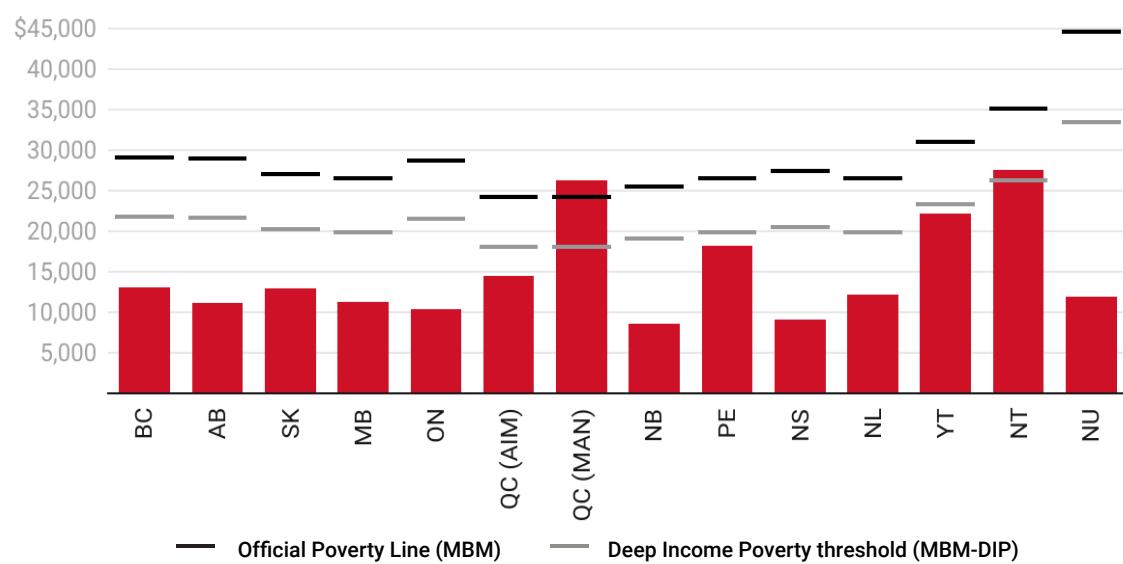
<sup>3</sup> Data on cases of social assistance by household type in every jurisdiction is available in the *Social Assistance Summaries* report. See: Tabbara, M. (April 2023). *Social Assistance Summaries, 2023*. Maytree. <https://maytree.com/changing-systems/data-measuring/social-assistance-summaries/>.

Figures 1 and 2 below compare the total welfare incomes of the two types of unattached single households in all thirteen provinces and territories with the Official Poverty Line and the Deep Income Poverty threshold.<sup>4</sup> In the figures, the black line represents the Official Poverty Line for the largest city in each jurisdiction, while the grey line represents the Deep Income Poverty threshold, which is 75 per cent of the Poverty Line.

Note that neither the Official Poverty Line nor the Deep Income Poverty threshold 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.

## Unattached single considered employable households

**Figure 1: Adequacy of total welfare incomes for unattached single considered employable households, 2023**



Note: AIM refers to Quebec's Aim for Employment program. MAN refers to Quebec's Manpower Training measure.

As Figure 1 shows, 13 of the 14 unattached single considered employable households were living in poverty in 2023. Moreover, 12 of the 14 were living in deep poverty, with incomes that were far below the Deep Income Poverty threshold.

- Overall, unattached single considered employable households received the least adequate incomes of the four example household types analyzed in the *Welfare in Canada* report.

<sup>4</sup> See the Appendix for more information on the Official Poverty Line and the Deep Income Poverty threshold.

- The only household with a welfare income above the Official Poverty Line in 2023, of all households in the *Welfare in Canada* report, was the unattached single considered employable household in Quebec receiving benefits through the Manpower Training measure (MAN), which is a stream under the Social Assistance Aim for Employment (AIM) program.<sup>5</sup> While this is notable, only about 2 per cent of the Social Assistance caseload in Quebec receives AIM,<sup>6</sup> and even fewer receive the MAN stream under AIM.<sup>7</sup>
- The unattached single considered employable household in the Northwest Territories had a welfare income that was above the Deep Income Poverty threshold in 2023 but was only 79 per cent of the Poverty Line.
- Ten of the eleven unattached single households in the provinces were living in deep poverty in 2023. Of those, the least adequate were in Nova Scotia, New Brunswick, and Ontario, where incomes were 33, 34, and 35 per cent of the Poverty Line, respectively.
- In the territories, two households were living in deep poverty in 2023: in the Yukon with a welfare income of 71 per cent of the Poverty Line, and in Nunavut with a welfare income of only 27 per cent.<sup>8</sup>

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5 Refer to the Quebec section of the *Welfare in Canada* report for further information about analysis of the Manpower Training measure. <https://maytree.com/changing-systems/data-measuring/welfare-in-canada/quebec/>

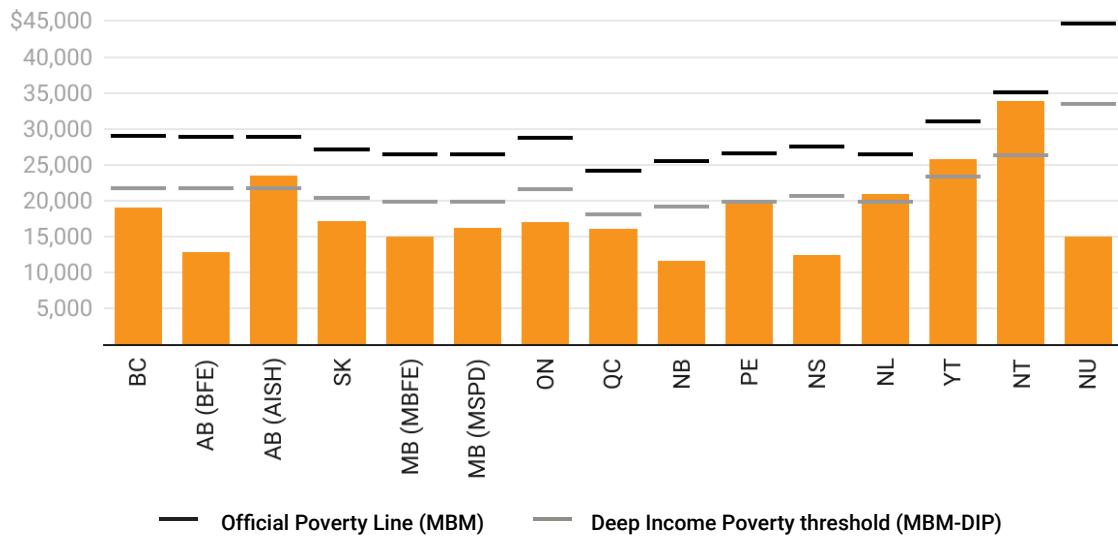
6 Tabbara, M. (April 2023). *Social Assistance Summaries*, 2023. Maytree. <https://maytree.com/changing-systems/data-measuring/social-assistance-summaries/>.

7 The number of recipients of AIM is relatively low because, typically, the program is only available for new recipients of Social Assistance and for one to two years only before moving to the Social Assistance program.

8 Note that the very low relative incomes in Nunavut are partially explained by the very low rent and utilities amounts that they receive in basic benefits. This is because the majority of households receiving social assistance in Nunavut live in public housing, which is deeply subsidized by the territorial government. For more information, see the [Nunavut section](#) of *Welfare in Canada*, 2023.

## Unattached single with a disability households

Figure 2: Adequacy of total welfare incomes for unattached single with a disability households, 2023



Note: BFE refers to the Barriers to Full Employment category of Alberta's Income Support program. AISH refers to Alberta's Assured Income for the Severely Handicapped program. MBFE refers to the Medical Barriers to Full Employment category of Manitoba's Employment and Income Assistance program. MSPD refers to the Manitoba Supports for Persons with Disabilities program.

Ten of the 15 unattached single with a disability households lived in deep poverty in 2023. The remaining five were living in poverty but not in deep poverty.

- Of the nine households living in deep poverty in the provinces, the least adequate was in Alberta, for the household receiving benefits through the Barriers to Full Employment (BFE) program, at 44 per cent of the Poverty Line, followed by Nova Scotia at 45 per cent, and New Brunswick at 46 per cent.
- Of the three households in the territories, the unattached single with a disability household in Nunavut was the only one living in deep poverty, with a welfare income at only 36 per cent of the Poverty Line.
- Three unattached single with a disability households were living with welfare incomes above the Deep Income Poverty threshold but below the Official Poverty Line in the provinces in 2023. These were in Alberta, for the household receiving benefits through the Assured Income for the Severely Handicapped (AISH) program, at 81 per cent of the Poverty Line, in Newfoundland and Labrador, at 79 per cent, and in Prince Edward

Island, at 76 per cent. Note that this is the first time this example household in PEI was lifted out of deep poverty in the 21 years since the MBM was introduced.

- Two households in the territories had total welfare incomes above the Deep Income Poverty threshold but below the Official Poverty Line in 2023. The welfare income of the household in the Northwest Territories was 97 per cent of the Poverty Line, while the welfare income of the household in the Yukon was 83 per cent.

## Households with children

Households with children fared better but were still well below the Poverty Line.

- All 13 single parent with one child households had total welfare incomes below the Official Poverty Line in 2023. Nine of these had welfare incomes below the Deep Income Poverty threshold. The two most adequate were in the Yukon at 94 per cent of the Poverty Line, and Prince Edward Island at 86 per cent. The three least adequate welfare incomes were in Nunavut at 35 per cent of the Poverty Line, Nova Scotia at 57 per cent, and Ontario at 59 per cent.
- All 14 couple with two children households had total welfare incomes below the Official Poverty Line in 2023.<sup>9</sup> Nine of these had welfare incomes below the Deep Income Poverty threshold. Three couple with two children example households had welfare incomes of more than 95 per cent of the Poverty Line: in Quebec for the household receiving Manpower Training benefits at 99 per cent, in the Yukon at 99 per cent, and in Prince Edward Island at 96 per cent. The least adequate welfare incomes were for the households in Nunavut at 41 per cent of the Poverty Line, and in both Ontario and New Brunswick at 60 per cent.

The inadequacy of welfare incomes in 2023 is not new but the continuation of a decades-long trend. Jurisdictions at all levels must invest in increasing benefit and credit amounts to improve the quality of life of households receiving social assistance.

Some households have seen improvements to adequacy in recent years, and the difference in outcome has generally been tied to increases to social assistance benefit amounts.

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<sup>9</sup> There are 14 couple with two children example households in the *Welfare in Canada* report because we include two households for the province of Quebec. See [the Quebec section](#) of *Welfare in Canada*, 2023 for more information.

# Recent increases to social assistance benefits were highly uneven

Some jurisdictions have been making investments in improving social assistance benefit amounts in recent years. To get a sense of the scale of these investments, we tracked the changes in basic and additional social assistance benefits in the five-year period between 2018 and 2023 for Welfare in Canada households.<sup>10</sup> Basic and additional benefits together are the foundational supports that people receiving social assistance rely on and represent the largest proportion of their total welfare income. We then compared changes in the amount of these benefits to the national rate of inflation in that period, as measured by the national Consumer Price Index (CPI), which was 17.7 per cent.

Note that we are considering only permanent improvements to the value of benefits. We did not include any one-time or time-limited payments provided through either basic or additional benefits that were intended to address costs related to the COVID-19 pandemic (in 2020 and 2021) and high inflation (in 2022 and 2023). While these payments did increase the total welfare incomes of households receiving social assistance in those years, the temporary nature of these supports did not result in lasting improvements.<sup>11</sup>

Note also that this analysis looks at only 50 of the 56 households included in *Welfare in Canada, 2023*. This is because five of the households received benefits from programs that only began during the five-year period<sup>12</sup> and, for one other household, the data available for calculating rent and utilities amounts changed during the five-year period.<sup>13</sup>

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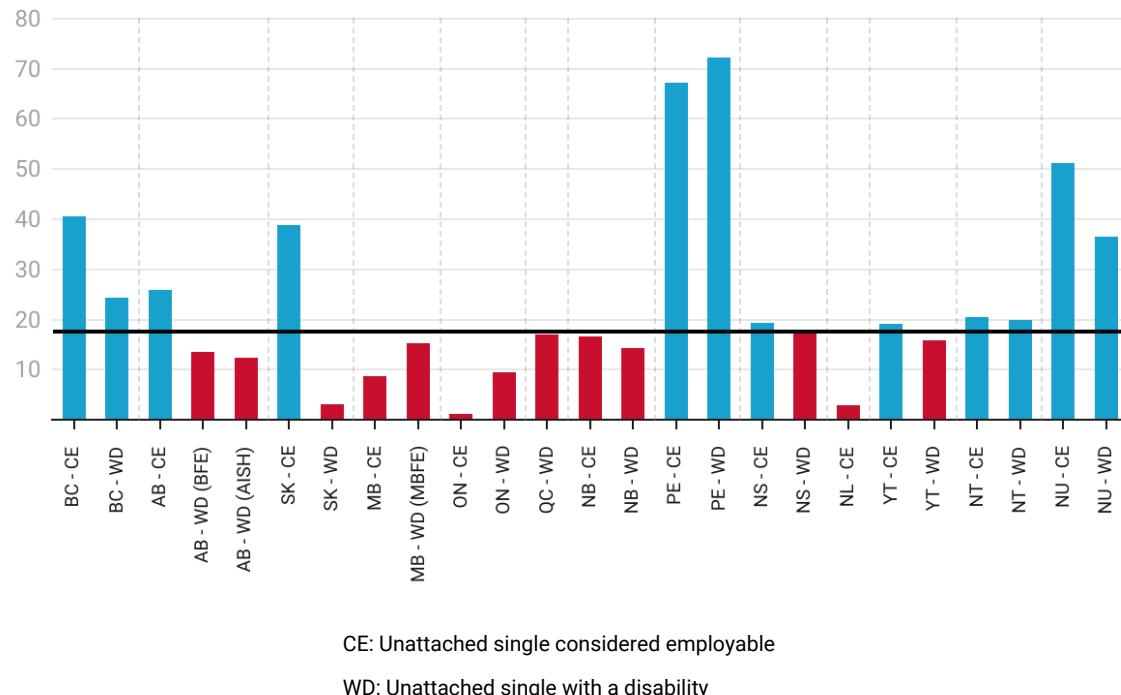
- 10 Basic benefits are those that are provided for basic costs like food, clothing, and shelter. Additional benefits are those that are universally provided for specific additional costs, like a winter clothing allowance, a school-related allowance, or a disability allowance.
- 11 Note that while in most jurisdictions these additional payments were very time-limited, the Northwest Territories provided longer-term payments through basic benefits due to a policy decision made after the COVID-19 pandemic hit in 2020. We added these payments to our calculations of total welfare incomes between 2020 and 2023 but have not included them in the calculations in this section. For more information about these payments, please see [the Northwest Territories section](#) of *Welfare in Canada*.
- 12 These are the unattached single with a disability household receiving Manitoba Supports for Persons with Disabilities benefits and the unattached single considered employable and the couple with two children households receiving Aim for Employment benefits and Manpower Training benefits in Quebec. For more information, see the [Manitoba](#) and [Quebec](#) sections of the *Welfare in Canada, 2023* report.
- 13 This is the unattached single with a disability household in Newfoundland and Labrador. For more information, see the [Newfoundland and Labrador section](#) of the *Welfare in Canada, 2023* report.

As a positive, all 50 households saw an increase in social assistance benefits over the five-year period. However, only 27 of those households (or 54 per cent) saw an increase that was above the national CPI, while 23 (or 46 per cent) saw an increase that was below the national CPI.

Digging deeper, however, it's clear that some provinces and territories have made significant investments in social assistance benefits over the last five years, while others have allowed benefits to be eroded by inflation or have focused investments on only some households.

Figures 3 and 4 below show the increase in the total amount of basic and additional social assistance benefits received by the select 50 *Welfare in Canada* households in the five-year period between 2018 and 2023, as a percentage of the 2018 amount. Figure 3 shows the data for unattached single households, both those who are considered employable and those with a disability, while Figure 4 shows the data for households with children. The colour green indicates households whose income increased above the 17.7 per cent national rate of inflation in that period, as indicated by the straight black line, while those in red saw increases below the rate of inflation.

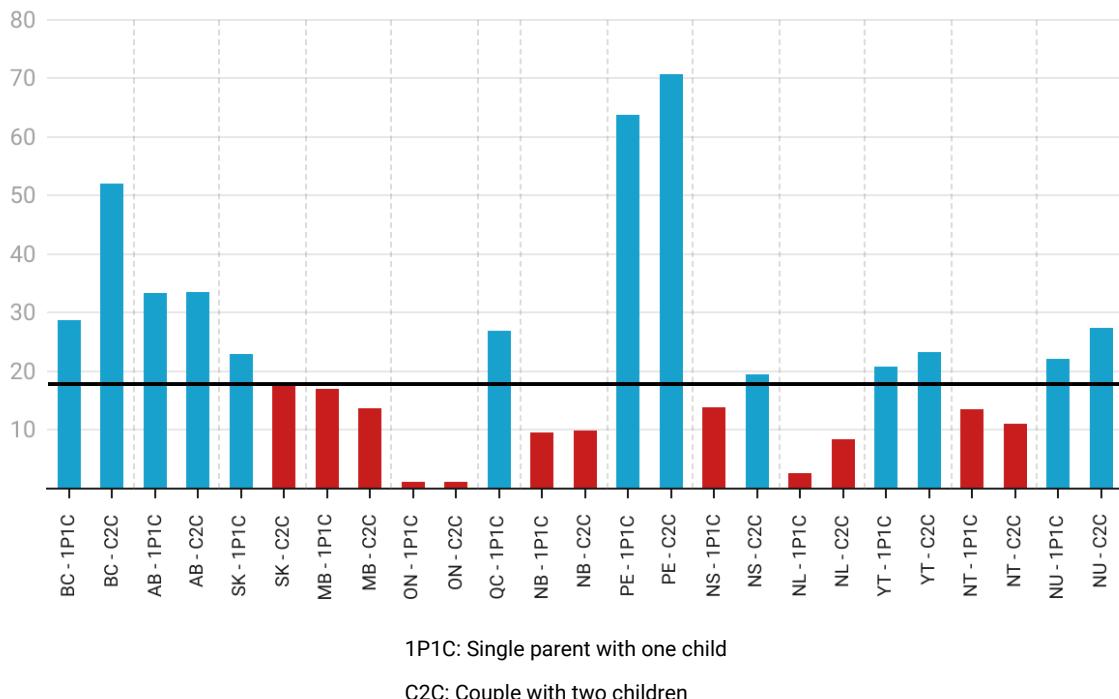
**Figure 3: Percentage change in social assistance benefits for select unattached single households, 2018-2023, current dollars, compared to national CPI 2018-2023**



The analysis for the 25 unattached single households shows that over the five-year period:

- Only four jurisdictions – British Columbia, the Northwest Territories, Nunavut, and Prince Edward Island – provided above-inflation increases to social assistance benefits to both unattached single households, in the range of 20.6 to 72.3 per cent.
- Three jurisdictions – Ontario, Manitoba, and New Brunswick – provided below-inflation increases to both households, in the range of 1.2 to 16.6 per cent.
- In four jurisdictions – Alberta, Nova Scotia, Saskatchewan, and the Yukon – increase levels relative to inflation were different depending on the household. Unattached single considered employable households in all four jurisdictions received above-inflation increases, in the range of 19.1 to 38.8 per cent, while unattached single with a disability households received below-inflation increases of 3.1 to 16.6 per cent.
- In two jurisdictions – Newfoundland and Labrador and Quebec – we excluded some households; the households included in our analysis received below-inflation increases. The unattached single considered employable household in Newfoundland and Labrador received an increase of 3.0 per cent, while the unattached single with a disability household in Quebec received an increase of 17.1 per cent.

**Figure 4: Percentage change in social assistance benefits for select households with children, 2018-2023, current dollars, compared to national CPI 2018-2023**



The analysis for the 25 households with children shows that over the course of the five-year period:

- Only five of the 13 jurisdictions – Alberta, British Columbia, Nunavut, Prince Edward Island, and the Yukon – provided above-inflation increases to social assistance benefits for both households with children, in the range of 20.8 to 70.8 per cent.
- Five jurisdictions – Manitoba, New Brunswick, Newfoundland and Labrador, the Northwest Territories, and Ontario – provided below-inflation increases to both households with children, in the range of 1.2 to 17.0 per cent.
- In two jurisdictions – Nova Scotia and Saskatchewan – increase levels relative to inflation were different depending on the household. In Nova Scotia, the single parent with one child household received a below-inflation increase of 13.8 per cent while the couple with two children household received an above-inflation increase of 19.5 per cent. In Saskatchewan, the opposite was true – the single parent with one child household received an above-inflation increase of 22.9 per cent while the couple with two children household received an increase that was just below the national rate of inflation, at 17.6 per cent.
- In Quebec, where we excluded some households from the analysis, the single parent with one child household received an above-inflation increase of 27.0 per cent.

Overall, for all households:

- Ontario, Newfoundland and Labrador, New Brunswick, and Manitoba provided the lowest increases relative to inflation.
- Prince Edward Island, British Columbia, and Nunavut provided the highest.
- The other six jurisdictions – Alberta, the Northwest Territories, Nova Scotia, Quebec, Saskatchewan, and the Yukon – provided increases that were either higher or lower than the national rate of inflation depending on the household.

Typically, governments must make deliberate decisions to increase benefit levels through changes to legislation or regulations. These changes may or may not be sufficient to allow benefit levels to keep up with the rate of inflation, and some governments choose not to increase benefits at all. However, a growing number of jurisdictions are choosing to allow for regular annual increases through indexing benefits to inflation.

# Indexation of benefits and credits

“Indexing” means that benefit and credit amounts automatically increase with the rate of inflation. Indexing benefits halts the erosion of their value over time, though it does not improve the adequacy of incomes relative to the Poverty Line.

Both of the federal benefits and credits that are received by *Welfare in Canada* households – the Canada Child Benefit and the GST/HST credit and credit supplement – are indexed to inflation and increase with the cost of living in July of every year.

However, not all benefits and credits provided by the provinces and territories are indexed. Figure 5 shows which of the various benefits and credits received by *Welfare in Canada* households in the provinces and territories are indexed to inflation and which are not.<sup>14</sup> Note that there are differences in indexation between the two social assistance programs in Manitoba and Ontario, as indicated in the figure.

**Figure 5: Indexation of benefits and credits received by *Welfare in Canada* households in all 13 Canadian jurisdictions, 2023**

	BC	AB	SK	MB	ON	QC	NB	PE	NS	NL	YT	NT	NU
Basic Social Assistance	✗	✓	✗	✓	✓	✓	✓	✗	✗	✗	✓	✗	✗
Additional Social Assistance	✗	✓	✗	✗	n/a	✗	✗	✗	✗	✗	✗	✗	✗
Child benefit / tax credit	✗	✓	n/a	n/a	✓	✓	✗	n/a	✗	✓	✓	✗	✗
Other benefits / tax credits	✗	n/a	✗	n/a	✓	✓	✗	✗	✗	✗	✗	✗	✗

The full details about which benefits and credits in each jurisdiction are indexed to inflation are in [the new “Key features of social assistance” section](#) of *Welfare in Canada, 2023*. In summary, in 2023:

- Basic social assistance benefits were indexed in at least one social assistance program in only 6 of the 13 provinces and territories. Four jurisdictions had indexed benefits in all programs. In one other jurisdiction, basic benefits were indexed in one program but not the other. And in another jurisdiction, shelter benefits were indexed in both programs but other basic benefits were

<sup>14</sup> Note that provinces and territories that index benefits and credits to inflation typically use the rate of inflation in their own jurisdictions rather than the national rate.

only indexed in one. Basic benefits are those that are provided for basic costs like food, clothing, and shelter.

- **Additional social assistance benefits were indexed in only 1 of the 11 jurisdictions that provided them.** The two other jurisdictions did not provide additional benefits universally. Additional benefits are those that are universally provided for specific additional costs, like a winter clothing allowance, a back-to-school allowance, a school supplies allowance, or a disability allowance.
- **Child benefits were indexed in only 5 of the 10 jurisdictions that have such programs.** Two of the 13 provinces and territories did not have a child benefit program, and one other doesn't allow households that receive social assistance to access its program.
- **Provincial or territorial tax credits were indexed in only 3 of the 11 jurisdictions that have such programs.** These tax credits include sales tax or carbon tax credits.

Overall, not nearly enough of the provincial or territorial benefits that households receiving social assistance have access to are indexed to inflation. However, we note that there has been a recent trend toward indexing social assistance benefits, with New Brunswick indexing in 2021, and Alberta, Ontario (only for ODSP), and Manitoba (only for MSPD) indexing in 2023.

Indexing is especially crucial when inflation is high, as it continued to be in 2023. While five of the 13 jurisdictions provided one-time or temporary supports to assist with high inflation in 2023, they were not permanent increases to basic benefits and therefore will not provide lasting support. And, given that total welfare incomes were below the poverty line in 2023 for 98 per cent of our example households, as shown above, the failure to index benefits and credits left households receiving social assistance worse off than they had already been.

While increasing benefit and credit amounts is key to ensuring the right to an adequate standard of living for households receiving social assistance, all jurisdictions must also index benefits so that households are not worse off as the cost of living rises. Another key feature of social assistance that can be improved by jurisdictions is income exemptions.

# Many jurisdictions only have flat-rate income exemptions

Every social assistance program in all 13 provinces and territories partially exempts earned income, which means that recipients and/or applicants can earn a certain amount of income from employment without the amount of their benefits being impacted. These amounts have been tracked in *Welfare in Canada* for many years and make up part of [the new “Key features of social assistance” section](#) of the 2023 report.

A number of issues arise when considering the ways in which earned income exemptions impact households receiving social assistance. These include the degree to which these exemptions act as an incentive to work, the level of employment income at which households become ineligible for support, the impact of the loss of in-kind benefits, such as health benefits, when ineligibility occurs, as well as the associated issue of the extent and quality of employment supports provided through social assistance programs.

Earned income exemption amounts are important to understand, however, in terms of the additional source of income they can provide to those households receiving social assistance who are able to work. But the amounts of these exemptions vary greatly by jurisdiction, and sometimes among programs within a jurisdiction.

There are generally three approaches to earned income exemptions.

First, a flat-rate amount permits a household to earn a certain amount each month, after which social assistance benefits are reduced dollar-for-dollar. For example, with a flat-rate exemption of \$100, a recipient with \$1,000 of social assistance benefits who earns \$1,000 of employment income would end up with a total income of only \$1,100. This is because after the \$100 exemption, the remaining \$900 would be fully deducted from social assistance benefits.

Second, a percentage of earnings approach means that benefits are reduced by a certain percentage of the amount of money earned. For example, a 25 per cent exemption means that benefits are reduced by 75 cents for every dollar earned.

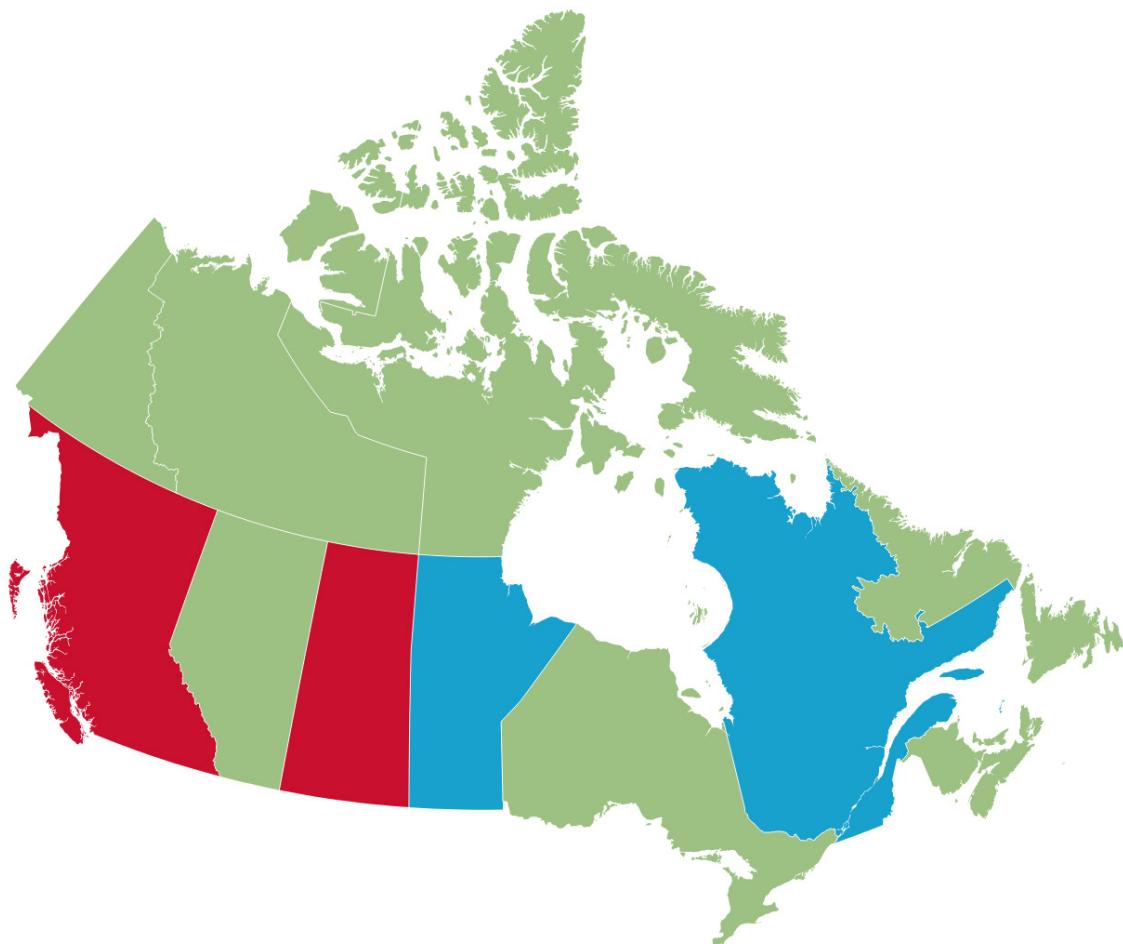
Third, a combination of a flat-rate amount and a percentage, which means that once the flat-rate amount is exceeded, benefits are reduced by a percentage amount. For example, with a flat-rate exemption of \$100 and a percentage exemption of 25 per cent, a recipient with \$1,000 of social assistance benefits who earns \$1,000 of employment income would end up with a total income of \$1,325. This is because

after the initial \$100 exemption, the remaining 75 cents of every additional dollar would be deducted from social assistance benefits.

Figure 6 below highlights which approach each jurisdiction uses for its recipients. Note that we are not including the approaches used for applicants here.

**Figure 6: Map of earned income exemption approaches for recipients of social assistance in all 13 Canadian jurisdictions, 2023**

**Earned exemption approach**  
■ Combination ■ Flat-rate ■ Both



As the map shows, the combination approach seems to be the most common, but quite a few programs only have a flat-rate exemption, including both programs in British Columbia and Saskatchewan, all but one program in Quebec, and one of the two in Manitoba.

A flat-rate exemption is particularly disadvantageous for those seeking to improve their total welfare incomes through work. Once the exemption is exhausted,

employment income is deducted from social assistance benefits dollar-for-dollar. To the individual, this is equivalent to a 100 per cent income tax rate.

Ten jurisdictions provide a flat-rate exemption as a base with an additional percentage exemption on wages earned above the base. The rates of the percentage exemptions vary greatly across programs and jurisdictions, with some being more generous than others.

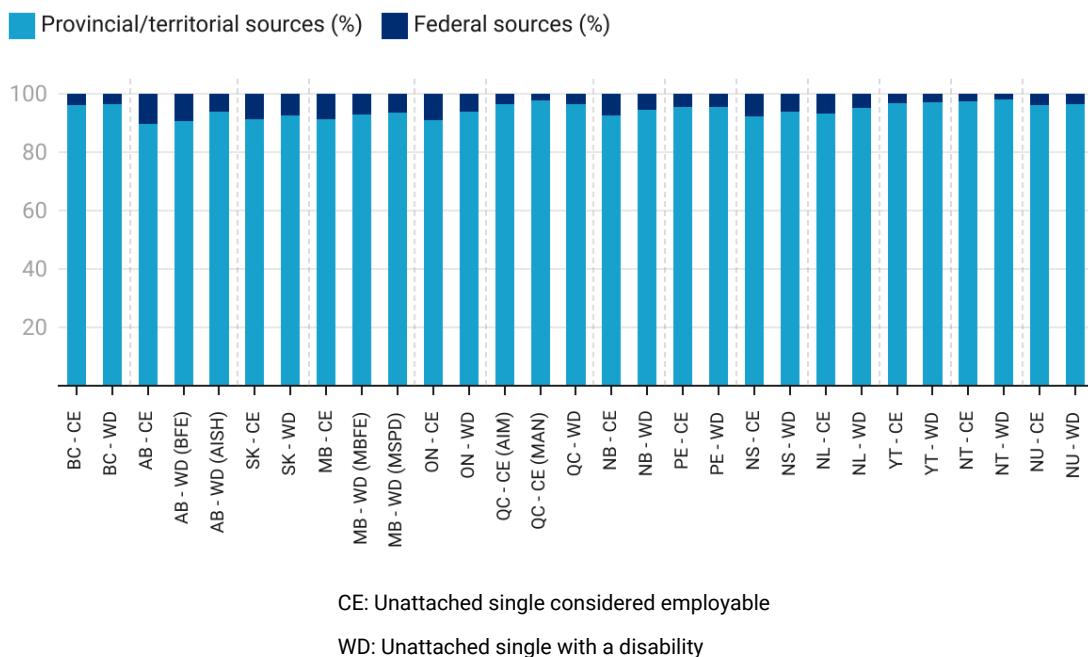
While our analysis doesn't take into account the full complexity of the earned income exemption landscape, what is clear is that additional percentage exemption amounts provide more total income than flat-rate exemptions. In jurisdictions that have a percentage earned income exemption above the flat-rate, households receiving social assistance have an opportunity to better their standard of living through work.

# Federal income supports for households receiving social assistance were very limited

Households receiving provincial or territorial social assistance benefits were also eligible for tax-delivered supports from those jurisdictions and from the federal government. The proportion of income received from federal sources is generally eclipsed by the proportion from provincial or territorial sources in all jurisdictions, particularly for unattached single households.

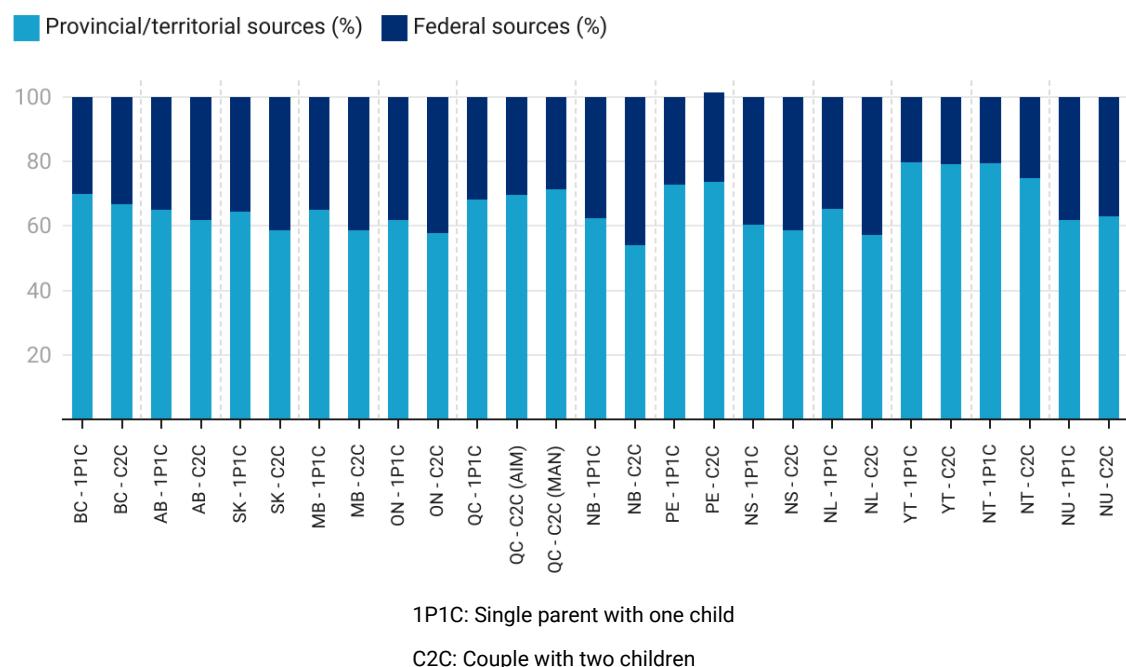
Figures 7 and 8 below show how much of the total welfare incomes of households receiving social assistance in all thirteen provinces and territories came from provincial or territorial versus federal sources in 2023. Figure 7 shows the data for unattached single households while Figure 8 shows the data for households with children.

**Figure 7: Proportion of total welfare income from provincial/territorial and federal sources for unattached single households, 2023**



As shown above, benefits from provincial or territorial sources made up between 90 and 98 per cent of welfare incomes, with only 2 to 10 per cent coming from federal sources.

**Figure 8: Proportion of total welfare income from provincial/territorial and federal sources for households with children, 2023**



In contrast, households with children received a much larger proportion of support from the federal government in 2023. They received between 54 and 80 per cent of their income from provincial or territorial sources, with 20 to 46 per cent from federal sources.

The difference stems from the larger number and higher actual amounts of federal income supports provided to households with children, mainly through the Canada Child Benefit. Households with children in our analysis received between \$8,401 and \$15,036 in federal payments. In contrast, unattached single households only received between \$469 and \$1,429. These numbers are expected to decrease in 2024 as the federal government has decided not to renew the one-time Grocery Rebate.<sup>15</sup>

Except for increases to child benefits in the mid-2010s and the introduction of the modest climate action incentive more recently, the federal government's share of total welfare income hasn't changed much over time. The federal government must do significantly more to support low income households and invest in targeted income supports to lift people out of poverty across Canada.

15 Government of Canada. (June 6, 2023). Grocery Rebate. <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/goods-services-tax-harmonized-sales-tax-gst-hst-credit/grocery-rebate.html>

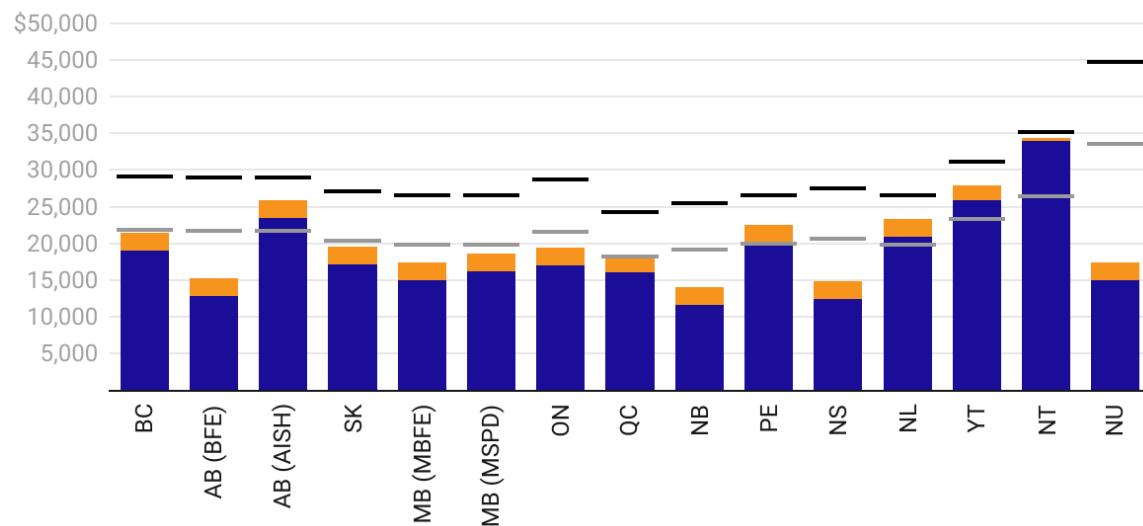
# The proposed Canada Disability Benefit will not move households receiving social assistance out of poverty

One current effort on the part of the federal government to improve the standard of living of low-income households in Canada is the proposed new Canada Disability Benefit (CDB), which is to be delivered in the summer of 2025. The promise of the CDB brought hope that it could lift people with disabilities receiving social assistance out of poverty. However, in its expected form, it is unlikely to fulfill that promise.

Figure 9 below shows why. Using the benefit design details posted in the draft *Canada Disability Benefit Regulation*, we stacked expected CDB benefit amounts on top of the 2023 total welfare incomes of an unattached single with a disability household in all 13 jurisdictions, and then compared them to the Official Poverty Line and the Deep Income Poverty threshold.

**Figure 9: Impact of expected CDB amount on 2023 welfare incomes of an unattached single with a disability household relative to poverty thresholds**

■ 2023 Welfare income ■ Proposed CDB — Official Poverty Line (MBM) — Deep Income Poverty Threshold (MBM-DIP)



As Figure 9 shows, the CDB would not lift a single example household receiving social assistance out of poverty. Among households in deep poverty, it would only lift one into poverty, the unattached single with a disability household in Quebec.

Still, the graph shows that the CDB has the potential to reduce the depth of poverty by bringing welfare incomes closer to the Poverty Line. However, even for this modest achievement, there are several obstacles that will limit the impact of the CDB, such as:

- **Provincial/territorial clawbacks:** Unless the CDB is specifically exempted from being clawed back from social assistance benefits in each province and territory, benefit amounts will not stack on top of existing welfare incomes, and people with disabilities receiving social assistance will not see an improvement in their standard of living.<sup>16</sup>
- **Limited eligibility:** The federal government has decided to use the Disability Tax Credit certificate as proof of disability for the purposes of eligibility for the CDB. However, the certificate uses a narrow definition of disability, so many social assistance recipients will not be eligible for the CDB. Notably, while the government projects that 600,000 people will receive the CDB, there are many more people with disabilities in Canada that may require support. Close to 750,000 households receiving social assistance in Canada include at least one person with a disability, and over 911,000 working-age people with disabilities in Canada live in poverty. The federal *Accessible Canada Act* uses a definition of disability that is much more inclusive of the experience of disability in Canada and is used to define disability in the *Canada Disability Benefit Act*. Its definition would be more appropriate for use in determining eligibility for the CDB.
- **Access:** Accessing the proposed CDB is expected to require a three-step process: (1) qualify for the Disability Tax Credit certificate; (2) file a tax return; and (3) apply for the benefit through Service Canada. The third step, the requirement for a separate application, introduces an unnecessary barrier to access and doubles down on existing barriers that already serve to marginalize people with disabilities. Alternatively, if the CDB were structured as a refundable tax credit like the Canada Child Benefit or Canada Workers Benefit, it could be provided automatically through the income tax system, thereby facilitating access to this source of support.

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<sup>16</sup> As of the publication of this policy brief, only five jurisdictions have decided to exempt the CDB: Manitoba, Newfoundland and Labrador, Nova Scotia, Nunavut, and Saskatchewan. If you’re interested in advocating to prevent CDB clawbacks in your jurisdiction, check Maytree’s new advocacy toolkit: <https://maytree.com/publications/advocacy-toolkit-preventing-canada-disability-benefit-clawbacks/>.

- **Low CDB income thresholds:** The CDB will have income thresholds of \$23,000 for singles and \$32,500 for couples, after which the benefit will be reduced.<sup>17</sup> This means that the example households in the Yukon, with social assistance benefits of \$24,690, and in the Northwest Territories, with social assistance benefits of \$32,874, are both above the threshold, resulting in a reduction in the amount they could receive from the CDB. The unattached single with a disability in Alberta receiving AISH is very close to the threshold and may cross it before the CDB begins in 2025. If the unattached single with a disability household in the Northwest Territories were to receive the full CDB benefit amount, they would be lifted out of poverty.

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17 Government of Canada. (June 29, 2024). Canada Disability Benefit Regulations. *Canada Gazette, Part I*, Volume 158, Number 26. <https://gazette.gc.ca/rp-pr/p1/2024/2024-06-29/html/reg2-eng.html>.

# Recommendations

Poverty is not inevitable. It is a policy choice made by governments. The analysis provided in this policy brief and the larger *Welfare in Canada, 2023* report highlights the need for action on several fronts. As such, we offer the following recommendations:

## **1. Provinces and territories should invest in higher social assistance benefits and tax-delivered income supports.**

Total welfare incomes remained below Canada's Official Poverty Line in 2023 in 98 per cent of *Welfare in Canada* households, with unattached single adult households facing the greatest depth of poverty. While some jurisdictions have invested in improvements to benefits, others have not. And despite the improvements that have been made, the vast majority of households receiving social assistance continued to live in poverty, if not deep poverty.

As such, social assistance benefits and tax-delivered income supports provided by provincial and territorial governments need to be significantly increased to realize every person's right to an adequate standard of living in Canada.

## **2. Governments at all levels should index all social assistance benefits and tax-delivered benefits or credits to inflation where they don't already do so.**

Increasing benefit and credit amounts as recommended above is critical to increasing their adequacy and improving the overall standard of living of households receiving social assistance. But indexation is also crucial, as it would protect households receiving social assistance from the impact of inflation by ensuring that the value of the benefits and credits they receive does not erode over time.

## **3. Provincial and territorial governments should improve earned income exemptions.**

While more analysis about the various impacts of earned income exemptions should be undertaken, it's important to recognize that flat-rate earned income exemptions to social assistance do not allow recipients to see an improvement in their incomes as they increase their earnings from work. All jurisdictions should at least implement additional exemptions above the base that would allow



recipients to supplement their incomes through work, rather than seeing their benefits clawed back dollar-for-dollar.

#### **4. The federal government must deliver a Canada Disability Benefit that is generous and accessible, and supplements existing supports.**

For the proposed CDB to effectively support people with disabilities living in poverty, a number of changes should be made to the draft regulations, including:

- **The benefit amount must be increased** as \$200 per month will not be sufficient to lift people with disabilities out of poverty.
- **The definition of disability used for eligibility must be expanded** to the definition used in the *Accessible Canada Act*.
- **The CDB should be a refundable tax credit** rather than a benefit. This would facilitate access to the CDB by reducing the administrative burden of applying separately for the benefit. It would also reduce the potential of negative interactions with programs at all levels of government and the private sector.
- **The CDB's income threshold must be increased** as the proposed threshold would lead to households in some jurisdictions receiving a reduced CDB due to the amount of their social assistance benefits.

Further changes to the regulations must be done in collaboration with people with disabilities following the principle of “nothing about us without us.”

#### **5. All provinces and territories must commit to ensuring the Canada Disability Benefit does not reduce social assistance benefits.**

All jurisdictions in Canada must take action, where they haven't already done so, to ensure that people with disabilities receiving social assistance can benefit from the full value of the new CDB. Otherwise, CDB recipients who also receive social assistance will experience a dollar-for-dollar reduction in their social assistance benefits. These clawbacks can be avoided by making simple changes to social assistance regulations that would come at no cost to provincial and territorial governments.<sup>18</sup>

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<sup>18</sup> We encourage organizations to use Maytree's policy toolkit to ask provinces and territories to commit to exempting the CDB from clawing back social assistance benefits: <https://maytree.com/publications/advocacy-toolkit-preventing-canada-disability-benefit-clawbacks/>

## 6. The federal government should invest in targeted income supports for people living in poverty across Canada.

Supports from the federal government have long made up a very small proportion of total welfare incomes. 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, particularly those of unattached single adult households.

In addition to improving the design of the CDB, there are several policy avenues that the federal government should pursue:

- **Increase the amount of the Canada Social Transfer** to provide more funds for provincial and territorial social assistance benefit increases. This must be accompanied by making agreements with the provinces and territories to ensure that transferred funds are spent on those increases and do not replace existing provincial and territorial spending.
- **Enhance the Canada Workers Benefit** by adding a floor amount and increasing the maximum benefit.<sup>19</sup> This would help reduce the depth of poverty experienced by working-age adults receiving social assistance and those earning minimum wage.<sup>20</sup>
- **Permanently enhance the GST/HST tax credit** by keeping enhancements that were made in both 2022 as the one-time GST payment and in 2023 as the Grocery Rebate. By choosing not to maintain these enhancements, the federal government effectively reduces support to people living in poverty. To further enhance the GST/HST tax credit, the government should consider the Groceries and Essentials benefit proposal.<sup>21</sup>
- **Enhance child supports** through increasing both the maximum benefit amounts for the Canada Child Benefit (CCB) as well as broadening access to the CCB to those who are currently not eligible, such as families with precarious immigration status.

19 Talwar Kapoor, G. et al. (September 14, 2022). *How to reduce the depth of single adult poverty in Canada: Proposal for a Canada Working-Age Supplement*. Maytree and Community Food Centres of Canada. <https://maytree.com/publications/canada-working-age-supplement/>

20 Tabbara, M. and Talwar Kapoor, G. (February 16, 2023). *Reducing poverty among minimum wage workers in Ontario: The potential impact of the Canada Working-Age Supplement*. Maytree. <https://maytree.com/publications/reducing-poverty-among-minimum-wage-workers-in-ontario-potential-impact-of-cwas/>

21 Affordability Action Council. (December 12, 2023). *Groceries and Essentials Benefit: Helping People with Low Incomes Afford Everyday Necessities*. Institute for Research on Public Policy. <https://irpp.org/research-studies/groceries-and-essentials-benefit/>



Implementing these recommendations, which are both urgent and necessary, would mean progress on reducing poverty. It would also be an important step towards prioritizing the dignity of all members of our society and ensuring that everyone in Canada can realize their human right to an adequate standard of living.

## Appendix

# Context and Methodology

The *Welfare in Canada* report series was established by the Caledon Institute of Social Policy in 2012 to maintain and build on longitudinal data published by the National Council of Welfare in its *Welfare Incomes* report series. In 2018, Maytree assumed responsibility for updating the series and has added additional data and analysis over time.

The methodology for calculating total welfare incomes replicates the approach used by the National Council of Welfare. The full methodology is available in [the Methodology section](#) of the report.

“Total welfare income” refers to the total amount of income a household receives from all government transfers, including but not limited to social assistance payments. Individuals and families who receive benefits from a social assistance program will also be eligible for other forms of financial support from both the federal and provincial/territorial governments, which include:

- Federal and provincial/territorial tax credits,
- Federal and provincial/territorial child benefits for households with children, and
- Additional social assistance payments that are automatic and recurring, where applicable.

Together, these form the total welfare income of the household. The amount varies in every province and territory because each jurisdiction has a distinct social assistance program, and each has its own refundable tax credit and benefit programs.

Total welfare incomes are calculated for four example household types in each jurisdiction, which are:

- An unattached single who is considered employable,
- An unattached single with a disability,
- A single parent with one child aged two, and
- A couple with two children aged 10 and 15.

Starting in the 2023 edition of *Welfare in Canada*, the total welfare incomes of five household types in Alberta and Manitoba and six household types in Quebec are examined. More information about the inclusion of these additional household

types is available in [the Overview section](#) of the report as well as each of these jurisdictions' individual sections. In total, *Welfare in Canada, 2023* analyzes the total welfare incomes of 56 households.

In *Welfare in Canada*, comparisons are made between total welfare incomes and two poverty thresholds for all example households in all thirteen provinces and territories in Canada. The two poverty thresholds are:

- The Market Basket Measure (MBM) and the Northern Market Basket Measure (MBM-N) are Canada's Official Poverty Line. The MBM is used in the provinces while the MBM-N is used in the territories. These measures identify households whose disposable income is less than the cost of a basket of goods and services representing a basic standard of living.
- The Deep Income Poverty threshold (MBM-DIP in the provinces or MBM-N-DIP in the territories) represents 75 per cent of the Official Poverty Line. It 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.

*Welfare in Canada, 2023* also includes adequacy comparisons with the Low Income Measure (LIM) and the Low Income Cut-Off (LICO) for total welfare incomes in the provinces.

The full *Welfare in Canada* report is available for download at <https://maytree.com/changing-systems/data-measuring/welfare-in-canada/>.



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