The Role of Social Policy in Reducing Poverty in Three Canadian Provinces from 1999 to 2014

Jordan Robinson

A thesis submitted in partial fulfillment of the requirements for the
Master's degree in Globalization and International Development Studies

School of International Development and Global Studies
Faculty of Social Sciences
University of Ottawa

Abstract

This correlational study uses quantitative data as well as qualitative document and policy analysis to consider the role that social policy has played in achieving poverty reduction in Canada's provinces since 1999. Because social policy is only one among many factors influencing poverty and a social protection system consists of many programs, this research seeks to identify those factors, including social policies and/or social policy changes, which are most likely to have influenced poverty.

This research finds that social policy and economic factors influenced poverty rates and trends over this period, albeit inconsistently across demographic groups and jurisdictions. The analysis suggests that it is very likely that social policy reduced poverty among families with children in Quebec and Ontario over this period. In contrast, social policy has become increasingly ineffective at reducing poverty among unattached adults in terms of both incidence (poverty rate) and depth (poverty gap). Finally, the evidence suggests that economic factors likely played an important role in reducing poverty in British Columbia and, to a lesser extent, in Quebec, but likely did not contribute to poverty reduction in Ontario.

This research demonstrates the need for additional comparative research on how social policy and its evolution influence poverty rates at the provincial and demographic levels. To support such research (and evidence-based policymaking), this research also shows that there is a need for provincial and federal governments to collect and publish data on social programs and beneficiaries. Finally, the findings demonstrate the need for additional social programming aimed at preventing and relieving poverty among unattached adults who have seen very little improvement in their poverty risk over the past 15 years.

Acknowledgements

Thank you very much to Geranda Notten for her guidance and support throughout this project. You were an incredible supervisor and mentor. Thank you as well to Sanni Yaya and Lauchlan Munro for their engagement and constructive feedback.

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Introduction

After several decades where poverty was largely a secondary concern for policy makers, politicians and advocates, it reappeared as a global priority in the late 1990s and early 2000s (Noel, 2006). At the time, with few exceptions (i.e., in East Asian countries), little progress had been made against global poverty. Income inequality was increasing both between and within countries and more than a billion people were living in extreme absolute poverty on less than a dollar a day. In East Asia, a financial crisis had caused a recession that affected much of the world (Noel, 2006). It had become increasingly clear that the market alone could not provide for the wellbeing of all citizens.

Within this context, new ideas and perspectives focused on poverty reduction and increasing human capital to improve long-term outcomes for the poor and their children emerged and spread. This 'global anti-poverty consensus' (Noel, 2006) or 'social investment' perspective (Jenson, 2013) redefined global and domestic social policy goals and design. At the international level, poverty was named a global priority and new initiatives were developed to improve policy making for poverty reduction. For example, the International Monetary Fund (IMF) and the World Bank introduced the Poverty Reduction Strategy Papers (PRSP) to help developing countries meet the newly introduced Millennium Development Goals (Noel, 2006). In addition to encouraging governments to focus on poverty reduction, the PRSPs aimed to ensure social policies for poverty reduction were comprehensive, partnership-based, and oriented towards achieving results over the long term (World Bank, 2002).

In Canada, several changes took place that reflected this shift. In 1989, the House of Commons voted unanimously to end child poverty in Canada by the year 2000. In the decade following, there was a significant expansion in child and family benefits and in policies designed to increase labour force attachment. Specifically, at the federal level, in the late 1990s, the National Child Benefit (NCB) was introduced to prevent and reduce child poverty and (un)employment insurance was reformed to strengthen work incentives.

Yet, social policy evolution in Canada does not only involve changes at the federal level. Canada is a decentralized federal state wherein the federal, provincial and territorial Crowns have authority over social policy. As a result, in Canada (and its provinces/territories), social policies (and their evolution) are impacted by interrelated developments at both levels of government. For example, the introduction of the National Child Benefit (NCB) initiative in 1998 led to the decoupling of child benefits from social assistance (in most provincial jurisdictions) (ESDC, 2013); and, reforms to the (un)employment insurance program throughout the 1990s increased social assistance use among the unemployed and led to a tightening of (provincial) social assistance eligibility requirements (Boychuk, 2015; Grey, 2002).

At the same time, there are substantial differences between the Canadian provinces in terms of both social spending and poverty reduction outcomes. Moreover, provincial governments often do not respond to policy changes at the federal level in the same way. Provincial social policy (and its evolution) reflects federal social policy changes but also provincial realities and priorities (Boychuk, 2015). In fact, as Haddow (2014) argues, cross-provincial differences in the realm of social policy are sufficient in size to qualify the Canadian provinces as independent and distinct welfare regimes (Haddow, 2014). For this reason, in the Canadian context, comparative social policy across provinces/territories is needed to assess the effects of social policy on poverty.

Correspondingly, this work uses a comparative social policy approach to answer the research question: What role has social policy played in achieving poverty reduction in Canada's provinces since 1999? To do so, I answer two sub-questions, in sequence, including:

1) How did poverty evolve in Canada's provinces over the past 15 years? and,
2) What contribution did social assistance, child benefits, and child care likely make to poverty reduction during this period?

Yet, these social programs are only some among many factors influencing poverty. Other social programs, economic trends and demographic variables can and do impact poverty. Thus, the answer to the second sub-question additionally includes an analysis of how changes in key economic and demographic variables likely impacted poverty rates and trends at the provincial-level.

For feasibility reasons, this project focuses on answering these questions for three provinces: Ontario, Quebec, and British Columbia; two target demographic groups, namely families with children and unattached, working age adults; and a selection of social policies, including family policy (child benefits, child care), and social assistance. These choices are explained in the research methodology section (see Chapter 2).

To answer the research question, this correlational study employs quantitative data, as well as qualitative document and policy analysis. Firstly, low-income statistics from the Survey of Labour and Income Dynamics (SLID) and the Canadian Income Survey (CIS) are used to assess how poverty has evolved in the Canadian provinces over the past 15 years, including for the target demographics. Secondly, document and policy analysis are used to determine what impact the chosen social policies likely had on poverty reduction. This analysis is supported by a review of relevant studies that consider the effects of social programs on poverty or other intermediate outcomes (e.g. labour force participation). Finally, an analysis of key economic and demographic variables (e.g. growth in GDP per capita and income, changes in employment indicators, and changes in the composition of sub-populations) is conducted to determine how economic and demographic factors likely impacted poverty rates and trends and to qualify the conclusions reached in each social policy chapter.

Taken together, this research provides a broad-based examination of provincial variation in social policy/programming for poverty reduction and the impact social policy has had on poverty reduction in the context of changing economies, demographic conditions and federal policies between 1999 and 2014. The findings provide insight into the relative contribution of social policy and other factors for reducing poverty amongst families with children and unattached adults over the past 15 years. The findings also provide a foundation from which more specific, focused research on the role of social policy in reducing poverty among vulnerable demographic groups may be conducted.

In the next section, I set my research in context. To explain why this research considers the period from 1999 to 2014, I discuss the resurgence of the global poverty agenda and the impact that has had on social policy in the Canadian context. Next, to explain why social policy and its role in poverty reduction can only be understood in by examining the relationship between federal and provincial social policies, I discuss the nature of the Canadian federal state and of the Canadian and provincial welfare states.

Chapter 1: Understanding Social Policy in the Canadian Context

a) The Re-Emergence of Poverty

For decades, it was thought that economic growth would achieve poverty reduction and poverty reduction itself was only of secondary concern to politicians, policy makers, and advocacy groups. In Canada, the House of Commons unanimously voted to end child poverty by the year 2000 in 1989, but developed no long-term action plan to achieve this goal. In the 1990s, policy decisions that focused on economic growth, reducing inflation, balancing budgets, and lowering taxes did not lead to poverty reduction and the goal was unrealized (Collin, 2007). In fact, child poverty increased between the late 1980s and mid-to-late 1990s (Murphy, Zhang & Dionne, 2012).

By the early 2000s, rising poverty had proven the limitations of the free market capitalism and new ideas and perspectives were emerging that challenged the dominant policy logic (Noel, 2006). Poverty was named a global priority and new initiatives were developed to improve policy making for poverty reduction. For example, at the international-level, the International Monetary Fund and the World Bank introduced the Poverty Reduction Strategy Papers (PRSP) to help developing countries meet the newly introduced Millennium Development Goals (Noel, 2006). The PRSPs encouraged governments to focus on poverty reduction and to increase civil society's involvement and ownership of social policies related to this objective. Specifically, they aimed to ensure policies for poverty reduction were comprehensive, partnership-based, and oriented towards achieving results over the long term (World Bank, 2002).

Within Canada, the government introduced a number of key social policy reforms. In response to concerns about child poverty, the National Child Benefit initiative was implemented in 1998. The National Child Benefit (NCB) provided a universal child benefit to families with children and the National Child Benefit Supplement (NCBS) provided an additional benefit for low-income families with children. At the provincial level, the province of Quebec created legislation for poverty reduction in 2002 and became the first province to introduce a Poverty Reduction Strategy (PRS) in 2004. In the decade following, all other provinces and territories (except BC) also engaged in PRS processes (Notten & Laforest, 2016). In some provinces, these strategies led to the creation new social policies. For example, in Ontario, the Ontario Child Benefit was created as a part of the province's first PRS.

Yet, a retrenchment of some social policies also occurred over this period. Specifically, at the federal level, current and historic reforms to (un)employment insurance had made the program more restrictive (Grey, 2002). While, at the provincial level, social assistance eligibility became increasingly limited and labour force oriented (Boychuk, 2015).

However, social policy changes over this period were not made consistently across jurisdictions. Within the decentralized Canadian state, provincial social policy choices reflected common ideologies, but also provincial realities and priorities. To provide context around the relationship between the federal and provincial/territorial Crowns, I now turn to a discussion of Canada as a federal state.

b) Canada as a Federal State

In Canada, governmental authority is divided between the federal Crown, ten provincial, and three territorial crowns. In the realm of social policy, both levels of government are actively involved, although in different ways for different policy areas. Banting (2012) argues that there are "three models of federalism" for social policy and intergovernmental decision-making in

Canada: classical federalism, shared-cost federalism, and joint-decision federalism. Under classical federalism, federal and provincial governments act independently; under shared-cost federalism, the federal government provides financial support to the provinces for specific provincial government programs; and, under joint-decision federalism, formal agreement must be reached between both levels of government before action can be taken (Banting, 2012). Table 1 provides examples of each 'type' of federalism.

Table 1: Federal and Provincial Social Policies for Poverty Reduction

Type of federalism	Level of interdependence	Federal	Provincial
Classical	Low	Unemployment benefits Child benefits Skills and training Tax benefits	Minimum wage regulations Child benefits Skills and training Tax benefits
Shared-cost	Medium	Health care, social assistance, child care/early childhood development, affordable housing	
Joint-decision	High	Canadian Pension Plan (CPP)	

Source: Author. Adapted from Banting (2012).

However, it should be noted that the nature of federal and provincial involvement in social policy is not static; the level of interdependence between levels of government has varied over time. Of relevance to this piece is the shift in jurisdictional responsibility that occurred in 1996 when national social security standards were eliminated and cost share agreements through the Canada Assistance Plan (CAP) were replaced by the Canada Health and Social Transfer (CHST), a block transfer of funding from the federal to provincial governments for health care, postsecondary education and welfare. This reform led to changes in the federal funding formula and saw funding allocations to provinces significantly reduced (Beland & Daigneault, 2015). Additionally, it limited federal influence over the size and nature of provincial social policy.

Yet, the decentralization of social policy that occurred through the replacement of the CAP only explains part of the story. The previously mentioned federal policy changes also affected the provincial social policy landscape. For example, the introduction of the NCB saw most provinces decouple child benefits from social assistance and reinvest the savings into other programs for families with children. Additionally, the steady decline in EI coverage beginning in the late 1990s pushed many unemployed individuals onto provincial social assistance programs and caused many already cash-strapped provincial governments to tighten social assistance eligibility requirements (Boychuk, 2015; Grey, 2002).

Indeed, while federal involvement in social policy has decreased over time, federal changes to key social policies have significantly influenced the evolution of provincial social policy and the effectiveness of social policy for reducing poverty among different demographic groups. Moreover, social policy has evolved differently across jurisdictions, reflecting the nature of each provincial welfare state.

c) The Canadian Welfare State?

Broadly speaking, the welfare state refers to the government's role in managing the economy and promoting economic and social wellbeing among citizens (Esping-Andersen,

1990). However, all welfare states are not the same and neither are the social policies and programs they develop and support. Accordingly, much research has considered how welfare states differ, and whether a typology can be used to classify them by type. The most influence of such studies has been Esping-Andersen's (1990) *The Three Worlds of Welfare Capitalism*, which demonstrates how ideology and politics shape the welfare state and its components. In this typology, there are three main types of welfare states: liberal, conservative and social democratic. Liberal welfare states reflect liberalist views, conservative reflect conservative perspectives, and social democratic socialist or Marxist thought. Correspondingly, liberal welfare states are reliant on the market while the state plays a more central role in social democratic and corporatist welfare states.

Esping-Andersen (1990) identified Canada as a liberal welfare state arguing that it is best characterized as having modest benefits and strict entitlements. For example, Canada only spends 3.1% of GDP on transfers, compared to an average of 11.2% in social democratic states (Haddow, 2014). Further, social reform in Canada is constrained through the "liberal work-ethic," a discourse that ensures benefits remain sufficiently modest to incentivize work (Esping-Andersen, 1990). Thus, it may be unsurprising that Canada, like other liberal welfare states, is less effective than social democratic or conservative welfare states at reducing poverty (Haddow, 2014). In other words, the nature of Canada's welfare state offers explanation as to why the country has a higher national poverty rate than the OECD average (OECD Stats, n.d.). It also helps explain why work is a more important way of staying out of poverty in Canada than in other OECD countries and why it is that Canadians living in poverty are likely to remain poor for longer than citizens of other developed nations (OECD, 2008).

However, Canada has also had features of the social democratic model. Old Age Security (OAS), for example, is a universal non-contributory program, which, in combination with the Canadian Pension Plan and Guaranteed Income Supplement, plays an important role in preventing poverty amongst the elderly.

Indeed, Canada does not fit into a discreet category, and the uniqueness of its federation poses challenges to Esping-Andersen's typology. Moreover, discreet categorization of Canada's welfare state can obscure understanding of some important characteristics of the Canadian regime. While comparative research on welfare states has relied heavily on this typology to examine similarities and differences between welfare states, research conducted within the Canadian context has revealed that interprovincial differences are also significant - even compared to those between other nations and welfare regimes.

Correspondingly, Canadian provinces can be considered independent and distinct welfare regimes (Haddow, 2014). There are substantial differences between the Canadian provinces in terms of both social spending and poverty reduction outcomes. Most notably, the redistributive impact of Quebec's policy framework exceeds all other provinces. For example, in 2007, Quebec's transfer payments (as a percentage of GDP) to the non-elderly were nearly double the average of the other provinces and the resulting impact on poverty reduction (as measured in terms of the difference between after-tax/transfer and market income) was more than four times as large (Haddow, 2014). To be sure, while Esping-Andersen's typology can help us to understand the Canadian welfare state in terms of how it compares overall to other OECD countries, its limitations must also be acknowledged. Critically, interprovincial differences point to the fact that any analysis of social policy in the Canadian context must include examination of the variation in provincial welfare regimes.

Chapter 2: Design and Methods

This correlational study uses a comparative social policy approach to compile and extend research on the effects of social policy on poverty reduction in the Canadian context by comparing the impact of key provincial social policies (i.e. social assistance, child benefits and child care) in British Columbia, Ontario, and Quebec to the poverty rates and trends of two target demographic groups (i.e. families with children and unattached adults) since 1999. In this chapter, the methodological choices of this research including the research design and methods are presented.

a) Comparative Social Policy

Comparative social policy is a particularly adept methodology for understanding the role of social policy in achieving poverty reduction because it can be used to compare one area with another, to contrast different positions or groups, and to consider changes over time. Notably, it is frequently used in the welfare state literature to make comparisons across countries. In the Canadian context, comparative social policy is needed to assess the effects of federal and provincial policies on provincial poverty rates. As mentioned previously, comparative research has revealed that there is large variation in social policy and poverty reduction effectiveness across provincial jurisdictions (Beland & Daigneault, 2015; Haddow, 2014; Weaver, Habibov & Fan, 2010). In other words, "provinces have very different records in equalizing life chances for their residents" (Haddow, 2014).

For this research, a comparative social policy approach is used to compare provincial social policies and their impact on the poverty rates of two target demographic groups (i.e. families with children and unattached adults) since 1999. The methodological choices and objectives of this comparison are detailed below.

b) Research Design

This is a correlational study, which means that it considers the relationship between the independent variables (i.e. social assistance, child benefits, and child care) and dependent variable (i.e. poverty), but is not able to determine whether a cause and effect relationship exists between these variables. Although microdata from Statistics Canada would have allowed for a more definitive assessment of the impact social policy had on income poverty over this period, given that the research goal was to identify those factors that are most likely to have influenced poverty, such an approach was determined to be outside of the scope of this thesis.

As mentioned in the introduction, for feasibility reasons, this project focuses on three provinces: British Columbia, Ontario, and Quebec; two target demographics: families with children and unattached adults; and, a selection of social policies, including family benefits (child benefits, childcare subsidies/programs) and social assistance. These choices are discussed below.

i) Selection of provinces

To increase the generalizability of the findings, case study selection was done using a most similar cases approach to case study selection. This method has the researcher choose cases where all independent variables except the one of interest are similar (Seawright & Gerring, 2008). British Columbia, Ontario and Quebec were chosen because they are relatively similar (in comparison to the other provinces) in terms of provincial demographics and economics

(additional independent variables), but have made very different social policy choices over the past fifteen years (independent variable of interest).

In terms of demographics, Ontario, Quebec and British Columbia are the most populated Canadian provinces. Average median age between 1999 and 2014 was relatively similar across jurisdictions, as was the average share of the population that was working age (i.e. between 15 and 64 years). Moreover, these provinces received the majority of new immigrants (Statistics Canada, 2011; Statistics Canada, 2016a). At the economic-level, average provincial labour force participation and unemployment rates were relatively consistent over the period. Moreover, all three provincial economies experienced declines in key industries (i.e. manufacturing and forestry) but were not subject to changes in the price of crude oil to the extent that other provinces (i.e. Alberta, Saskatchewan, Newfoundland and Labrador) were.

Table 2: Select Provincial Demographic and Economic Characteristics, 1999 to 2014

	Average median age	Average share of population that is working age (15 to 64 years)	Average labour force participation rate	Average unemployment rate
Canada	38.8	68.9	66.8	7.2
British Columbia	40.2	69.1	65.1	6.8
Ontario	38.5	68.7	67.2	7.1
Quebec	39.8	69.3	64.9	8.2

Source: Adapted from Statistics Canada (2015c); Statistics Canada (2016d).

In terms of social policy, compared to the other provinces, Quebec's redistributive effort has been large. For example, in 2007, transfer spending in Quebec comprised 3.9% of provincial GDP in comparison to 2.1% in British Columbia and 2.4% in Ontario (Haddow, 2014). Quebec is also unique in that it has universal child care system in place. Ontario has sought to reduce child poverty by introducing a child benefit program as one of the flagship interventions of its poverty reduction plan. While, in many social policy areas, British Columbia has lagged behind (Cohen & Klein, 2011). Moreover, British Columbia remains the only jurisdiction without a Poverty Reduction Strategy (PRS) in place (although the newly elected provincial government has announced an intent to introduce a strategy as early as spring 2018).

ii) Selection of target demographic groups

The target demographics for this project are families with young children and unattached adults. These demographic groups were selected because they have faced relatively high incidences to low-income/poverty over the past 15 years, but have had their experience reflected quite differently in the media, in political avenues, and in social opinion. There has been sustained interest in Canada in the poverty rates of children. Media coverage, as well as work by anti-poverty advocates and civil society organizations portray children as deserving dependents and focus on reducing poverty among this demographic group (Redden, 2011). By contrast, despite having persistently high rates of poverty, unattached adults have received little (or negative) attention from the press, advocacy groups, and politicians. Reflecting Schneider and Ingram's (1994) work on the social construction of target populations, these societal views help explain why there was an expansion in benefits for families with children and

stagnation/contraction of benefits for unattached individuals over this period (Beland & Daigneault, 2015).

These target demographic groups were also selected because the context in which they live – and therefore the role that social policies play in reducing poverty – are vastly different. Families with children must earn an income sufficiently large enough to sustain dependents. They must also balance child-rearing activities with employment (Barr, 2004). Unattached individuals, on the other hand, are unable to achieve economies of scale because they live alone, and therefore require more resources per adult to meet a similar standard of living. Further, they are at increased risk of falling into poverty because they are less likely to have someone to rely on during periods of unemployment or other financial shocks.

iii) Selection of social policies

Social policies and programs that reduce poverty for unattached adults include social assistance, employment and training programs, and tax credits. For families with children, in addition to these programs, child-specific policies that reduce poverty include child benefits and child care programming. Given that this list of policies is large and varied, the scope for this project includes the most important programs for reducing poverty that are available to provinces: social assistance, child benefits, and, child care programs.

I begin my analysis with social assistance because the program serves as the "final safety net" (Barr, 2004) for working age individuals and families with limited to no other financial resources, and therefore is a critical component of Canada's welfare state. Next, I turn to child benefits which, since the late 1990s, have been the source of the child portion of social assistance for families in most provinces, as well as an additional source of income for low and (more recently) middle-income families. Because parents tend to be younger and therefore lower-income earners (relative to the whole population), and because of the additional costs faced by families with children, child benefits are critically important for reducing poverty (Barr, 2004). Indeed, "social assistance and child-related transfer payments are the leading income security programs available to provinces for lowering poverty and inequality" (Haddow, 2015). Finally, I consider child care subsidies and programming, which are of importance because, in addition to offsetting childrearing costs, they support increased labour market participation thereby reducing unemployment, a critical determinant of low-income status. Notably, these programs were also selected because they "are interrelated, and a change in each affect not only overall levels of redistribution, but also its apportionment among cohorts of the population" (Haddow, 2015).

Table 3: Summary of Selected Provincial Social Programs for Poverty Reduction

Benefit	Type	Families with children	Unattached adults
Child benefits	Cash transfer	X	
Social assistance	Cash transfer	X	X
Child care subsidies/programs	In-kind	X	

Source: Author.

One limitation of this research is that relatively more social programs that benefit families with children are considered compared to unattached adults. In addition to social

assistance, Employment Insurance (EI), the Working Income Tax Benefit (WITB), and employment/training programs benefit unattached adults (and families with children). However, it was not feasible to consider these programs in addition to those described above.

EI, the WITB and employment/training programs were excluded from this analysis several reasons. Firstly, both EI and the WITB are federal programs and this research is focused on understanding how cross-provincial divergence influenced poverty reduction. Secondly, other than the erosion of coverage (which began before 1999), no significant changes were made to the EI program over this period. Thirdly, although the WITB was introduced during the period of investigation (i.e. in 2007), the benefits are relatively modest (i.e. in 2007 the maximum refund for a single person was $500 in current dollars) and only apply to a narrow income range (i.e. when implemented, the benefit was reduced to zero at a net income of $12,833) (TaxTips.ca, 2017). Finally, assessing employment/training programs is extremely challenging because of how many programs there are within and across provinces, and because there are many other independent variables on the causal path between these programs and poverty reduction.

It should be noted that within the selected target demographics, there are other groups whose low-income rates are typically higher than average. For example, recent immigrants and Indigenous persons often experience higher rates of low income, which means that increases in their population share can increase low-income rates. Additionally, women are more likely to live in low-income than men and therefore social policies for poverty reduction, especially those aimed at families with children, are likely to have gendered implications. For example, the type of child care options that are available to women impact female labour force participation rates (Fortin, Godbout & St Cerny, 2012), a key determinant of low-income among mothers. To account for these important factors, key statistics and trends, including immigration patterns, (off-reserve) Indigenous[1] population size, and female labour force participation, are considered in Chapter 7.

c) Research Methods

In the first chapter, quantitative data is analyzed to assess 1) how poverty evolved in Canada's provinces over the past 15 years. For this analysis, statistics were collected from the Canadian Income Survey (2012-present), and its predecessor, the Survey of Labour and Income Dynamics (1999-2011). For the purposes of this research, poverty means "income poverty." It is measured in terms of low-income using three measures that Statistics Canada regularly collects and publishes information on the Low-Income Cut-Off (LICO), Low-Income Measure (LIM), and the Market-Based Measure (MBM). Each measure represents a different understanding of poverty and, as a result, provides different information about poverty in Canada and how it has behaved over time. For example, in 2014, the LICO estimated that 8.8 percent of Canadians are living in poverty and the LIM estimated 13.0 percent. Further, the LICO suggests that poverty has been in decline since the late 1990s, while the LIM suggests shows that poverty has remained relatively unchanged since the mid-1970s (Murphy et al, 2012; Zhang, 2010). Moreover, although we can say that some populations in Canada including children and unattached adults are more at risk of living in poverty, the experience of each demographic group

[1] This project will not address poverty among on-reserve Indigenous persons because they are generally not subject to provincial social program (as responsibility for social programming on-reserve falls under federal jurisdictions). Moreover, low-income statistics used here (i.e. based on the Canadian Income Survey and the Survey of Labour and Income Dynamics) do not include on-reserve Indigenous persons.

is unique, and often not reflective of the national pattern. For example, national poverty trends for children show a decline in low-income under both the LICO and MBM, but stagnation under the LIM. While, for unattached individuals, incidences of low-income have persistently been about 30 per cent since the late 1990s under all three lines (Murphy et al, 2012; Collin, 2007). Thus, the purpose of the first chapter is to outline poverty rates and trends across provinces and demographic groups and to introduce preliminary explanations for some of the observed differences.

Secondly, comparative policy analysis is used to determine 2) what contribution social assistance, child benefits, and child care likely made to poverty reduction over this period. As a first step, academic publications, provincial websites, and policy documents were reviewed to compile and record relevant information about the characteristics of various social policies and programs using Table 5. This table includes basic information about the social program, including the type of benefit, type of program, targeting mechanism, and eligibility criteria. It also provides information on how to apply and receive the benefit, the number of beneficiaries, benefit size (i.e. how much do individuals/families receive annually), and program cost (i.e. how much does the program cost the (provincial) government annually). Depending on the program, other relevant information is recorded in a modified table.[2] A description of relevant terms is found below.

In general, there are two types of benefits: cash transfer or in-kind benefits. Cash transfers are "income support in the form of cash," (Barr, 2004) while in-kind benefits are free or subsidized goods or services. Cash transfers relieve poverty by directly increasing individual or family incomes. Examples include social assistance and child benefits. In-kind benefits reduce poverty or poverty risk by lowering out of pocket expenses, improving skills and qualifications, and/or reducing barriers to employment. Examples include child care subsidies and programming (Barr, 2004).

Generally, there are also two types of social programs: social insurance and social assistance. Social insurance benefits are those paid "on the basis of (usually compulsory) contribution" and "often without any test of means of need" (Barr, 2004, 393). Social assistance benefits are those that are paid without contribution and are targeted to those in need. The social assistance programs examined here include social assistance, child benefits, and child care subsidies (in British Columbia and Ontario).

Benefits may be targeted in three main ways: 1) using an income or a means-test, which compares families' resources (i.e. income and/or wealth) to program eligibility criteria; 2) using indicators that are correlated with poverty (e.g. being in old age, having children in the family); or, 3) using self-identification. Benefits may also be targeted using some combination of these targeting methods (Barr, 2004). Benefits that are not targeted are called universal benefits, and are provided to all families/individuals who meet a program's eligibility criteria.

Social assistance is targeted using a means test to ensure that benefits are "paid to individuals whose income and wealth from all other sources are below a given amount" (Barr, 1998, 450). The means-test for social assistance in all provinces assesses both assets and income. Assets can be fixed (e.g. residence, family vehicle) or liquid (e.g. cash on hand, stocks). Fixed

[2] For example, the liquid asset exemption levels for social assistance programming and the income thresholds for child benefits are recorded. For childcare programming, the completed tables also contain information on program availability (i.e. the number of regulated spaces and the percentage of children aged 0-5 years for whom there is a regulated childcare space) (see Appendix A).

assets are usually considered exempt, but liquid assets must fall below the designated limit. A small amount of earnings may also be considered exempt, but income must also fall below the limit (National Council of Welfare, 2000; Tweedle, Battle & Torjman, 2015). Child benefits are targeted using a combination of indicator and income testing. Specifically, eligibility depends on having children and on family/household income falling below the designated income threshold. Benefits are provided to families with children who have a low-income (as defined by the program's income threshold), and are withdrawn or reduced as income rises (Barr, 2004). In the past, eligibility for some child benefit programs was also based on earned income. In contrast to neutral income programs (that do not require families to have income from employment), earned income programs are those where eligibility requires that a defined amount of family/personal income be from work (Jenson & Thompson, 1999). Child care subsidies in British Columbia and Quebec are targeted in the same way as child benefits (i.e. using an indicator and an income-test). In contrast, childcare in Quebec is universal (i.e. provided to all families with children).

Table 4: Targeting Methods

Type of Targeting	Method	Example
Income-test	Uses income threshold(s) to determine eligibility	Child benefits Child care subsidies
Indicator	Uses indicator(s) highly correlated with poverty to determine eligibility	
Means-test	Uses an assets test to determine eligibility	Social assistance
Self-identification	Creates incentives for desired actions by members of a target group	Employment programs

Source: Author. Based on information from Barr (2004)

Next, based on the information recorded in Table 5, and on additional data gathered from academic and policy publications, I assessed the potential effectiveness of child benefits for achieving poverty reduction. Effectiveness is measured in terms of the adequacy of the level of benefit, coverage (horizontal efficiency), and take-up (vertical efficiency) (Barr, 2004). For cash transfer programs (i.e. social assistance and child benefits), the level of benefit is measured in terms of the program's contribution to achieving income adequacy as defined by the various low-income indicator thresholds. For families with children, these calculations are based on a typical family of two parents and two children, as defined by Statistics Canada's MBM threshold. In some cases (i.e. for child benefits), these calculations are also made for single-parent families (with one child) to allow for comparisons within the target demographic group. For in-kind benefits (i.e. child care), the level of benefit is defined as the recipient fee paid by low-income families receiving a full subsidy; it is calculated by subtracting the maximum fee subsidy from the average parent fees in Ontario and British Columbia. In the case of Quebec, where subsidies are not provided, the recipient fee for low-income families is simply the flat-rate monthly fee.[3]

For all programs, coverage is measured as the percentage of low-income families/persons who are eligible for the benefit; and, take-up is measured as the percentage of total eligible who receive the benefit (Barr, 2004). It should be noted that for child care programs take-up is assessed quite differently across jurisdictions because of variation in program eligibility

[3] Benefit adequacy is described in this way to reflect actual costs to families as opposed to variation in the provincial cost of childcare programming.

requirements. Specifically, in Quebec, where a universal program is in place, the denominator for the take-up equation is all children; while, in British Columbia and Ontario, where child care is targeted, the denominator is more restricted.

Table 5: Describing Characteristics of Social Policies/Programs

Program name	
Program description	i.e., what does the program provide?
Effective date	i.e., when did the program/policy come into effect?
Type of support	i.e., cash transfer, in-kind
Type of program	i.e., social assistance, social insurance
Targeting mechanism	i.e., untargeted universality, progressive universality, progressive targeted
Eligibility criteria	i.e., who qualifies and under what conditions?
Application and delivery	i.e., how to apply and receive benefit?
Beneficiaries	i.e., how many receive the benefit?
Size of benefit	i.e., how much/what do beneficiaries receive?
Cost	i.e., how much does this program cost annually?

Source: Adapted from Notten's class outline for API 6315.

When data are not available to complete effectiveness calculations as described, estimates are made based on existing information or excluded. For child care, intermediate outcomes, including the impact of the program on (female) labour market participation, are also assessed. Where possible, findings regarding the potential effectiveness of selected policies and programs are compared against the results of program evaluations.

Table 6: Measuring Effectiveness of Provincial Social Policies

Indicator	Program	Measures
Level of benefit	Cash transfer	Percent contribution to achieving income adequacy as defined by the LICO, LIM, MBM (i.e. size of benefit/poverty threshold or relative income level)
	In-kind	Outstanding recipient/parent fees (i.e. the difference between a full fee subsidy and average monthly parent fees).
Coverage	All	Percentage of low-income families/persons who are eligible for the benefit (i.e. number eligible/total low-income)
Take up	All	Percentage of total eligible who receive the benefit (i.e. number recipients/total eligible)

Source: Author. Based on information from Barr (2004).

To ensure an in-depth analysis of the role key provincial social policies played in reducing poverty between 1999 and 2014, I devote a chapter to each. Given the interactive relationship between federal and provincial social policies, I start by providing an overview of the most important policy changes at the federal level. Next, I describe the characteristics of the provincial social policies in the selected jurisdictions in 1999 and 2014, and highlight any significant changes that occurred over this period. In so doing, I discuss the impact that federal

social policy changes had on provincial choices. Then, I assess the potential effectiveness of the selected policy for achieving poverty reduction using the three indicators described above: benefit adequacy, coverage, and take-up. Finally, I compare my observations about the potential effectiveness of the program to low-income rates and trends to estimate what role the program could have played in reducing poverty in the selected provinces between 1999 and 2014. Because social policy is only one factor among many that influences poverty rates and trends, following the analyses of social policy factors, qualitative and quantitative analysis of key economic and demographic variables is used to determine what other key factors likely influenced poverty trends.

To avoid repetition, in each social policy chapter, the analysis is focused on what role that specific policy or program played in reducing poverty, assuming all other things were held constant. Similarly, in the chapter on economic and demographic factors, the analysis is focused on what we would expect to happen to poverty under each of the poverty indicators, given economic and demographic trends. In the final chapter, all of these factors are considered together to provide an answer to the research question: What role has social policy played in achieving poverty reduction for families with children and unattached adults in three of Canada's provinces since 1999?

Chapter 3: Poverty Rates & Trends

This chapter considers how poverty evolved in Canada and in Canada's provinces between 1999 and 2014 using three mainstream low-income indicators: the Low Income Cut-Off (LICO), Low Income Measure (LIM), and Market Basket Measure (MBM) as reported on by Statistics Canada. I begin the chapter with a discussion of how income poverty is defined and measured. Next, I describe and analyze national and provincial poverty rates and trends using low-income data from the Survey of Labour and Income Dynamics (SLID) and Canadian Income Survey (CIS). Finally, I make comparisons across jurisdictions and demographic groups and introduce some potential explanations for the observed differences.

a) Poverty Methodology & Data

Income poverty can be defined in absolute or relative terms. Absolute poverty refers to an inability to meet basic needs while relative poverty refers to being in a position of comparative disadvantage in society. Correspondingly, poverty can be measured in absolute or relative terms. Absolute poverty is often measured using a line fixed at a subsistence level while relative poverty is measured by a line that fluctuates as living standards change (Foster, 1988). In other words, different definitions of poverty lead to the construction of different poverty indicators.

In Canada, poverty is most commonly measured in terms of low income (Statistics Canada, 2015b). Statistics Canada regularly collects and publish information on income poverty to support policy and program development, and to inform the public. Different aspects of income poverty are reported on through three measures: a hybrid measure, the Low-Income Cut-Off (LICO); a relative measure, the Low-Income Measure (LIM); and, an absolute measure, the Market-Based Measure (MBM) (Statistics Canada, 2015b).

The LICO represents a threshold under which a family's spending on food, clothing and shelter is more (by 20 percentage points) than the average family. More specifically, under the after-tax LICO, a family is low income if they spend 63% or more of their after-tax income on necessities (i.e. 43% (average spending) plus 20% margin) (Statistics Canada, 2015b). The LICO is calculated for five different family sizes and seven different community sizes.

The LIM is equal to half or 50% of median adjusted (for different family sizes and compositions) household income. To find this median, an equivalent household income is assigned to everyone in the population. The LIM is adjusted for different families by multiplying this median, the low-income threshold, by a family's "equivalent household size" (Statistics Canada, 2015b); it is not adjusted for community size.

The *MBM* is a threshold based on the costing out of necessary goods and services (Statistics Canada, 2015b). Specifically, they are calculated as the cost of food, clothing and footwear, shelter, transportation, and other necessities in a specific region or city for a reference family of four. To adjust for other family sizes, the threshold is divided by two (i.e. the square root of the reference family size) and then multiplied by the square root of the desired family size. MBM thresholds are calculated for 30 region-specific community sizes and for 19 cities. Low-income status is determined by comparing the appropriate threshold value to an individual or economic family's disposable income (Statistics Canada, 2015b).

Despite measuring the same monetary resource (i.e. household/family income), these poverty measures differ somewhat in how they are constructed. They use different definitions of income, units of observation, equivalence scales, and vary in terms of how/whether they

accommodate for regional variation in the cost of living. These differences are summarized in Table 8.

Table 7: Mainstream Low-Income Poverty Measures in Canada

Measure	Type	Income adequacy proportional to	Agency
Low-Income Cut-Off (LICO)	Relative/ Hybrid	Average household spending on food, shelter, clothing	Statistics Canada
Low-Income Measure (LIM)	Relative	Median household income	Statistics Canada
Market Basket Measure (MBM)	Absolute	Cost of essential goods and services	ESDC (formerly HRSDC)

Source: Author. Adapted from Murphy et al (2012) & Zhang (2010).

Related to their methodology, each measure has its strengths and limitations. Most notably, the LIM is the most useful for international comparisons, while the LICO and MBM are Canadian-specific thresholds; the MBM is the most sensitive to regional variations in the cost of living, while the LIM assumes that there is no regional price variation; and, the LIM and MBM are more transparent because the calculation of these measures is based on less implicit choices and a simpler methodology (Zhang, 2010).

Yet, these measures do not represent the only ways to measure poverty. For instance, according to Sarlo (2013), low-income poverty is best measured in absolute terms using a Basic Needs Line (BNL), a more stringent measure that defines poverty as a situation where individuals/households lack the resources to acquire necessities. Because it employs a stricter definition, the BNL thresholds are much lower than those set by the other low-income poverty measures. In 2009, for example, Sarlo (2013) estimated the BNL to be $24,323 for a family of four while the MBM in the same year ranged from approximately $30,000 to $36,00 (depending on community size) (Statistics Canada, 2017a).

Further, poverty can be measured in non-monetary terms. In fact, the exclusive use of income-based poverty measures has caused some concern among policy makers, researchers, and others. Chief among these is that these measures are not sensitive to unobserved differences such as access to subsidized good and services or to other financial resources (e.g. credit or debt payment obligations). Material deprivation – an outcome-based measure of whether a household can afford items that are considered necessities by most Canadians (such as fresh fruits and vegetables or a winter coat) – has been considered an important compliment to income-based poverty measures (Notten & Mendelson, 2016).

Despite there being other ways to define and measure poverty, in this study, I use income-based poverty statistics based on the Survey of Labour and Income Dynamics (SLID) and the Canadian Income Survey (CIS) to understand how poverty evolved in the Canadian provinces between 1999 and 2014 as these statistics are the only longitudinal poverty data available for the entire reference period.

Table 8: Methodological Features of Low Income Poverty Measures

	Definition of income	Unit of observation	Accommodations for family size (i.e. equivalence scale)	Accommodations for regional variation
LICO	Two sets of income cut-offs are produced based on: 1) total income (including government transfers and before income tax deductions); and, 2) after-tax[4] income	Economic family - all persons living in the same dwelling and related by blood, marriage, common-law relationship or adoption.	Calculated for seven different family sizes (based on # of persons in family). Family size is a component of the model for calculating the LICOs (i.e. logarithm of spending on food, shelter and clothing is a function of the logarithm of income, family size and size of the area of residence).	Calculated for five different community sizes
LIM	Calculated three times with market income, before-tax income, and after-tax income	Household – person or group of persons residing in a dwelling	Calculated for family income by adjusting family income to its family size). (i.e. by dividing total household income by the square root of the number of members in the household).[5]	N/A
MBM	Thresholds are compared to disposable income of families.[6]	Economic family – see above	Calculated for a reference family of four. To calculate for other family sizes, divide threshold values by 2 (the square root of the reference family size of four) and then multiply by the square root of the desired family size.	Calculated for 49 different reference communities (city-specific and provincial by population size)

Source: Author. Based on information from Statistics Canada (2010, 2015b).

[4] Statistics Canada (2010) prefers the use of the after-tax measure because it reflects the income that is disposable to families for spending.

[5] Until 2008, the economic family was the accounting unit and a different equivalence scale was used. When the household replaced the economic family and the new equivalence scale was introduced, previous years LIMs were revised accordingly (Statistics Canada, 2010).

[6] Disposable income equals total income minus incomes taxes and non-discretionary expenses (e.g. mandatory payroll deductions, out-of-pocket spending on childcare, supplementary health plans and union dues). (Statistics Canada, 2016c).

b) Poverty Rates & Trends

The analysis in this section shows that poverty levels and trends vary by low income measure, across provinces, and by demographic groups. To analyze poverty rates and trends, I calculated the overall percentage change in low-income between 1999 and 2014 at the national, provincial and demographic levels (see Table 10). Using 95% confidence intervals calculated by Murphy et al (2012) as a guide, trends were found to be statistically significant if the change in the poverty rate was larger than two percent at the national level, in Quebec and Ontario, and larger than three percent in British Columbia. It should be noted that because larger confidence intervals apply when considering poverty trends among sub-populations at the provincial-level, changes smaller or similar in size to those indicated in Table 9 for children or unattached adults may not be statistically significant. Such trends are italicized in Table 10.

Table 9: Sample 95 % Confidence Intervals (under the LICO) for data from the SLID

	CI for children (& size of range)	CI for unattached adults (& size of range)
Ontario	11.7 – 14.2 (2.5)	36.7 – 47.4 (10.7)
Quebec	14.2 – 18.0 (3.2)	39.3 – 49.8 (10.5)
British Columbia	11.9 – 16.5 (4.6)	36.5 – 54.1 (17.6)

Source: Adapted from Murphy et al (2012).

This analysis shows firstly that different low-income measures suggest that there are different levels of poverty in Canada and in the Canadian provinces. For example, in 2014, the national low-income poverty rate was 8.8 percent under the LICO, 13.0 percent under the LIM, and 11.3 percent under the MBM. Further, each measure offers a different picture of what has happened to poverty over time. Between 1999 and 2014, national poverty rates decreased under the LICO, but remained stagnant under the LIM and MBM. At the provincial level, low-income incidence in British Columbia was 9.6 percent under the LICO, 13.4 percent under the LIM, and 13.2 percent under the MBM in 2014. While, between 1999 and 2014, low-income incidence in British Columbia decreased under the LICO and MBM, but stagnated under the LIM.

This is in part because, despite measuring the same monetary resource (i.e. household/family income), these poverty measures consider different aspects of wellbeing and are constructed somewhat differently. For example, the stability of the LIM over time as compared to the LICO and MBM can be explained by differences in the construction of these measures. Specifically, because the LIM is updated to represent 50 percent of median income each year, income growth at the bottom of the distribution will not change the poverty rate unless it is greater (or smaller) than income growth across the rest of the distribution. By contrast, because the LICO and MBM are updated to account for inflation and changes in the cost of living respectively, (real) income growth at the bottom of the distribution leads to decreases in poverty rates under both lines (so long as this growth is larger than inflation/changes in the cost of living).

Secondly, in addition to within province variation, cross-provincial differences are observed in poverty rates and trends. For example, between 1999 and 2014, low-income rates were relatively high (compared to other provinces) under the MBM in British Columbia and relatively low in Quebec; and, Ontario was the only province to see an increase in low income under any of the poverty measures. This variation likely reflects cross-provincial differences in social policy, economics and/or demographics. However, these explanations are also tied to methodological differences between the low-income measures. Specifically, as the only indicator that considers

provincial variation in the cost of living, low-income rates under the MBM will tend to be higher in provinces where the cost of living is higher, while (especially) the LIM and (to some degree the) LICO will remain unaffected by this difference. Additionally, because the LIM is based on median income of the whole population, slow income growth (at the bottom of the distribution) in one province (relative to other provinces) may result in a rising provincial LIM.

Thirdly, regarding low-income rates and trends at the demographic-level, children have experienced higher low-income rates than the general population, but lower low-income rates compared to other vulnerable demographic groups. In contrast, low income incidence among unattached adults has been persistently high (Murphy et al, 2012). In terms of trends, variation across demographic groups is observed at both the national and provincial levels. Across Canada, low-income rates among children declined by 0.8 to 6.2 percentage points over this period depending on the indicator of reference. The declines were particularly strong under the LICO. In British Columbia and Quebec, low-income rates among children declined substantially (and by a proportionally greater percentage than for the general population) under both the LICO and MBM, while low-income trends deviated in Ontario, with low-income rates increasing for both demographic groups under the LIM and for unattached adults under the MBM.

In general, families with children fared much better than unattached adults between 1999 and 2014. Several factors may account for this variation, including the overall expansion in child and family benefits and retrenchment in social assistance benefits for unattached adults that has taken place since the late 1990s. However, the relatively high low-income rates experienced by unattached adults are also a reflection of the fact that these individuals are unable to exploit economies of scale (i.e. to take advantage of the cost savings that result from being part of a larger household) and therefore have higher living costs.

Finally, the relative position or magnitude of low-income rates also varies cross-provincially and across demographic groups. For example, in 2014, low-income rates were consistently highest when measured with the LIM; however, in Ontario and British Columbia, rates have been highest under the MBM, whereas Quebec has often experienced relatively low incidence under this indicator. In contrast, low-income rates were lowest for unattached adults under the LIM. Again, differences in indicator methodology may account for this variation. Higher rates of low-income under the MBM in British Columbia and Ontario may reflect the fact that the MBM is the only indicator adjusted to reflect provincial variation in the cost of living. Additionally, variation in the unit of observation (i.e. the LIM uses the household, while the LICO and MBM use the economic family) may explain why resulting low-income rates are lowest for unattached adults under the LIM. For example, because the household unit includes all persons who reside together in a dwelling, the incomes of unattached individuals who live with roommates may be counted together under this indicator, but not under the LICO or MBM.

In sum, understanding how poverty has evolved in Canada's provinces is complex. In addition to differences in low-income rates and trends across different poverty measures, there are significant differences across provinces and demographic groups. Some of these differences are explained by differences in indicator methodology, as discussed above; however, this variation is also the result of social policy, economic and other factors, which are the focus of the rest of this investigation.

Table 10: Low-Income Rates and Trends Summary (2014) [7][8][9][10]

	Canada			British Columbia			Ontario			Quebec		
	Rate	Pp	%	Rate	pp	%	rate	pp	%	rate	pp	%
LIM												
- All	13.0	0.6		13.4	-1.2		13.8	3.8	Increase 38%	13.7	0.1	
- Under 18	14.7	-0.8		15.5	-1.7		16.6	3.3	Increase 19.8%	12.4	-3.0	*Decrease 19.5%*
- Unattached	26.9	-0.6		26.7	-0.1		29.6	3.7	*Increase 16.2%*	30.0	1.2	
LICO												
- All	8.8	-7.2	Decrease 32.3%	9.6	-6.8	Decrease 41.5%	9.7	-1.6		8.6	-6.2	Decrease 41.9%
- Under 18	8.3	-6.2	Decrease 42.8%	8.6	-8.8	Decrease 50.6%	10.4	-3.4	Decrease 24.6%	6.9	-8.0	Decrease 53.7%
- Unattached	31.2	-7.6	Decrease 19.6%	31.7	-9.0	*Decrease 22.3%*	36.0	0.1		30.2	-10.0	*Decrease 23.7%*
MBM												
- All	11.3	-1.7		13.2	-6.3	Decrease 32.3%	12.4	0.3		9.4	-1.4	
- Under 18	12.2	-3.8	Decrease 23.8%	14.0	-11.2	Decrease 44.4%	13.4	-1.6		8.7	-2.9	*Decrease 22.4%*
- Unattached	33.3	0.3		35.4	-1.8		38.5	6.1	*Increase 18.8%*	29.7	0.4	

[7] Low income data for these calculations was drawn from the Survey on Labour and Income Dynamics (SLID) and Canadian Income Survey (CIS) as reported on by Statistics Canada (2017d).

[8] PP is the arithmetic difference of low income rate percentages in base year (1999) and current year (2014) (pp = (current year – base year)/base year). Base year is 1999 for the LIM & LICO and 2002 for the MBM.

[9] Percentage change (%) is the pp divided by the base year multiplied by 100.

[10] Percentage change is not listed for trends that are smaller than two percent at the national level and three percent at the provincial level. Trends that are estimated to be statistically significant are described in regular font. Trends that are estimated to be marginally significant are italicized.

Chapter 4: Social Assistance

As the so-called program of last resort, social assistance plays a critical role in alleviating poverty by providing financial assistance to cover basic living costs of an individual or family when no other financial resources are available (Federal-Provincial-Territorial Directors of Income Support, 2016). In this chapter, I provide an overview of the policy context in which social assistance reform took place in the late 1990s and early 2000s. Next, I discuss how these reforms affected benefit adequacy and coverage across provinces and demographic groups.[11] Finally, I examine the overall impact social assistance had on poverty reduction among families with children and unattached adults in the selected provinces between 1999 and 2014. For feasibility reasons, this analysis is limited to social assistance benefits for "employable persons" (i.e. persons without a disability).[12]

a) Program History

Until 1996, the federal government shared the costs of providing social assistance with the provinces under the Canada Assistance Plan (CAP). Under CAP, provinces had some flexibility to structure their social assistance programs but were subject to standard conditions including a requirement for needs-test and a disallowance of workfare and residency requirements (Boychuk, 2015).

After the dissolution of CAP in 1996, there was a significant shift in social assistance programming (Boychuk, 2015). Specifically, social assistance programs began to diverge cross-provincially, as provincial governments were afforded more flexibility to shape their programs, and were no longer subject to federal standards.

In addition to the dissolution of CAP, changes to federal child benefits and unemployment insurance programming also had a significant impact on social assistance in the late 1990s (Boychuk, 2015). Specifically, following the implementation of the National Child Benefit (NCB) in 1998, provinces were encouraged to deduct the NCB supplement (a child benefit targeted to low-income families) from social assistance benefits to ensure that this additional child benefit did not make families on social assistance better off than the working poor. Five provinces, including Ontario, chose to claw back their benefits this way. Other provinces, including British Columbia and Quebec, chose to make reductions to their provincial child benefits and to simultaneously lower overall social assistance benefit levels (Milligan & Stabile, 2007). At the same time, the restructuring of the federal employment insurance program saw eligibility requirements tighten and benefit generosity reduced, which subsequently led to an increase in provincial welfare caseloads (Boychuk, 2015).

Restructuring of social assistance in the late 1990s reflected differences in provincial politics and ideology (Boychuk, 2015). For example, although all provinces made 'employability' a greater focus of their respective social assistance programs, labour force participation was encouraged differently. In British Columbia and Ontario, active labour market policies focused on reducing dependency through mandatory job search and other strict eligibility requirements (Graefe, 2015; Pulkingham, 2015). In Quebec, reforms were designed to

[11] Take up is not considered due to data limitations.

[12] It should be noted that this is a limitation of this research, as "unemployable persons" often receive more generous and less conditional social assistance benefits. However, the exclusion of unemployable recipients allows for a more in-depth of analysis of what has happened to social assistance benefits for able to work individuals (i.e. those persons who have been the focus of active labour market policies).

increase employment by building human capital. For example, recipients were not required to perform a job search but were provided additional benefits for participating in training or skills development programs (Noel, 2015).

In the years following, provincial social assistance programs continued to evolve differently across jurisdictions. In British Columbia, social assistance eligibility became increasingly restrictive. The province eliminated earnings exemptions for employable recipients, introduced a time limit for unattached adults receiving welfare benefits, and prevented single parents from receiving child support (Pulkingham, 2015). In Ontario, where social assistance was highly politicized, subsequent governments avoided making reforms and instead focused on other poverty reduction initiatives, including the implementation of a poverty reduction strategy and a provincial child benefit program (Graefe, 2015). Notably, since 2012, both provinces have moved toward a more facilitative approach, having repealed some of their more stringent policy reforms. Yet, only very small increases have been made to benefit amounts and their actual value has fallen relative to inflation in both provinces. In contrast, in Quebec, the province's strong anti-poverty and advocacy groups actively resisted a number of more punitive reforms to social assistance, such that the program remained comparatively lenient and generous. Nonetheless, because provincial welfare rates are not indexed, and unattached individuals did not benefit from the expansion of child-focused programs that occurred during this period, Quebec was not immune from the retrenchment of welfare benefits that occurred in the other provinces (Noel, 2015).

Box 1: The pathways / effects of social assistance on poverty - Theory of change

Pathway 1: Increased adequacy of social assistance benefits improves income for individuals and/or families => reduction in poverty

Pathway 2: Decoupling of child benefits from social assistance increases labour force participation among parents (especially mothers) which (usually) leads to a higher family income now (through income from employment) and in the future (through work experience) => reduction in poverty and/or lift a family out of low-income (now and in future)

Pathway 3: Active labour market policies facilitate skills building (through training and/or education) which increases future labour market participation and access to higher paid jobs which in turn leads to a higher family income in the future => reduction in poverty and/or lift a family out of low income (future)

Pathway 4: Stricter eligibility requirements (e.g. mandatory job search requirements) push individuals/families from a social assistance into precarious employment (i.e. low pay, insecure jobs) => variable impacts on poverty depending on individual and their employability

a) Poverty Reduction

To assess the impact these changes had on poverty reduction, I consider the various pathways/effects of social assistance on poverty (see Box 1). Specifically, I look at benefit adequacy and coverage. To assess benefit adequacy, I use data from the National Council of Welfare (2000) and Tweedle et al (2015) to calculate the contribution of total welfare incomes to achieving income adequacy as defined by the LICO, LIM and MBM thresholds. This exercise confirms that the adequacy of welfare incomes was less for unattached individuals compared to

families with children in both 1999 and 2014. As an additional step, I calculate the percentage change in benefit adequacy from 1999 to 2014 (see Table 11). These calculations show that benefit adequacy decreased across all jurisdictions for unattached adults but increased for families with children in Quebec and, under the LICO, in Ontario. Notably, this overall preference for families with children is consistent with the "child-centred" ideology of the social investment perspective that informed the National Child Benefit initiative (Jenson, 2013; Boychuk, 2015).

Table 11: Adequacy of Total Welfare Incomes, 1999 and 2014[13][14][15]

Unattached adults					
	1999		2014		
	LICO	LIM	LICO	LIM	MBM
British Columbia	50.0%	49.6%	45.8%	37.3%	40.6%
Ontario	53.9%	53.5%	49.9%	40.6%	46.8%
Quebec	49.2%	48.8%	50.0%	40.7%	51.1%
Couple parent family with two children					
British Columbia	74.5%	69.6%	67.8%	52.4%	57.0%
Ontario	75.8%	70.8%	80.4%	62.1%	71.4%
Quebec	62.7%	58.6%	78.7%	60.8%	76.2%

Source: Author. Based on data from National Council of Welfare (2000) & Tweedle et al (2015).

Table 12: Percent Change in Adequacy of Total Welfare Incomes, 1999 to 2014

	Unattached adults		Couple parent families with two children	
	LICO	LIM	LICO	LIM
British Columbia	-4.2%	-12.3%	-6.7%	-17.2%
Ontario	-4.0%	-12.9%	4.6%	-8.7%
Quebec	.8%	-8.7%	16%	2.2%

Source: Author. Based on data from National Council of Welfare (2000) & Tweedle et al (2015).

Indeed, the evidence as to whether social assistance became more poverty reducing over this period varies across jurisdictions and demographic groups. Because total welfare incomes were less generous toward unattached individuals compared to families with children, social assistance was potentially less effective in reducing poverty for unattached adults than for families with children. Moreover, because benefits became less adequate for unattached individuals over time, the potential poverty reduction effectiveness of social assistance decreased for this group. In contrast, because changes in benefit adequacy for families with children differed across jurisdictions, the potential poverty reduction effectiveness of social assistance for

[13] Total welfare incomes include annual social assistance benefits, child benefits, an provincial and federal tax credits.

[14] For the LICO and MBM, the threshold values reflect the median community size (and therefore median threshold value) of a population of 30,000 to 99,000 persons.

[15] Adequacy of total welfare incomes cannot be calculated under the MBM in 1999 because it was not introduced until 2002. For the same reason, percentage change in income adequacy of the MBM cannot be calculated for the reference period. Likewise, values for the MBM in 1999 are not found in tables 14, 15, 16 and 17.

families with children increased in Quebec, decreased in British Columbia, and was ambiguous in Ontario (i.e. absolute poverty decreased, whereas relative poverty increased).

However, low-income rates and trends are not directly attributable to changes in the adequacy of total welfare incomes because social assistance benefits are not large enough to achieve income adequacy as defined by any one of the low-income indicators. As such, the average gap ratio[16] is a more meaningful statistic for assessing the contribution of social assistance benefits to poverty reduction. As shown in Table 13, the average gap ratio was significantly higher for unattached individuals than for children under 18 years across all jurisdictions. This is consistent with the observation that social assistance were less generous for unattached adults compared to families with children. Additionally, the average gap ratio tended to increase between 1999 and 2014 for unattached individuals (except under the LICO in Quebec) and to decrease for children under 18 years (except in British Columbia). Again, this is consistent with what would be predicted based on the observed social assistance trends.

Table 13: Poverty Gap Ratios, 1999 and 2014

Unattached adults					
	1999		2014		
	LICO	LIM	LICO	LIM	MBM
British Columbia	48.8	46.4	50.6	46.9	48.6
Ontario	46.1	43.7	48.2	45.3	48.1
Quebec	43.5	43.0	42.5	45.1	42.3
Children under 18 years in economic families					
	1999		2014		
	LICO	LIM	LICO	LIM	MBM
British Columbia	27.9	29.3	33.7	29.5	29.8
Ontario	29.9	30.9	28.3	26.1	28.0
Quebec	25.8	26.3	17.0	23.0	19.6

Source: Statistics Canada (2017d)

To assess coverage, I first considered what happened to social assistance caseloads over this period. I then considered how changes in coverage might have affected social assistance rates and therefore poverty reduction. Notably, all provinces saw a decline in social assistance rates for families with children between 1999 and 2014. In Quebec, a smaller decline was also observed among unattached adults whereas, in British Columbia and Ontario, social assistance rates initially decreased for this group but have since returned to 1999 levels (Pulkingham, 2015; Graefe, 2015; Noel, 2015).

Stricter eligibility rules in British Columbia and Ontario likely decreased coverage by making previously eligible recipients ineligible. In fact, the dramatic fall in social assistance rates that occurred in British Columbia between 1995 and 2005 provides evidence to this effect, especially given that a fall in the employment rate (which is usually associated with an increased in social assistance rates) occurred over the same period (Kneebone & White, 2015). Likewise, the shrinking of social assistance caseloads that coincided with the introduction of a requirement that lone-parents look for employment when their youngest child was two years old is

[16] The average gap ratio is the "difference between the low-income threshold and the family income, expressed as a percentage of the low-income threshold…over the population of below the income line" (Statistics Canada, 2017s).

attributable to a decline in the social assistance caseload in Ontario in the late 1990s and early 2000s (Graefe, 2015).

Table 14: Percent Change in Poverty Gap Ratios, 1999 to 2014

	Unattached adults		Children under 18 years in economic families	
	LICO	LIM	LICO	LIM
British Columbia	1.8	0.2	5.8	0.5
Ontario	2.1	1.6	-1.6	-4.8
Quebec	-1.0	2.1	-8.8	-3.3

Source: Author's calculations. Based on data retrieved from Statistics Canada (2017d).

Data are not available to assess take-up. However, there is some evidence that reforms in other social policy areas may have influenced take-up rates over this period. For example, the decoupling of child benefits from social assistance effectively expanded child benefits coverage to low-income workers with children, which led to a decline in social assistance take-up among lone-parent mothers participating provinces (Milligan & Stabile, 2007). Additionally, human capital investment in Quebec may have decreased social assistance take-up by increasing the employability of (former) social assistance beneficiaries through various skills and training programs (Noel, 2015).

Table 15: Predicted vs. Observed Effects of Social Assistance on the Poverty Gap[17]

	Effect on poverty gap among unattached adults aged 18 to 64 years		Effect on poverty gap among children under 18 years in economic families	
Province	Predicted	Observed	Predicted	Observed
BC	Increase	LICO: Steady (1.8 pp) LIM: Steady (0.2 pp) MBM: Increase (5.3 pp)	Increase	LICO: Increase (5.8 pp) LIM: Steady (0.5 pp) MBM: Steady (1.8 pp)
ON	Increase	LICO: Increase (2.1 pp) LIM: Steady (1.6 pp) MBM: Increase (4.3 pp)	Ambiguous	LICO: Steady (-1.6 pp) LIM: Decrease (-4.8 pp) MBM: Increase (2.0 pp)
QC	Ambiguous	LICO: Steady (-1.0 pp) LIM: Increase (2.1 pp) MBM: Increase (4.3 pp)	Decrease	LICO: Decrease (-8.8 pp) LIM: Decrease (-3.3 pp) MBM: Steady (-1.8 pp)

Source: Author's own calculations. Based on data from Statistics Canada (2017d).

Overall, the decline in social assistance caseloads provided mixed evidence about the poverty reduction effectiveness of social assistance over this period. On the one hand, the decline in social assistance caseloads in British Columbia and Ontario that resulted from a tightening of eligibility requirements likely reduced the poverty reduction effectiveness of these provinces' programs. On the other hand, the decline in social assistance caseloads that resulted from increased (female) labour market participation (especially in Quebec) suggests that the

[17] Trends in the MBM are calculated using low-income gap rates in 2002 and 2014 as the MBM was not introduced until 2002.

decoupling of child benefits from social assistance (and subsequent expansion of social programs for families with children) may have lifted former and/or prospective social assistance beneficiaries out of poverty by removing barriers to employment.

Nonetheless, given that social assistance benefits remained well below of the poverty thresholds for both demographic groups in all selected provinces, decreases in the low-income rates cannot be attributed solely to provincial social assistance programs. Moreover, the evidence discussed in this chapter suggests that social assistance has become increasingly ineffective at reducing the poverty gap especially for unattached adults needing this last resort safety net. Nonetheless, the improvements in low-income rates from 1999 to 2014 were at least partly attributable to the spillover effects of interrelated policy changes mentioned above.

Chapter 5: Child Benefits

Child benefits have a long history in Canada. In recognition of the additional costs families with children have over families without children, the federal government has delivered child benefits through a variety of policies and programs for nearly a century (Jenson & Thompson, 1999). Provincial governments have also had a role to play – traditionally via social assistance benefits and, more recently, through provincial programming.

In this chapter, I briefly describe important changes in federal child benefit programming and compare provincial child benefit programs in the selected provinces of British Columbia, Ontario and Quebec between 1999 and 2014. In doing so, I also discuss how these programs have changed over time in response to federal policy changes. Finally, I discuss the potential effectiveness of these programs for poverty reduction among families with children and unattached adults in the selected provinces.

a) Program History

Since the mid-1990s, the focus of the federal child benefit system has shifted from parental recognition to include poverty reduction (Battle, 2015). Specifically, in 1993, the federal government restructured the child benefit system away from universality and toward income testing by introducing the Canada Child Tax Benefit (CCTB), a non-taxable benefit for families with children 18 years and under that was clawed back at higher incomes (Heisz & Murphy, 2016). However, because child benefits for families on social assistance were embedded in the welfare system, the introduction of the CCTB led to a situation where low-income family on social assistance could receive more benefits than low-income families in the workforce, thereby discouraging families from moving off welfare into paid employment (Federal, Provincial & Territorial Ministers, 2005).

To lower this "welfare wall," in 1998, the federal and provincial governments collaborated to introduce the National Child Benefit (NCB) initiative that, in addition to introducing an additional non-taxable monthly benefit for low-income families with children through the NCB supplement, encouraged provinces to provide child benefits outside of the social assistance system (Federal, Provincial and Territorial Ministers, 2005). Like the CCTB, the NCB supplement was available to families with children 18 years and reduced when family income exceeded a given threshold. However, in comparison to the CCTB, the benefit reduction took effect at a lower income threshold and the reduction rate was higher for families with incomes above this amount. As a result, federal child benefits became more progressive (and therefore more effective in reducing relative poverty) after 1998 (Heisz & Murphy, 2016).

Following the implementation of the NCB initiative, most provinces, including British Columbia and Ontario, elected to reduce social assistance payments to families with children and to reinvest the savings in various provincial anti-poverty programs. In British Columbia, this was done by reducing the province's existing income neutral child benefit program, the BC Family Bonus, as federal child benefits increased; and, in Ontario, social assistance payments were reduced to offset the NCB Supplement.[18] As in many other provinces, and consistent with the objective of the NCB, the selected provinces reinvested these funds in earned income child benefit programs for low-income, working families. (ESDC, 2013; Federal, Provincial and

[18] In Quebec, social assistance payments were not clawed back with the introduction of the NCB, but these programs were similarly restructured before 1999.

Territorial Ministers, 2005; Milligan & Stabile, 2007). However, the eligibility requirements and benefit size varied across jurisdictions. For example, a single or couple-parent family in Ontario with one-child (under seven years of age) could receive a maximum of $85 per month, while a single-parent family with one child (of any age) in Quebec could receive up to $505 per month (Jenson & Thompson, 1999).

These interrelated changes led to a further repurposing of child benefits. At the federal level, child benefits became increasingly focused on increasing the disposable income of low and middle-income families (instead of providing support to all families). At the provincial level, the aim of child benefits shifted from simply providing support to encouraging work (through earned income benefits). However, by the mid-00s, these provincial programs were dissolved. The BC Earned Income Benefit was significantly reduced and then phased out entirely; the Parental Wage Assistance Program was discontinued in 2004; and, the Ontario Child Care Supplement for Working Parents was phased out after 2007 when the Ontario Child Benefit was introduced.

The replacement of these programs (or not) with income neutral child benefit programs reflected provincial politics and realities (Haddow, 2015). In Ontario and British Columbia, the (initial) retrenchment of child benefits reflected the neoliberal ideology of the governing political parties. In contrast, the political landscape in Quebec was "more consensual" (Haddow, 2015, 125) and the province's policy environment less impacted by partisanship. In British Columbia, dollar-for-dollar reductions to the BC Family Bonus following the implementation of the federal NCB supplement rendered the provincial benefit obsolete in 2005. As of 2014, the province still did not have a child benefit program in place.[19] In Ontario, child benefits were initially clawed back but reintroduced a few years later through the targeted Ontario Child Benefit (as poverty reduction became politically imperative); and, in Quebec, the province's targeted Integrated Child Allowance was restructured as a progressive universal Child Assistance Payment in 2005 (Haddow, 2015).

In the 2000s, changes were made at the federal level, as well. The Canada Child Tax Benefit and the National Child Benefit Supplement were significantly expanded. The NCB supplement increased from approximately $1000/year in 1999 to $4000/year in 2014 (or $2948 in constant 1999 dollars).[20] Additionally, the federal government introduced the Universal Child Care Benefit (UCCB) in 2006. At the outset, the UCCB provided a taxable cash benefit of $1200 per year to families with children under the age of six. Notably, however, the benefit lost value year after year because it was not indexed for inflation. In 2014, it was only worth $1046 in constant 2006 dollars.[21] Moreover, the program was been criticized for providing benefits to higher income families thereby "reintroduc[ing] inequities into the child benefits system" (Battle, 2015, 6). Nonetheless, it did serve to increase the adequacy of child benefits for (low-income) families with children (under 6 years) in 1999 through 2014.

b) Poverty Reduction

There is some evidence to suggest that potential effectiveness of child benefits for poverty reduction increased between 1999 and 2014. Provincial child benefits no longer required that a family have earned income and the real value of federal child benefits increased and became

[19] The province introduced the BC Early Childhood Tax Credit in 2015. The benefit pays $55/month to parents with children under the age of 6.

[20] Adjustments for inflation calculated using Statistics Canada (2017e).

[21] As above.

more progressive (Heisz & Murphy, 2016). Yet, as the theory of change described in Box 2 shows, differences in provincial responses to the implementation of the National Child Benefit initiative, and in the evolution of provincial child benefits, means that the potential effectiveness of child benefits for poverty reduction among families with children varied across jurisdictions.

Box 2: The pathways / effects of child benefits on poverty - Theory of change

Pathway 1: Increased adequacy of child benefits improves income for families => reduction in poverty and/or lift a family out of low-income

Pathway 2: Decoupling of child benefits from social assistance increases labour force participation which (usually) leads to a higher family income now (through income from employment) and in the future (through work experience) => reduction in poverty and/or lift a family out of low-income (now and in future)

Pathway 3: Replacement of income-based child benefit programs with income-neutral child benefits programs increases benefit eligibility and therefore coverage => reduction in poverty and/or lift a family with children out of low-income

Pathway 4: Replacement of income-based child benefit programs with income-neutral child benefit programs and increased adequacy of child benefits act as work disincentives and decrease labour force participation (primarily among mothers) => variable effects on poverty

In 1999, benefit adequacy of total child benefits (income neutral and earned income) ranged significantly by province, as well as by family type. For example, total child benefits for a couple parent family with two children could contribute 22.3 to 33.3 percent to income adequacy under the LICO and from 20.7 to 30.9 percent under the LIM (see Table 16). For a single parent family with one child, the range was greater. Child benefits contributed 18.2 to 49.4 percent to income adequacy under the LICO; and from 16.4 to 44.5 percent under the LIM.

Critically, differences in benefit adequacy reflect differences in the poverty reduction potential of child benefits across jurisdictions and for different family types. As shown in Table 16, in 1999, the poverty reduction potential of total annual child benefits (based on benefit adequacy) was highest in Quebec for both family types, and significantly higher for single parent families with children in Quebec than in the other selected provinces. Because of the changes to federal and provincial child benefit programs, by 2014, benefit adequacy of child benefits was significantly different than it was in 1999 across both jurisdictions and demographic groups. For example, in Quebec, under the LICO, benefit adequacy did not change for couple parent families, but decreased for single parent families; while, in British Columbia, benefit adequacy decreased for couple parent families, but increased for single parent families under the LICO (largely because of the expansion in federal child benefit programming). In Ontario, child benefit adequacy increased significantly over this period. In fact, Ontario was the only province to see an overall increase in the adequacy of child benefits under both the LICO and LIM. Nonetheless, benefits were most adequate for both couple and single parent families in Quebec under both the LICO and LIM thresholds in 1999 and 2014.

Table 16: Adequacy of Total Child Benefits by Family Type, 1999 and 2014[22][23]

Couple parent family with two children					
	1999		2014		
	LICO	LIM	LICO	LIM	MBM
British Columbia	23.5% (19.2%)	21.7% (17.8%)	22.2%	16.9%	20.9%
Ontario	22.3% (13.7%)	20.7% (12.7%)	30.2%	22.9%	28.9%
Quebec	33.3% (16.9%)	30.9% (15.7%)	33.3%	25.3%	33.0%
Single parent family with one child					
British Columbia	20.3% (16.3%)	17.1% (15.8%)	23.8%	16.5%	20.4%
Ontario	19.4% (12.7%)	16.3% (20.1%)	29.9%	20.8%	27.3%
Quebec	52.6% (27.1%)	44.4% (26.0%)	39.2%	27.2%	34.3%

Source: Author's own calculations.

However, because the above observations are based on the LICO and LIM, they do not consider provincial differences in the cost of living or the adequacy of child benefits against a measure of absolute poverty. To make such a comparison, I compared total annual child benefits to the MBM threshold. Using the MBM, in 2014[24], benefit adequacy ranged from 20.4 percent in British Columbia to 34.3 percent in Quebec. In other words, child benefits contributed most to poverty reduction in Quebec and least in British Columbia in 2014. This assessment is consistent with observations made under the LICO and LIM for the same year.

Thus, based on child benefit adequacy alone, we would expect low-income rates to be lowest in Quebec in both 1999 and 2014, highest in Ontario in 1999 and highest in British Columbia in 2014. In terms of trends, we would expect low-income rates to fall for couple parent families in Ontario, to remain stable under the LICO, and to increase under the LIM in British Columbia and Quebec.[25]

To assess what this might mean for poverty reduction, we can consider a couple parent family with two children and other (before tax) income (i.e. non-child-benefit income) of approximately 70 percent[26] of the LICO (i.e. approximately $16,500 in 1999 and approximately $22,300 in 2014)[27]. In 1999, child benefits would raise the income of such a family over both the

[22] Child benefit adequacy is based on both federal and provincial child benefits. Estimated annual welfare incomes (used for adequacy calculations) are based on benefit amounts in the National Council of Welfare (2000) and Tweedle et al (2015) (see Appendix C). Benefit adequacy is calculated as total (earned and neutral income) annual child benefits divided by LICO/LIM/MBM threshold. Adequacy of total income-neutral benefits are provided in brackets.

[23] The benefits for 2014 include the UCCB, which was only available to families with children 6 years and under.

[24] It is not possible to assess benefit adequacy under the MBM in 1999 because the threshold was not introduced until 2002.

[25] These observations only hold for families with earned income. In the case of families without earned income, the adequacy of child benefits increased (as the adequacy of income-neutral child benefits increased), following the implementation of the National Child Benefit initiative. However, in most jurisdictions (including those considered here), basic social assistance adequacy decreased as child benefits through social assistance were reduced, so families on social assistance did not see an overall increase in the adequacy of total benefits – only an increase in child benefits as a proportion of total benefits.

[26] This amount was chosen as the gap ratio for children 18 years and under was around 30 percent between 1999 and 2014.

[27] Figures are reported in absolute dollars. For comparability, the income is the same percent of the LICO low-income threshold (~70%) as in the example for 1999. (Note: At this income level, a couple parent family would not be eligible for the full child benefit in Ontario; however, they would receive a similar amount (i.e. ~$2283)).

LICO and LIM thresholds in Quebec, and close to (but below) the LICO threshold[28] in Ontario and British Columbia. In 2014, child benefits would raise the income of such a family above the LICO threshold in Quebec and Ontario, and close to (but below) the threshold in British Columbia. However, in all provinces, total annual family income would be further from the LIM threshold than it was in 1999.This indicates that, while child benefits grew at a similar rate to inflation (and faster than inflation in Ontario), they grew slower than median family income in all provinces.

As a result, overall, the contribution of child benefits to poverty reduction for couple parent families with two children under the LICO remained relatively unchanged, but decreased under the LIM. In other words, we would expect child benefits to have reduced low-income rates under all low-income lines in 1999 through 2014. However, we would expect variation in the poverty reduction potential of child benefits due to differences in the absolute contribution of child benefits to income adequacy across provinces and under the various low-income measures.

Table 17: Percent Change in Adequacy of Total Child Benefits, 1999 to 2014

	Couple parent family with two children		Single parent family with one child	
	LICO	LIM	LICO	LIM
British Columbia	-1.3%	-4.8%	3.5%	-0.6%
Ontario	7.9%	2.9%	10.5%	4.3%
Quebec	0.0%	-5.6%	-13.4%	-17.2%

Source: Author's own calculations.

Regarding eligibility requirements, in 1999, all provinces targeted their child benefits towards low-income families and income thresholds were relatively consistent across jurisdictions, albeit slightly higher for earned income benefits compared to income neutral benefits. However, coverage was incomplete because the low-income thresholds under the LICO and LIM exceeded the eligibility thresholds for child benefit programs for some family/community sizes. For example, a family of four living in a city of 30,000 to 99,000 would be in low-income if they earned less than $23,622 after-tax under the LICO and $25,508 under the LIM, while they would only be eligible to receive provincial child benefits if their income fell below $20,000 and $22,000, depending on the province. Moreover, in 1999, Ontario did not have an income neutral child benefit program in place and only families with dependent children under 7 years of age were eligible for its earned income program.

However, by 2014, coverage increased to 100 percent in Quebec and Ontario (although not all low-income families were always eligible to receive the full benefit). Quebec had replaced its targeted program with a progressive universal child benefit thereby increasing coverage to 100 percent. Further, under its new targeted child benefit, Ontario had introduced partial subsidies up to incomes of $33,750 for a one-child family an $47,500 for a two-child family, as well as extended eligibility to all families with dependent children under 18. (In British Columbia, no one was covered as there was no a provincial program in place in 2014).

Notably, Quebec remained the only province to adjust the size of the benefit and eligibility requirements for family type (i.e. single versus two-parent families). Specifically, in

[28] The threshold values reflect the median community size (and therefore median threshold value) of a population of 30,000 to 99,000 persons.

1999 and 2014, Quebec provided a larger child benefit to lone-parent families than to couple parent families. However, until 2005, the province also had a lower eligibility threshold for lone-parent families than couple parent families. (In other words, lone-parent families could earn less than couple-parent families before becoming ineligible for child benefits). This meant that the poorest lone-parent families in Quebec received more child benefits than other low-income families, while lone parent families with slightly larger incomes (i.e. between $15,000 and $22,000) were ineligible. Overall, this means that benefit adequacy and coverage for lone-parent families with incomes between $15,000 and the poverty thresholds was zero in 1999, but that benefit adequacy for lone-parent families with incomes below $15,000 was high, even compared to other low-income families in the province.

Take-up is difficult to assess due to data limitations. However, it is likely that take-up of the BC Earned Income Benefit and Family Bonus was relatively high because there was no need to apply for these programs; these benefits are with the federal Child Tax Benefit into a single payment. Similarly, take-up of the Ontario Child Benefit and Quebec Child Assistance Payment are likely high as the programs are administered by CRA and Retraite Quebec and do not require an application.[29] In contrast, because the Ontario Child Care Supplement for Working Families requires that an application be submitted to the Ontario Ministry of Finance, it was likely less.

Table 18: Predicted vs. Observed Effects of Child Benefits on Poverty[30]

	Effect on poverty among children under 18 years in economic families	
Province	Predicted	Observed
BC	Increase	LICO: large decrease (8.8 pp or 50.6%) LIM. Steady MBM: large decrease (11.2 pp or 44.4%)
ON	Decrease	LICO: decrease (4.5 pp or 32.6%) LIM: increase (3.3 pp or 24.8%) MBM: steady
QC	Ambiguous	LICO: large decrease (8.0 pp or 53.7%) LIM: decrease (3.0 pp or 19.5%) MBM: decrease (2.9 pp or 25.0%)

In sum, between 1999 and 2014, significant changes were made to provincial child benefit programs. All the selected provinces discontinued their earned income benefit programs. Additionally, like most other provinces, British Columbia, Ontario and Quebec restructured their child benefits by taking them out of social assistance payments and creating income-tested child-benefit programs. However, there was variation in how provinces choose to do so. Moreover, some provinces changed their approach over time. For example, in Ontario, provincial child benefits for families on social assistance were initially clawed back dollar-for-dollar as federal child benefits increased, but reintroduced (for all low-income families) in 2007. While, in British Columbia, the provincial child benefit was eventually reduced to zero (when the federal child benefit exceeded the size of the BC Family Bonus).

[29] Note that an application is required for the Quebec Child Assistance Payment if the child was born outside of Quebec.

[30] Trends in the MBM are calculated using low-income rates in 2002 and 2014 as the MBM was not introduced until 2002.

Regardless of the provincial approach, however, federal child benefits comprised an increasing proportion of total child benefits over this period. In 1999, federal child benefits comprised between 28 and 61 percent of total child benefits. By 2014, the contribution of federal child benefits had risen to 67 percent in Quebec, 73 percent in Ontario, and 100 percent in British Columbia (where no provincial child benefit program was in place).

In terms of poverty reduction, the increased contribution of federal child benefits to benefit adequacy and to redistribution means that the federal child benefits contributed more to both absolute and relative poverty reduction in 2014 than in 1999, while provincial child benefits played a diminishing role, especially in British Columbia. Yet, this is not to suggest that provincial child benefits did not play an important role in reducing poverty in 2014. In fact, the observed variation in benefit adequacy trends across provinces is largely owing to differences in how British Columbia, Ontario and Quebec evolved politically and ideologically, as well as to how each province responded to policy changes at the federal level over this period. As a result, all other things being equal, based on differences in provincial child benefits, we might expect low-income rates for couple parent families with children to remain steady in Quebec (where provincial benefits remained the most generous), to increase in British Columbia (where provincial child benefits were fully phased out), and to decrease in Ontario (where provincial child benefits expanded most strongly). For lone-parent families with children, we would expect low-income rates to behave similarly - except in Quebec where benefit adequacy fell significantly for this demographic group.

Chapter 6: Child Care

Child care is an important contributor to poverty reduction and prevention among families with children because it offsets child rearing costs as well as supports increased labour market participation. In this chapter, I consider the contribution of provincial child care programs in the selected provinces of British Columbia, Ontario, and Quebec. I begin with a brief discussion of the history of child care programming in Canada. I then discuss federal involvement in child care programming, and highlight key similarities and differences in child care programming in the selected provinces. Next, I assess the poverty reduction potential of child care programming by comparing the level of benefit (as represented by parent fees), coverage and take-up. I conclude with a discussion of how child care programming may have impacted low-income rates in the select provinces between 1999 and 2014.

a) Program History

Since the 1970s, there has been an increasing demand for child care in Canada due increases in female labour force participation and in the number of lone-parent families with children (Bushnik, 2006). Provincial governments have responded by increasing the number of regulated child care spaces, as well as total allocations for childcare. However, provincial child care policy is still largely delivered in a liberal framework that is shaped by past federal initiatives, particularly the previously discussed Canada Assistance Plan (CAP). Under CAP, the federal government shared the cost of targeted child care for low-income families with provinces (Haddow, 2015). Eligibility was based on need, so most federal funding covered child care costs for social assistance recipients. As a result, in the mid-1990s, approximately one in three families on social assistance had children in regulated child care, while less than one in five children in families from higher income families did (Jenson & Thompson, 1999).

Since the mid-1990s and the dismantling of CAP, provincial governments have made different choices regarding childcare. Most notably, in 1997, Quebec "broke with the liberal pattern" (Haddow, 2015) and introduced a universal, five-dollar-a-day childcare system. All other provinces still provide funding through fee subsidies to families with children, as well as operational and capital funding to child care providers. Each province has its own legislation, regulations, funding measures, and policies in place, which has resulted in significant variation across jurisdictions (Pasolli, 2015). For example, the level of average parent fees are wide ranging, as are provincial funding levels; different kinds of regulated care predominate and the proportion of for-profit child care centres varies across jurisdictions (Friendly, Grady, MacDonald & Forer, 2015; Pasolli, 2015).

In terms of federal involvement, several important changes in funding for provincial child care programs occurred between the late 1990s and 2014. As noted in Chapters 4 and 5, the implementation of the National Child Benefit initiative in 1998 resulted in a significant reinvestment of social assistance funding into programs for families with children, including child care. Additionally, in 2003, the Multilateral Framework Agreement on Early Learning and Child Care provided 1 billion over five years to provincial governments with the aim of increasing the quality and affordability of child care programs. This Agreement, as well as earlier bilateral agreements on child care, was replaced in 2006 with the Child Care Spaces Initiative (CCSI) and the Universal Child Care Benefit (UCCB) (Findlay, 2015). The CCSI provided financial incentives to encourage child care operators/providers to create new child care spaces; however, it was found to be ineffective and the funds were instead transferred to the provinces

(Findlay, 2015). The UCCB was a cash transfer to families with children under 6 years of age (see Chapter 5). Overall, like provincial child benefits and social assistance programs, provincial child care is influenced by federal social policy and by provincial realities and preferences. However, unlike child benefits, the program remains primarily a provincial responsibility.

Since the late 1990s, provincial involvement in child care in British Columbia and Ontario has involved the provision of operating funding to child care providers and fee subsidies to parents. Both provinces' programs have continued to reflect a liberal model of child care provision where the government provides "only limited interventions in the form of regulations and targeted financial assistance" (Pasolli, 2015). Since the late 1990s, both provinces have increased allocations for regulated child care, as well as the total number of regulated child care spaces. Yet, parent fees remain high and space limited (Friendly et al, 2015).

Despite these overarching similarities, however, child care programming has varied over time both within and across these two jurisdictions. For example, Ontario's child care subsidy structure is more dispersed and provides smaller subsidies to more families, including those with higher incomes; whereas, British Columbia's subsidy structure is targeted towards low-income families and more generous (Pasolli, 2015). Additionally, Ontario is also the only province in which municipalities play a role in financing and administration of child care (Haddow, 2015).

Until the late 1990s, Quebec's childcare program was similar to those in other provinces and shared many of the same challenges. There were some regulated child care spaces and most funding was directed at low-income families (Tougas, 2002). However, the program was insufficient in terms of accessibility and affordability; more than fifty-percent of children did not have a space in a regulated facility and the targeting of low-income families meant that many lower middle-income families were without support and unable to afford care (Tougas, 2002).

In response, in 1997, as part of a larger suite of social policy reforms, the provincial government introduced a universal child care program. The program set up non-profit and family child care agencies or *centres de la petite enfance* (CPEs) to oversee provincial child care programs. Between the mid 1990s and early 2000s, the number of child care spaces more than doubled (Tougas, 2002). Since, the number of child care spaces in Quebec have continued to grow and, in 2014, there was a regulated child care space available for more than fifty percent of children aged 0-12 (Friendly et al, 2015). In addition to increasing the accessibility and affordability of the program, there is substantial evidence that this policy shift significantly increased female labour market participation thereby increasing employment incomes of mothers (and reducing poverty) in Quebec (Fortin et al, 2012).

In sum, despite some differences, the nature of child care programming in British Columbia and Ontario was relatively similar between 1999 and 2014, especially in comparison to Quebec's universal child care program[31].

b) Poverty Reduction

Thus, we might expect that the (potential) poverty reduction effectiveness of British Columbia and Ontario's programs to be more similar to each other, especially in comparison to

[31] Although it does not impact this study, it should be noted that, as of 2015, the program is no longer entirely universal as the Quebec government introduced sliding scale payments based on income. Families with incomes less than $50,000/year still pay $7.30/day. However, the fee increases with income up to $20/day for families with incomes over $150,000/year.

Quebec. In this section, using the theory of change presented in Box 3, I compare benefit adequacy, coverage and take-up to assess whether this is the case indeed.

Box 3: The pathways / effects of child care programs on poverty - Theory of change

Pathway 1: A reduction in the cost of child care increases disposable income for families => reduction in poverty and/or lift a family out of low income[32]

Pathway 2: Child care facilitates labour market participation (especially of mothers) which (usually) leads to a higher family income now (through income from employment) and in the future (through work experience) => reduction in poverty and/or lift a family out of low income (now and in future)

Pathway 3: Child care facilitates skills building (through education) which increases future labour market participation among parents (especially mothers) and access to higher paid jobs which in turn leads to a higher family income in the future => reduction in poverty and/or lift a family out of low income (future)

In terms of benefit adequacy, parent fees are relatively consistent across jurisdictions when fee subsidies are accounted for. In 1999, average monthly parent fees in Quebec were $100 ($5/day). By 2014, average monthly parent fees had increased to approximately $152 ($7.30/day). However, considering inflation, parent fees remained relatively stable over this period.[33] In Ontario and British Columbia, in 1998, average monthly parent fees[34] were much higher at $603/month and $547, respectively (Friendly & Prentice, 1998);[35] and, by 2014, had increased to $925/month in Ontario and $900/month in British Columbia (or a slight increase to $686/month and $668/month in constant 1999 dollars). However, fee subsidies in the latter provinces significantly lowered the cost of child care for recipient families in both 1999 and 2014. In British Columbia, the size of the subsidy varies with the child's age and the type of childcare, but was set at a maximum of $750 in 2014 (Province of BC, 2012); while, in Ontario, child care subsidies vary in size, but (at the discretion of the municipality) may be provided up to the total cost of child care. In Toronto, for example, families with a total income of less than $20,000 are eligible for fully subsidized child care and partial subsidies may be available for families with incomes up to $110,000 (City of Toronto, n.d.). Thus, fully subsidized monthly child care fees per child ranged from $0 in Ontario to $150 in British Columbia (i.e. recipient fee = average monthly parent fees – full fee subsidy) in 2014.[36]

In terms of coverage, eligibility for child care subsidies was at (or near) 100 percent across jurisdictions by 2014. In 1999 and 2014, coverage was 100 percent in Quebec because all families with children, regardless of income level, were eligible to receive the benefit. For

[32] Assessment of this effect is challenged by the fact that most low-income indicators do not take such changes in the costs of living into account so the change goes unregistered.

[33] The cost of childcare in 2014 was approximately $104/month in 1999 dollars (Statistics Canada, 2017e).

[34] These are average monthly parent fees for toddlers (18 months to 36 months).

[35] Figures not available for 1999.

[36] No estimate is given for average monthly childcare fees in Ontario because this information is unavailable. However, some subsidized families pay no childcare fees (because their fee subsidy covers the total cost of childcare). No estimate is provided for 1999 because data on the size of childcare subsidies in 1999 in British Columbia is unavailable.

Ontario, coverage is more difficult to estimate because eligibility is determined by a provincial needs test that considers income and other factors. Moreover, municipalities can determine child care subsidy rates, so variation is observed across the province (Friendly & Prentice, 1998; Friendly et al, 2015). However, in 1999 and 2014, the province did not set an upper-income cut-off and has a more dispersed child care subsidy structure Thus, it is likely that coverage was close to or at 100 percent. In contrast, coverage in British Columbia was less than 100 percent for many years because the full child care subsidy[37] was only available to families with very low incomes (i.e. below the various low-income thresholds). Since 2006, however, the subsidy threshold levels have increased such that the income cut-off for childcare benefits ($55,000) in 2014 was significantly higher than the LICO, LIM and MBM threshold values for a family of four with two children in that year.

In terms of take-up, provincial variation was large. In Quebec, the continued implementation of the province's universal child care system saw approximately 16,000 child care spaces created per year after 1998 (Fortin et al, 2012). As a result, take-up (measured as the number of regulated spaces divided by the number of children aged 0-12) increased from approximately fifteen percent in 1998 to more than fifty percent in 2014[38]. In Ontario, take-up likely also increased as investments in child care programming increased with the implementation of the National Child Benefit (NCB) initiative. For example, the number of regulated child care spaces for children aged 0-5 in Ontario nearly doubled over this period (Friendly et al, 2015) and the percentage of children aged 0-12 receiving fee subsidies increased from 3.7 percent in 1998 to 7.3 percent in 2014 (Friendly et al, 2015). Similarly, in British Columbia, the number of regulated child care spaces increased significantly from 12.2 percent in 1999 to 22.7 percent in 2014; and, the percent of children aged 0-12 receiving a subsidy increased from just over three percent in 2001 to 7.9 percent in 2014 (Friendly & Prentice, 1998; Friendly et al, 2015). The decline low-income rates among children in both Ontario and British Columbia under the LICO suggests that a larger percentage of low-income families received fee subsidies in 2014 compared to 1999. However, child care subsidies remain limited in Ontario and child care spaces remained limited in both Ontario and British Columbia (especially in comparison to Quebec), which limits take-up. As of 2014, wait lists for fee subsidies (in Ontario) and child care spaces remained long (Friendly et al, 2015).[39]

Therefore, although coverage was relatively consistent, there were significant differences in the level of benefit and take-up that likely had variable impacts on the poverty reduction potential of provincial child care programs. For example, although benefits were (potentially) the most generous in Ontario, where low-income families could receive fee subsidies of up to 100 percent of the total cost of child care, take-up was limited by the lack of availability of fee subsidies in both 1999 and 2014 (as evidenced by long wait lists). Low-income families in British Columbia faced similar challenges. Although a full child care subsidy reduced the cost of childcare so that the fully subsidized parent fee in British Columbia was similar to the flat rate fee in Quebec, there are fewer regulated spaces available in British Columbia (Pasolli, 2015).

Take-up rates are particularly important for poverty reduction because, in addition to increasing the disposable income of families, child care provides parents, especially women,

[37] In 1998, partial subsidies were available to single parent families with one child up to annual incomes of $27,816 and to couple parent families with two children with annual incomes up to $31,846.

[38] Calculated using data from Friendly et al, 2015.

[39] Unfortunately, specific data on wait lists are not publicly available.

with the opportunity to join the labour force (and increased labour force participation tends to reduce low income rates) (Fortin, 2017). Correspondingly, the growth in take-up that occurred in Quebec following the implementation of the province's universal low-fee child care likely increased the poverty reduction effectiveness of the program by increasing the disposable incomes of families, but also by reducing barriers to employment and increasing opportunities for education and skill building. Similarly, although in a more limited way, the expansion in child care subsidies in British Columbia and Ontario likely did the same (see Box 3).

Importantly, research on the impact of Quebec's provincial child care program confirms that the program significantly increased take-up and female labour market participation (Haeck, Lefebvre & Merrigan, 2015). After 1997, child care utilization is estimated to have increased 14.6 percentage points relative to other Canadian provinces, and female labour market participation is found to have increased between 7 and 12 percent, depending on the period of reference (Baker, Gruber & Milligan, 2008; Lefebvre & Merrigan, 2008; Fortin et al, 2012; Fortin, 2017). Because of this policy shift, women's employment incomes and economic security have increased in Quebec (Fortin, 2017). In fact, low-income rates for children under 18 years in Quebec decreased under all three low-income indicators. Moreover, Quebec was the only province in which low-income rates for children decreased under the LIM.

However, the program's impact on poverty reduction for single-parent families is less clear. Children in female lone parent families[40] in Quebec only saw their low-income rates decrease under the LICO, while they saw their low-income rates decrease under the LICO and MBM in Ontario and British Columbia[41]. In other words, despite experiencing a significantly larger increase in female labour market participation, children in female-led lone-parent families in Quebec did not see their low-income rates improve under the MBM, while children in the other selected provinces did. This is surprising given that, in addition to increasing family/household earnings (and therefore disposable income) through increased labour force participation, lower child care costs increase disposable incomes by decreasing non-discretionary spending under the LIM (Statistics Canada, 2016c).

One possible explanation for the behaviour of the MBM among lone-parents in Quebec relates to the fact that middle and high-income families benefitted more from the introduction of universal child care than low-income families (because the latter received direct subsidies and a tax credit to assist with the costs of child care prior to 1997) (Lefebvre & Merrigan, 2008). In other words, because Quebec historically provided generous child care subsidies and benefits to low-income families, the implementation of the province's universal childcare program did not increase the disposable incomes of low-income families as much as the increase in child care funding and subsidies did in Ontario and British Columbia. However, another possible explanation relates to poverty measurement methodology. As low-income parents no longer receive fee subsidies in Quebec, this benefit is no longer counts as transfer income, thereby lowering the after-tax income of families for poverty measurement purposes (when in reality low-income families, including lone-parent families, are better off or the same because they also have access to subsidized day care which is not registered as income). Yet another possible

[40] Statistics are for single-parent families are limited to those for children in female lone-parent families because there are too few male lone-parent families (especially at the provincial-level) to report on.
[41] Observations based on data from Statistics Canada (2017b).

explanation relates to the quality of the data itself. As low-income statistics for lone-parent families are based on a relatively small sample size, they should be used with caution.[42]

In British Columbia and Ontario, we may expect a small decline in low-income rates for families with children as the percentage of (low-income) children receiving fee subsidies and the number of regulated child care spaces increased. In fact, a large decline in low-income rates under the MBM is observed for children in British Columbia. In Ontario, although low-income under the MBM was stagnant among children, it increased for unattached adults, suggesting that factors unique to families with children may have prevented low-income rates among children from increasing.

Table 19: Predicted vs. Observed Effects of Child Care on Poverty

	Effect on poverty among children under 18 years in economic families	
Province	Predicted	Observed
BC	Small decrease	LICO: large decrease (8.8 pp or 50.6%) LIM: Steady MBM: large decrease (11.2 pp or 44.4%)
ON	Small decrease	LICO: decrease (4.5 pp or 32.6%) LIM: increase (3.3 pp or 24.8%) MBM: steady
QC	Large decrease	LICO: large decrease (8.0 pp or 53.7%) LIM: decrease (3.0 pp or 19.5%) MBM: decrease (2.9 pp or 25.0%)

Overall, the evidence suggests that provincial child programs reduced low-income rates under the MBM for families with children between 1999 and 2014, especially in Quebec. In 1999, child care programming was relatively similar in the selected provinces. There was a limited number of regulated child care spaces and child care subsidies were targeted towards low-income families. However, between 1999 and 2014, Quebec's universal child care program expanded, creating additional spaces in regulated child care and subsidized child care to all children, regardless of family income. In contrast, despite an expansion in child care programming in British Columbia and Ontario, these programs remained more targeted and less generous than Quebec's.

In terms of poverty reduction, adequacy, coverage, and especially take-up rates suggest that Quebec's child care program was the most effective in reducing poverty. However, British Columbia and Ontario's child care programs also became more effective at reducing poverty over this period. Between 1999 and 2014, child care coverage was extended (in British Columbia) and take-up increased in British Columbia and Ontario as more subsidized child care spaces were made available to low-income families. Correspondingly, all other things being equal, based on this analysis, we would expect low-income rates among families with children to have decreased (at least to some extent) under the LICO and MBM in British Columbia and Ontario (where child care programming expanded to increase the earned and disposable incomes of low and middle-income families) and to have decreased under all indicators in Quebec (where the province's universal child care system increased the adequacy, coverage and take-up of child care for all parents). Moreover, as some of the effects of child care expansion go unregistered

[42] Based on Statistics Canada's (2017d) notes on assessing data quality of low-income indicators.

(e.g. increases in female labour market participation and skill building), the impact of the expansion in child care programming on poverty reduction is likely underestimated.

Chapter 7: Economic and Demographic Factors

In addition to social policy, low-income rates and trends respond to economic and demographic variables. In what follows, I examine the performance of British Columbia, Ontario and Quebec's economies across several economic indicators related to income (real GDP per capita, average household income, median household income, and median disposable income); and, the labour market (participation rate, employment rate, and unemployment rate) to assess the impact that economic change had on low-income rates between 1999 and 2014. Following this, I consider key demographic differences between the selected provinces. Specifically, I examine the potential contribution of differences in provincial (working age) population growth, population aging, fertility rates and in the representation of other vulnerable demographic groups (i.e. seniors, recent immigrants and Indigenous persons) to low-income rates and trends.

a) Economic Factors

A commonly used indicator of average living standards in a country or region is gross domestic product (GDP) per capita, or the total annual value of goods and services produced per person (OECD, 2016). In 1999, real GDP-per capita ranged from approximately $35,000 in Quebec to more than $42,000 in Ontario (in chained 2007 dollars). By 2014, GDP per capita had risen in Canada, as well as across all the selected provinces. However, the magnitude of the change varied by jurisdiction. At the national level, real GDP per capita rose by 19.2 percent (or an annual average of 1.2 percent). In British Columbia, growth was slightly higher than the national average at 21.7 percent and in Ontario and Quebec, growth was slower at 11.8 and 13.8 percent respectively.[43]

In large part, the decline in the manufacturing sector and slowdown in labour productivity explains the relatively poor performance of Ontario and Quebec's economies (relative to the national average and to British Columbia) over this period. In the case of Ontario, the decline was the most substantial because the province has the largest manufacturing sector, and had experienced strong output and labour productivity growth in the preceding decade. Between 1999 and 2014, Ontario's manufacturing sector went from comprising almost 22 percent of provincial GDP to just over 12 percent and labour productivity fell from above to below the national average (Statistics Canada, 2017g). A similar, but less severe, decline in labour productivity was observed in Quebec (Gu & Lee, 2013). In contrast, in British Columbia, where the provincial economy is less reliant on manufacturing and more reliant on natural resources, labour productivity growth was strong over this period (Gu & Lee, 2013)

Given the strong performance of British Columbia's economy (in terms of GDP per-capita and labour productivity), especially relative to Ontario's, we might expect that low-income incidence declined most in British Columbia, least in Ontario, and moderately in Quebec. Yet, low-income rates do not respond directly to changes in the value of goods and services produced, but rather to absolute and relative increases in personal/household incomes (OECD, 2016).

Hence, (changes in) personal/household and disposable income are a useful way to assess provincial economic performance and to estimate the behaviour of the low-income indicators. Specifically, growth in household income per capita and disposable household income per capita at the bottom of the income distribution can be used to estimate the behavior of the LICO and

[43] Calculation were based on data from Statistics Canada (2016g).

MBM, and may be compared to income growth at the median to estimate the behavior of the LIM.

i) Changes in Income & the LICO

Changes in real average household income per-capita are most relevant to the poverty rates and trends under the LICO, which declines when incomes at the bottom of the distribution grow (faster than inflation).

Between 1999 and 2014, real household income per-capita grew at different rates in the selected provinces. In 1999, real average household income per-capita was highest in Ontario and lowest in Quebec (Statistics Canada, 2015d). Consistent with the trends in GDP per capita, growth in real average household income was large in British Columbia, moderate in Quebec, and small in Ontario (relative to inflation). Specifically, between 1999 and 2013[44], real average household income per-capita increased an annual average of 2.53 percent in British Columbia, 1.85 percent in Quebec and 0.82 percent in Ontario[45].

However, for these increases to result in poverty reduction under the LICO, it is necessary to determine whether these observations are consistent with what happened at the bottom of the income distribution (i.e. among the poorest twenty-percent of Canadians). Between 1999 and 2014, average after-tax incomes in the bottom two deciles of the income distribution grew in all selected provinces. In British Columbia and Quebec, after-tax income growth was slightly faster at the bottom than at the middle of the distribution. However, in Ontario, income growth at the bottom of the distribution was significantly less than average income growth.[46]

As such, we would expect that all provinces to have seen a decrease in low-income rates under the LICO (as growth in average household incomes was larger than inflation) but for these rates to have decreased most in British Columbia (where income growth was large, especially at the bottom of the income distribution) and least in Ontario (where income growth was small, especially at the bottom of the income distribution). In reality, low income rates under the LICO decreased by approximately 42 percent in British Columbia and Quebec, and by 19 percent in Ontario.

Although it is not possible to directly attribute these low-income trends to growth in the bottom of the income distribution (because the gap ratio or difference between household income and the poverty threshold determines how large an increase in family income is needed to lift a household out of poverty), these trends do suggest that income growth played a larger role in reducing poverty under the LICO in British Columbia than in Ontario. In the case of Quebec, the relatively large decrease in low-income rates is explained in part by income growth at the bottom of the distribution in combination with the fact that the province has maintained a relatively low average gap ratio under the LICO (compared to the national average and to the other selected provinces). Notably, this likely reflects the fact that income redistribution through taxes are transfer is higher in Quebec than elsewhere in Canada (Haddow, 2015).

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[44] Data not available for 2014.

[45] Calculations were based on data from Statistics Canada (2015d). and adjusted for inflation using the province-specific Consumer Price Index values (Statistics Canada, 2017e).

[46] Calculations were based on data from Statistics Canada (2017c).

ii) Changes in Income & the LIM

Changes in median income are related to changes in poverty rates under the low-income measure (LIM) because the LIM threshold is calculated as fifty percent of median income. In other words, the LIM "indicates whether income inequality is rising or falling in the lower half of the income distribution" (Heisz, 2016, 89).

In 1999, median after tax income (in constant 2015 dollars) was $46,900 in Canada. Ontario was the only selected province with a higher median total income at $53,700, while British Columbia and Quebec fell below the national average at $45,800 and $41,300 respectively.[47] Thus, we would expect that Ontario would have had the lowest low-income rate under the LIM in 1999 and it did. In 1999, the low-income rate was 10.0 percent in Ontario compared to 14.6 in British Columbia and 13.6 in Quebec.

However, between 1999 and 2014, average annual growth in after-tax incomes (including at the bottom of the income distribution) was faster than the national average in British Columbia and Quebec and slower in Ontario. As a result, by 2014, low-income rates under the LIM were relatively consistent across jurisdictions at 13.8 percent in Ontario, 13.4 percent in British Columbia and 13.7 percent in Quebec.[48]

Yet, strong income growth in British Columbia and Quebec did not result in a falling LIM in these provinces because of the methodology used to calculate the LIM threshold. Under the LIM, there are no adjustments made to accommodate provincial/regional variation in the cost of living. Instead, poverty rates under the LIM respond to changes at and below the national median (and especially around the LIM threshold value). Thus, between 1999 and 2014, although growth in the bottom of the income distribution was stronger than the national average in British Columbia and Quebec, it was not large enough to reduce the percentage of individuals/families with incomes below the nationally determined LIM threshold.

iii) Changes in Income & the MBM

Finally, changes in average disposable household income per-capita at the bottom of the income distribution are most relevant to poverty rates and trends under the MBM, which determines low-income status by comparing a family's disposable income to their needs.

Between 1999 and 2013[49], real average household disposable incomes per capita grew by 33.2 percent in British Columbia, 23.9 percent in Quebec, and 11.9 percent in Ontario.[50] Decile-specific data are not available to assess changes in average disposable household income per-capita at the bottom of the income distribution. However, based on the observed trends in average after-tax household income, it is likely that disposable income growth among the bottom two deciles was at least on par with average disposable household income growth per-capita in British Columbia and Quebec. Accordingly, we would expect to observe a large decrease in low-income rates in British Columbia under the MBM and a smaller decrease, but significant decrease, in Quebec. In fact, a large (>30%) decrease in low-income incidence under the MBM was observed in British Columbia, and uniquely for this province, between 1999 and 2014. In Quebec, no decrease is observed. However, the province did see a 22 percent decrease in low-income rates for children under 18 years which suggests that disposable household income

[47] Values retrieved from Statistics Canada (2017b).
[48] Based on calculations made using above noted source.
[49] Data are not available for 2014.
[50] Calculations based on data from Statistics Canada (2015c).

growth might have been stronger among families with children than other demographic groups. In fact, this observation is supported by trends in the MBM poverty gap, which remained steady for families with children and increased for unattached adults.[51]

b) Labour Market

Outside of income, the performance of provincial economies can be assessed by looking at changes in the labour market through three key indicators: the participation rate (the ratio of the labour force to the working age population), the employment rate (the ratio of employment to the working age population (aged 15 to 64), and unemployment rate (ratio of unemployment[52] to the labour force). Table 20 presents values for these indicators in 2014 and the percent change in these indicators between 1999 and 2014.

Overall, between 1999 and 2014, labour market performance was strong in British Columbia and Quebec, especially compared to Ontario. The increase in the participation rate in Quebec indicates that the labour force was growing. Relatedly, increases in the employment rate in British Columbia and Quebec tell us that more of the working age population was in the labour force than at the end of the period than at the start. Finally, in terms of the unemployment rate, the observed declines in British Columbia and Quebec tell us that the economy was providing more jobs for individuals who wished to work (while the increase in Ontario tells us the opposite).

Table 20: Labour Market Performance in Selected Provinces, 1999 to 2014

	Participation Rate		Employment Rate		Unemployment Rate	
	2014	% change[53]	2014	% change	2014	% change
Canada	77.8	2.6%	72.3	3.3%	7.0	-9.1%
British Columbia	75.6	-0.1%	70.9	2.2%	6.1	-26.5%
Ontario	77.2	0.3%	71.4	-1.0%	7.5	18.3%
Quebec	78.0	7.1%	71.9	9.1%	7.8	-17.0%

Based on these observations, we might expect low-income rates under the LICO and MBM to have fallen in Quebec and British Columbia (assuming that the observed increases in employment elevated the earnings of those at the bottom of the income distribution) and risen in Ontario. In fact, low-income rates did decrease under the LICO and MBM in British Columbia and for families with children in Quebec. Significantly, the observed decreased was larger in all cases for children than for unattached adults suggesting that the increase in labour force participation contributed more to poverty reduction among families with children than single persons.

There are several reasons why this might be the case. Firstly, especially in Quebec, the increase in labour force participation was largely the result of increased employment (and therefore employment income) among mothers (who tend to have lower incomes) (Fortin et al, 2012; Fortin, 2017). Secondly, in dual earner families, a job loss by one earner is less likely to result in poverty as the income of the other may be high enough to keep the household out of

[51] Calculations based on data from Statistics Canada (2017d).
[52] Unemployment refers to those who want to work, but do not have a job.
[53] % change is calculated as (current year (2014) – base year (1999))/current year)

poverty. Indeed, dual earner families are at the lowest poverty risk (OECD, 2011). Finally, employment serves as a type of "insurance policy" against poverty during a separation (Fortin, 2017) and therefore may reduce poverty among lone-parent families over the longer term.

In terms of relative poverty, we might expect low-income rates under the LIM to have fallen in Quebec because of better than (national) average increases in the provinces' labour market performance, while low-income rates in Ontario may have increased because of worse than (national) average performance. Consistent with this prediction, Quebec was the only selected province to see a decrease in low-income rates under the LIM and only for families with children, while Ontario was the only selected province to see observe an increase under the LIM – and it held across both target demographics, as well as for the general provincial population.

Table 21: Predicted vs. Observed Effects of Economic Factors on Poverty

Province	Predicted	Observed
BC	Large decrease	LICO: Decrease 6.8 pp or 41.5% LIM: Steady MBM: Decrease 6.3 pp or 32.3%
ON	Increase	LICO: Steady LIM: Increase 3.8 pp or 38.0% MBM: Steady
QC	Decrease	LICO: Decrease 6.2 pp or 41.9% LIM: Steady MBM: Steady

In sum, it appears that low-income rates and trends can be explained in large part by economic factors. For example, at the national level, the divergence of the LICO and the LIM in the late 1990s is a reflection of economic growth patterns. While income growth has benefitted those at the bottom of the income distribution, resulting in a falling LICO, income growth among low-income families and individual has been relatively consistent with income growth among median-income families, resulting in a stagnant LIM (Green, Riddel & St Hilaire, 2016). Yet, there are inconsistencies across provinces and demographic groups in terms of both economic performance and low-income rates/trends that are only explained by looking at economic, social policy and demographic factors collectively.

c) Demographic Factors

In addition to social policy and economic factors, demographics may also explain economic and low-income trends. Of most relevance for this research are demographic trends or changes within the composition of the target sub-populations.

Firstly, because children in lone-income families are at a higher risk of poverty than children from couple parent families an increase in the population share of children living in lone parent families would likely increase poverty rates (Murphy et al, 2012). Between 2001 and 2011, the share of children aged fourteen and under living with couple (married or common-law parents) fell slightly from 81.2 to 79.9 percent, while the share living in lone-parent families increased slightly from 18.0 to 19.3 percent (Statistics Canada, 2012). Although this information is not available at a provincial-level, it is likely that a similar trend was observed in the selected provinces, as lone parent families comprised an increasing share of private households between

2006 and 2011 in all jurisdictions (Statistics Canada, 2016b). Thus, we might expect poverty rates among families with children to have increased slightly.

Secondly, because unattached adults aged 45 to 64 are at an elevated poverty risk (compared to the general unattached adult population), an increase in the population share of unattached adults 45 to 64 years may increase low-income rates (Murphy et al, 2012). Data are not available to assess whether the number of unattached adults aged 45 to 64 increased over this period. However, since 1999, the population share of persons aged 45 to 64 years increased in Canada and across all selected jurisdictions (Statistics Canada, 2016b). Correspondingly, we might expect that the population share of unattached adults aged 45 to 64 years has also increased. Based on this observation alone, we would expect poverty rates to have increased among unattached adults. However, previous research has found that "labour market activity, rather than government transfers, was strongly correlated with low income for unattached non-elderly people" (Murphy et al, 2012) and labour force participation and employment rates for adults aged 45 to 64 years increased over this period in all jurisdictions (Statistics Canada, 2017g) which makes the assessment more uncertain.

Additionally, within the sub-populations, recent immigrants[54] are at high-risk of living in poverty (Murphy et al, 2012) so differences in their share of the population may affect poverty rates and trends. In British Columbia and Ontario, recent immigrants comprise a larger proportion of the total population than other provinces (including Quebec) (Picot & Hou, 2014). Data are not available to assess whether recent immigrants comprised an increasing or decreased share of the target sub-populations over this period. However, recent immigrants were not found to have significantly contributed to changes in low-income rates (at the national level) in the 2000s (Picot & Hou, 2014). Thus, we might expect low-income rates to be elevated in British Columbia and Ontario (relative to Quebec), but likely would not expect low-income trends (among either demographic group) to have been impacted over this period.

Finally, also within the sub-populations, Indigenous persons are at high-risk of living in poverty (Murphy et al, 2012). In British Columbia, Indigenous persons comprise a larger proportion of the total population than in Ontario and Quebec.[55] It is not possible to estimate whether differences in the population share of Indigenous persons (off-reserve) impacted low-income rates/trends as there are no publicly available provincial data on low-income rates among Indigenous persons off-reserve. However, like recent immigrants, it is likely that differences would have led to elevated low-income rates in British Columbia (where the population share of off-reserve Indigenous persons is higher than in the other provinces) but that this would not have impacted trends as low-income rates among off-reserve Indigenous persons has remained high over this period (Statistics Canada, 2015a).

In sum, the impact of changes in the demographic composition of the sub-populations on poverty is largely ambiguous because of data limitations. However, none of the available evidence suggests that demographic factors played a substantive role in explaining poverty trends for families with children or unattached adults.

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[54] Recent immigrants are defined as those immigrants who arrived in the province in the last five years.

[55] On-reserve Indigenous persons are not counted in low-income statistics generated from the Survey of Labour and Income Dynamics (SLID), the Canadian Income Survey (CIS), or in the labour force survey estimates. As such, they are not reflected here. However, it should be noted that this is a limitation of this research as low-income incidence among on-reserve Indigenous persons is very high relative to the general population.

Overall, this analysis suggests that provincial differences in economic performance translated into differences in the growth of household/family incomes and thus explain much of the variation in provincial low-income rates between 1999 and 2014.

Discussion

The research confirms Noel's (2006) assertion that poverty re-emerged as a priority in the late 1990s and early 200s. However, at least in Canada, this new anti-poverty agenda did not affect all demographic groups in the same way. There was a significant expansion in social policies directed at families with children but retrenchment in social assistance programming for unattached adults. Although this research did not seek to determine why this was the case, this research also revealed information on factors deemed relevant in the comparative social policy literature.

First, Schneider and Ingram's (1993) theory on the social constructions of target populations may offer some insight into why social policy has favoured families with children compared to unattached adults over the past fifteen years. Schneider and Ingram (1993) contend that "social constructions influence the policy agenda and the selection of policy tools, as well as the rationales that legitimate policy choices" (Schneider & Ingram, 1993, p.334). Under their typology, children are constructed as positive and deserving, while unattached individuals (particularly those who are unemployed or on 'welfare') are likely to be constructed as negative or undeserving. However, both groups are constructed as politically weak. Thus, according to the authors, it is easier, from a political point of view, to direct resources toward families with children compared to unattached adults. However, benefits for both demographics will be undersubscribed because they lack power.

Although Schneider and Ingram's (1993) theory is useful in understanding why benefits for children expanded relative to those for unattached adults, the assertion that benefits would be undersubscribed to children does not seem to have held true over the period in question (at least in Quebec in Ontario). In fact, this research shows that child benefits and childcare became increasingly generous over this period, despite an overall retrenchment in social policy in Canada (Banting & Myles, 2013). One possible explanation of why benefits for families with children expanded over this period relative to other social policies is that "public officials are sensitive not only to power and social construction but also to pressure from the public" (Schneider and Ingram, 1993, 336).

Indeed, as new ideas and perspectives focused on poverty reduction and improving long-term outcomes for the poor and their children spread (and poverty rates remained high), politicians were put under increasing pressure by civil society to respond. Thus, the propagation of ideas such as the social investment perspective (Jenson, 2013) likely helped create the necessary political conditions for child benefits, child care, and other supports designed to improve long-terms outcomes for children to become policy imperatives. As Boychuk (2015, 48) argues, "The social investment perspective was clearly expressed, in the mid to late 1990s, in the federal National Child Benefit (NCB)."

At the same time, some of these emerging ideas likely contributed to the retrenchment of social assistance programming (and the corresponding reduction in poverty reduction effectiveness of social programs for unattached adults). For instance, the social investment perspective and the related notion of "activation" or of moving "able-bodied people back into the labour force" (Cox, 2015, 24) likely made it increasingly difficult to gain political support for any increases in social assistance benefits, while employment or training programs would have been more easily supported. Certainly, the observed trends in social assistance benefit adequacy are consistent with such a narrative. However, as an analysis of skill-building programs was outside of the scope of this research, it is not clear whether these new ideas and perspectives

helped legitimate policy change in the area (as it seems to have done in the realm of family policy).

Second, this research highlights some of the limitations to applying Esping-Andersen's typology of welfare states to the Canadian context. Although, as he suggests, federal and provincial/territorial benefits and entitlements are generally modest and largely characteristic of the liberal model in Canada, there are some important exceptions. For example, Canada's universal health care system is more characteristic of a social democratic model.

In recognition of the fact that Esping-Andersen's typology cannot accurately reflect all aspects of the Canadian welfare state, it has been argued that Canada is best characterized as a hybrid liberal welfare state (Jenson, 2013). Certainly, such an assessment more accurately captures some of the more anomalous aspects of Canada's welfare state. Yet, there are also significant cross-provincial differences in provincial social policies (Haddow, 2013), which are overlooked when the Canadian welfare state is classified as a single entity.

In fact, (at least some) cross-provincial social policy differences are significant enough to consider the Canadian provinces as independent welfare regimes (Haddow, 2014). Certainly, this research would suggest that Quebec's social protection system (and its evolution) is distinct. Over this period, Quebec has enhanced many of its social protections (e.g. through the implementation of a comprehensive set of family policies including its universal childcare program), while the redistributive effort of many other provinces (including British Columbia) has declined (Banting & Myles, 2013). In addition, Quebec tends to be more generous toward low-income earners than other provinces (Haddow, 2014). Moreover, other cross-provincial differences are also significant - and increasing. For example, Haddow (2013) has shown that over the past decade and a half variation in the redistributive effort of provinces has grown because of differences in political leadership and union density.

Given these cross-provincial differences in social policy (and the varying impact of these policies on demographic groups), it is necessary for comparative social policy research in Canada to look past the national-level view prescribed by Esping-Andersen's typology and to consider all of the "developments in the distinct provincial and territorial systems of which the Canadian 'system' is comprised" (Boychuk, 2015, 50).

Conclusion

This aim of this paper was to assess how poverty evolved in Canada's provinces over the past 15 years and to analyze the likely social policy, economic and demographic factors that may have influenced poverty among unattached adults and families with children. In the body of this work, these assessments were made in isolation. I now combine these insights to answer, separately for each demographic group, the research question: What role has social policy played in achieving poverty reduction in Canada's provinces since 1999?

a) Unattached Adults

Poverty among unattached adults has not changed very much since 1999 with low-income rates declining only under the LICO in British Columbia and Quebec and remaining steady under the MBM and LIM indicators. It is very unlikely that social policy has reduced poverty among unattached adults over this period. In fact, the evidence from this research suggests that social policy has become increasingly ineffective at reducing poverty among unattached adults both in terms of incidence (poverty rate) and depth (poverty gap). Indeed, among those unattached adults who remained/became poor, the depth of poverty remained the same or increased across all jurisdictions.

With social assistance being a key program in preventing/reducing poverty for this group, the reduction in welfare coverage and moderate increases in nominal benefits have made getting by even tougher for those unattached adults who are dependent on such programs. In Quebec, however, the decline in the LICO may be owed, at least in part, to the province's education and training-focused active labour market policies, which may have transitioned (more) social assistance beneficiaries (faster) into paid employment. However, because a detailed assessment of these policy measures was beyond the scope of this research, further research is needed to warrant such a conclusion. Similarly, changes in social programs not studied here (especially those in employment insurance and in working income tax benefit programs), have likely also influenced observed poverty rates for this population. Studies suggest that reduced coverage in employment insurance may have increased poverty while the modest expansion of the Working Income Tax Benefit (WITB) (in combination with other tax benefits) may have decreased poverty for working low-income adults (Heisz & Murphy, 2016).

Table 22: Predicted and Observed Effects of Multiple Factors on Poverty among Unattached Adults

	Predicted		Observed	
Province	Social assistance	Economic	Poverty gap	Poverty rate
BC	Increase	Large decrease	LICO: Steady LIM: Steady MBM: Increase	LICO: Decrease LIM: Steady MBM: Steady
ON	Increase	Increase	LICO: Increase LIM: Increase MBM: Increase	LICO: Steady LIM: Increase MBM: Increase
QC	Ambiguous	Decrease	LICO: Steady LIM: Increase MBM: Increase	LICO: Decrease LIM: Steady MBM: Steady

The relatively strong economy (especially until 2008) resulting in strong income growth in British Columbia and Quebec may have (also) benefitted unattached adults and could thus explain improvements in the LICO. That no consecutive improvement is seen in the MBM and LIM suggests, first, that incomes of unattached adults may have increased less than the cost of living (explaining a stable MBM) and, second, that incomes at the bottom of the distribution remained low relative and/or increased slowly relative to the national median (explaining a stable LIM).

Unfortunately, the data required to assess whether key demographic characteristics in the unattached adult population impacted provincial poverty rates over this period are not publicly available. However, the available evidence suggests that demographic factors are not likely to have played a substantive role in explaining poverty trends of this group.

b) Families with Children

In contrast, poverty has improved significantly since 1999 among children with low-income rates declining under the LICO, as well as under the MBM in British Columbia and Quebec, and LIM in Quebec. It is very likely that social policy has reduced poverty among families with children over this period in Quebec and Ontario. However, the impact of social policy among families with children in British Columbia is more ambiguous.

The evidence of this research suggests that provincial child care programs increased the disposable income of more low-income families across jurisdictions over this period resulting in a falling MBM. In Quebec, the impact was likely most significant as coverage was 100% and take-up of the province's universal child care program was high (compared to the targeted programs in the other provinces). Moreover, the increase in female labour market participation that followed the implementation of Quebec's program may have led to a falling LICO (through increased employment income) and to a falling LIM (as the universal program impacted a large proportion of families).

The evidence of this research on social assistance and child benefits suggests that the impact of these programs was more divergent across jurisdictions. In British Columbia, the impact was likely negligible as eligibility requirements tightened over this period and interrelated changes to social assistance and child benefits (i.e. the clawing back of the provincial child benefit following the implementation of the NCB) saw total benefit adequacy decline (explaining an increasing poverty gap under the LICO). In Ontario, the impact of social assistance reforms were ambiguous, but the implementation of a provincial child benefit program in 2008 increased the after-tax income of families (explaining a falling LICO). Finally, in Quebec, increases in the adequacy of social assistance benefits may have contributed to reduction in the depth of poverty among families with children while the impact of the province's child benefit program is more ambiguous because the province's generous benefits lost value over time due to inflation.

As was the case for unattached adults, strong income growth in British Columbia and Quebec likely (also) benefitted families with children and could thus explain improvements in the LICO and MBM in these provinces. Indeed, in British Columbia the contribution of economic factors to poverty reduction was likely more significant than in Quebec where social policy likely played a very significant role in poverty reduction among families with children. In contrast to British Columbia and Quebec, income growth at the bottom of the income distribution was slow relative to the cost of living and to the national median in Ontario (explaining a stable MBM and a rising LIM).

The data required to assess whether key demographic characteristics in provincial populations of families with children impacted provincial poverty rates over this period are not publicly available. However, the available evidence suggests that demographic factors are not likely to have played a substantive role in explaining poverty trends of this group.

Table 23: Predicted and Observed Effects of Multiple Factors on Poverty among Children

	Predicted effect				Observed effect	
Province	Social assistance	Child benefits	Child care	Economic	Poverty gap	Poverty rate
BC	Increase	Increase	Small decrease	Large decrease	LICO: Increase LIM: Steady MBM: Steady	LICO: Decrease LIM: Steady MBM: Decrease
ON	Ambiguous	Decrease	Small decrease	Increase	LICO: Steady LIM: Decrease MBM: Increase	LICO: Decrease LIM: Increase MBM: Steady
QC	Decrease	Ambiguous	Large decrease	Decrease	LICO: Decrease LIM: Decrease MBM: Steady	LICO: Decrease LIM: Decrease MBM: Decrease

Overall, this research shows that the reappearance of poverty on political agendas in Canada did not affect all demographic groups in the same way. Federal and provincial policy makers tended to make choices that favoured some groups (families with children) while taking away support for others (unattached adults), who increasingly had to fend for themselves. As a demographic group, families with children were the object of social policy expansion over this period while social assistance programs, which are relatively more important for unattached adults, experienced retrenchment thereby leaving a larger role for economic and demographic factors to explain poverty rates for that group.

Nonetheless, in tandem with well-known differences between trends in regional economies in Canada, the divergence in social policies observed since the mid-1990s has resulted in larger variation in poverty rates between provinces. This study has shown that this is particularly the case among families with children, with the result being that, since 1999, families in Quebec are now benefitting considerably more from social programs that those in Ontario, or worse, British Columbia.

Yet, things may be changing. In British Columbia, there are signs that the province's approach to social policy may converge towards the more generous provinces. The newly elected provincial government's recently released budget includes changes to social assistance (i.e. an increase in the earnings exemption and an increase in benefits for some recipients), a $20 million investment in child care, as well as funding to research a provincial poverty reduction strategy (Culbert, 2017).

At the federal level, several recent and planned policy changes suggest that federal social policy may play an increasingly important role in poverty reduction. Specifically, to reduce poverty among families with children the federal government replaced three child benefit programs with the integrated Canada Child Benefit (CCB), a tax-free child benefit that provides a maximum of $6400 per year for each child under the age of six (and $5400 per year for each child aged 6-17), and made a commitment to work with the provinces and territories on a

framework for early learning and child care. Federal policy changes that impact unattached adults include an expansion of various aspects of the Employment Insurance program and additional investments in agreements for training and skills development programs (Government of Canada, 2017). The current government has also committed to implementing a national-level Poverty Reduction Strategy.

The findings of this research suggest that unattached adults should be given consideration in this national-level strategy especially given that some of the key programs for poverty reduction for this group are federal ones. Promisingly, discussion documents released by the Government about this initiative seem to suggest that this demographic (or at least those unattached adults aged 45 to 64 years) are being considered in its development. However, to ensure the effectiveness of these (and other) efforts, there is a need for more focused research into the relationship between social policy and poverty reduction for vulnerable demographic groups and for provincial and federal governments to collect and publish data that supports evidence-based policy making.

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Appendix A: Completed Program Characteristics Tables

A.1 Social Assistance in Selected Provinces, 1999[56]

Province	British Columbia	Ontario	Quebec
Program name	BC Benefits	Ontario Works	Last Resort Financial Assistance
Effective date	1998	1997/98	1998
Type of support	Cash transfer	Cash transfer	Cash transfer
Targeting mechanism	Needs/assets test	Needs/assets test	Needs/assets test
Eligibility requirements	Eligibility is determined using a needs test that takes into account a household's needs and its resources (i.e. assets and income). To qualify, a household's liquid assets (i.e. cash, stocks, bonds) must fall below a designated level as set by the province (see thresholds below). The amount paid depends on whether a household is in recipient of any non-exempt income (e.g. pension income and workers compensation payments) and on the amount earned from paid employment. A small amount of income, known as the earnings exemption, is permitted from paid employment (see thresholds below).		
Eligibility requirements - liquid asset exemption levels	Single - $500 Family - $5000	Single - $520 Single, 1 kid - $1457 Couple, 1 kid - $1530	Single - $712 Couple, two kids - $1478
Eligibility requirements - earnings exemption levels	25% of any income earned after recipient has been on welfare for three months.[57]	Single – $143 + 25% of remainder Couple, 2 kids - $346 + 25% of remainder and child care	Single - $200 Single parent - $200 Couple parents - $3000
Eligibility criteria – single parents considered eligibility for work when youngest child is what age?	Single parent considered employable when youngest child is seven years or older.	Single parent required to participate in employment assistance when youngest child is six years or older.	Phased reductions over five years – in 2000, single parent required to work when youngest child is two years old.
Beneficiaries	~115,000 (1999)	499,900 (1998/99)	539,953 (1998/99)

[56] Data/information was taken from National Council of Welfare Incomes (2000) & Tweedle at al (2015) unless otherwise indicated. All data is for employable applicants/recipients (except total annual program spending).

[57] The exemption is available for only twelve months during 36-month period. The twelve months need not be consecutive.

Province	British Columbia	Ontario	Quebec
Size of annual benefit[58]	Single – $6330 Couple, 2 kids – $17,830	Single – $6822 Couple, 2 kids – $18,130	Single – $6223 Couple, 2 kids - $15,000
Annual program cost[59]	$1,911M	$5,802M	$4,181M

[58] Amount includes basic social assistance, child benefits, federal and territorial tax credits and any other available benefits.

[59] Data/information taken from **CANSIM Table 385-0002**, Federal, provincial and territorial general government revenue and expenditures, for fiscal year ending March 31, *Archived*. It is not possible to calculate cost per beneficiary because information is not available on how much of total annual program expenditures are allocated to social assistance for employable (as opposed to disability) recipients.

A.2 Social Assistance in Selected Provinces, 2014[60]

Province	British Columbia	Ontario	Quebec
Program name	BC Employment and Assistance (Temporary Assistance)	Ontario Works	Last Resort Financial Assistance
Effective date	2002	1997/98	Restructured 2005
Type of support	Cash transfer	Cash transfer	Cash transfer
Targeting mechanism	Needs/assets test	Needs/assets test	Needs/assets test
Eligibility criteria	In addition to passing the income and assets tests, eligibility requires completion of the work search requirements.	In addition to passing the income and assets tests, eligibility requirements recipients to make reasonable efforts to prepare for and keep a job. (Any other adult members in the household must also agree to participate in employment activities).	Pass the income and assets tests, as described above.
Eligibility criteria – liquid assets exemption levels	Singles - $2,000 Couples, 2 children - $4,000	Singles - $2,500 Couples, 2 children - $6,000	Single applicants - $887 Single recipients - $1500 Couple applicants with children - $1807 Couple recipients with children - $3025
Eligibility criteria – monthly earnings exemption levels	Applicants - $0 Recipients - $200	Applicants - $0 Recipients - $200 + 50% of net earnings after 3 months of continuous assistance	Singles - $200 Couples, 2 children - $300
Beneficiaries	72,773	454,520 (OW)	305,388 (SA)
Size of monthly benefit	Single - $235 (basic) + $375 (shelter) Single, 1 child - $375.58 + $570 Couple, 2 children - $401.06 + $700 shelter	Single: $626 Single, 1 child: $940	Single - $610 Single, 1 child - $740 Couple, 2 children - $954

[60] Information taken from Tweedle et al (2015) unless otherwise indicated. All data is for employable applicants/recipients (except total annual program spending).

Province	British Columbia	Ontario	Quebec
Annual program cost[61]	$1.187B (2013/14)[62]	OW: 2,458M (2014/15) [63] ODSP: 4,473M (2014/15)	2,897M (2013/14)[64]

[61] It is not possible to calculate cost per beneficiary because information is not available on how much of total annual program expenditures are allocated to social assistance for employable (as opposed to disability) recipients.

[62] Information retrieved from Government of BC Budget and Fiscal Plan 2014/15-2016/17.

[63] Information retrieved from Ministry of Community and Social Services, the Estimates for 2014/15.

[64] Information retrieved from Expenditure Budget 2013/14

A.3 Child Benefits, 1999[65]

Province	British Columbia	British Columbia	Ontario	Quebec	Quebec	Federal	Federal
Program name	BC Family Bonus	Earned Income Benefit	Child Care Supplement for Working Families	Parental Wage Assistance Program	Integrated Child Allowance	Canada Child Tax Benefit	National Child Benefit Supplement
Program description	Benefit paid to all low and modest income families	Benefit paid to low-income families that depends on (the amount of) earned income	Benefit paid to low-and middle income working families with children under 7 years (to assist with child care costs)	Benefit paid to low and modest income families with earned income	Benefit paid to all low and modest income families	Benefit paid to all low and middle income families	Supplemental benefit (to the Canada Child Tax Benefit) paid to low-income families
Effective date	1996	1998	1998	Restructured 1994	Restructured 1997	1989	1998
Type of support	Cash transfer	Cash transfer	Cash transfer	Cash transfer	Cash transfer	Cash transfer	Cash transfer
Type of program	Social assistance	Social assistance	Social assistance	Social assistance	Social assistance	Social assistance	Social assistance
Targeting mechanism	Income-test	Income-tested	Income-tested	Income-tested	Income-tested	Income-tested	Income-tested

[65] Information retrieved from Jenson & Thompson (1999) unless otherwise indicated. All values are in 1999 dollars. Information is not included on number of beneficiaries (or cost per beneficiary) as this information was unavailable.

Province	British Columbia	British Columbia	Ontario	Quebec	Quebec	Federal	Federal
Eligibility criteria	Families with children under 18 years whose net income does not exceed threshold	Families with children under 18 years, who have an earned income more than $3750, and whose net income doesn't exceed threshold	Families with children under 18 years and earned income above $5000 or who are attending education/training, and whose net income doesn't exceed threshold	Families with children under 18 years who earn at least $100/month, and whose income and assets don't exceed threshold	Families with children under 18 years whose net income does not exceed threshold	Families with children under 18 years whose net income does not exceed threshold	Families with children under 18 years whose net income does not exceed threshold
Threshold level	$18,000	$20,921	$20,000	$15,000 for singles $22,000 for couples Drops to zero when family pays $1 in provincial income tax[66]	Base benefit begins to phase out at $15,000 for singles and $22,000 for couples Clawed back 30-50% thereafter	Base benefit begins to phase out at $25,921[67]	Base benefit begins to phase out at $20,921 Fully phased out at $27,750[68]
Size of monthly benefit	$105/month per child under 18	$50.41/month for first child, $34/month for second child, and $27/month for each additional child	$85/month per child under 7	$315/month maximum, depending on family size and circumstances	$190/month for single parents $81/month for couple parents	$85/month per child	$65/month for one child, $114/month for two children, and $157 for three children

[66] Information taken from Welfare to Work: Provincial and Territorial updates.

[67] Information on this benefit retrieved from Finance Canada (1999), Canada Child Benefit: Update.

[68] Information on this benefit retrieved from The National Child Benefit: What it Means for Canadian Families.

Province	British Columbia	British Columbia	Ontario	Quebec	Quebec	Federal	Federal
Annual program cost	$188M	$55M	$237M	$50M	$778M	~$6B	$850M

A.4 Child Benefits, 2014[69][70]

Province	Ontario	Quebec	Federal	Federal	Federal
Program name	Ontario Child Benefit[71]	Child Assistance Payment[72]	Canada Child Tax Benefit (CCTB)	National Child Benefit Supplement	Universal Child Care Benefit (USSC)[73]
Program description	Benefit paid to low to moderate income families	Benefit paid to all eligible families	Benefit paid to low and middle income families (to help with the expenses of raising children)	Supplemental benefit to the Canada Child Tax Benefit for low-income families	Taxable benefit paid families with children under 6 years
Effective date	2007	2005	1989	1998	2006
Type of support	Cash transfer	Cash transfer	Cash transfer	Cash transfer	Cash transfer
Type of program	Social assistance	Universal	Social assistance	Social assistance	Social assistance
Targeting mechanism	Income-tested	N/A	Income-tested	Income-tested	N/A
Eligibility criteria	Families with children under 18 years whose net income does not exceed threshold	Families with children under 18 years o	Families with children under 18 years whose net income does not exceed threshold	Families with children under 18 years whose net income does not exceed threshold	Families with children under 6 years

[69] In 2014, British Columbia did not have a child benefits program in place. The BC Early Childhood Tax Benefit was not introduced until 2015. Although the provincial website lists the BC Family Bonus, this benefit was clawed back to zero as of 2005.

[70] Although the CCTB and NCBS were not taxable in 2014, the UCCB was.

[71] Information retrieved from The Ontario Child Tax Benefit: Now What?

[72] Information retrieved from The Child Assistance Payment. The amount depends on: number of dependent children under 18, family income, and family type.

[73] Information etrieved from Universal Childcare Benefit. Note: Enhancements to the UCCB were proposed in 2014. However, they did not take effect until 2015 and therefore are not reflected here. Since 2016, the Canada Child Benefit replaced the Canada Child Tax Benefit, National Child Benefit Supplement and Universal Childcare Benefit in 2016.

Province	Ontario	Quebec	Federal	Federal	Federal
Eligibility criteria – threshold level	Full benefit up to $20,000 Phased out completely at $33,750 for a 1-child family, $47,500 for 2 children and $61,250 for a third child	N/A	Full benefit up to $43,953[74] Reduction rate of 2% for incomes over that threshold in one-child families and 4% for two or more child families	Full benefit up to $25,584 Phased out completely at $43,953	N/A
Size of benefit	$1310/child	Up to $271.24/month (first child, single parent); or, $200.83/month (first child, two parents).	$1446/year base benefit	$2241/year for first child, $1982 for second child, $1886 for third child	$1200/year per child

[74] Information retrieved from 2014 indexation adjustment for personal income tax, benefit amounts, and the annual dollar limit for Tax-Free Savings Accounts (TFSAs)

A.5 Child Care, 1999[75]

	British Columbia	Ontario	Quebec
Program name	Child Care Subsidy	Child Care Fee Subsidy	Universal Child Care Program
Effective date	Post 1996	Post 1996	1997
Type of support	In-kind	In-kind	In-kind
Type of program	Subsidized child care	Subsidized child care	Subsidized child care
Targeting mechanism	Income tested	Needs tested	Universal
Eligibility criteria	Low income parents and parents at work, attending school or in training, actively seeking work or in medical treatment	Low income parents and Ontario Works participants	All parents with dependent child(ren)
Eligibility criteria – threshold level	Single parent, 1 child Full - $18,984 Partial - $27,816 Couple parent, 2 children Full - $23,016 Partial - $31,846	N/A[76]	N/A[77]
Number of regulated spaces	68,978	167,090	175,002
Percentage of children aged 0-5 for whom there is a regulated space	12.2	12.4	11.5

[75] All information/data was retrieved from Friendly et al (2015) unless otherwise indicated.

[76] In Ontario, there are no data on province-wide income levels for subsidy eligibility. Eligibility is determined by provincially determined needs test, with income only one of a number of items considered. Each municipality can determine the rates which creates variation across the province.

[77] The program is universal; therefore, there are no income thresholds.

	British Columbia	Ontario	Quebec
Beneficiaries - # of children receiving a fee subsidy, % of total children receiving a fee subsidy[78]	34,000[79], 5.3%	73,400, 3.7%	38,070[80], 3.2%
Application/delivery	Subsidy directed to of choice provider (licensed, unlicensed, preschool, out of school, in home)	Subsidy directed to non-profit or for profit provider	N/A[81]
Size of benefit	A maximum subsidy is set. Parents pay the difference.	Up to 100% of actual fee (depending on family income), but municipalities may set other limits.	$5/day flat fee ($7/day as of 2004, $7.40 currently)
Total allocation for regulated child care (1998)	$129M	$470.5M	$300M
Total allocation per regulated child care space (1998)	$1868	$2816	$1713

[78] Total children receiving a fee subsidy is calculated by dividing the number of fee subsidies by the total number of children aged 0-12 and multiplying by 100. Total number of children in for the year 1998 (as 1999 was not available) and is taken from Friendly et al, 2015.

[79] Subsidies may be used in unregulated childcare in BC. It is estimated that 50% of BC subsidies are in regulated care. The estimated figure for number of subsidies used in regulated care was 17,000 (Friendly & Prentice,1998). I doubled this to estimate an approximate figure for total subsidies provided.

[80] Quebec began phasing out subsidies "in 1996 as publicly-funded services were introduced and now relies on publicly-funded services, rather than providing subsidies to selected families." (Friendly & Prentice, 1998).

[81] No subsidies are provided as childcare is subsidized at point of use.

A.6 Child Care, 2014

Province	British Columbia	Ontario	Quebec
Program name	Child Care Subsidy Program	Ontario Child Care Subsidy	Universal Child Care Program
Program description	Supports low-income families in communities across B.C. with the cost of child care	Ontario provides child care funding to CMSMs/DSSABs using a funding formula based on publicly available data	Provides child care to all parents for a flat rate fee of $7.30/day
Type of support	In-kind	In-kind	In-kind
Type of program	Subsidized child care	Subsidized child care	Subsidized child care
Targeting mechanism	Targeted	Targeted	Universal
Eligibility criteria	Parents must meet of one the following conditions: 1) employed or self-employed, in education program, seeking employment or participating in employment-related program, 2) has a medical condition that interferes with ability to care for child; 3) child attending licensed preschool, referred by a social worker	Parents can apply if their child is under 13 years old (or up to 18 years old if your child has special needs) and in either: a licensed child care program, a school-aged child enrolled in an approved recreation program, or a before- and after-school program operated directly by a school board	Any child aged 0-4 who has secured a space in a reduced contribution program may attend at the provincially-determined fee regardless of parents' employment status. Families may use the Childcare Establishment Locator on the Famille Quebec website to locate centres in the reduced contribution program.
Eligibility criteria – threshold level	$40,000 (*families that earn up to $55,000 may also be eligible)	Up to 100% of actual fee (depending on family income), but municipalities may set other limits.	N/A
Number of regulated spaces	106,719	334,010	556,447
Percentage of children 0-5 years for whom there is a regulated space	22.7	23.0	30.3

Province	British Columbia	Ontario	Quebec
Beneficiaries - # of children receiving a fee subsidy[82], percentage of total children 0-12 receiving a fee subsidy	45,000 children (2013/14)[83], 7.9%	137,645 (Date unavailable), 7.3%	N/A
Application/delivery	Choose a child care provider, complete the Child Care Arrangement Form, and submit the application; benefit is paid directly to child care provider	Contact the Consolidated Municipal Service Managers (CMSMs)/District Social Services Administration Boards (DSSABs) or local band office administrator (for First Nations). The approval process can be long and it is first come first serve.	N/A
Size of benefit	Size of subsidy depends on the type of child care arrangement and the age of the child. For example, for a 0-18 month old child in full-time care in a licensed group home, the maximum fee subsidy is $750/month. For a child of the same age in a license not required home, the subsidy is $438/month.	Up to 100% of actual fee, but municipalities may set other limits.	In 2014, Quebec still set a flat fee for children in non- profit child care centres (CPEs), in funded garderies, regulated home child care and school-aged child care in schools; most recently, the fee was $7.30/day. Spaces with these fees are referred to as “reduced contribution spaces”. Families that are using unfunded or unregulated care are eligible for a child care tax credit (reimbursement up to 90%).
Total allocation for regulated child care	$227.4M	$960.1M	$2.49B (2013/14)
Total allocation for each regulated child care space	$2131	$2874	$4466

[82] Refers to the number of children receiving fee subsidies in British Columbia and Ontario and to the number of children in a regulated childcare space in Quebec.

[83] Information retrieved from: BC Early Years Annual Report 2013-2015

Appendix B: Low Income Thresholds for Adequacy Calculations (in current 1999, 2002 and 2014 dollars)[84][85]

	1999	1999	1999	2014	2014	2014
	Couple, 2 children	Single, 1 child	Unattached adult	Couple, 2 children	Single, 1 child	Unattached adult
LICO	$23,622	$15,206	$12,493	$31,835	$20,493	$16,836
LIM	$25,508	$18,037	$12,754	$43,546	$30,792	$21,773
	2002	2002	2002	2014	2014	2014
MBM -British Columbia	$26,218	$18,536	$13,109	$33,841	$23,858	$16,921
MBM - Quebec	$22,681	$16,036	$11,341	$32,073	$23,386	$11,693
MBM - Ontario	$24,924	$17,621	$12,462	$33,172	$22,611	$11,306

[84] For the LICO and MBM, threshold values are for cities with between 30,0000 and 99,999 inhabitants. This value was used as an approximate average for social assistance and child benefit adequacy calculations.

[85] LICO threshold values were taken from CANSIM Table 206-0094. LIM threshold values were taken from CANSIM Table 206-0091. MBM threshold values for the reference family of four were taken from CANSIM Table 206-0093 and adjusted for family size by author.

Appendix C: Estimated Annual Welfare[86] & Child Benefit Incomes, 1999 & 2014

C.1 Estimated Annual Welfare Incomes for Unattached Individuals, 1999 & 2014[87]

1999						
	Basic Social Assistance	Additional Benefits	Federal GST Credit	Provincial Tax Credit	Total Income (constant 1999 dollars)	Total Income (constant 2014 dollars)
British Columbia	$6,046	$35	$199	$50	$6,330	$8533
Ontario	$6,240		$199	$838	$6,822	$9196
Quebec	$6,024		$199		$6,223	$8388
2014						
British Columbia	$7,320	$35	$267	$191	N/A	$7,813
Ontario	$7,602		$267	$638	N/A	$8,507
Quebec	$7,230		$267	$940	N/A	$8,527

[86] Estimated annual welfare incomes are based on data from the National Council of Welfare (2000) and Tweedle et al (2015).

[87] Total income in constant 1999 dollars was adjusted using the Statistics Canada (2017e), Consumer Price Index (CPI) history summary.

C.2 Estimated Annual Welfare Incomes for Couple Families with Two Children, 1999 & 2014

1999								
	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit	Provincial Child Benefits	Federal GST Credit	Provincial Tax Credit	Total Income (constant 1999 dollars)	Total Income (constant 2014 dollars)
British Columbia	$12,396	$190	$3,230	$1,306	$608	$100	$17,830	$24,035
Ontario	$13,378	$407	$3,230		$608	$507	$18,130	$24,439
Quebec	$10,243	$139	$2,210	$1,800	$608		$15,000	$20,220
2014								
British Columbia	$13,213	$365	$7,083		$813	$450	N/A	$21,924
Ontario	$13,959		$7,083	$2,520	$813	$1,612	N/A	$25,987
Quebec	$11,443	$1,159	$7,083	$3,511	$813	$1,425	N/A	$25,434

C.3 Total Annual Child Benefits, 1999 (Current 1999 dollars)[88]

Table X: Total Annual Child Benefits, 1999			
	Quebec	Ontario	British Columbia
Federal benefits			
Single parent, 1 child	$1928	$1928	$1928
Couple, 2 children	$2210	$3230	$3230
Income neutral provincial benefits			
Single parent, 1 child	$2200	-	$553
Couple, 2 children	$1800	-	$1306
Total (income neutral child benefits):			
Single parent, 1 child	$4128	$1928	$2481
Couple, 2 kids	$4,000	$3230	$4536
Earned income provincial benefits[89]			
Single parent, 1 child	$3874 (max)[90]	$1020[91]	$604
Couple, 2 children	$3874 (max)	$2040[92]	$1010
Total (all child benefits)			
Single parent, 1 child	$8002 (Max)	$2948	$3085
Couple, 2 children	$7874 (max)	$5270	$5546

[88] Information retrieved from the National Council of Welfare Reports (2000) unless otherwise indicated.
[89] Information retrieved from Jenson & Thompson (1999)
[90] Benefit size depends on family size and circumstance.
[91] Benefit is only available to parents with children 7 and under.
[92] As above.

C.4 Total Annual Child Benefits, 2014 (Current 2014 dollars)[93]

Table X: Total Annual Child Benefits, 2014			
	Quebec	Ontario	British Columbia
Federal benefits[94]			
Single parent, 1 child	$4871	$4871	$4871
Couple, 2 children	$7083	$7083	$7083
Income neutral provincial benefits			
Single parent, 1 child	$3162	$1310	-
Couple, 2 children	$3511	$2620	-
Total:			
Single parent, 1 child	$8033	$6181	$4871
Couple, 2 kids	$10594	$9703	$7083

[93] Information retrieved from Tweedle et al (2015) unless otherwise indicated.

[94] The federal child benefit amount includes the UCCB amount, which is only available to parents with children under 6 years.