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Asked by: John Main, MLA

**Asked of: Hon. Elisapee Sheutiapik, MLA
Minister of Family Services**

Number: 57-5(2)

Date: December 19, 2019

Subject: Alternatives to Income Assistance

Question 1:

To what extent have alternatives to the Income Assistance program been considered by the Department?

Response:

Since 2015, the Department of Family Services has been focusing its efforts on reforming the existing Income Assistance program, to help more Nunavummiut move towards self-reliance and independence. This reform stemmed from community consultations the Department undertook across the territory. The findings from the consultations, and proposed reforms, are outlined in the *Report on the review and reform of Income Assistance and Economic Development*.

To date, the Department has implemented 9 of the 15 reforms identified for the Department. While other alternatives to income assistance exist and/or have been piloted, it is important to continue the current reform of Nunavut's program, based on what we heard. I would like to take this opportunity to provide you with details pertaining to some of those reforms.

Phase 1 Reforms

On July 1, 2017 the Department made a number of changes to the Income Assistance Regulations in order to:

Allow clients to keep some savings while still qualifying for Income Assistance (Reform 3):

Previously, the Income Assistance Regulations were set up to encourage Nunavummiut to spend all their money each month in order to get full benefits, as the Department would deduct any savings held by the client dollar-for-dollar from their Income Assistance benefit. For clients to remain eligible for their full Income Assistance benefit, the client would have to spend all their savings each month. This reinforced a cycle of poverty and dependence.

To assist clients to save some money and still qualify for Income Assistance, the Regulations were amended to exempt the following amounts of assets when calculating Income Assistance:

- \$500 for an applicant with no dependents; and,
- \$1000 for an applicant with one or more dependents (a family).

Strengthen financial support for low-income Nunavummiut living with disabilities (Reform 4):

Reform 4 increased the long-term disability incidental allowance from \$175 per month to \$250 per month. Additionally, the Department introduced a short-term disability benefit for clients suffering from a disability lasting 6 to 12 months that limited their ability to work. Previously there was no form of additional support for these clients or any person in Nunavut experiencing a short-term disability.

Strengthen incentives to earned income (Reform 5):

Lastly, prior to the reforms Income Assistance recipients were able to earn up to \$200 (for a one-person household) or \$400 (for two or more-person household) from employment without affecting the amount of their Income Assistance. This meant that for each dollar earned above \$200/\$400, the Government reduced the recipient's benefits by 100% of the additional earned income. Income Assistance recipients had little incentive to work – as they earned more money, their total monthly income stayed the same.

To encourage employment, the Department increased the amount of earned income that is exempt from income assistance calculations. On top of the existing exemption of the first exemption of \$200 (single) / \$400 (family) in earned income, the reforms introduced an additional exemption of 50% for the next \$600 in earned income.

Phase 2 Reforms

In July 2018, the Department implemented two more reforms:

Simplify Income Assistance calculations (Reform 1):

Previously, there were four different client categories that made the Income Assistance program complex and difficult to understand. Reform 1 reduced the number of client categories and the types of benefits. These client categories used to affect when a client

would receive certain benefits and whether they had to participate in a Productive Choice. Now, all clients are eligible for benefits immediately and must begin their Productive Choice in their first month of receiving assistance.

Consider ways to link Income Assistance to changes in living costs (Reform 2)

During the community consultations, and through the Department's annual Poverty Reduction Roundtables, it became clear that the existing Food Allowance was insufficient to address the high rates of food insecurity in Nunavut. As such, the Department updated the Food Allowance benefit to more adequately meet the needs of Nunavummiut, and to better align the benefits with the differences in the cost of food between communities. Depending on the community, clients saw an increase anywhere from \$203 to \$440.

Additionally, the Department increased supports for Income Assistance clients who are single. Unlike family clients, single clients do not receive the additional financial support provided by the Canada Child Benefit. The additional amounts for single client's range depending on their community, however, single clients saw increases from \$255 to \$296, and couples with no children saw increases from \$102 to \$120.

The Department is exploring additional reforms including case management teams. This work is part of the broader departmental vision to strengthen wraparound supports for clients. The goal is to ensure we that each person who is receiving Income Assistance is supported in gaining the skills and abilities to become self-sufficient, and when possible, to move into employment.

Question 2:

To what extent has the concept of a Guaranteed Basic Income (GBI) been considered by the Department?

Response:

In 2013, the Caledon Institute of Social Policy (Caledon) was engaged to examine Nunavut's social safety net. Income Assistance was one of six areas their report, "*Poverty and Prosperity in Nunavut*" focused on. The other areas discussed in the report included early childhood development, education and literacy, skills training, regional economic development and affordable housing.

The report highlighted several income assistance reforms that align with the Income Assistance reforms noted above. For instance, the Caledon Report spoke to the need for Income Assistance benefits to be indexed to the cost of living (this was Reform 2 completed in July 2018) and the need for Nunavut to stop clawing back the National Child Benefit Supplement amounts from the amount of Income Assistance families received (this was addressed in April 2016).

The shift from Income Assistance to a Basic Income was a long-term reform suggested in the Caledon Report. Any proposed new income security system for Nunavummiut would

need to consider how the various federal and territorial benefits align. The comprehensive analysis required to explore the feasibility of such a program in Nunavut has not yet taken place, primarily because the Department has been focused on implementing reforms stemming from the 2015 community consultations.

Question 3:

What national or international examples of implementing a Guaranteed Basic Income have been considered by the Department?

Response:

The Department of Family Services remains regularly engaged with its federal, provincial, and territorial colleagues on promising practices across Canada, regarding the delivery of Income Assistance and strengthening people's attachment to the labour market.

Provinces and territories were eager to see the results from the Ontario Basic Income Pilot (OBIP), that was announced in 2017. However, the program was cancelled in April 2019, with no evaluation completed to see the impact on individuals and communities.

Comparing the current Income Assistance program in Nunavut with national or international examples of implementing a Guaranteed Basic Income (GBI) is complicated by the fact that most Income Assistance clients in Nunavut are in public housing and have the actual costs of their shelter and utilities covered by Income Assistance. A potential GBI program in Nunavut would have to take the additional supplementary benefits into consideration. This is something that other jurisdictions that offer or have offered GBI did not provide.

Question 4:

Has the Department consulted with any organizations in Nunavut regarding the concept of Guaranteed Basic Income?

Response:

The idea of exploring the experience of guaranteed income approaches used in other countries such as Norway was suggested during the Nunavut Roundtable for Poverty Reduction's initial series of community meetings in 2013. There have not been any recent (within the last 3 years) consultations with any organizations in Nunavut regarding the concept of Guaranteed Basic Income (GBI).

Question 5:

Does the Department have any plans to implement any alternatives to Income Assistance on a pilot-project basis? Why or why not?

Response:

The Department does not have any plans to implement alternatives to income assistance at this time. As mentioned above, the current focus of the program has been to continue implementation of the Income Assistance reforms, and in particular, the *One Client, One Plan* vision. The analysis and research needed to look at alternatives to Income Assistance, including Guaranteed Basic Income would need to be completed and reviewed prior to any pilot project taking place.

However, the Department is open to discussions and engaging with any and all stakeholders pertaining to the delivery of Income Assistance.