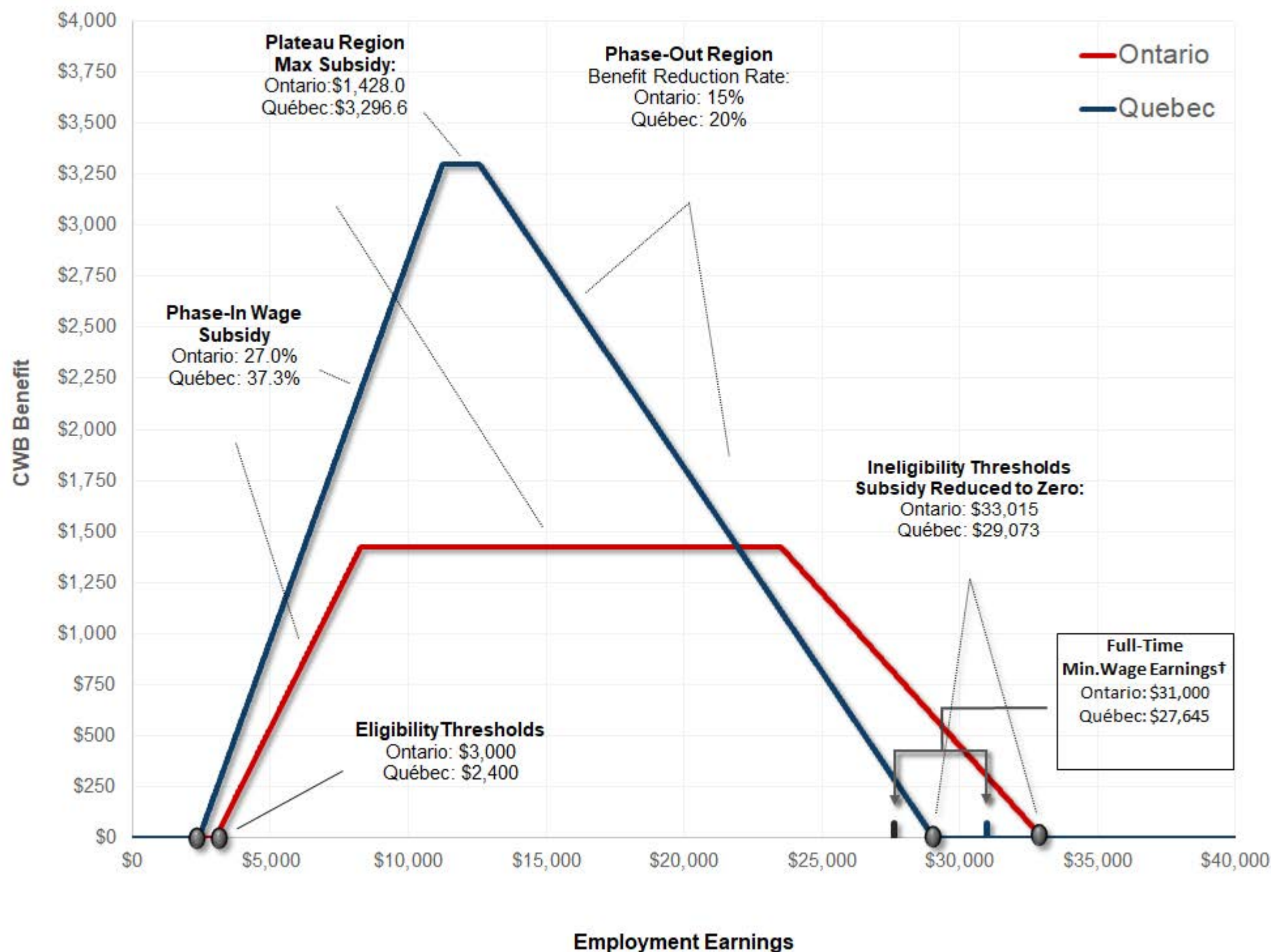


Appendix Figure 1

Canada Workers Benefit (CWB) by Earnings Ontario and Québec 2022 - Unattached Singles



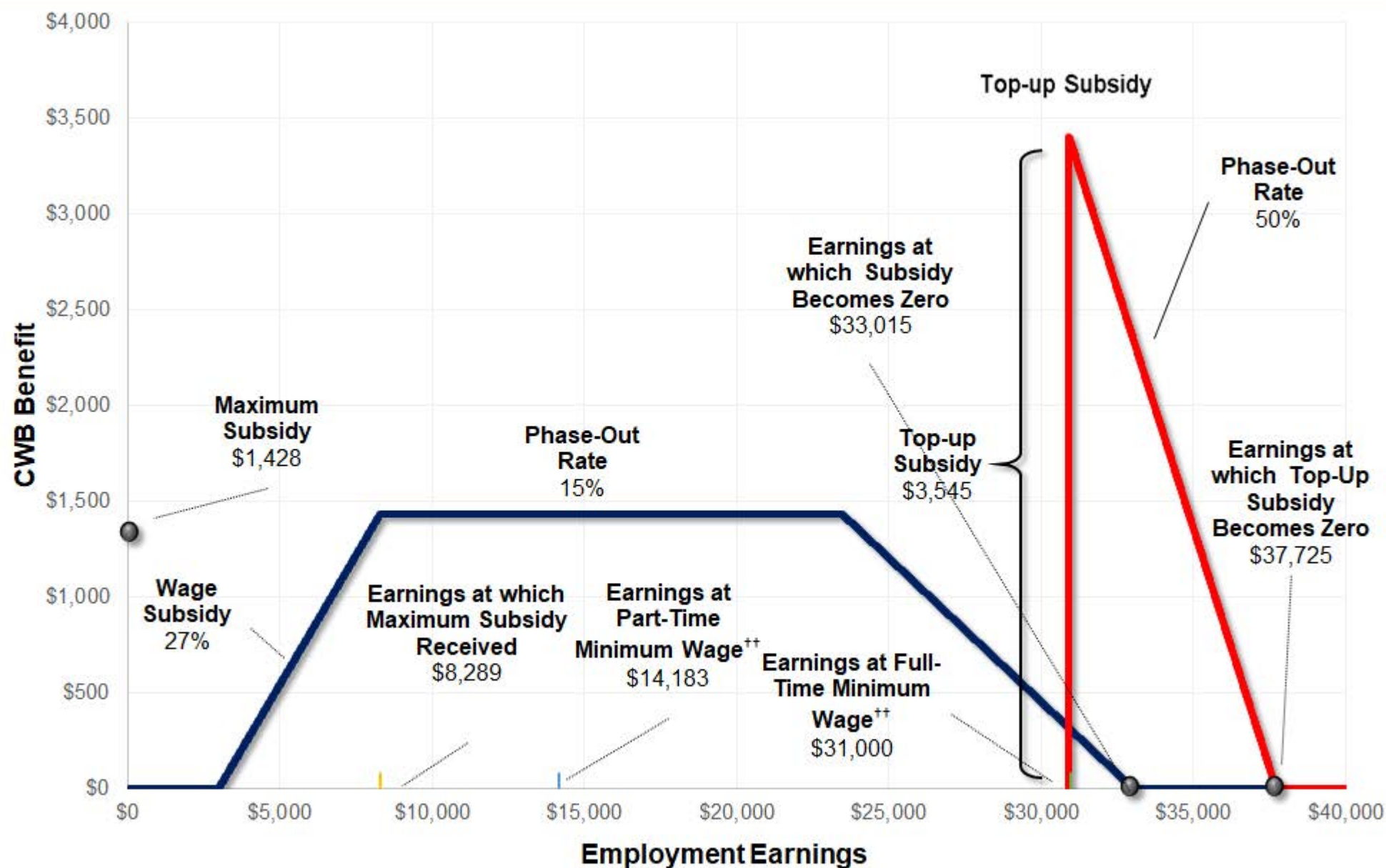
Source: Taxtips.ca, Canada Workers Benefit (CWB) Factors for 2022 Except Quebec, consulted March 28, 2023. Taxtips.ca, Canada Workers Benefit (CWB) Factors for 2022 for Quebec, consulted March 28, 2023. <https://www.taxtips.ca/filing/canada-workers-benefit/cwb-2022.htm>
<https://www.taxtips.ca/filing/canada-workers-benefit/cwb-2022-quebec.htm>

† Full-time annual incomes for Ontario and Québec are based on Statistics Canada Table 14-10-0043-01 data, considering both sexes aged 25-54 in main jobs. With a 2022 minimum wage of \$15.50 and 40 hours/week, at 50 work weeks, Ontario's income is \$31,000. For Québec, at \$14.25 and 38.8 hours/week, the income is \$27,645.

Appendix Figure 2

Canada Workers Benefit (CWB) by Earnings

Current Program† (2022) and Proposed Full-Time Top-up (Unattached Singles)



Source: Taxtips.ca, Canada Workers Benefit (CWB) Factors for 2022 Except Quebec, consulted March 28, 2023. <https://www.taxtips.ca/filing/canada-workers-benefit/cwb-2022.htm>

† Figures are based on data for most of Canada, excluding Québec, Alberta, and Nunavut, where the Canada Workers Benefit (CWB) program operates differently.

†† Annual income figures of \$14,182.50 for part-time and \$31,000.00 for full-time are derived from Statistics Canada Table 14-10-0043-01, focusing on both sexes aged 25-54 and considering main jobs in Ontario. Using the 2022 minimum wage of \$15.50, part-time (18.3 hours/week) and full-time (40 hours/week) incomes are calculated based on 50 work weeks per year.

Appendix Table 1

Participation Tax Rate (PTR) - Detailed Calculations - Québec (2022)

Unattached Singles Considered Employable

	Fulltime	
	With CWB	Without CWB
[1] Gross Employment Income¹	\$27,645	\$27,645
Deductions²		
Personal Income tax ³		
Provincial	\$1,235	\$1,235
Federal	\$1,253	\$1,253
Other Deductions		
Employment insurance	\$332	\$332
Québec Parental Insurance Plan	\$137	\$137
Québec Pension Plan	\$1,485	\$1,485
Health Services Fund	\$0	\$0
[2] Total Deductions	\$4,442	\$4,442
Tax Credits²		
Provincial tax credits/benefits		
Solidarity Tax Credit	\$1,055	\$1,055
Québec Work Premium	\$0	\$0
One-time cost of living support payment	\$500	\$500
(New) One-time cost of living support payment	\$600	\$600
Federal tax credits/benefits		
GST ⁷	\$701	\$701
Canada Worker Benefit (CWB)	\$322.0	--
[3] Total Tax Credits	\$3,178	\$2,856
[4] Net employment income [1]-[2]+[3]	\$26,381	\$26,059
Residual Social Assistance Benefit^{4,5}		
Gross benefit	\$11,616	\$11,616
Claw back Calculation		
Earned income	\$27,645	\$27,645
Annual Earnings Exception	\$2,400	\$2,400
Applicable amount (claw back)	\$25,245	\$25,245
Claw back rate	100%	100%
Claw back amount	\$25,245	\$25,245
[5] Net Social Assistance	\$0	\$0
[6] Total Income [4]-[5]	\$26,381	\$26,059
Less: Annual Increase in Healthcare Premiums:		
Québec Prescription Drug Insurance Plan ²	\$710	\$710
Vision and Dental Care ^{6,7}	\$567	\$567
[7] Total Premiums	\$1,277	\$1,277
[8] Net Income Working [6]-[7]	\$25,104	\$24,782
Social Assistance Income⁴		
Basic social assistance	\$11,616	\$11,616
Federal tax credits/benefits	\$330	\$330
Provincial tax credits/benefits	\$1,022	\$1,022
[9] Net Income NOT Working	\$12,968	\$12,968
PTR CALCULATION		
$\text{PTR} = 1 - \left(\frac{\text{Net Income Working} - \text{Net income NOT Working}}{\text{Gross Employment Income}} \right) \times 100$ $= 1 - \left(\frac{\text{Net Financial Gain from Working}}{\text{Gross Employment Income}} \right) \times 100$		
Components of the PTR		
[1] Gross Employment Income	\$27,645	\$27,645
[8] Net Income Working	\$25,104	\$24,782
[9] Net Income NOT Working	\$12,968	\$12,968
[10] Net Financial Gain from Working [8]-[9]	\$12,136	\$11,814
[11] Lost due to clawback and taxation	\$15,509	\$15,831
PTR (1-([10]/[1]))×100	56.1%	57.3%

Notes:

1. Estimate based on the 2022 Québec minimum wage (\$14.25/hour) and 38.8 average weekly hours for 50 weeks per year. CNESST, Minimum wage in Quebec: \$14.25 per hour, consulted March 27, 2023. Table 14-10-0043-01, Average usual and actual hours worked in a reference week by type of work (full- and part-time), annual, consulted March 27, 2023.

<https://www.cnesst.gouv.qc.ca/en/working-conditions/wage-and-pay/wages/minimum-wage#:~:text=The%20minimum%20wage%20is%20currently,receive%20at%20least%20minimum%20wage.>

<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410004301&pickMembers%5B0%5D=1.6&pickMembers%5B1%5D=3.1&pickMembers%5B2%5D=5.1&pickMembers%5B3%5D=6.6&cubeTimeFrame.startYear=2018&cubeTimeFrame.endYear=2022&referencePeriods=20180101%2C20220101>

2. Government of Quebec, Disposable income 2022 and 2023, consulted March 27, 2023.

<http://www.budget.finances.gouv.qc.ca/Budget/outils/revenu-disponible-en.asp>

3. Net of non-refundable tax credits.

4. 2021 values. Jennefer Laidley and Mohy Tabbara, Welfare in Canada, 2021, Maytree and Caledon Institute of Social Policy, November 2022, p. 142. https://maytree.com/wp-content/uploads/Welfare_in_Canada_2021.pdf

5. Ibid, p. 179. https://maytree.com/wp-content/uploads/Welfare_in_Canada_2021.pdf

6. Québec Blue-Cross, Historical estimate, Blue Flex Plan, 2022. <https://qc.bluecross.ca/health-insurance/health-insurance-coverage>.

7. Part-timers remain on social assistance and do not lose coverage. Full-timers lose their benefits and must buy them privately.

Appendix Table 2			
Participation Tax Rate (PTR) - Detailed Calculations - Ontario (2022)			
Unattached Singles Considered Employable			
	Fulltime		
	With CWB	Without CWB	
[1] Gross Employment Income ¹	\$31,000	\$31,000	
Deductions ²			
Personal Income tax ³			
Federal	\$1,656	\$1,656	
Provincial			
Taxes after non-refundable tax credits	\$899	\$899	
Low-Income Workers Tax Credit (non-refundable) ⁴	\$875	\$875	
Ontario health premium	\$300	\$300	
Total provincial tax	\$324	\$324	
Payroll Taxes			
Employment insurance	\$490	\$490	
CPP	\$1,361	\$1,361	
[2] Total Deductions	\$3,831	\$3,831	
Refundable Tax Credits ⁴			
Provincial			
Ontario Trillium Benefit ⁴			
Ontario energy and property tax credit	\$595.4	\$595.4	
Sales Tax Credit	\$166.3	\$166.3	
Climate Action Incentive Payment quarterly amount	\$488.0	\$488.0	
Federal			
GST ⁴	\$496	\$496	
Canada Worker Benefit (CWB) ⁶	\$333.0	---	
[3] Total Tax Credits	\$2,079	\$1,746	
[4] Net employment income [1]-[2]+[3]	\$29,248	\$28,915	
Residual Social Assistance Benefit ^{7,8}			
Gross benefit	\$8,796	\$8,796	
Claw back Calculation			
Earned income	\$31,000	\$31,000	
Annual Earnings Exception	\$2,400	\$2,400	
Applicable amount (claw back)	\$28,600	\$28,600	
Claw back rate	50%	50%	
Claw back amount	\$14,300	\$14,300	
[5] Net Social Assistance	\$0	\$0	
[6] Total Income [4]-[5]	\$29,248	\$28,915	
Less: Annual Increase in Healthcare Premiums: ^{9,10}			
Prescription Drug Insurance Plan	\$389	\$389	
Vision and Dental Care	\$1,028	\$1,028	
[7] Total Premiums	\$1,416	\$1,416	
[8] Net Income Working [6]-[7]	\$27,831	\$27,498	
Social Assistance Income ⁷			
Basic social assistance	\$8,796.0	\$8,796.0	
Federal tax credits/benefits	\$598	\$598	
Provincial tax credits/benefits	\$711	\$711	
[9] Net Income NOT Working	\$10,105	\$10,105	
PTR CALCULATION			
$\text{PTR} = 1 - \left(\frac{\text{Net Income Working} - \text{Net income NOT Working}}{\text{Gross Employment Income}} \right) \times 100$			
$= 1 - \left(\frac{\text{Net Financial Gain from Working}}{\text{Gross Employment Income}} \right) \times 100$			
Components of the PTR			
[1] Gross Employment Income	\$31,000	\$31,000	
[8] Net Income Working	\$27,831	\$27,498	
[9] Net Income NOT Working	\$10,105	\$10,105	
[10] Net Financial Gain from Working [8]-[9]	\$17,726	\$17,393	
[11] Lost due to claw back and taxation	\$13,274	\$13,607	
PTR (1-([10]/[1]))×100	42.8%		43.9%

Notes:

- Based on 2022 Ontario minimum wage (\$15.55/hour) and 40 average weekly hours for 50 weeks per year. Government of Ontario, Minimum wage, October 24, 2022. Table 14-10-0043-01, Average usual and actual hours worked in a reference week by type of work (full- and part-time), annual, consulted March 27, 2023. <https://www.ontario.ca/document/your-guide-employment-standards-act-0/minimum-wage>
- 150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410004301&pickMembers%5B0%5D=1.7&pickMembers%5B1%5D=3.1&pickMembers%5B2%5D=5.1&pickMembers%5B3%5D=6.6&cubeTimeFrame.startYear=2018&cubeTimeFrame.endYear=2022&referencePeriods=20180101%2C20220101
- Taxtips.ca, 2022 & 2023 Canadian Income Tax Calculator, consulted March 27, 2023. <https://www.taxtips.ca/calculators/canadian-tax/canadian-tax-calculator.htm>
- Net of refundable tax credits except the Low-Income Worker Credit (below).
- Government of Canada, Child and family benefits calculator, 2022, Ontario, consulted March 28, 2023. Canada Mortgage and Housing Corporation, Ontario – Rental Market Statistics Summary by Metropolitan Areas, Census Agglomerations and Cites, consulted March 29, 2023. <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html> <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.1.31.2&GeographyId=35&GeographyTypeId=2&DisplayAs=Table&GeographyName=Ontario#1%20Bedroom>
- Government of Ontario, Low-Income Workers Tax Credit, consulted March 27, 2023. <https://www.ontario.ca/page/low-income-workers-tax-credit#section-3>
- Calculation based on Taxtips.ca, Canada Workers Benefit (CWB) Factors for 2020 Except Quebec, November 28, 2021. <https://www.taxtips.ca/filing/canada-workers-benefit/cwb-2020.htm>
- 2021 values. Jennefer Laidley and Mohy Tabbara, Welfare in Canada, 2021, Maytree and Caledon Institute of Social Policy, November 2022, p. 118. https://maytree.com/wp-content/uploads/Welfare_in_Canada_2021.pdf
- Ibid, p. 179 https://maytree.com/wp-content/uploads/Welfare_in_Canada_2021.pdf
- Data obtained from Ontario Blue-Cross for essential vision, drug, and dental quote received March 27, 2023. <https://apply.medaviebc.ca/elements/quotes/new/module-selection?salesRegion=ontario&lang=en>
- Part-timers remain on social assistance and do not lose coverage. Full-timers lose their benefits and must buy them privately.

Appendix Table 3: Sources and Calculations

1. Inactive Social Assistance (SA) Recipients

The number of inactive SA recipients was estimated by subtracting the estimated number of SA recipients who also receive the CWB from the total number of SA recipients.

Estimate inactive SA recipients	
[1] Social Assistant Recipients (2021) ¹	133,169
[2] Estimate percent of SA recipients eligible for CWB ²	10%
[1]×[2] Number of SA recipients eligible for CWB	13,317
[1]-[3] Inactive SA Recipients	119,852

Sources:

1. Author's Calculations based on data for 2020-2021. Mohy Tabbara, "Social Assistance Summaries, 2021," Maytree, July 2022, p. 64. https://maytree.com/wp-content/uploads/Social_Assistance_Summaries_All_Canada.pdf

2. Government of Canada, Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations, Ottawa: Department of Finance, 2016, p.295. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2016.html>.

2. Estimate of the number of current CWB recipients who are single without children.

The estimated number of single individuals without children in Ontario who receive the Canada Workers Benefit (CWB) is obtained by multiplying the total number of CWB recipients in Ontario, which was estimated to be 888,450, by the percentage of unmarried individuals without children, which was found to be 63.8%. After accounting for those on social assistance, full-time students, and those receiving the disability supplement, the resulting estimate is 451,452 CWB recipients.

Number of CWB Recipients ¹			
	Total	With Children	Without Children
Married	492,750	244,480	248,270
Not married	1,645,620	281,070	1,364,550
Total	2,138,380	525,550	1,612,830
[1] Percent unmarried w/o children ⁺	63.8%		
[2] Ontario Recipients of CWB ²	888,450		
[3] Number on SA (from 1 above)	13,317		
[4] Estimate of Full-Students (10%) ³	88,845		
[5] Estimate with disability supplement (1.5%) ⁴	13,327		
[1]×[2]-[3]-[4]-[5] Number of CWB Recipients	451,452		

Sources:

1. Canada Revenue Agency, Table 3: Number of CWB recipients and the amount credited by Family Status, 2019, consulted March 28, 2023. [https://www.canada.ca/content/dam/cra-arc/prop-policy/stats/cwb-stats/2019/Table-2.Canada Revenue Agency, Table 1: Number of CWB recipients and the amount credited by Province/Territory, 2019, consulted March 28, 2023. <https://www.canada.ca/content/dam/cra-arc/prop-policy/stats/cwb-stats/2019/Table-1.pdf>](https://www.canada.ca/content/dam/cra-arc/prop-policy/stats/cwb-stats/2019/Table-2.Canada%20Revenue%20Agency%20Table%201.pdf)

3. Government of Canada, Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations, Ottawa: Department of Finance, 2016, p.293. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2016.html>.

4. Author's calculations based on Government of Canada, Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations, Ottawa: Department of Finance, 2016, p.288. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2016.html>.

Note: Individuals receiving disability supplements and full-time students may not respond in the same way to the full-time top-up subsidy.

† The estimate of 63.8% mentioned above is supported by Government of Canada's 2016 findings on page 290.

3. Estimating the uptake of the proposed top-up bonus is based on findings from the Canadian Self-Sufficiency Project.

[1] Percentage of recipients to work full-time:	33.3%
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Source: Charles Michalopoulos et al."Making work pay: Final report on the Self Sufficiency Project for long-term welfare recipients," Social Research and Demonstration Corporation, July 2002, p. ES-2.

[2] Social Assistant Recipients (2021)	119,852
[3] Current CWB Recipients	451,452
Number transitioning to full-time work:	
[1]×[2] Inactive SA recipients	39,951
[1]×[3] Current CWB Recipients	150,484

4. Estimate of the bonus top-up subsidy equivalent to the Self-Sufficiency Program (SSP).

The SSP study showed that there was a 20% increase in the net financial gain from working. Based on this, the proposed top-up for the Canada Workers Benefit (CWB) is 20% of the current financial gain from working in Ontario.

Below is the calculation of the top-up and the resulting change in PTRs.

Ontario 2022 - Full-Time

Components of the PTR	Pre-Top-Up	Post-Top-Up
[1] Gross Employment Income	\$31,000	\$31,000
[8] Net Income Working	\$27,831	\$27,831
[9] Net Income NOT Working	\$10,105	\$10,105
[10] Net Financial Gain from Working [8]-[9]	\$17,726	\$21,271
[11] Lost due to claw back and taxation	\$13,274	\$9,729
PTR (1-([10]/[11]))×100	42.8%	31.4%

Note: see Appendix Table 1 for sources

Top-Up Calculation

Current Net Financial Gain From Working	\$17,726.0
Increase In Net Financial Gain 1	0.2
Top-Up Calculation	\$3,545
New Financial Gain from Working	\$21,271.2
Initial PTR	45%
New PTR	31%
Change in PTR (percentage points)	-13.62

Sources: 1. Charles Michalopoulos et al."Making work pay: Final report on the Self Sufficiency Project for long-term welfare recipients," Social Research and Demonstration Corporation, July 2002, p. ES-2.

5. Increase in transfer payments to former SA recipients who transition to full-time

This is calculated as the product of the number of inactive SA recipients who respond and transition to full-time work and the FT subsidy top-up.

New Maximum Subsidy at Full-Time Earnings	
[1] Bonus Top-Up Subsidy	\$3,545
[2] Inactive SA recipients who respond to subsidy	39,951
[1]×[2] Total increase in transfers to	\$141,633,222

6. Increase in transfers to current CWB recipients who respond to the top-up:

The following calculations estimate the increase in transfer payments for current CWB recipients who respond to and transition to full-time work. The calculations take into account the number of recipients who will transition to full-time work and the top-up subsidy amount. The estimated distribution of CWB recipients across different income regions is also included, along with the corresponding average increase in transfers for each region.

[1] CWB Recipients to Full-time	150,484
[2] Top-Up Subsidy	\$3,545

Estimate of CWB recipient distribution across

	Percent ² [3]	Average CWB Benefit ³ [4]	Average Increase in Transfers [2] - [4] [5]	Number of CWB Recipients [1]×[3] [6]	Increase in Transfer Payments
Income Region ¹					
Phase-In Region [\$3,000 - \$8,297]					
Wage Subsidy 27%	0.26	\$715.1	\$2,830.1	39,189	\$110,907,676
Plateau Region [\$8,298 - \$23,494]					
Maximum Subsidy \$1,428	0.20	\$1,428.0	\$2,117.2	29,783	\$63,057,179
Phase-Out Region [\$23,495 - \$33,015]					
Subsidy Reduced by 15%	0.54	\$714.0	\$2,831.2	81,512	\$230,777,222
Total increase in transfer payments					\$404,742,077

1. Taxtips.ca, Canada Workers Benefit (CWB) Factors for 2022 Except Quebec, January 28, 2023. <https://www.taxtips.ca/filing/canada-workers-benefit/cwb-2022.htm>

2. Author's calculations based on Government of Canada, Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations, Ottawa: Department of Finance, 2016, p.294. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2016.html>.

3. Assuming that claimants are uniformly distributed across income levels within each WITB range, the following changes in the WITB benefit payment for different regions of the income range are estimated: the phase-in region is estimated as ((((\$8,167 - \$3,000)/2))²*0.27; the plateau region is estimated as the maximum subsidy of \$1,428; and the phase-out region is estimated as (1,428-(((\$33,015-\$23,495)/2))*0.15).

7. Reduction in Social Assistance Benefit Payouts

The following calculation estimates the amount saved for provincial governments for those SA recipients and CWB in welfare who respond to the subsidy and transition to full-time work. It calculates the reduction in SA payments and benefits for inactive SA recipients and CWB recipients who transition to full-time work. The idea is that the subsidy will incentivize recipients to work full-time and reduce the overall cost of social assistance benefit payouts.

Inactive SA recipients	
SA Benefit (2022)	\$8,796.0
Number of inactive SA recipients transitioning to full-time	39,951
Reduction in SA payments	\$ 351,406,357.20
CWB recipients	
Number of CWB recipients transitioning to full-time	150,484
Percent on SA ¹	10%
Number of CWB recipients applicable for SA benefit reduction	15,048
Reduction in SA benefits (part-time to full-time)†	\$2,905.0
Reduction in SA payments	\$43,715,597.5
Total Reduction in SA payments	\$395,121,955

1. 2012 Estimate. Source: Government of Canada, Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations, Ottawa: Department of Finance, 2016, p.295.

<https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2016.html>.

† Assumes that, on average, recipients are working part-time. The reduction in social assistance payments has been calculated the same as that for full-time work in Appendix 1.

8. Increase in Personal Income Taxes due to increase in Full-Time Work

Provincial And Federal Income Taxes At Full-Time Minimum Wage	
Federal	895
Provincial	1,978
Total	2873

Source: Appendix Table 2

Estimate for Inactive SA Recipients	
Increase per recipient	\$2,873
Change in SA Recipients to FT Work	39,951
Total increase in income taxes	\$114,778,361

The figure is based on the assumption that, on average, the workers are part-time.

This is a reasonable assumption since the CWB benefit is exhausted around earnings at full-time minimum wage, meaning no one eligible for the subsidy is already working full-time. Based on the 2022 income tax rules, income tax for part-time workers is zero. Therefore, the change in income taxes resulting from these workers transitioning to full-time is the income tax amounts paid when in full-time, since it is zero for part-time.

Estimate for current CWB Recipients	
[1] Change in CWB Recipients to FT Work†	150,484

The purpose of the table below is to estimate the change in income taxes paid as a result of the proposed top-up subsidy for current recipients of the CWB. The table is weighted to show the government's increase in revenues based on the percentage of recipients in each income region, and the midpoint earnings for each region are calculated as the average of the lower and upper bound of each income range.

Recipient distribution across various income regions	Percent ¹ [2]	Midpoint Earnings ²	Change in Income Taxes Paid						Total Federal and	Weighted Number of Recipients† [1]×[2] [6]	Total
			Federal				Provincial		Provincial Increase in Revenues		Government Increase in Revenues
			On Current Earnings	Full-Time Minimum Wage	Increase in Tax Revenue [3]	On Current Earnings	Full-Time Minimum Wage	Increase in Tax Revenue [4]	[3]+[4] [5]		(weighted) [5]×[6]
Phase-In Region [\$3,000 - \$8,297] Wage Subsidy 27%	0.26	\$5,649.0	\$0.0	\$1,978.0	\$1,978.0	0	895	\$895	\$2,873	39,189	\$112,588,669
Plateau Region [\$8,298 - \$23,494] Maximum Subsidy \$1,428	0.20	\$15,896.0	\$0.0	\$1,978.0	\$1,978.0	192	895	\$703	\$2,681	29,783	\$79,848,997
Phase-Out Region [\$23,495 - \$33,015] Subsidy Reduced by 15%	0.54	\$28,255.0	\$1,607.0	\$1,978.0	\$371.0	300	895	\$595	\$966	81,512	\$78,740,745
Total Increase in Income Taxes											\$271,178,410

1. Author's calculations based on Government of Canada, Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations, Ottawa: Department of Finance, 2016, p.294. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2016.html>.

2. The midpoint earnings are calculated as the average of the lower and upper bound of each income region. For example, in the "Phase-In Region" of \$3,000 - \$8,297, the midpoint earnings would be calculated as (\$3,000 + 8,297) / 2 = \$5,648.50. This is done for each income region in the table to obtain the midpoint earnings for each row.