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# Broad Overview of Income and Social Supports in Nunavut

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Gillian Petit and Lindsay M. Tedds

School of Public Policy, University of Calgary

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## Contact Authors:

Gillian Petit

PhD Candidate, Economics

Research Associate, Fiscal and Economic Policy, School of Public Policy

University of Calgary

[Gillian.schafer@ucalgary.ca](mailto:Gillian.schafer@ucalgary.ca)

Dr. Lindsay M. Tedds

Associate Professor, Economics

Scientific Director, Fiscal and Economic Policy, School of Public Policy

University of Calgary

906 8<sup>th</sup> Avenue S.W., 5<sup>th</sup> Floor

Calgary, Alberta

T2P 1H9

[lindsay.tedds1@ucalgary.ca](mailto:lindsay.tedds1@ucalgary.ca)

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# Executive Summary

In this paper, we provide a broad overview of the system of income and social supports in Nunavut. As the project moves forward and considers how a basic income may be implemented or how to reform the current system, we first must understand what supports it currently delivers, where it succeeds, and where there are gaps. If a basic income is to be an improvement on the current system, we must understand who would be affected and how from the elimination of any programs and whether a basic income could cover those gaps in the system or if those people would continue to be left behind.

We begin by mapping out the system of income and social supports available to Nunavut residents by government, administering agency, and delivery agency. This is followed by an examination of the same programs by expenditure level. The main takeaway is that, first, the system of income and social supports available to residents of Nunavut is large and complex and there are many actors involved. Second, the proportion of expenditure by program in Nunavut is unlike any the provinces: programs such as Canada Pension Plan (CPP), Employment Insurance (EI), and Old Age Security (OAS) along with the Guaranteed Income Supplement (GIS) that make up a large proportion of expenditures in the provinces are much smaller in Nunavut. In its place, public housing, non-insured health benefits, the Canada Child Benefit (CCB), and income assistance make up a much larger proportion of expenditures. That is, Nunavut's two largest programs cover basic services.

We then set out to answer why is the system so large? To answer this question, we examine the system of income and social supports by program target (e.g., housing, children, etc.) and major eligibility criteria (e.g., low income, disability, senior etc.). We see that each program is unique: each program has a unique target and major eligibility combination. The system is large because programs are created to cover needs not covered by other programs. For the majority of programs, federal and territorial programs do not cover the same groups. Building on this direction of inquiry, we then look at the mix of cash transfers and basic services. We find that the Government of Nunavut (GN) and Nunavut Tunngavik Inc. (NTI) offer a broad mix of cash transfers and in-kind programs whereas the federal government offers predominantly cash transfers. Together, these findings suggest that it will be difficult to finance a basic income through the elimination of GN programs. Many programs are large basic services or target a unique need.

We then shift our attention to front-end access barriers to income and social support programs. One problem with the system being so large is that people may not be aware of all the programs they are eligible for: benefits go unclaimed. Increasing the probability of unclaimed benefits is the persistence of separate touch points for different programs, with many programs requiring a separate form for application that is not shared with/triaged with other programs. Programs that require tax filing (e.g., refundable tax credits) also pose a unique barrier to access particularly for low-income persons who may not be legally required to file taxes and for whom tax filing is costly and time consuming. Other large barriers to accessing programs include technological impediments (e.g., lack of a computer or smart phone), the digital divide/lack of access to internet, and document requirements, particularly the requirement of medical certificates/reports to confirm a disability or injury. Although the GN's programs do offer applicants a variety of methods for applying including online, email, mail, fax, and in-person, there still exists front end barriers. These barriers should be kept in mind when considering the implementation of a basic income.

We next look at whether the benefits offered by the current system of income and social supports are adequate to cover the cost of basic necessities. To do this, we look at the total benefit amount an individual or family is eligible to receive from cash transfer programs whose eligibility depends on income and family size (e.g., we look at benefits from Income Assistance and refundable tax credits such as the CCB and omit benefits from programs like EI and CPP). We see that benefits are low for individuals and families with no earnings or other sources of income. For a single working-age adult living in Iqaluit, the maximum benefit amount they are eligible for is \$8,600/year whereas for a family of four (two adults and two children), it is \$30,890/year. For persons with disabilities, their benefit levels are about \$3,000 more per year than for the same family type with no disabilities. To put this into perspective, we provide a conservative estimate of what it costs a family of four to live in Iqaluit. For a family of four, we estimate it would cost \$38,664/year to live in Iqaluit. For this same family of four with no earnings and no other income, their benefits would leave them in a hole of \$7,774/year or \$648/month.

To end our overview of the system of income and social supports in Nunavut, we look at interactions between income and social support programs in Nunavut. We look at how interactions created by the “stacking” of programs affects incentives to engage in paid employment. That is, we estimate marginal effective tax rates and participation tax rates for individuals and families receiving the maximum cash transfer available. We find that for individuals and families receiving IA, the participation tax rate can reach up to 50%. For example, for single adults who move from no work to paid work of \$15,000/year, just over half of that extra income would be lost because of taxes, and the withdrawal of refundable tax credits and Income Assistance. This creates what is called a “wall” — a policy-imposed barrier to joining the paid workforce. Although high, the marginal effective tax rates and participation tax rates are not inconsistent with other jurisdictions. We urge caution in considering these effective tax rates. First, cash transfers that are income tested must be phased out and thus a higher effective tax rate will result, but it does not mean that the program does not offer invaluable support. Second, persons may choose to engage in non-wage work such as harvesting, production of goods for the household/community, or caretaking in which case these high effective tax rates do not pose a wall to these activities.

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# Introduction

In this paper, we provide a broad overview of the system of income and social supports in Nunavut. As the project moves forward and considers how a basic income may be implemented or how to reform the current system, we first must understand what supports it currently delivers, where it succeeds, and where there are gaps. If a basic income is to be an improvement on the current system, we must understand who would be affected and how from the elimination of any programs and whether a basic income could cover those gaps in the system or if those people would continue to be left behind. This paper should be read in conjunction with the Programs-Based Overview paper (Phase 2 Report), particularly for readers who are not familiar with the individual programs presented here. In the Programs-Based Overview, we will explain specific programs in more detail.

For clarity, following Green et al. (Forthcoming), we define income and social supports as the set of cash-transfer programs (income support programs) and in-kind benefit programs (social supports) intended to benefit those in need because of limited resources. Cash transfers provide financial resources for meeting basic needs, and in-kind benefits provide goods and services, often referred to as basic services, that more directly help people meet specific needs, notably for goods and services where markets are inefficient. The income and social support system is focused on those with unmet needs, but it exists within the context of a broad set of federally funded and largely territorially delivered social programs, most of which apply universally, such as medicare, education, security of people and property, and others.

We begin in Section 2 by mapping out the system of income and social supports available to Nunavut residents by government, administering agency, and delivery agency. This is followed by an examination of the same program by expenditure level. The main takeaway from this section is that, first, the system of income and social supports available to residents of Nunavut is large and complex and there are many actors involved. Second, the proportion of expenditure by program in Nunavut is unlike any the provinces: programs such as CPP, EI and OAS/GIS that make up a large proportion of expenditures in the provinces are much smaller in Nunavut. In its place, public housing, non-insured health benefits, the CCB, and income assistance make up a much larger proportion of expenditures. That is, Nunavut's two largest programs cover basic services.

In section 3, we set out to answer why is the system so large? To answer this question, we examine the system of income and social supports by program target (e.g., housing, children, etc.) and major eligibility criteria (e.g., low income, disability, senior etc.). We see that each program is unique: each program has a unique target and major eligibility combination. The system is large because programs are created to cover needs not covered by other programs.

In section 4, we look at the mix of cash transfers and basic services with Nunavut's system of income and social supports. This builds on the expenditure findings where we saw that Nunavut's largest programs by expenditure were basic services and in the findings in Section 3 that saw programs cover unique needs. In this section, we see that the Government of Nunavut (GN) offers a mix of cash transfers and in-kind programs whereas the federal government offers predominantly cash transfers. Together, sections 2, 3, and 4 suggest that it will be difficult to finance a basic income through the elimination of existing GN programs. Many programs are large basic services or target a unique need.

In section 5, we shift our attention to front-end access barriers. One problem with the system being so large is that people may not be aware of all the programs they are eligible for: benefits go unclaimed. Increasing the probability of unclaimed benefits is the persistence of separate touch points for different programs, with many programs requiring a separate form for application that is not shared with/triaged with other programs. Programs that require tax filing (e.g., refundable tax credits) also pose a unique barrier to access particularly for low-income persons who may not be legally required to file taxes and for whom tax filing is costly and time consuming. Other large barriers to accessing programs include technological impediments (e.g., lack of a computer or smart phone), the digital divide/lack of access to internet, and document requirements, particularly the requirement of medical certificates/reports to confirm a disability or injury. Although the GN's programs do offer applicants a variety of methods for applying including online, email, mail, fax, and in-person, there still exists front end barriers.

In section 6, we look at whether the benefits offered by the current system of income and social supports are adequate to cover the cost of basic necessities. To do this, we examine the total benefit amount an individual or family is eligible to receive from cash transfer programs whose eligibility depends on income and family size (e.g., we look at benefits from Income Assistance and refundable tax credits such as the CCB and omit benefits from programs like EI and CPP). We see that benefits are quite low for persons and families with no earnings or other sources of income. For a single working-age adult living in Iqaluit, the maximum benefit amount they are eligible for is \$8,600/year whereas for a family of four (two adults and two children), it is \$30,890/year. For persons with disabilities, their benefit levels are about \$3,000 more per year than for the same family type with no disabilities. To put this into perspective, we provide a conservative estimate of what it costs a family of four to live in Iqaluit. For a family of four, we estimate it would cost \$38,664/year to live in Iqaluit. For this same family of four with no earnings and no other income, their benefits would leave them in a hole of \$7,774/year or \$648/month.

In section 7, we look at interactions between income and social support programs in Nunavut. We look at how interactions created by the “stacking” of programs affects incentives to engage in paid employment. That is, we estimate marginal effective tax rates and participation tax rates for individuals and families receiving the maximum cash transfer available (identified in section 6). We find that for individuals and families receiving IA, the participation tax rate can reach up to 50%. For example, for single adults who move from no work to paid work of \$15,000/year, just over half of that extra income would be lost because of taxes, refundable tax credits, and the withdrawal of Income Assistance. Such a participation tax rates shape is called a “wall” — a policy-imposed barrier to joining the paid workforce. Although high, the marginal effective tax rates and participation tax rates are not inconsistent with other jurisdictions. We urge caution in considering these effective tax rates. First, cash transfers that are income tested must be phased out and thus a higher effective tax rate will result, but it does not mean that the program does not offer invaluable support. Second, persons may choose to engage in non-wage work such as harvesting, production of goods for the household/community, or caretaking in which case these high effective tax rates do not pose a wall to these activities.

# High Level Overview of the System of Income and Social Supports

We identified 105 income and social support programs available to residents of Nunavut offered by the federal government, Government of Nunavut (GN), or Nunavut Tunngavik Inc. (NTI) through a web-based search. We omitted federal programs targeted to immigrants and refugees (as detailed in Tedds, Cameron, and Atherly (2021) international immigration makes up a small portion of the population in Nunavut) as well as programs administered and delivered by non-governmental organizations. We do include some income and social supports that are funded through contribution agreements with the Government of Nunavut and delivered by non-government organizations and municipalities.

Figure 1 provides a visual of the full set of programs identified, by level of government, administering agency, and delivery agency. The administering agency is responsible for the legislation or policy that creates the program as well as allocating funding. The delivery agency is the agency that actually delivers the program to the residents, e.g., whom the residents interact with. Often the administering and delivery agency are the same but not always. For example, GN tax credits are the responsibility of the Nunavut Department of Finance but are delivered through the Canada Revenue Agency.<sup>1</sup>

The 105 programs identified are administered by 15 different agencies and delivered by 27 different types of agencies (e.g., “financial service provider” is counted as one type of agency but can be any bank or credit union). From this, we observe that not only are there many actors involved, but there is also potentially a large number of “touch points” that a person in need would have to correspond with. Of course, this could be mitigated by automatic enrollment in programs—but it is not—a point we return to in Section 4.

For the 105 programs identified, we attempted to find expenditure data where expenditures are on the actual benefits/grants, not including administration costs. For federal programs, expenditure data is just on residents of Nunavut where possible. Exceptions include the non-insured health benefits (NIHB) which includes all expenditures for the “North”, OAS/GIS and the Allowance where expenditures appear to be for both Nunavut and NWT (but we are waiting for a clarification on this point). Sources of information included the GN’s budget estimates, grants and contributions documents, Nunavut’s Annual Report on Poverty Reduction, program-specific annual reports, T1 Final Statistics, and statistics released by Employment and Social Development Canada. For some federal programs, the number of recipients was small, so expenditure figures were suppressed.<sup>2</sup> Further, for some GN programs, expenditures were zero.<sup>3</sup> Ultimately, we were able to find expenditures for only 49 of the 105 programs, the majority of which are Government of Nunavut programs.

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<sup>1</sup> For an interactive version of Figure 1 (and all figures presented in this paper), visit: <https://bc-visualization.surge.sh/>, click on Research, and then Nunavut Charts.

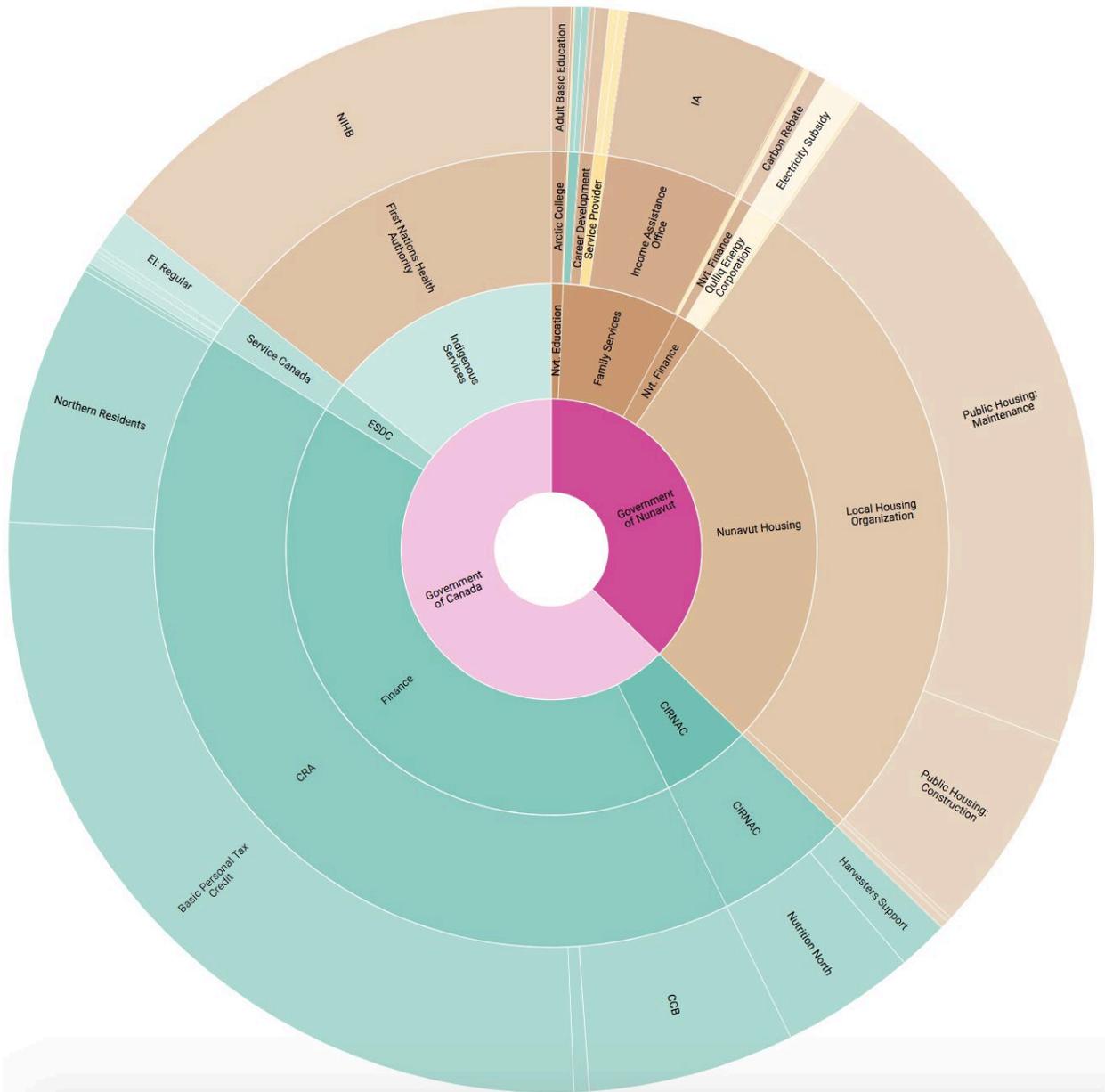
<sup>2</sup> This includes EI Sickness, EI maternity and parental, EI caregiving, and CPP: Death Benefit.

<sup>3</sup> This includes Seniors and Persons with Disabilities Housing Options Program and the Tenant To Owner Program both offered by Nunavut Housing.



Housing Corp. (NHC) maintains 5,582 public housing units: about 70% of all housing in Nunavut is public housing (Nunavut Housing Corporation 2020).<sup>6</sup> Each housing unit costs about \$26,700/year to service and maintain (Nunavut Housing Corporation 2020). Some of these costs are received back in the form of rent payments, but rent is highly subsidized in Nunavut.

**Figure 2: Income and Social Support Programs by Expenditure**



<sup>6</sup> This does not include staff housing.

The third, fourth, and fifth largest programs in Nunavut are all federal programs. The third largest program appears to be the non-insured health benefits (NIHB) program administered by Indigenous Services and delivered by various health services across Nunavut. In 2019/20, expenditures on NIHB for the entirety of the “North” was \$143 million. The fourth and fifth largest programs are the Northern Residents tax deduction and the CCB, at a cost of \$77 million and \$61 million respectively.

When compared to the province of B.C. (see Petit and Tedds 2021), programs such as OAS/GIS, EI, CPP, the CCB, and IA make up the majority of expenditures in B.C. Comparatively, in Nunavut, public housing, NIHB, the CCB and northern residents tax deduction, and IA make up the majority of expenditures in Nunavut.<sup>7</sup> Comparing these large programs, the larger programs in B.C. are all cash transfers whereas, in Nunavut, the largest two programs are basic services (public housing and NIHB) followed by cash transfers. Although we have Nunavut expenditure data for EI, CPP, and OAS/GIS, these programs are barely visible in Figure 2.

## Why is the System so Large?

Although the system of income and social supports is large, most programs cover needs not covered by other programs. To illustrate this, Figure 3 provides a visualization of the same programs from Figure 1 arranged by level of government (first ring from centre), program target (second ring from centre), and major eligibility category (third ring from centre).<sup>8</sup> Box 1 provides the definitions of the program targets. Box 2 provides the definitions of the major eligibility categories.

From Figure 3, we see some general patterns. Beginning with program type, GN offers more Housing programs and Education, Training, and Employment programs than other types of programs. As shown previously, public housing is the single largest program offered by the GN by expenditure and by recipients. Further, although the GN appears to offer fewer Financial Supports, IA is the second largest program by expenditure and by number of recipients offered by GN (second after public housing). Comparatively, the Government of Canada offers more financial supports—both work and non-work related compared to other program types.

### Box 1: Program Targets

**Child and family:** help with the cost of raising children.

**Education, training, and employment:** provide support to those in post-secondary education and employment-related training programs, and those searching for employment.

**Financial Supports: Non-work:** provide financial supports to those with inadequate income or those who have higher costs of living. The support is not predicated on paid work (current or past).

**Financial Supports: Work-related:** provide financial supports during disruptions in employment or for low-wage workers. They require labour force attachment, with the benefit amount potentially tied to employment income or duration.

**Housing:** provide either demand-side or supply-side housing aids, such as homeless shelters, housing subsidies, or affordable housing.

**Medical/health:** provide supports for meeting medical and health needs.

<sup>7</sup> Pointedly omitting the basic personal tax credit as that was not included in the BC expenditure figure.

<sup>8</sup> An interactive version of this visualization can be found at <https://bc-visualization.surge.sh/>, click on Research, and then Nunavut Charts.



## Box 2: Major Eligibility Categories

**Low income:** programs meant for those with low incomes. Low-income eligibility is not the same as an income-tested program.

**Dependent children:** programs where eligibility requires recipients to have one or more dependent children (as defined by the program).

**Senior:** programs where eligibility requires recipients to be 60 or older.

**Disability:** programs where eligibility depends on the recipient having a disability (as defined by the program).

**Veteran or Canadian Armed Forces:** for persons who are a veteran or a current or former Canadian Armed Forces Member.

**Homeowner:** for persons who own their own home.

**Homeless/home insecure:** for those with no home, or no safe shelter.

**Indigenous:** programs whose eligibility depends on some definition of Indigenous including status and non-status, or part of a land claim agreement.

**Nunavut Agreement:** programs for persons who are part of Nunavut's Land Claim Agreement (more narrow than Indigenous)

**Other:** programs that do not have any of the above broad eligibility requirements, but still have other eligibility requirements that must be met.

Nunavut Child Benefit (NUCB) provides a top-up to the federal CCB, and the Senior Citizens Supplementary Benefit (SCSB) provides a top-up to the federal GIS.

At this juncture, we digress to examine some very specific programs for persons experiencing homelessness as we find these particularly problematic. GN, through the Department of Family Services, provides contribution agreements for the provision of family violence shelters, homeless shelters and transitional housing. There are four operational homeless shelters in Nunavut with three located in Iqaluit, one in Cambridge Bay, and a fifth shelter expected to be opened in Kugluktuk (Department of Family Services 2021). Of those three are only for men and one homeless shelter in Iqaluit is low barrier meaning persons under the influence of drugs or alcohol are permitted. There were five family violence shelters in Nunavut located in Cambridge Bay, Iqaluit, Kugaaruk, Kugluktuk and Rankin Inlet (Government of Nunavut NA-a); however, the shelter in Cambridge Bay closed in June 2020 but was expected to re-open in a new building shortly (George 2020). NTI has recently committed an additional \$11 million for the building of four new family violence shelters (Nunavut Tunngavik Inc. 2021). Finally, there is only one transitional house in Nunavut located in Iqaluit for men that was recently opened in October 2020 (CMHC 2020).

Many persons experiencing homelessness are sheltered by members of their family and/or community. This contributes to overcrowding of the sparse housing stock. In Nunavut's Hidden Homeless Survey, 5% to 7.4% of persons across the communities of Pond Inlet, Clyde River, Arviat and Gjoa Haven were identified as experiencing a form of hidden homeless or instability (Department of Family Services 2020, 8). It was suggested by Tony Akoak, MLA for Gjoa Haven, that the Department of Family Services provide supports for family/community members who provide shelter to persons who are homeless to help with food insecurity (Neary 2021).

Given the low level of overlap in programs, any program eliminated to finance a basic income would result in a gap in programs. To ensure a basic income is as good, if not better, than the current system, policy makers need to ensure that a basic income would be able to fill any gaps created by the elimination of programs and ensure that the good or service provision being eliminated is not in an inefficient market which would result in cash being a poor substitute for direct provision.

# Cash to In-Kind Spectrum

In addition to programs covering mostly unique targets and eligibility categories, programs are also distributed differently. Some programs are distributed as cash transfers but not all are. To be concise, pure cash transfers are programs that are allocated as cash (e.g., direct deposit or cheque), is not allocated based on proof of spending on a specific good/service, and have answered the questions about design elements discussed in Tedds et al. (2021) (e.g., maximum benefit amount, benefit reduction rate, income where benefit starts and ends, etc.). On the other side of the spectrum are programs that are pure in-kind programs. Pure in-kind programs directly provide the good or service to the recipient, e.g., health care. Some programs are a mix between pure cash transfers and pure in-kind programs. Box 3 provides definitions of the various type of programs along the cash in-kind spectrum.

Figure 4 is a visualization of the income and social support system available to Nunavut residents by cash in-kind spectrum. The majority of the federal programs are pure cash transfers or refundable tax credits—programs such as EI, CPP, and the CCB to name a few. The federal government also administers some important pure in-kind programs such as the NIHB—which, as we saw, is a large program by expenditure in the North—nutrition north, and the harvester’s support grant.<sup>9</sup> Comparatively, the GN offers more pure in-kind programs than pure cash transfers. As we saw previously, public housing, a pure in-kind program, is the largest program in Nunavut by expenditure.

With respect to a basic income, this indicates that it would be difficult to finance a basic income through the elimination of GN programs. We would argue that programs that are pure in-kind, services, and cash geared to cost should not be eliminated as they either provide a basic service, usually for goods and services in inefficient markets, or cover otherwise large costs. Further, some pure cash transfers would be difficult to eliminate. For example, Adult Learning and Training Supports (ALTS) provides funding for those who are training/upgrading, and the Nunavut Entrepreneurship

## Box 3: Cash In-Kind Spectrum

**Pure cash transfer:** programs pay out cash benefits with the benefit amounts not linked to any actual expenses incurred or to be incurred

**Refundable tax credit:** programs are offered through the tax system; they are first applied to taxes owing, and any leftover amount is paid to the eligible recipient as a cash payment

**Cash geared to cost:** programs are paid out as cash benefits, with the benefit amount tied to an actual expense to be incurred (i.e., rent)

**Bill repayment:** programs are paid out as cash benefits, with the benefit amount tied to an expense paid in the past (e.g., home renovations)

**Non-refundable tax credit:** programs are offered through the tax system; they are applied to taxes owing, and any remainder is immediately forfeited by the taxpayer

**Tax deduction:** programs are offered through the tax system; they reduce taxable income

**Pure in-kind:** programs directly cover the cost of a service or directly provide the good/service (e.g., health, education)

**Services:** programs where the funding goes to a third party, such as an employer or partnership, which then undertakes a research program or community training/partnership.

<sup>9</sup> The efficacy of Nutrition North has been questioned as there is little to no transparency surrounding the program (see Galloway 2017).



# Front-End Barriers to Current Programs

## Box 4: Methods of Access

**Self-initiated—form:** applicant required to fill out an online or paper form and return it to the administrator.

**Self-initiated—contact administrator:** applicant required to phone, email, or attend the office of the delivery agency identified in Figure 1.

**Tax filing:** applicant required to file their taxes and either input a calculation or submit an additional form/information.

**Automatic with tax filing:** applicant required to file their taxes and no additional information is needed; all taxpayers are automatically considered for these programs.

**Automatic with other self-initiated application:** applicant required to be in receipt of the parent program, but no separate application is needed.

**Automatic:** applicant not required to do anything.

**Third-party:** programs are applied for by a third party and the funding is used by the third-party for research or operations; there is no storefront or phone number a person can call to directly benefit from these programs.

As seen above, the income and social support system is large but different programs serve different purposes and are delivered different ways. Regardless of whether a program exists to serve a person’s need, if a person does not know about the program or faces barriers to application, that program may as well not exist. There are a number of potential front-end barriers. They include:

- 1) Method of access: there are no front-end barriers for those programs that are automatically assessed and distributed. Programs that require self-initiation such as the filling out of a form or tax filing, or the contact of the delivery agency create unique front-end barriers.
- 2) Mode of access: this primarily related to forms. How forms can be retrieved, e.g., online or in-person, and how they must be submitted, e.g., online, fax, email, mail, create front end barriers.
- 3) Eligibility rules and documents required: the more eligibility rules there are, the more documents that are required as “proof”. Some documents, such as medical certificates can be particularly onerous to produce.

We look at each of these and how they relate to specific income and social supports in Nunavut in the following sections.

## Method of Access

A large number of points of access can make accessing programs difficult: applicants have to know the program exists and who to apply to. As shown in Box 4, we identify seven different methods of application for income and social supports.

Figure 5 is a visualization of the income and social support programs offered in Nunavut sorted by their method of access. In creating Figure 5, it should be noted that the authors relied on program websites to determine method of access. Where a form and method of submission (e.g., email, mail, etc.) was available online, it was assumed that “self-initiated—form” that was the method of application. It is entirely possible that, especially for the GN programs, applicants may receive help in person filing out and submitting forms from their local delivery agency. In such a case, the application process is still self-initiated and not automatic; however, the process relies less heavily on the applicant’s access to resources such as the internet or printers.

Figure 5: Income and Social Supports by Method of Access

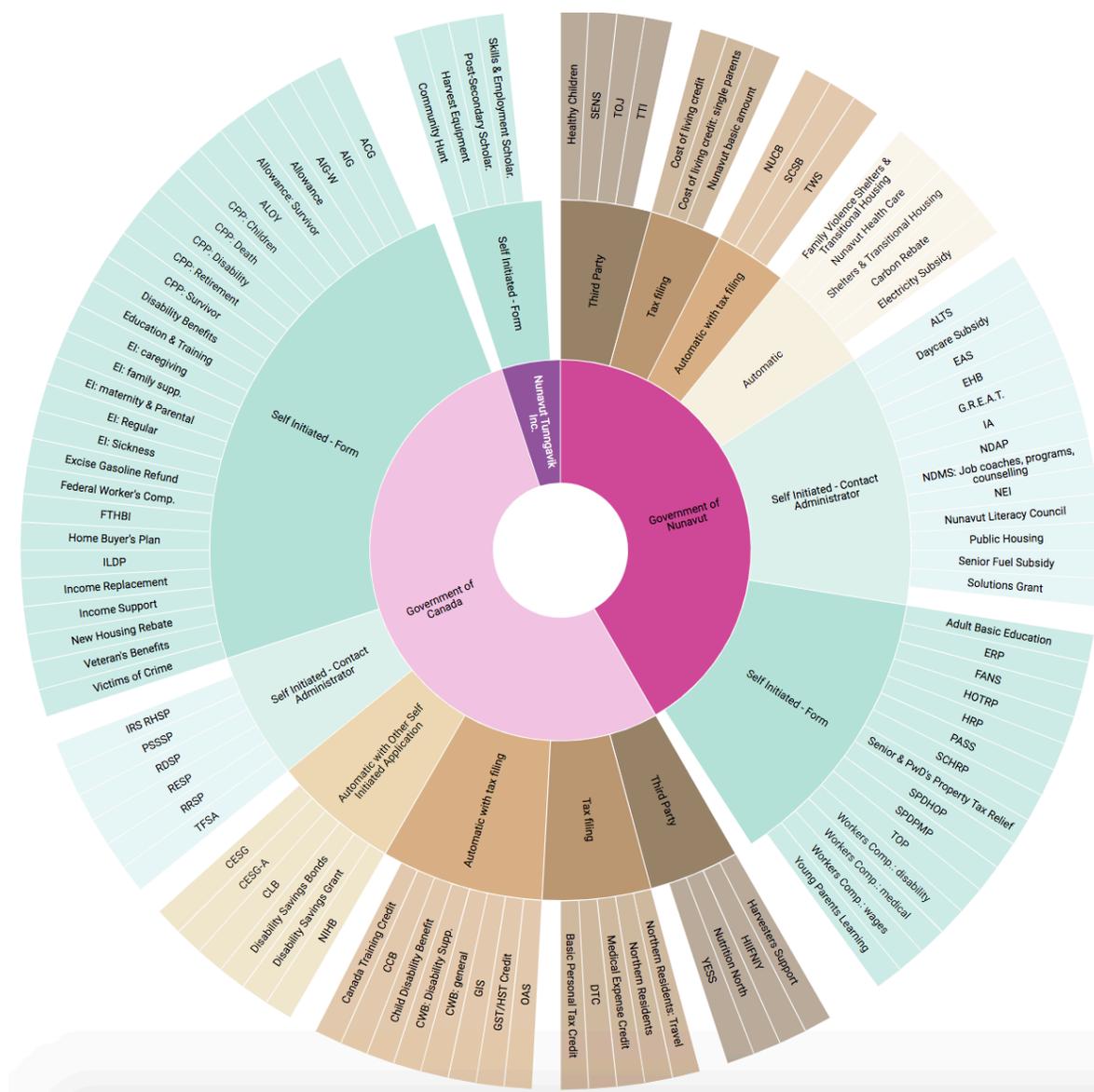


Figure 5 shows that a significant number of programs require an applicant to self-initiate an application, whether through the submission of a form or by contacting the agency that delivers the program. For these programs, applicants must find out about the programs or be advised by an engaged support worker and initiate the application process by either finding the applicable form online or making an appointment with a support worker. For those who do not have reliable internet access or a community network or outreach that can advise them of the programs and help with the application process, this poses a barrier to access.

Tax filing may also pose a barrier to access.<sup>10</sup> If an individual has no tax liability, either because their income is equal to or below the basic personal exemption amount or because sufficient (or more than

<sup>10</sup> In Canada, rules surrounding the act of filing taxes is based on meeting the criteria for filing. Like most countries around the world, tax filing is not a requirement of citizenship, but instead rested in principles of

sufficient) tax was withheld by the employer and remitted to the CRA, either the individual is not obliged to submit a tax return (if no tax is payable) or the failure to file a return would not likely give rise to any financial penalty, even if completing and submitting one would provide a refund. (Petit et al. 2021). Robson and Schwartz (2020) find that approximately 10% to 12% of Canadians do not file a tax return (not including the territories) resulting in \$1.7 billion in unclaimed cash benefits. Rates of tax non-filing are higher for low-income persons, persons experiencing homelessness, and Indigenous persons (Calgary Homeless Foundation 2018; Prosper Canada 2018; Robson and Schwartz 2020). Although efforts have been made to increase tax filing, e.g., through outreach and education, tax filing remains an access barrier to benefits. For many persons, not only are tax filing services not accessible, are costly, and/or are time consuming (Petit et al. 2021), but the necessary literacy skills and detailed knowledge of English or French, the only two languages for which tax forms and tax information are published by the Canada Revenue Agency (CRA) are out of reach for many. Further, historical trauma and negative interactions with the existing tax system also impede regular tax filing.

Many programs are accessed through tax filing, whether automatically assessed for a tax filer or they require a tax filer to fill out a specific section/form as part of their tax filing. These include programs such as the Canada Child Benefit (CCB) and the Nunavut Child Benefit (NUCB), the Canada Worker's Benefit (CWB) and Territorial Workers Supplement (TWS), and OAS/GIS and the Nunavut Senior's Supplementary Benefit. Specific to Nunavut, (Tedds, Cameron, and Atherly 2021) find that 10.6% of persons issued a T5007 by the GN for the receipt of social assistance (either IA or the Senior's Supplement) did not file taxes in 2017, suggesting that for many in Nunavut, tax filing is a barrier to access.

Tax-administered programs that require additional information, like the disability tax credit (DTC), have an even lower take-up rate compared to tax benefits that are automatically assessed. Programs such as the DTC require an applicant to possess the mental abilities needed to complete the application and/or hire/find someone who can help them, in addition to filing their taxes. Dunn and Zwicker (2018) find that only about 40% of persons who are eligible for the DTC in Canada receive it, likely due to lack of awareness of the program and the burdensome application process.

When considering how a basic income would be delivered, tax filing as a barrier to access should be kept in mind. This also extends to programs that require an individual to produce a Notice of Assessment in order to have eligibility assessed. It is important to note that there is no existing evidence that provides any support for the notion that making tax filing an eligibility criterion for programs induces filing in order to obtain access to such programs (see, for example, Bajwa 2015, 2019; Bajwa et al. 2018).

Programs where persons are automatically enrolled pose no barriers to access. There are five GN programs (and no federal programs) where an eligible person is automatically enrolled: homeless shelters and family violence shelters, the electricity and carbon subsidy, and Nunavut health care.

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residency for tax purposes and meeting very specific criteria. Unlike many other OECD countries (e.g., Belgium, Ireland, Sweden, Denmark, and Estonia), Canada relies on a system of self-assessment. Self-assessment requires individuals to proactively complete a tax return in order to be assessed for income benefits. In contrast, administrative assessment means that CRA would use all the information it already has on hand to provide pre-filled tax forms and behalf of the individual that are then sent to the individual to make any necessary changes. Administrative assessment is often paired with deemed filing, a system where if no response is received from the individual the tax form is assumed to be accurate and processed accordingly. Administrative assessment eases tax filing and ensures more people are assessed for benefits delivered through the tax system.

Although this is a good start, there is scope for reform here. The GN currently has no programs whereby an eligible person would automatically be enrolled if they applied for another program. Increased information sharing could increase the number of programs with automatic enrolment, which would reduce application burdens. One potential reform which could make a difference is for the GN to work with the CRA so that persons who receive Income Assistance, and thus a T5007 tax form, would have their taxes auto filed. This would reduce the tax filing barriers for those with low income (Petit et al. 2021).

## Mode of Access

In the interactive version of Figure 5, included in the program information is its mode of access.<sup>11</sup> There are as many modes of access as there are programs, thus they are difficult to categorize. For the most part, for programs with forms, forms are available online and either require an online submission or allow for a variety of submission modes including email, mail, and fax (which hereby also require access to a printer and potentially a scanner). Similarly, for programs whose method of access involves tax filing, tax filing is generally done online, or an online tax form can be printed and mailed. In sum, for many if not most programs, the dominant mode of access requires an internet connection.

The requirement of an internet connection poses a barrier to access. As Koch (2020) shows, of all jurisdiction in Canada, Nunavut has the lowest broadband access. In 2018, only about 50% of households in Nunavut had broadband access and those that did have broadband access, did not have more than 25 mbps of download capacity (compared to the widely available 50 mbps download capacity available in the provinces).

The requirement of access to other technologies—a computer or smart phone, and a printer—also pose a barrier to access. Although we could not find statistics particular to Nunavut, the Canada Internet Use Survey conducted by Statistics Canada found that in 2018, only 79.8% of Canadians (not including the territories) in the lowest income quartile have access to a smartphone (Statistics Canada 2018).<sup>12</sup> We suspect that this number is even lower in Nunavut. This is because according to a recent report by Nunavut Tunngavik Inc. (2020), internet service is “slow, unreliable and frequently unable to meet demand” (p. 146), broadband in Nunavut is six times as expensive compared to the rest of Canada (p. 147), and Nunavut has the lowest subscription rate for internet (by percentage of households) in all of Canada (p. 152).

Income Assistance (IA), GN’s major cash transfer program, does not require online access nor does it require cellular data. To access IA, a person must set up a meeting with their Income Assistance Worker (IAW). There is an IA office in every community in Nunavut. How this affects take-up rates, compared to having IA access online, is uncertain.

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<sup>11</sup> An interactive version of this visualization can be found at <https://bc-visualization.surge.sh/>, click on Research, and then Nunavut Charts.

<sup>12</sup> Smartphone, unlike mobile phones, have extra functionalities over just calling and sending texts. These extra functionalities include internet access and email access, along with the option of downloading apps. It is these extra functionalities that support increased program accessibility over just mobile phones.

# Eligibility Rules and Document Requirements

The last front-end barrier to access we look at are eligibility rules and document requirements, which are closely related.

Beginning with programs that are targeted at persons with disabilities, the definitions of “disability” vary across programs, are often not transferrable between programs (e.g., being counted as disabled for one program does not mean a person is disabled for another program), and each requires its own medical certificate. Table 1 provides a break-down of “disability” definitions for select programs available in Nunavut. From Table 1, we see that both CPP-D and the DTC have more stringent disability requirements than IA. This means that a person may be designated as a person with disabilities for IA but not the DTC or CPP-D. This can be confusing to many applicants.

To be designated as a person with a disability, an applicant must have a medical practitioner or a “person in the health care profession” (IA Reg. s. 1(2)) fill out a medical certificate. For IA, the Certificate of Disability must be completed every year (Government of Nunavut NA-b). Although there is no formal study on disability assessment in Nunavut that we are aware of, receiving a disability assessment in Nunavut is likely difficult. A 2017 report of the Auditor General of Canada found that the Department of Health did not adequately plan the staffing of health centres resulting in health centres not having the right number and mix of staff to meet demands. Further, the recruitment of nurses was ineffective (Auditor General of Canada 2017). Further, Nunavut has only currently (as of 2019) developed the capacity to diagnose FASD through a three-person team that recently started up at the Qikiqtani General Hospital (Bell 2019). In the Final Report of the External Review of Inclusive Education in Nunavut, Hall (2015) found that for school-age children requiring specialized assessments and services, services were limited by capacity (not willingness) and northern realities such as weather prevented specialists from visiting to conduct assessments. All this information suggests that receiving a disability diagnosis is difficult in Nunavut.

## Adequacy of Current Programs

In this section, we look at the total benefits available to residents of Nunavut. Specifically, we examine the dollar amount of cash benefits (including refundable tax credits) that Nunavut residents are offered by programs that provide income support. We focus primarily on the core set of cash-transfer income programs and exclude in-kind benefits, as these are difficult to quantify, and the amount received varies widely among recipients. We also exclude non-refundable tax credits as these cannot be received as a pure cash transfer (they only reduce taxes owing). Finally, we exclude social insurance programs, such as EI, Workers’ Compensation, and CPP, which are difficult to quantify as they depend on individual-specific circumstances, such as number of hours worked, or amount of health care required.

**Table 1: Definitions of Disability for Select Programs in Nunavut**

	Federal programs		Territorial Programs
	CPP-D	Disability Tax Credit (DTC)	Income Assistance (Incidental Allowance)
<b>Include physical disability?</b>	Yes	Yes	Yes
<b>Include mental disability?</b>	Yes	Yes	Yes
<b>Include episodic disability?</b>	No	No—must have disability at least 90% of time	Unclear
<b>If designated a PWD for one program, then also PWD for this program?</b>	No	No	No
<b>Length of time Disability Expected to Last</b>	“long duration and of indefinite duration or is likely to result in death”	At least 12 months	Permanently or temporarily for at least six months
<b>Impact on employment?</b>	“is incapable regularly of pursuing any substantially gainful occupation”		:
<b>Impact on daily living?</b>		Person is significantly restricted in 2 or more basic activities of daily living (i.e., speaking, eating, walking, eliminating, feeding, dressing, and mental functions for everyday life) or in vision and 1 or more basic activities of daily living. The cumulative effect of these significant restrictions is equal to being markedly restricted in one basic activity of daily living.	“significantly restrict the ability to perform daily living activities” and “result in requiring assistance with daily living activities”

We look at the 2019 tax year and include Income Assistance (IA), the Canada Workers Benefit (CWB), the Canada Child Benefit (CCB), the Nunavut Child Benefit (NUCB), the Territorial Workers Supplement (TWS), the GST/HST credit, the Cost of Living credit (and its supplement for single parents).<sup>13</sup> In the figures below, the NUCB and TWS are combined as the tax software used (Milligan 2020a) combines the calculation.

Several simplifying assumptions are made in the production of these graphs. First, all graphs are for working-age beneficiaries (e.g., aged 19 to 59) and nobody is a student nor a veteran. Second, single parents have one child under the age of six and couples with children have two children, one under the age of six and one over the age of six. Third, for couples, we assume that only one person has earnings and the other has no earnings. Fourth, we assume beneficiaries live in Iqaluit and collect the Iqaluit IA basic allowance. Finally, and most importantly, we assume recipients of these benefit programs receive the full benefit amounts. This assumption overstates the actual benefit amounts because there are several barriers to accessing the full suite of available supports. In other words, the details presented here show the theoretical amount of income support people could receive if there were no barriers to accessing the benefits.

We also make several assumptions and simplifications around IA benefits as the calculation of these benefits is unclear from the Act and Regulations or because the benefit level cannot be calculated based on earnings and family size alone. First, for IA, IA benefits are calculated based on “net earnings” which,

<sup>13</sup> These cash-transfer programs are included because they are “universal” in the sense that they depend on income and family size and are distributed through the tax system.

as it is not defined in publicly available material, we assume means gross earnings minus payroll taxes. Because it is difficult to determine the amount of income tax deducted from gross salary/wage, we only deduct EI and CPP contributions to create “net earnings” from which IA benefits are calculated. Second, we do not show the IA allowances for room and board, a rental accommodation allowance, a fuel allowance, or a utility allowance. This is because although many IA recipients receive these allowances, they are based on actual expenditures, and they are not based on earnings. Regardless, these should be kept in mind when examining adequacy of benefits (we mention this again below when considering adequacy). Third, because we assumed only one person in a couple has earnings, this means that the non-earning partner is a dependent for the purpose of the IA regulations. As such, the earnings exemption is calculated under IA Reg. s. 20(6)(b) assuming the applicant has one or more dependents (this is only relevant for a couple with no children).

Figure 6 shows the total transfers available to individuals and families with no disabilities. For single persons with zero earned income in a year, they can claim up to \$8,636.79/year of transfers with \$289.11 (3.3%) coming from the GST/HST credit and \$163.68 (1.9%) coming from the cost-of-living credit, and \$8,184 (94.8%) coming from IA. A couple notes: first, this demonstrates the importance of IA as a cash transfer program. Second, this total yearly transfer is inadequate to support a basic standard of living in any of the southern provinces let alone Nunavut. Using the estimated cost of the Northern Food Basket (NFB), we take the NFB and divide it by four (as it is estimated for a family of four) (Government of Canada 2021). This suggests that food for a single person for a year in Iqaluit costs \$5,374. This does not include other basic necessities such as rent (which would add \$3,120/year minimum of expenses if in public housing and it is not covered by the IA rental accommodation allowance<sup>14</sup>), clothing, and harvesting equipment and maintenance.

Couples with no children also have a very low transfer amount available to them. For couples with no children who have no earnings, the most transfers they could receive in a year is \$11,178 with \$10,392 coming from IA and the rest from the GST/HST credit and the cost-of-living credit.

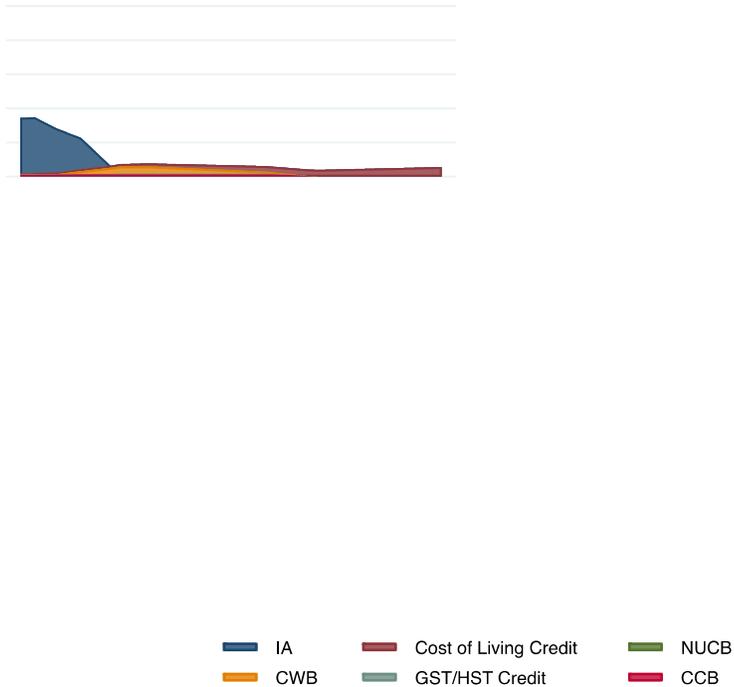
Families with children and no earnings are eligible for a higher transfer. For single parents with no earnings in a year, they may collect up to \$18,547.67/year. Of this, \$6,612.93 (35.7%) comes from the CCB, \$729.91 (3.9%) from the GST/HST credit, \$605 (3.3%) from the NUCB, \$207.84 (1.1%) from the cost-of-living credit, and \$10,392 (56%) from IA. Here again, IA is a very important program; however, it should be noted that IA for a single parent and IA benefits for a couple are the same. Additionally, child benefits also contribute a large share of the total benefits for single parents.

Finally, couples with two children are eligible for the highest amount of benefits, but is still well below need (see Tedds, Cameron, and Atherly 2021 for a discussion of poverty and well-being in Nunavut). Couples with two children who have zero earnings in a year are eligible for \$30,889.69/year of total transfers. Of this, \$12,192.59 (39.5%) comes from the CCB, \$1,010 (3.3%) comes from the NUCB, \$881.59 (2.9%) comes from the GST/HST credit, \$329.53 (1.1%) comes from the cost-of-living credit, and \$16,476 (53.3%) comes from IA.

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<sup>14</sup> Rent *may* be covered by the rental accommodation allowance under IA “at the direction of the director” (IA Reg., Schedule A, s. 5), and read as such, is not guaranteed to be covered.

**Figure 6: Benefit Amounts for Individuals/Families with no Disabilities**



illigan (2019), Canadian Tax and Credit Simulator (2019 working version).

To put these benefit levels into perspective, we compare the benefit levels to the estimated cost of living in Iqaluit. For this exercise, the authors do not live in Nunavut and rely on very sparse data to estimate the cost of living. Ordinarily, the benefit levels would be compared to the Market Basket Measure (MBM) of poverty (Petit and Tedds 2020). However, as Tedds, Cameron, and Atherly (2021) note, there is no MBM for Nunavut. An MBM north is in the process of being developed but is not currently available. For this reason, the authors rely on cost estimates compiled by the Qikiqtani Inuit Association in partnership with the Nunavut Roundtable for Poverty Reduction.<sup>15</sup> These cost estimates are only available for a family of four living in Iqaluit. While it would be instructional to carry out this exercise for other household types, it is not possible using this cost data.

With those caveats in mind and using the data that is available, we estimate the cost of living for a family of four in Iqaluit as follows. Using cost estimates compiled by the Qikiqtani Inuit Association in partnership with the Nunavut Roundtable for Poverty Reduction, and updating them with the most recent estimates for the Northern Food Basket for Iqaluit estimated by Nutrition North (the cost of food for a family of four in 2019/2020 is estimated at \$405.71/week or \$21,097/year (Government of Canada 2021)), total potential monthly costs include:

- Food: \$1,745 (this estimate is based on the March 2020 Northern Food Basket but seems low compared to the estimated costs from the Qikiqtani Inuit Association)

<sup>15</sup> <https://dignityforall.ca/living-in-the-gap-the-naullaqs/>

- Housing:
  - \$60 rent (assuming they live in public housing and pay minimum rent.)
  - \$50 home insurance
  - \$193 electricity
  - \$346 heating oil
- Clothing: proper clothing is a survival issue
  - \$100 (low estimate)
- Phone and internet
  - \$190 (three cellphones)
  - \$249 (internet and phone bundle)
- Transportation (assume only a snowmobile and no car):
  - Snowmobile: \$189
  - Gas: \$100

Total costs: \$3,222/month or \$38,664/year.

Total transfers for a family of four with one child under 6 and on child over 6 and no other income from the above benefit graphs: \$30,890

If rent, electricity, and heating oil are covered in full by IA benefits, then total transfers increase to \$38,078. These leaves a gap between costs and income (including transfers) of \$586/year or \$49/month more than the family receives in benefits. These costs estimates are conservative—particularly the food and clothing—and they do not include transportation.

Next, we turn to look at the level of benefits available to persons with disabilities in Nunavut. Recall that there is no specific cash transfer program for persons with disabilities in Nunavut. They receive benefits under the IA program plus an incidental allowance of \$250/month if they are permanently disabled or disabled for more than a year and \$125/month if they are disabled for at least six months (IA Regs., Schedule B s. 3). They also may receive the Canada Worker Benefit (CWB) disability supplement if they have an approved Disability Tax Credit Certificate on file with the CRA. It is also important to recall when looking at the disability benefits that it is difficult to receive a disability diagnosis while living in Nunavut, let alone a medical certificate/report to prove a disability.

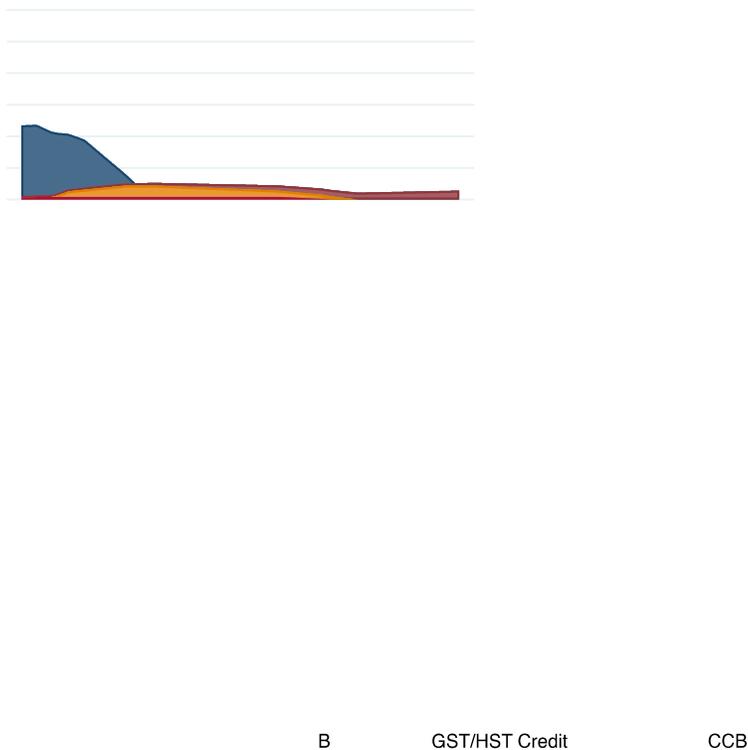
For the disability benefit charts, we make some additional assumptions. First, for families, only the main recipient has a disability. Their partner and/or children do not have a disability. Regardless, it is our understanding that according to IA practices, if more than one person in the family is disabled, the incidental is only applied once (Department of Family Services 2021). That is, if both the head of the household and their spouse have long-term disabilities, they only receive \$250/month as an incidental, not \$500/month. Second, we assume that the person who is disabled has a long-term disability and therefore receives the \$250/month incidental for IA.

Figure 7 shows the total transfers available to individuals and families with disabilities. For single persons with zero earned income in a year, they can claim up to \$11,732.98/year of transfers — \$3,096/year more than a person with no disabilities. Of that, \$325.30 (2.8%) comes from the GST/HST credit and \$223.68 (1.9%) comes from the cost-of-living credit, and \$11,184 (95.3%) comes from IA. The break-downs are relatively the same for the other families as they were for families without disabilities, so we preclude those. Single parents with disabilities with no earnings or other income are eligible for a maximum of \$21,607.67/year—\$3,060/year more than a single parent with no disabilities. Couples with no children where one person has a disability and neither have earnings or other income are eligible for

a maximum benefit of \$14,238.06/year—\$3,060/year more than a couple with no children and with no disabilities. Finally, a couple with two children where one adult has a disability and neither adult has earnings or other income is eligible for a maximum benefit of \$33,949.70/year—\$3,060/year more than a couple with children and with no disabilities.

The difference in benefit levels for those with disabilities and those without disabilities is minimal. Persons with disabilities have a higher cost of living including higher costs associated with medications, mobility aids, and living requirements. To our knowledge, no research has estimated the increased cost of living for those with disabilities. However, southern provinces have recognized these higher costs of living and adjusted their respective income assistance programs. For example, in B.C., a single adult with no disabilities receives \$935/month on income assistance whereas a single adult with disabilities receives \$1,358.50/month on disability assistance, a difference of \$423.50/month (Province of British Columbia 2021a, 2021b).

**Figure 7: Benefit Amounts for Individuals/Families with Disabilities**



# Interactions Between Current Programs

## Effective Tax Rates and Incentives to Work

For cash transfer programs that are dependent on income, of necessity, support decreases as income from other sources (e.g., earnings) increases. This decrease acts like a tax on low-income persons: it lowers their net income from paid work. If these effective tax rates are particularly high, they can affect the decision of whether to work and how much to work.

In this section, we look at the participation tax rate (PTR) and the marginal effective tax rate (METR) for low-income persons in Nunavut. For a theoretical definition of these terms, see (Milligan 2020a). In short, the PTR measures the change in taxes as a person moves from zero before-tax income to non-zero before-tax income.<sup>16</sup> The PTR affects the decision to go from no work to work: if the PTR is 100%, this means that the person receives the same income from working than had they continued not working—there is a 100% tax on their earnings as they move from not working to working. If the PTR is 0%, the person keeps their entire gross earnings—there is no tax on their earnings as they move from not working to working.

Similarly, the METR measures the change in taxes when a person moves from one level of before-tax income to a slightly higher level of before-tax income. METR affects the decision of whether to work more/accept a pay increase: if the METR is 100% when increasing before-tax earnings from \$20,000 to \$20,100, engaging in more work/accepting a pay increase means the person will have the same annual income after the pay increase than had they remained at the same earnings level. Their additional earnings are taxed at 100%. Likewise, if the METR is zero, as the person increases their before-tax earnings from \$20,000 to \$20,100 (for example), they keep their entire additional earnings: there is no tax on them.

In the simulations, we calculate “basic” METR’s and PTR and “complete” METR’s and PTR’s. The basic measures include only federal and territorial taxes omitting all cash transfers and refundable tax credits. The complete measure includes federal and territorial taxes as well as all cash transfers and refundable tax credits including IA: all transfers/refundable tax credits included in Figure 6 and Figure 7 above are included in the complete measures. As previously, the 2019 tax year is used. In both the basic and complete METR’s and PTR’s, tax advantages that are specific to the north and Nunavut are included. This includes the federal northern resident tax deduction and the additional deduction for single adults living in their own homes.

Note that PTR and METR include cash transfers but not in-kind transfers. The same calculations cannot be done for in-kind programs such as public housing. That is, a high PTR or METR may be even higher if at the same time as cash transfers are decreasing and income taxes are increasing, the subsidized rent for public housing increases.

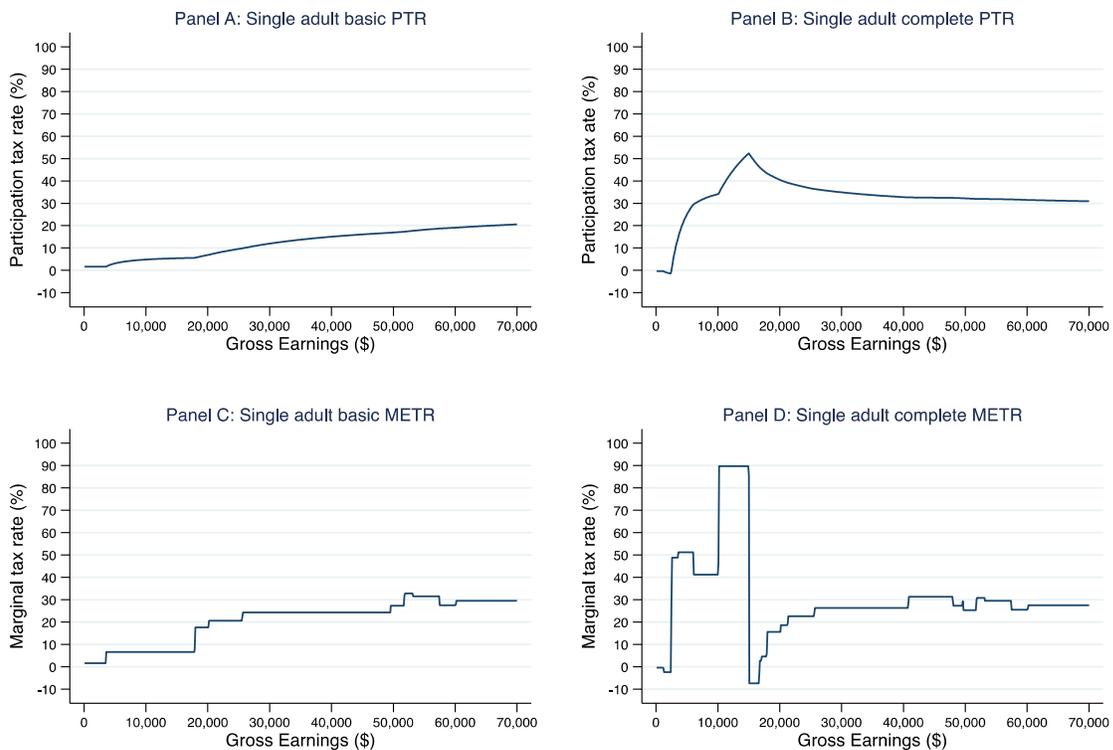
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<sup>16</sup> “Before tax income” includes all income sources such as earnings, self-employment income, capital income, and rental income but does not include social assistance income. To simplify the modeling, I assume persons only have earned income.

Other costs affect work incentives that are not captured by METR and PTR's. Incidental costs such as transportation, childcare, and the opportunity cost on harvesting, all impose additional costs on work.

To begin, Figure 8 shows the PTR and METR for a single, working-age adult. The left-hand panels are the basic measures and the right-hand panels are the complete measures. The top panels are the PTR, and the bottom panels are the METR. Panel C shows the basic METR following a step pattern as tax filers progress through the different tax brackets. For those with earnings below \$17,900, METR hovers around 6.6% where it then increases to about 24% until earnings of \$49,500. Over this same earnings range, the basic PTR (Panel A) is also modest, gradually increasing to a high of 17% at earnings of \$49,500. By themselves, these effective tax rates are in line with B.C. (see Milligan 2020a) and are unlikely to create any major disincentives to work.

**Figure 8: Single Adults Effective Tax Rates**



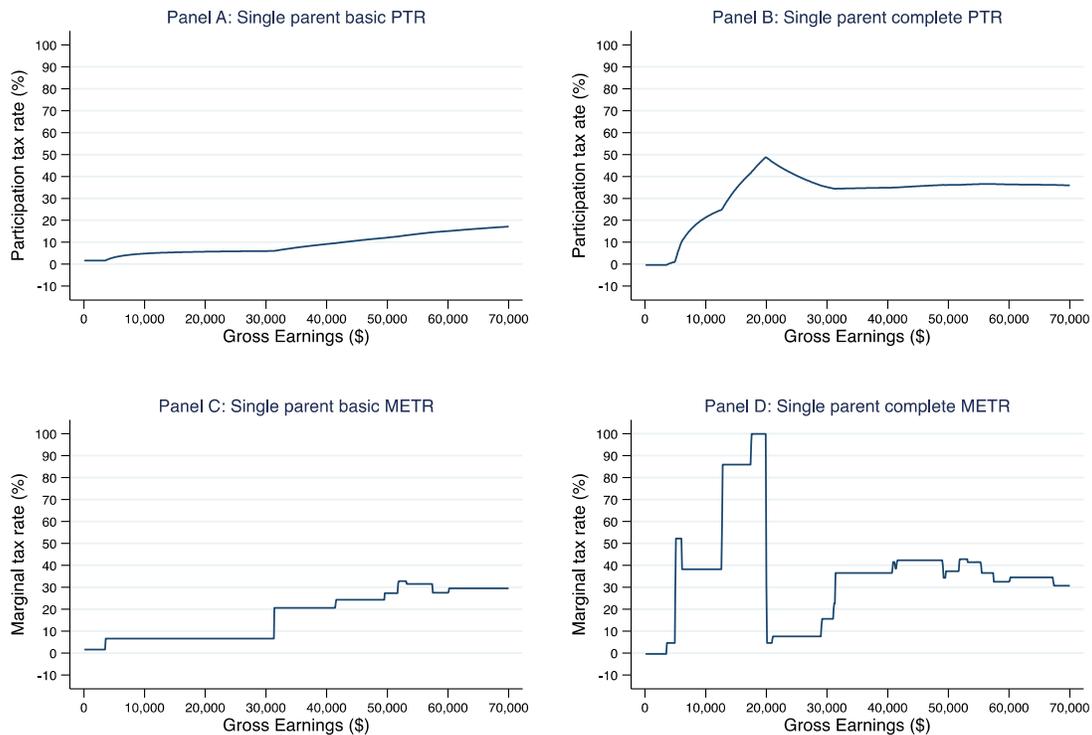
Author calculated using Kevin Milligan (2019), Canadian Tax and Credit Simulator (2019 working version).

Moving to examine the complete METR in Panel D, we see that when all taxes and transfers are included, the METR is significantly higher at low incomes. The complete METR spikes to 49% at earnings of \$2,500 (when IA begins to be phased out) then spikes again at earnings of \$10,200, reaching a high of about 90% and remaining there until earnings of \$15,000 (the earnings at which IA is completely phased out). Over this same earnings range, complete PTR (Panel B) rapidly increases and reaches a maximum of 52% at earnings of \$15,000. This indicates that if someone were to go from not earning to earning \$15,000, just over half of that extra income would be lost because of taxes, refundable tax credits, and the withdrawal of Income Assistance. After this, complete PTR slowly declines and remains around 30%, about 10 percentage points higher than the basic PTR. This indicates a much more substantial impact on

work decisions than when we considered the basic METR and PTR. Such a PTR shape is called a “wall” — a policy-imposed barrier to joining the paid workforce. It should be noted that these complete PTR’s and complete METRs are consistent with complete PTR’s and complete METRs seen in B.C. (see Milligan 2020a) and are thus not unusual even if they are unfortunate.

Figure 9 presents the same effective tax rates figure but for single parents. We observe much the same pattern for single parents as we did for single adults. The basic METR follows a step pattern and is relatively low over low and mid earnings. It hovers around 6.6% until earnings each about \$31,200 where it increases to 20.1% until earnings of \$41,400 where it increases to about 24% until earnings of \$49,500. Over this same range of earnings, basic PTR increases gradually, reaching 6% at earnings of \$31,200 and 12% at earnings of \$49,500. Again, these rates are low and are unlikely to impose any significant barriers to paid employment.

**Figure 9: Effective Tax Rates for Single Parents**



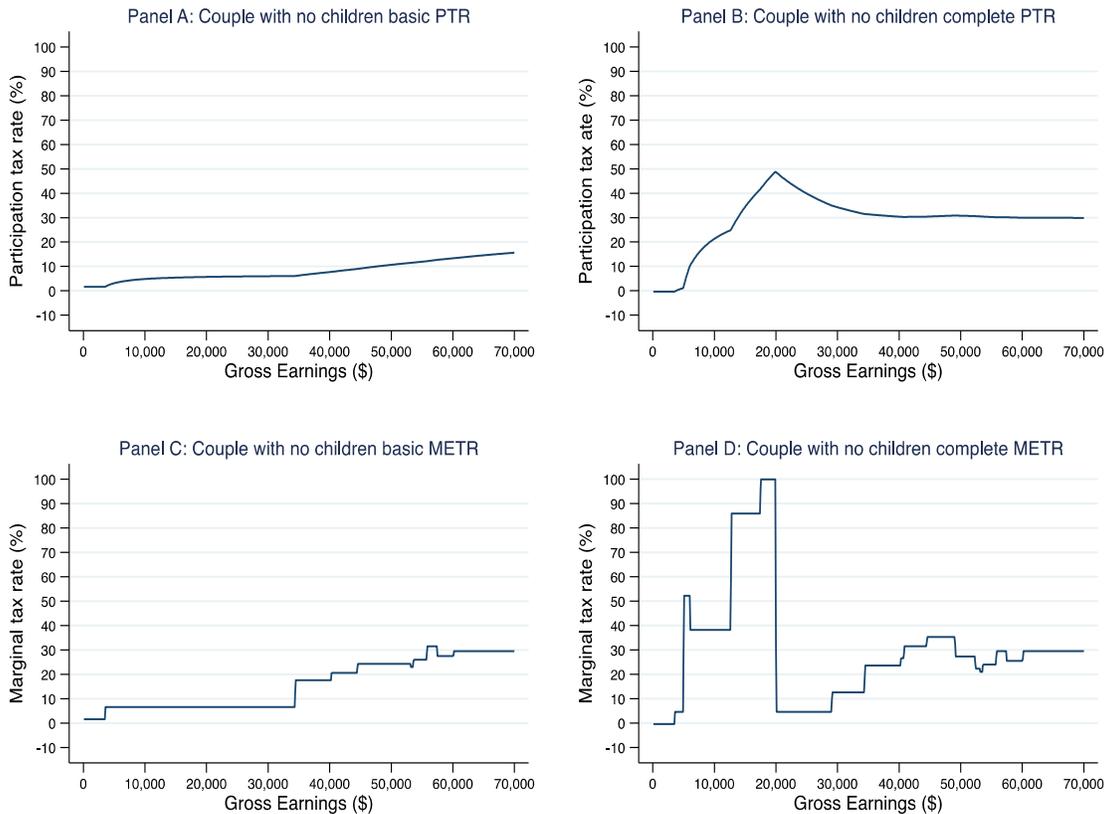
Author calculated using Kevin Milligan (2019), Canadian Tax and Credit Simulator (2019 working version).

Moving to examine the complete METR and PTR for single parents in Figure 9, we again see a large difference. Complete METR reaches 100% at earnings of \$17,500. This is the earnings where, not only is IA being clawed back but the CWB reaches the beginning of its “plateau” point. Complete METR stays at 100% until earnings of \$20,000, the earnings at which IA is completely phased out. Over this same earnings range, complete PTR increases to a maximum of 49% at earnings of \$20,000. As suggested previously, this acts as a disincentive to enter into work: persons who move from no work to earnings of \$20,000 only keep about half their earnings while the other half is “taxes” away in increased taxes and reduced cash transfers/refundable tax credits (see Milligan 2020b, for a more detailed discussion).

When considering how the above effective tax rates affect work, the ultimate impacts on labour supply depend on how people react to the changes in effective tax rates. Economists attempt to measure the magnitude of the reaction by estimating labour supply elasticities. Although labour supply elasticity has been estimated in several contexts, it has not been estimated for the north (let alone Nunavut). Further, elasticities differ between men and women, family types, and income level. For a review of labour supply elasticities that are potentially useful in the basic income/Canadian context, see Green (2021). We do not attempt a guess at elasticities here.

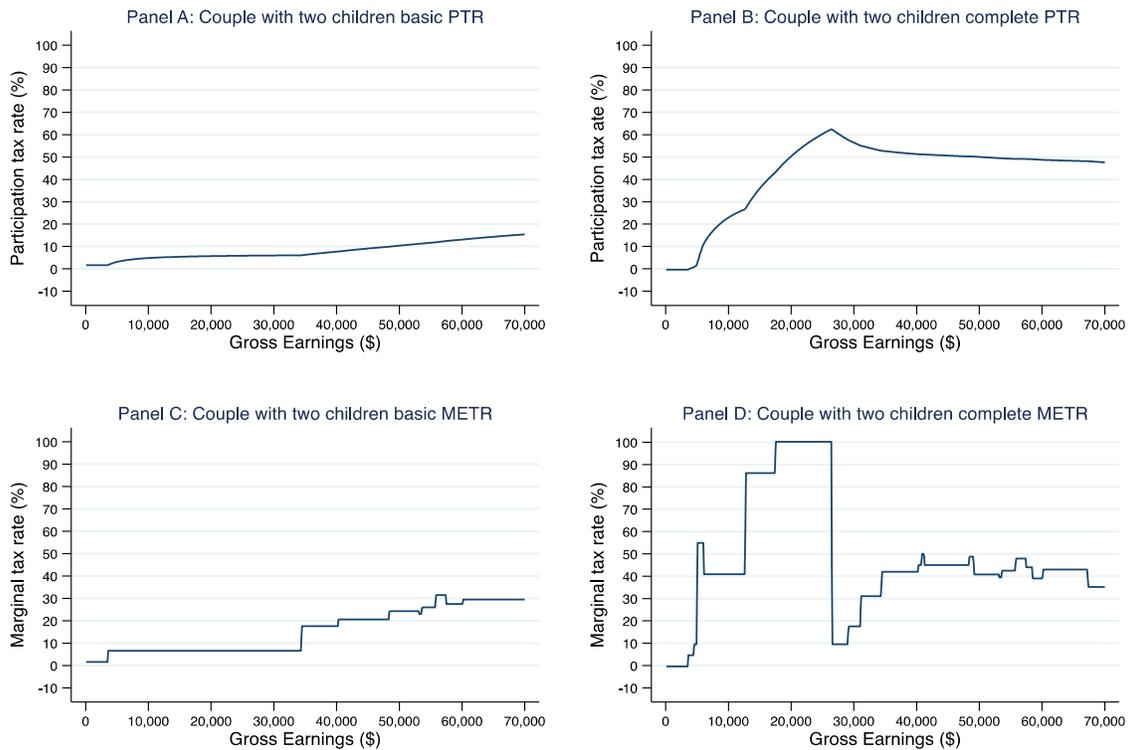
Having presented these effective tax rates, we also urge caution when examining them. First, for income-tested programs, there will of necessity be a claw-back range. This does increase effective rates, but it does not mean that these programs are useless. In fact, they provide invaluable support to those who need them. Second, just because there is a wall to paid work does not mean that the same wall persists for unwaged work such as harvesting, the production of goods for the household or community, and care work. Unwaged work is important in Nunavut as many persons engage in one form or another.

**Figure 10: Effective Tax Rates for Couples with No Children**



Author calculated using Kevin Milligan (2019), Canadian Tax and Credit Simulator (2019 working version).

**Figure 11: Effective Tax Rates for Couples with Two Children**



Author calculated using Kevin Milligan (2019), Canadian Tax and Credit Simulator (2019 working version).

## Conclusion

We have detailed here the system of income and social supports available to Nunavummiut. What we document is a large and complex system with many actors involved. We also show that the large number of programs and the overall system complexity is the result of diverse and heterogenous need in the community. That is, there are many programs as each was created to fill gaps left by other programs. In addition, while the federal government predominantly offers cash transfers, programs in the territory are weighted towards delivery of basic services. The nature and delivery of programs in Nunavut is an important consideration for a basic income program. Our analysis suggests that no one-sized fits all program could address all the needs in the territory and it would be problematic to suggest that a cash transfer can replace the essential services currently provided.

There are two important takeaways from our work. First, we provide clear evidence that many programs suffer from low take-up. Barriers to access include knowledge, technological, document impediments, coupled with the reality of the digital divide. Such access barriers need to be dismantled in order to improve delivery of existing programs. In addition, these barriers need to be considered if a basic income program were to be designed and implemented in order to ensure access to the program. Second, even if a person or family were able to perfectly navigate the system of programs, the total theoretical benefits that they could receive still falls far short of covering basic needs in the territory and, in some cases, this is the result of programs that negatively interact with each other.

Regardless of how the territory chooses to move forward, it is clear that a well-designed system of basic services and cash transfer programs are needed to create an effective system. Simply layering yet another program on top of this existing system will simply exacerbate the existing problems.

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