

BUDGET 2016-2017



THE QUÉBEC
INCOME
SUPPORT PROGRAM



Budget 2016-2017
The Québec Income Support Program

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HIGHLIGHTS

The income support program has been implemented in recent decades and pursues the twofold objective of:

- providing the poorest households with a basic income;
- promoting the work incentive.

Each year, the Québec income support program pays nearly \$30 billion to Québec households through a series of measures of three main types:

- \$18.2 billion in core financial support;
- \$9.7 billion in family assistance;
- \$2.0 billion in work incentives.

The measures are adapted to different household situations according to their specific characteristics. They achieve the objectives pursued in a spirit of respect for the diversity of life situations encountered. Accordingly:

- households with children have more extensive needs to be satisfied than other households;
- single-parent families with young children have greater difficulty reconciling work and family life;
- childless households face fewer constraints to labour force participation.

The different components of the program form a coherent whole that seeks to adjust support over time in respect of changes in conjugal status, the presence of children and increases in income.

Income support linked to changes in household income

The financial assistance that the support program provides is linked to changes in household income.

Accordingly, the assistance granted is more generous when household income is low and gradually diminishes as income rises. Support thus decreases gradually to make the work effort more attractive and further encourage labour force participation.

For example, a couple without work income and with two children receives financial assistance of roughly \$30 000.¹

\$40 345

\$47 111

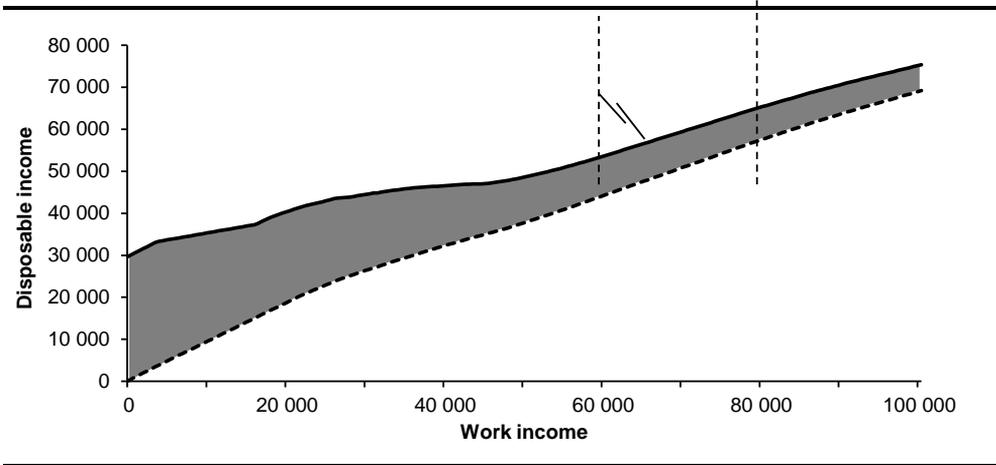
In cases where one spouse earns work income of:

- \$20 000, the couple benefits from financial assistance of more than \$20 000, which brings its disposable income to \$40 345;
- \$40 000, the couple benefits from financial assistance of roughly \$14 000 and has a disposable income of \$47 111.

CHART 1

Illustration of the income support program for a couple with two children and one income – 2016

(dollars)



¹ In Québec, the median after-tax income for all types of households stood at \$47 400 in 2013.

❑ Convincing results

Québec's income support program sets it apart from the standpoint of fairness and social justice. Investments in this respect have borne fruit and the results obtained show a significant improvement in the situation of low-income individuals and a reduction in income inequality.

- Indeed, while the aggregate low-income rate was only 10.8% in Québec in 2013, it stood at 14.0% in Ontario, 13.1% in British Columbia and 12.1% in Canada as a whole.
- Québec has the lowest Gini coefficient in comparison with Canada and the regions of Canada.
- As for income redistribution, the ratio of the income of the richest households and that of the poorest households stood at 3.9 in Québec in 2013, compared with 4.8 in Ontario, 4.7 in British Columbia and 4.5 in Canada overall.

TABLE 1

Income inequality indicators in Canada⁽¹⁾ – 2013 (number)

Region	Rank ⁽²⁾	Gini coefficient (%)	Ratio of the incomes of the richest and the poorest households
Québec	1	29.2	3.9
Atlantic Provinces	2	29.9	4.0
Prairie Provinces	3	31.6	4.5
Canada	4	31.9	4.5
British Columbia	5	32.0	4.7
Ontario	6	32.8	4.8

Note: After-tax income has been used to calculate the indicators.

(1) Lower results mean less inequality.

(2) The rank is determined between Québec, Canada and the regions of Canada based on after-tax income.

Source: Statistics Canada.

These observations allow us to assert that the Québec income support program hinges on a flexible approach by offering households a basic income while recognizing their specific situations, promoting labour market integration and enabling all Quebecers to contribute to our collective prosperity.

INTRODUCTION

In recent decades, Québec has adopted a wide range of measures to financially support households. The implementation of such measures stems from societal choices based on equality and social justice, which have led to the establishment of a genuine income support program linked to the financial situation of households. Federal government measures that target the same objectives round out the components of the Québec program.

The income support program hinges on two key objectives:

- provide the poorest households or low-income households with a basic income to ensure a decent standard of living that promotes rapid labour market integration;
- promote the work incentive to encourage long-term financial self-sufficiency and collective prosperity.

The income support program comprises several components adapted to the different situations of households depending on their specific characteristics. It achieves the main objectives in a spirit of respect for the diversity of situations.

The program's benefits can be observed in concrete terms. The low-income rate in Québec, which indicates a modest standard of living, is lower than that observed in Canada as a whole. In 2013, 10.8% of Quebecers were living below the low-income cutoff, compared with 12.1% of Canadians in the country overall.

The breakdown of wealth also reflects the benefits of the income support program. In 2013, the incomes of Québec's richest taxpayers were 3.9 times those of the poorest, as against 4.5 times in Canada as a whole.

This document provides an overview of the Québec income support program and its objectives and presents the program's key outcomes from the standpoint of changes in poverty and income distribution.

1. THE QUÉBEC INCOME SUPPORT PROGRAM

Over the years, the Québec government has implemented a number of tax and budget measures to help the poorest members of society and financially support households.

The income support measures seek to provide basic financial assistance to ensure that Québec households maintain an adequate standard of living and include work incentive measures to promote long-term individual financial self-sufficiency. The measures constitute genuine income support.

1.1 The key objectives of the program

To financially support households, the income support program targets two objectives, namely, to:

- provide the poorest households or low-income households with a basic income to ensure a decent standard of living that promotes rapid labour market integration;
- promote the work incentive to encourage long-term financial self-sufficiency and collective prosperity.

Financial assistance adapted to the real-life experiences of households

The Québec income support program comprises several components adapted to different household situations depending on their specific characteristics, such as conjugal status, number of children, ability to work, or state of health. For example:

- families with children must satisfy their needs and their children's needs;
- single-parent families with young children have greater difficulty reconciling work and family life;
- childless households face fewer constraints to labour force participation.

Accordingly, the income support program has changed over the years in order to adapt the financial assistance offered according to household characteristics, while promoting the work incentive.

❑ Four main types of households

The Québec income support program focuses on four main types of households whose names reflect conjugal status and the presence of children:

- single individuals;
- childless couples;
- single-parent families;
- couples with children.

In addition to taking into account conjugal status and the presence or absence of children, the financial assistance that the program offers depends on income.

- Single individuals make up the largest group of households (55%), mainly low-income households, 54% of which earn less than \$25 000.
- Couples make up the second largest type of household. Just over half of them have children. Their financial position is usually better than that of single individuals as 63% of them have incomes over \$75 000.
- Lastly, single-parent families account for the smallest number of households and the breakdown of their incomes is similar to that of single individuals.

TABLE 2

Number of households⁽¹⁾ depending on the type of household and total income – 2016^F (number)

	Single individuals	Child-less couples	Single-parent families	Couples with children	Total
Less than \$15 000	768 386	23 460	66 984	21 183	880 013
Between \$15 000 and \$25 000	303 525	27 208	38 242	24 081	393 056
Between \$25 000 and \$50 000	517 423	81 232	82 982	86 668	768 305
Between \$50 000 and \$75 000	239 320	126 860	42 435	114 423	523 038
Between \$75 000 and \$100 000	94 242	131 779	21 271	127 502	374 794
Between \$100 000 and \$150 000	48 316	164 030	10 899	185 192	408 437
Between \$150 000 and \$250 000	13 942	79 602	3 203	107 469	204 216
\$250 000 or more	5 843	23 857	1 411	33 288	64 399
TOTAL	1 990 997	658 028	267 427	699 806	3 616 258

F: Forecasts of the Ministère des Finances.

(1) Excluding households made up of seniors.

❑ \$30 billion in government assistance in 2015

All told, Québec households receive nearly \$30 billion annually in income support. The Québec government pays more than \$11 billion in income support and the federal government, just under \$19 billion, which breaks down as follows:

- \$18.2 billion in core financial support;
- \$9.7 billion in family assistance;
- \$2.0 billion in work incentives.

The federal government's assistance focuses primarily on seniors through the Old Age Security pension and the Guaranteed Income Supplement programs, which alone total nearly \$12.5 billion.

- The two programs, which seek to provide seniors with financial support, are only accessible to individuals 65 years of age or over. To fully analyze the situation of seniors, it would have been necessary to also take into account the question of retirement plans, a dimension of income that goes beyond government support measures. Consequently, they are excluded from the presentation of the Québec income support program.

When federal government financial assistance for seniors is excluded, Québec's assistance corresponds to nearly 65% of the assistance that households receive.

Old Age Security Program

The federal Old Age Security Program, which comprises two measures, offers individuals 65 years of age or over¹ a basic income that ensures an adequate standard of living.

Old Age Security pension

The Old Age Security (OAS) pension is a monthly benefit reducible according to income that stands at \$571 per month.²

Guaranteed Income Supplement

The Guaranteed Income Supplement (GIS) is a benefit that is reducible according to family income that is added to the OAS pension for low-income seniors. The monthly benefit stands at \$774³ for single individuals and \$1 026⁴ for couples.

Individuals between 60 and 64 years of age⁵ can receive a monthly allowance of up to \$1 083⁶ if their spouses are GIS beneficiaries or the allowance for the survivor of up to \$1 213 per month⁷ if the spouse is deceased.

1 The age of entitlement, which is now 65 years of age, will gradually rise to 67 years of age between April 2023 and January 2029.

2 Amount for the period from January to March 2016. This amount is indexed quarterly to the cost of living.

3,4 See note 2.

5 The age of entitlement, which is now between 60 and 64 years of age, will gradually rise to between 62 and 66 years of age between April 2023 and January 2029.

6,7 See note 2.

TABLE 3

Assistance paid under the Québec income support program – 2015

(millions of dollars)

Québec	Amount	Federal	Amount	Total
Core financial support measures				
Last-resort financial assistance	2 881	Old Age Security pension	9 425	
Refundable solidarity tax credit	1 844	Guaranteed Income Supplement	3 021 ⁽¹⁾	
Shelter Allowance Program	74	Refundable GST tax credit ⁽²⁾	902	
Subtotal	4 799	Subtotal	13 348	18 147
Family assistance measures				
Child assistance ⁽³⁾	2 214	Canada Child Tax Benefit ⁽⁴⁾	2 539	
Reduced-contribution childcare services program	2 307	Universal Child Care Benefit	1 792	
Refundable tax credit for childcare expenses	609	Child care expenses deduction	241	
Subtotal	5 130	Subtotal	4 572	9 702
Employment incentive measures				
Work premium ^{(5),(6)}	344			
Tax shield ⁽⁶⁾	61	Working Income Tax Benefit	255	
Tax credit for experienced workers ⁽⁶⁾	100			
Deduction for workers	716	Canada employment amount	510	
Subtotal	1 221	Subtotal	765	1 986
TOTAL	11 150		18 685	29 835

Note: The amounts for 2015 are projections based on the latest data available. The federal amounts are estimated by applying the proportion of Québec taxpayers to all of the latest statistics from federal tax expenditures or benefit statistics.

(1) Including the allowance for people aged 60 to 64 and the allowance for the survivor.

(2) Goods and services tax.

(3) Including the supplement for handicapped children.

(4) Including the National Child Benefit Supplement and the Child Disability Benefit.

(5) Including the work premium adapted to individuals with severely limited capacity for employment and the supplement for long-term beneficiaries who get off last-resort financial assistance or the Alternative jeunesse program.

(6) For illustrative purposes, the cost presented for 2015 takes into account the enhancements in Budget 2015-2016 and Budget 2016-2017 although the latter only come into force in 2016.

❑ Assistance adapted to the four main types of households

Most of the income support measures, except family assistance, apply to all households. The maximum assistance granted for most of the measures takes into account the needs specific to the four main types of households.

TABLE 4

Maximum tax assistance by measure depending on the type of household – 2016 (dollars)

	Single person	Childless couple	Single-parent family ⁽¹⁾	Couple with one child ⁽¹⁾
Core financial support measures – Québec				
Last-resort financial assistance ⁽²⁾	7 956	11 580	9 060	11 580
Refundable solidarity tax credit	966	1 231	1 083	1 348
Shelter Allowance Program ⁽³⁾	960	960	960	960
Core financial support measures – Federal				
Refundable GST tax credit	421	552	697	697
Family assistance measures – Québec				
Child assistance	—	—	3 231	2 392
Reduced-contribution childcare services program ⁽⁴⁾	—	—	12 412	12 412
Refundable tax credit for childcare expenses	—	—	6 750	6 750
Family assistance measures – Federal				
Canada Child Tax Benefit	—	—	3 799	3 799
Universal Child Care Benefit	—	—	1 920	1 920
Child Care Expenses Deduction ⁽⁵⁾	—	—	2 204	2 204
Employment incentive measures – Québec				
General work premium	726	1 133	2 419	3 148
Tax shield	225	450	450	810
Tax credit for experienced workers ⁽⁶⁾	902	1 805	902	1 805
Deduction for workers ⁽⁵⁾	291	582	291	582
Employment incentive measures – Federal				
Working Income Tax Benefit	1 653	2 581	968	1 007
Canada employment amount	145	291	145	291

(1) With a child 3 years of age.

(2) The households do not experience severe limitations to employment and thus benefit from the Social Assistance Program. Table 6 in this document indicates the amount of maximum assistance for households with temporary or severe employment limitations.

(3) To be entitled to the shelter allowance, one spouse must be 50 years of age or over or have one dependent child.

(4) The average annual subsidy for a childcare centre.

(5) Bearing in mind the marginal tax rate and excluding the impacts on socio-fiscal transfers.

(6) The maximum assistance for a worker 65 years of age.

1.2 Core financial support

The objective of the first section of the income support program is to offer core financial support to the poorest households to ensure an adequate standard of living.

The Québec government pays \$4.8 billion a year to the poorest members of society. The core financial support comprises:

- the last-resort financial assistance programs;
- the refundable solidarity tax credit;
- the Shelter Allowance Program.

Moreover, the federal government pays, through the refundable GST tax credit, more than \$900 million to Québec households.

TABLE 5

Measures that grant core financial support⁽¹⁾ – 2015 (millions of dollars)

	Annual amount
Québec	
Last-resort financial assistance	2 881
Refundable solidarity tax credit	
– QST component	838
– Housing component	992
– Northern villages component	14
– Subtotal	1 844
Shelter Allowance Program	74
Subtotal	4 799
Federal	
Refundable GST tax credit	902
Subtotal	902
TOTAL	5 701

Note: The amounts for 2015 are projections based on the latest data available. The federal amounts are estimated by applying the proportion of Québec taxpayers to all of the latest statistics from federal tax expenditures or benefit statistics.

(1) Excluding assistance for seniors.

❑ Last-resort financial assistance programs

The last-resort financial assistance programs are the main means of providing core financial support. The programs are intended for the poorest households in order to combat poverty and social exclusion. They are divided into two separate sections, each one aimed at specific clientele:

- the Social Assistance Program;
- the Social Solidarity Program.

■ Social Assistance Program

The Social Assistance Program grants last-resort financial assistance to individuals who are not subject to severe constraints to employment, i.e. who are able to engage in employment.

In 2016, the core financial support offered under the program stands at \$7 956 for single individuals and \$11 580 for couples.

In 2015, roughly 197 000 households² received nearly \$1.6 billion from the Social Assistance Program.

■ Social Solidarity Program

The Social Solidarity Program offers individuals with severe employment limitations, in particular because of physical or mental health problems, last-resort financial assistance and fosters their social integration and participation.

In 2016, the core financial support offered under the program stands at \$11 364 for single individuals and \$16 992 for couples.

In 2015, nearly 127 000 households received more than \$1.3 billion in financial assistance from the Social Solidarity Program.³

² Clientele in March 2015.

³ See the preceding note.

TABLE 6

Number of households and financing scales of the last-resort financial assistance programs – 2016

(dollars)

	Number of households in March 2015	Basic monthly benefit	Monthly allowances for temporary constraints	Annual benefit
Social Assistance Program				
Without employment limitations				
– Single person	114 473	623	—	7 956 ⁽¹⁾
– Couple	13 965	965	—	11 580
With temporary limitations of capacity for employment				
– Single person	61 886	623	132	9 060
– Couple	6 279	965	227	14 304 ⁽²⁾
Social Solidarity Program				
– Single person	119 412	947	—	11 364
– Couple	7 943	1 416	—	16 992

Note: Since 1997, the financing scales only cover the essential needs of adults. Child assistance has covered children's needs since then. The last-resort financial assistance programs therefore include four basic benefits and two allowances for temporary limitations. The basic benefits are established according to whether the beneficiaries are single individuals or couples and whether or not they have severe employment limitations. Last-resort financial assistance benefits are automatically indexed on January 1 of each year.

(1) The amount indicated includes the amount of the adjustment for single individuals introduced on February 1, 2014. The amount of the adjustment is \$480 for 2016 and \$600 for 2017 and subsequent years. The additional assistance is reduced by the value of the shelter allowance and is zero if the beneficiary lives in a subsidized housing unit.

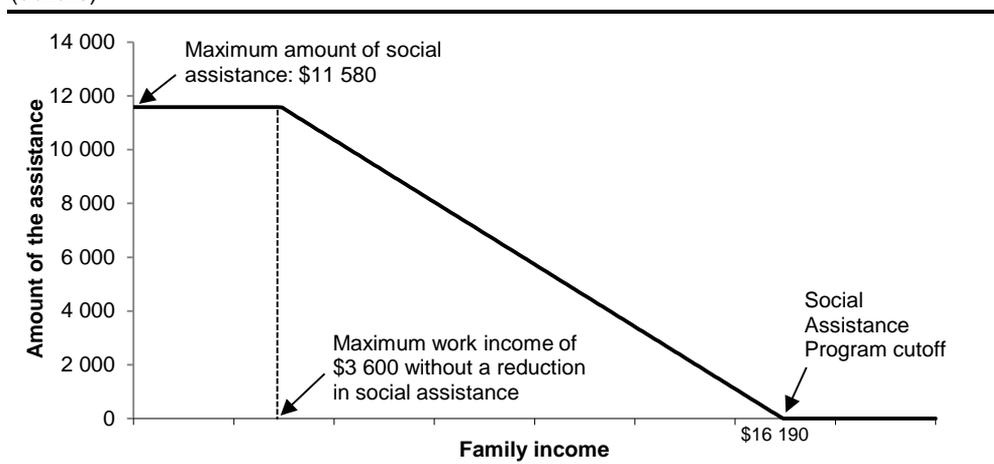
(2) Both adults have temporary employment limitations.

Source: Ministère du Travail, de l'Emploi et de la Solidarité sociale.

CHART 2

Illustration of the social assistance benefit for a couple with two children and one work income – 2016

(dollars)



❑ Refundable solidarity tax credit

The section of the income support program that provides core financial support makes provision for another measure, the refundable solidarity tax credit.

The solidarity tax credit (STC) is granted to low- or middle-income households to mitigate the cost of the Québec sales tax (QST) and housing and recognizes that the cost of living is higher in Northern villages than elsewhere in Québec.

The tax credit comprises a component:

- to compensate for the QST;
- aimed at households that assume eligible housing expenses;
- for individuals living in Northern villages.

Eligibility for the components of the solidarity tax credit

All adults are eligible for the QST component of the STC whether or not they live in an eligible dwelling, subsidized housing, a healthcare institution, or the home of their parents.

However, to be eligible for the housing component, a household must be the owner, tenant or subtenant of an eligible dwelling and establish proof thereof.

- Subsidized housing such as low-cost housing, residential and long-term care centres or private dwellings that benefit from rent supplements are not eligible for the housing component of the STC.

To benefit from the housing component in the territory of a Northern village, a household must live in one of the 14 villages in Nunavik.

Starting July 1, 2016, the maximum financial assistance offered by the tax credit will reach \$966 for a person living alone and \$1 231 for a childless couple. The tax credit makes provision for additional financial assistance for dependent children and for individuals living in Northern villages.

Moreover, to increase the cash resources of the poorest households, the refundable solidarity tax credit is paid monthly, quarterly or annually depending on the amount of the tax assistance established.

In 2015, 2.9 million households received financial assistance totalling more than \$1.8 billion through the tax credit.

Substantial housing assistance

Québec government housing assistance encompasses an array of tax and budget measures that totalled nearly \$829 million in 2014-2015:

- \$464 million for the Québec government's contribution;
- \$365 million from the federal government.

The assistance is granted mainly through four programs that the Société d'habitation du Québec (SHQ) manages.

Low-cost housing: \$398 million in 2014-2015

This program enables low-income households to occupy housing for which the rent corresponds to 25% of their income. Tenants are selected according to their income and the condition of the housing unit they are occupying.

- The SHQ provides funding through a government subsidy that covers the difference between the operating costs and revenues from rents, called the operating deficit.

Households living in low-cost housing are not eligible for the housing component of the solidarity tax credit.

Construction of new affordable housing: \$196 million in 2014-2015

AccèsLogis Québec is now the main program devoted to the development of affordable housing. It supports the construction of housing by housing authorities, cooperatives or non-profit organizations.

The program seeks to provide housing for low- or moderate-income households or for a clientele in difficulty contending with specific housing needs. Given the clientele targeted, rent is set at a level below the median market rent.

Moreover, part of the dwellings built are eligible for the Rent Supplement Program (RSP).

The Rent Supplement Program (RSP): \$90 million in 2014-2015

The program enables low-income households to live in dwelling units on the private rental market or that belong to cooperatives or non-profit organizations and pay rent similar to what they would pay in low-cost housing, i.e. 25% of their total income.

Households that benefit from the RSP are ineligible for the housing component of the solidarity tax credit.

The Shelter Allowance Program: \$74 million in 2014-2015

The Shelter Allowance Program offers financial assistance for families with children and individuals 50 years of age or over with low incomes who devote an overly large portion of their budget to rent.

The allowance takes into account the number of persons in the household, the type of household, household income and the rent. It can reach \$960 per year and is not taxable.

TABLE 7

Parameters of the refundable solidarity tax credit – 2016
(dollars)

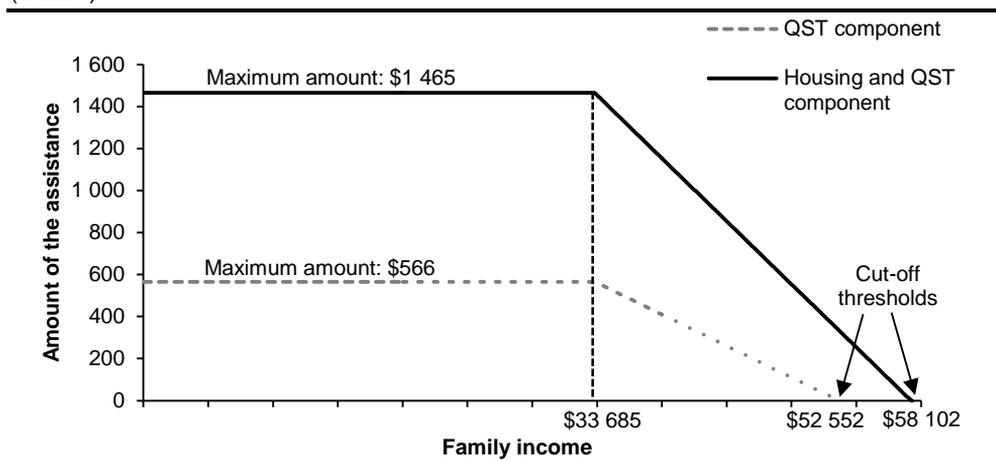
	Annual amount ⁽¹⁾
QST component	
Base amount	283
Spousal amount	283
Additional amount for a person living alone	135
Housing component	
Amount for a couple	665
Amount for a person living alone	548
Amount for each dependent child	117
Component for individuals living in Northern villages	
Amount per adult	1 664
Amount for each dependent child	360
Reduction of the assistance	
Reduction point	33 685
Clawback rate for a component	3%
Clawback rate for two or more components	6%

Note: The financial assistance offered through the tax credit is automatically indexed each year according to the indexation rate established by the Québec *Taxation Act*.

(1) The amounts indicated are those that will be in force starting on July 1, 2016.

CHART 3

Illustration of the solidarity tax credit⁽¹⁾ for a couple with two children and one work income – 2016
(dollars)



(1) The amounts indicated are those that will be in force starting on July 1, 2016.

Basic federal financial assistance measure

The Québec income support program takes into account federal government tax and budget measures that seek to ensure that households enjoy an adequate standard of living.

Refundable GST tax credit

In addition to the Old Age Security Program, the federal government offers a refundable GST tax credit to reimburse part of the tax that low-income households pay.

In 2016, the maximum financial assistance offered by the tax credit will reach \$421 for a single individual and \$552 for a couple. What is more, the tax credit makes provision for additional financial assistance for dependent children. In 2016, the maximum tax assistance in this respect stands at \$145 per dependent child.

The amount of the refundable GST tax credit is reducible according to income and is paid on a quarterly basis.

In 2015, the federal government paid more than \$900 million in respect of the refundable GST tax credit.

1.3 Family assistance measures

The second section of the Québec income support program grants financial assistance to households with children in addition to promoting labour market participation by parents. The assistance under this section totals \$9.7 billion.

The section comprises numerous Québec government budget and tax measures that total \$5.1 billion in assistance. It includes:

- the refundable tax credit for child assistance;
- the reduced-contribution childcare services program;
- refundable tax credit for childcare expenses;
- exemption from the reduced contribution for social assistance beneficiaries.

Exemption from the reduced contribution for social assistance beneficiaries

Parents who are beneficiaries of a social assistance program¹ are eligible for an exemption from the payment of the reduced contribution for childcare for children under 5 years of age.

- The maximum payment exemption is for two and a half days or five half-days of childcare per week, for a maximum of 130 days or 261 half-days of childcare per year.²

In 2014-2015, the exemption from the reduction contribution represented assistance of roughly \$11.8 million. Accordingly, during this period, the assistance was equivalent to:

- nearly 1.6 million days of free childcare;
- 12 600 children benefiting from free childcare services for two and a half days per week.

1 The last-resort assistance programs.

2 Under certain conditions and on the recommendation of an authorized intervener, the parent may benefit from the exemption for a longer period, in particular when the child is affected by a psychosocial problem that warrants his benefiting for a longer period from childcare services.

The federal government pays \$4.6 billion in assistance in the form of:

- the Canada Child Tax Benefit;
- the Universal Child Care Benefit;
- the Child Care Expenses Deduction.

TABLE 8

Family assistance measures – 2015

(millions of dollars)

	Amount
Québec	
Child assistance ⁽¹⁾	2 214
Reduced-contribution childcare services program ⁽²⁾	2 307
Refundable tax credit for childcare expenses	609
Subtotal	5 130
Federal	
Canada Child Tax Benefit ⁽³⁾	2 539
Universal Child Care Benefit	1 792
Child Care Expenses Deduction	241
Subtotal	4 572
TOTAL	9 702

Note: The amounts for 2015 are projections based on the latest data available. The federal amounts are estimated by applying the proportion of Québec taxpayers to all of the latest statistics from federal tax expenditures or benefit statistics.

(1) Including the supplement for handicapped children.

(2) Including the exempted reduced contribution for parents who are social assistance beneficiaries.

(3) Including the National Child Benefit Supplement and the Child Disability Benefit.

❑ Refundable tax credit for child assistance

The refundable tax credit for child assistance is a component of Québec government assistance for families. The non-taxable financial assistance is twofold:

- the child assistance payment;
- the supplement for handicapped children.

In 2015, the parents of 1.5 million children received more than \$2.2 billion in financial assistance through child assistance.

■ Child assistance payment

The child assistance payment comprises a universal amount and an amount that is reducible according to family income. It is paid on a monthly or quarterly basis to ensure that parents regularly receive support.

For 2016, the maximum tax assistance offered to households with children through the child assistance payment stands at \$2 392 for the first child. Moreover, single-parent families receive additional financial assistance of \$839.

■ Supplement for handicapped children

A supplement is added to the child assistance payment for households with handicapped children. The additional tax assistance of \$189 per month (\$2 268 per year) seeks to recognize the additional costs that the family must face.

TABLE 9

Child assistance parameters – 2016 (dollars)

	Maximum	Minimum
Amount		
First child	2 392	671
Second and third children	1 195	620
Fourth child and subsequent children	1 793	620
Single-parent family	839	335
Reduction point		
Couple	47 665	—
Single-parent family	34 656	—
Clawback rate	4%	—
Supplement for handicapped children	2 268	2 268

■ Universal assistance

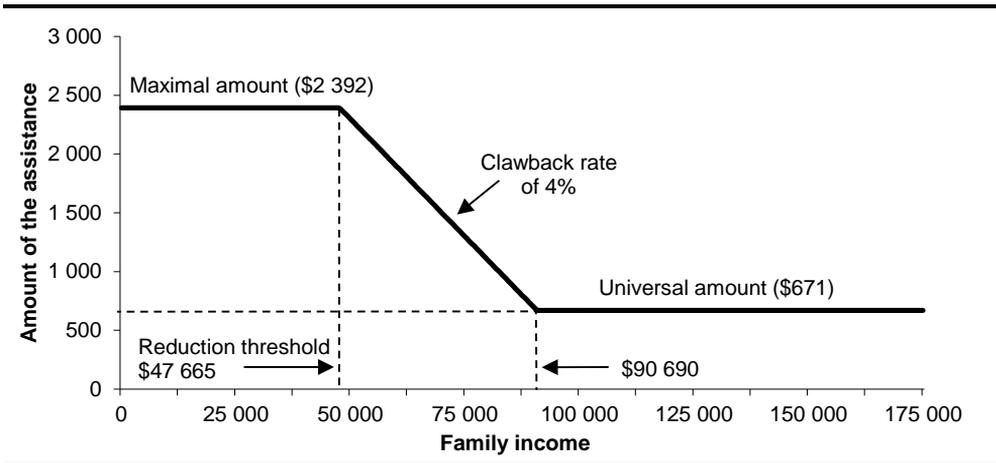
To prioritize financial assistance for low-income households and maintain the fairness of the personal income tax system, the amount of the child assistance payment is reducible according to income.

However, to acknowledge that all families bear additional expenses regardless of income, the child assistance payment offered to families includes a universal section. For 2016, the minimum amount stands at \$671 for the first child.

The supplement for handicapped children is not reducible according to the family's household income.

CHART 4

Illustration of child assistance for a couple with one child – 2016 (dollars)



❑ Reduced-contribution childcare services program

The reduced-contribution childcare services program enables households with children 5 years of age or under to benefit from subsidized spaces in childcare services.

The basic reduced contribution stands at \$7.55 per day in 2016. An additional contribution, adjusted according to family income, has been demanded since April 22, 2015. Bearing in mind the additional contribution of a maximum of \$13.15 and the basic contribution of \$7.55, the daily childcare rate can reach a maximum of \$20.70.

— Recognition of the federal child care expenses deduction brings the daily cost of childcare for the parents to \$15.00.

Furthermore, to accommodate large families, only 50% of the additional fee is demanded in respect of the second child and no additional fee is demanded in respect of the third child and subsequent children.

— What is more, social assistance beneficiaries do not have to pay the additional contribution. They may benefit from an exemption from the payment of the basic contribution in respect of a maximum of two and a half days per week.

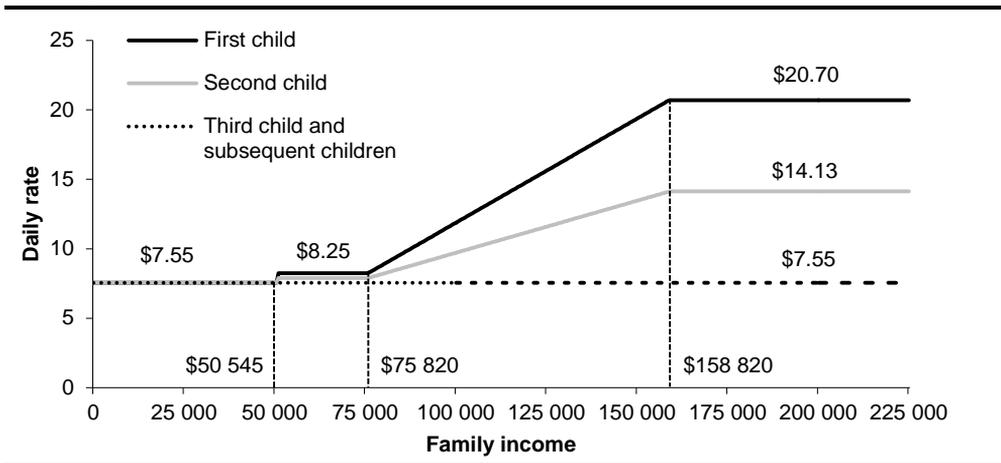
Accordingly, Québec parents pay moderate childcare fees. Indeed, nearly 60% of families pay less than \$9.00 per day.

All told, parents spent \$550 million for childcare services in 2015. The government paid more than \$2.3 billion for childcare services for more than 225 000 children.

Lastly, the parents of children 5 years of age or over who attend school childcare services benefit from a reduced rate of \$8.10 per day.

CHART 5

Daily rate for reduced-contribution childcare services for children 5 years of age or under – 2016 (dollars)



❑ Refundable tax credit for childcare expenses

To enable individuals or their spouses to work, engage in study or actively seek employment, the government offers a refundable tax credit for childcare expenses paid for non-subsidized childcare services.

Low-income households benefit from a tax credit equivalent to 75% of the childcare expenses paid during the year. The rate of the tax assistance decreases gradually according to income and stands at a minimum of 26% when income reaches \$155 095.

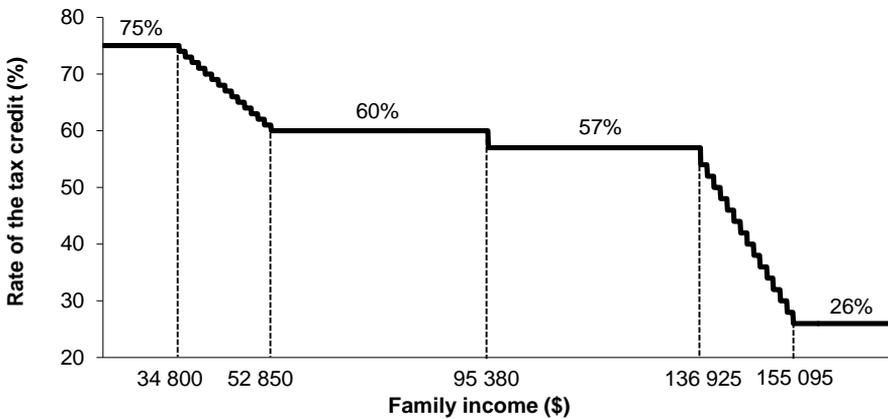
The amount of eligible childcare expenses cannot exceed \$9 000 per child under 7 years of age and \$5 000 for older eligible children. However, regardless of age, if the child suffers from a severe, prolonged mental or physical disability, the ceiling is \$11 000.

What is more, to enhance the cash resources of families that must pay substantial childcare expenses during the year, the government makes provision for advance payment of the tax credit to parents who request it.

In 2015, nearly 455 000 households claimed \$609 million in respect of the refundable tax credit for childcare expenses.

CHART 6

Rate of the tax credit for childcare expenses – 2016



A family policy that encourages reliance on childcare services

To help households with children reconcile family responsibilities and work, the government pays substantial financial assistance for childcare.

For a low-income family, i.e. with a family income of less than \$35 000, the Québec government assumes between 75% and 85% of the childcare rates depending on the type of childcare service.

Non-subsidized childcare service

In the case of a non-subsidized childcare service, the parents are entitled to tax assistance ranging from 75% to 26% of the rates in the form of the refundable tax credit for childcare expenses. The assistance can be paid monthly, in advance.

Subsidized childcare service

Subsidized childcare services are funded, on the one hand, by a government subsidy that can reach more than 85% for a low-income family and, on the other hand, by a contribution adjusted according to the parents' incomes, which ranges from \$7.55 to \$20.70 in 2016.

What is more, social assistance beneficiaries do not have to pay the additional contribution. They may benefit from an exemption from the payment of the basic contribution in respect of a maximum of two and a half days per week.

Tax assistance proportional to the parents' incomes

For illustrative purposes, the parents of a child attending a non-subsidized childcare service at \$35 a day will receive a maximum amount of \$26.25 of the tax credit for childcare expenses. The government therefore pays this amount and the parents pay \$8.75.

If the child attends a childcare centre, the parents will have to pay a contribution of \$7.55 if their family income is \$25 000. The government will then pay a subsidy of roughly \$47.74 to the childcare service for total funding of \$55.29.

Parental and government contributions to childcare services – 2016 (dollars)

Net income	Non-subsidized childcare service			Childcare centre		
	Parent	Government	Total	Parent	Government ⁽¹⁾	Total
25 000	8.75	26.25	35.00	7.55	47.74	55.29
50 000	12.95	22.05	35.00	7.55	47.74	55.29
75 000	14.00	21.00	35.00	8.25	47.04	55.29
100 000	15.05	19.95	35.00	11.88	43.41	55.29
150 000	23.10	11.90	35.00	19.38	35.91	55.29
200 000	25.90	9.10	35.00	20.70	34.59	55.29

(1) The average annual subsidy for a childcare centre.

For additional information on family assistance, including childcare services, please refer to Appendix 4.

Federal family assistance measures

The federal government offers families \$4.6 billion in annual financial assistance, which is integrated into the Québec income support program.

The following federal budget and tax measures seek to financially support families:

- the Canada Child Tax Benefit (CCTB);
- the Universal Child Care Benefit (UCCB);
- the Child Care Expenses Deduction.

Canada Child Tax Benefit

The CCTB is a non-taxable monthly benefit equivalent to Québec's child assistance payment. It comprises a basic benefit as well as the National Child Benefit Supplement (NCBS) and the Child Disability Benefit (CDB).

The basic CCTB benefit is determined by the number of children and family income. For 2016, the maximum amount of the financial assistance has been set at \$1 490 per child and a supplement is granted for the third child and subsequent children.

National Child Benefit Supplement

The NCBS is a benefit intended for low-income families. The amount of the financial assistance granted also depends on the number of children and family income. In 2016, the maximum assistance stands at \$2 309 for the first child.

Child Disability Benefit

The CDB offers families \$2 730 per handicapped child to acknowledge the additional costs that households must bear.

Universal Child Care Benefit

The UCCB is a taxable universal benefit to help families that seeks to strike a balance between work and family life and to support their childcare choices through direct financial support.

In 2016, the maximum benefit per child under 6 years of age stands at \$1 920, and \$720 for children 6 to 17 years of age.

Child Care Expenses Deduction

Childcare expenses paid to a subsidized or non-subsidized childcare service are eligible for deduction from the taxable income of the spouse with the lowest income. Since the deduction also affects the household's net income, the socio-fiscal transfers of certain households, such as the CCTB, can increase through the Child Care Expenses Deduction.

1.4 Work incentive measures

One of the key challenges that arises when an income support program is established resides in its ability to reconcile its objective of combating poverty and of encouraging the work incentive. It is, of course, important to offer Quebecers sufficient income to cover their basic needs but it is essential to promote long-term financial self-sufficiency and labour market integration.

In this respect, the income support program offers several tax measures aimed at enhancing the work incentive among Quebecers. The Québec government has paid more than \$1.2 billion annually through:

- the refundable tax credit attributing a work premium;
- the tax shield;
- the non-refundable tax credit for experienced workers;
- the deduction for workers.

Furthermore, the federal government pays Québec residents \$765 million in respect of the work incentive through:

- the Working Income Tax Benefit (WITB);
- the Canada employment amount.

TABLE 10

Employment incentive measures – 2015 (millions of dollars)

	Amount
Québec	
Work premium ^{(1),(2)}	344
Tax shelter ⁽²⁾	61
Non-refundable tax credit for experienced workers ⁽²⁾	100
Deduction for workers	716
Subtotal	1 221
Federal	
Working Income Tax Benefit	255
Canada employment amount	510
Subtotal	765
TOTAL	1 986

Note: The amounts for 2015 are projections based on the latest data available. The federal amounts are estimated by applying the proportion of Québec taxpayers to all the latest statistics from federal tax expenditures or benefit statistics.

- (1) Including the work premium adapted for individuals with severely limited capacity for employment and the supplement for long-term beneficiaries who get off last-resort financial assistance or the Alternative jeunesse program.
- (2) For illustrative purposes, the cost presented for 2015 takes into account the enhancements in Budget 2015-2016 and Budget 2016-2017 although the latter only come into force in 2016.

Employment incentive measures are necessary to promote financial self-sufficiency

Because of the accelerated aging of Québec's population, integration into the labour market must be of paramount concern in public policies.

The government has, therefore, introduced several measures to bolster the financial incentives offered to workers, in particular the work premium, the tax credit for experienced workers, and the tax shield. Such efforts are continuing through the enhancement of the three measures in Budget 2016-2017. The measures promote the work incentive by making the additional work effort more financially attractive.

High METRs can deter the work incentive

Additional work effort is usually accompanied by a reduction in government assistance and higher tax payable. This gradual tax levy, referred to as the marginal effective tax rate (METR), can in some situations exceed 60% of employment earnings. Accordingly, the household has available less than 40 cents of each dollar of work income.

This phenomenon is not new and occurs in most western nations that have implemented generous socio-fiscal transfer programs.

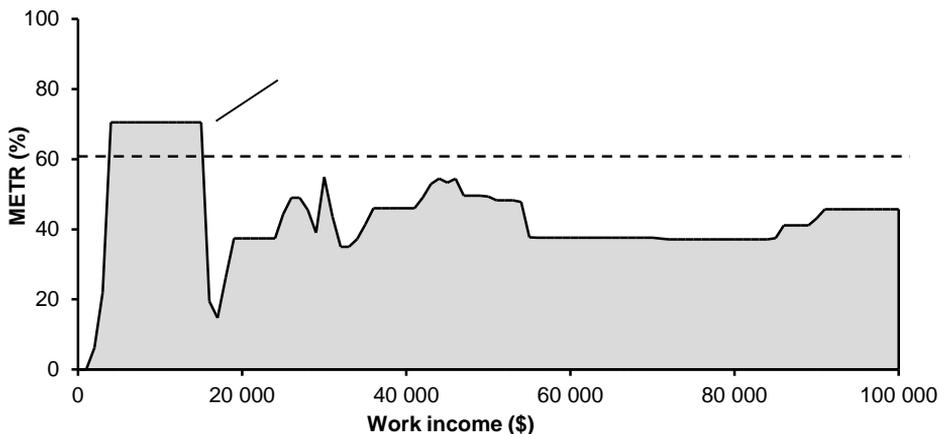
A phenomenon that affects only 5% of the population

Only 5.2% of the population is affected by an METR that exceeds 60%.

In this respect, Québec has adopted measures that seek to reduce the adverse impact of the METRs for part of the population, in particular:

- the work premium, which mitigates the reduction in last-resort financial assistance;
- the tax shield, which offsets the loss of certain socio-fiscal transfers in the wake of an increase in work income.

Illustration of the METRs for all provincial and federal tax measures for a childless couple and one work income – 2016



❑ Refundable tax credit attributing a work premium

The work premium has applied since January 1, 2005, and was implemented to promote the work effort and encourage individuals to get off the last-resort financial assistance program. This refundable tax credit comprises the general work premium, the adapted work premium for individuals with severely limited capacity for employment, and the supplement for long-term beneficiaries who get off last-resort financial assistance or the Alternative jeunesse program.

■ General work premium

The general work premium, intended for all individuals without severely limited capacity for employment, is a form of tax assistance linked to the work effort. It is designed in such a way that the maximum amount is reached at an income level starting at which a household that is able to work is no longer entitled to social assistance benefits.

Including the announcements in Budget 2016-2017:

- a single individual can receive a maximum amount of \$726 for 2016;
- the maximum allowance for a couple with children is \$3 148.

In order to target low-income workers, the allowance is then reduced to a 10% rate based on an income threshold that varies depending on the type of household.

For example, the work premium for a single individual increases by 9% according to work income earned up to a maximum income of \$10 464. The work premium is then reduced by 10% according to net income and an individual no longer benefits from it on income of \$17 722 or more.

In 2015, the general work premium reached 520 000 Québec households to encourage them to enter the labour market or increase their work income. It represents \$291 million in financial assistance.

TABLE 11

Parameters of the general work premium – 2016

(in dollars, unless otherwise indicated)

	Income excluded	Rate of increase	Maximum amount	Reduction point	Clawback rate	Cut-off threshold
Single individuals	2 400	9%	726	10 464	10%	17 722
Childless couples	3 600	9%	1 133	16 190	10%	27 521
Single-parent families	2 400	30%	2 419	10 464	10%	34 656
Couples with children	3 600	25%	3 148	16 190	10%	47 665

Enhancement of work premiums

Budget 2016-2017 makes provision to raise the rate of increase of the general work premium for childless households from 7% to 9% starting on January 1, 2016.

- The rate of increase of the adapted work premium for individuals with severely limited capacity for employment will rise from 9% to 11% in 2016 for childless households.

The enhancement of the work premium targets childless households since they have rates of increase below those of households with children.

- Indeed, the combined rates of the work premium and the federal Working Income Tax Benefit stand at 27.5% for childless households, compared with 33% or 42% for families.

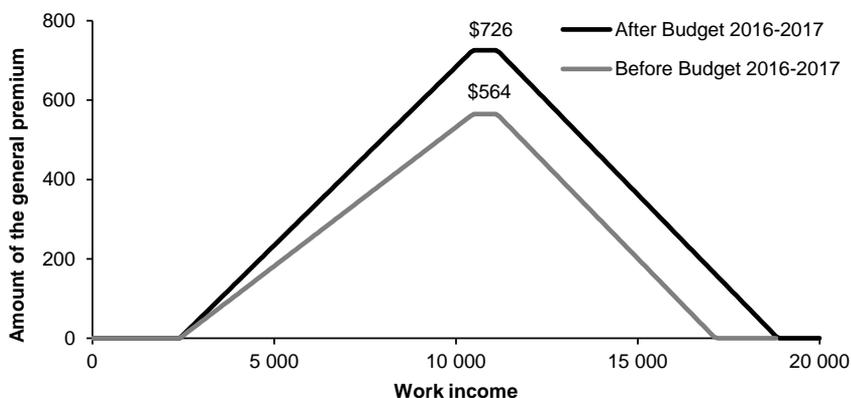
This enhancement increases the work premium for all childless households that benefit from the general and adapted work premiums and enables greater numbers of households to become eligible for tax assistance.

Accordingly, the maximum general work premium of a single individual will increase from \$564.48 to \$725.76, up \$161.28.

The enhancement will make available to some 326 000 childless households \$42 million in additional tax assistance starting in 2016.

Illustration of the enhancement of the general work premium for a single individual – 2016

(dollars)



■ Adapted work premium

Individuals with severe employment limitations benefit instead from a work premium adapted to their condition. The adapted work premium functions in a manner similar to the general work premium. However, the maximum allowance is adjusted to reflect the cut-off thresholds of the Social Solidarity Program.

Including the announcements in Budget 2016-2017:

- a single individual can benefit from a maximum annual allowance of \$1 338;
- for a couple with children, the allowance can reach \$3 649.

As is the case with the general work premium, the financial assistance is reduced according to family income to a rate of 10%.

In 2015, roughly 9 000 households benefited from the adapted work premium, which represents financial assistance of \$7 million.

■ Supplement to the work premium

A monthly supplement of \$200 is paid to individuals who return to the labour market after receiving last-resort financial assistance during at least 36 of the 42 preceding months.

In 2015 more than 4 000 taxpayers received a supplement totalling \$4 million.

Complementarity with the federal Working Income Tax Benefit

In Québec, the federal WITB has been modified to be combined with the work premium under the Québec program.

- 7.5 \$7 476
- The WITB increases simultaneously with the work premium and the two measures reach their maximum on the same income.
- The amounts of the WITB complement those of the work premium in order to offer generous assistance, regardless of the type of household.

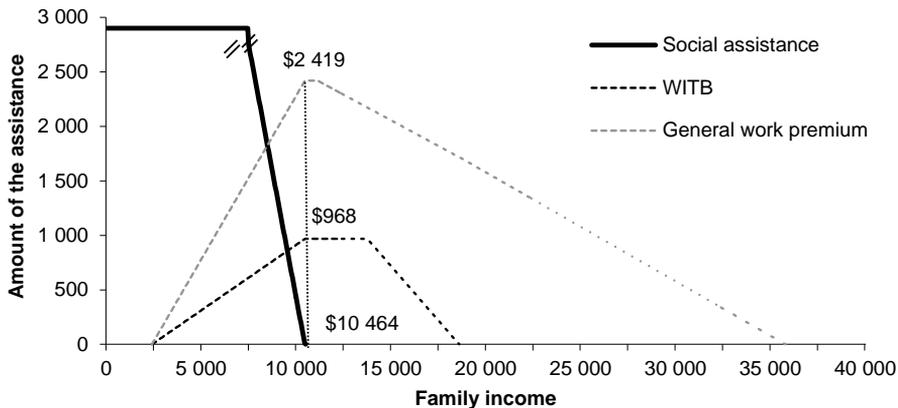
The combined effect of the work premium and the WITB offers substantial assistance to last-resort financial assistance beneficiaries who decide to integrate the labour market.

As an example, the social assistance benefit of a single-parent family will be reduced by one dollar for each dollar of work income earned.

- In return, such a family will receive \$0.42 from the work premium and the WITB for each dollar earned.
- At the social assistance cut-off threshold, i.e. \$10 464, a single-parent family will receive \$3 387, of which \$2 419 will come from the work premium and \$968 from the WITB.
- Accordingly, with a work income of \$10 464, the family will have an income of \$13 851.

Illustration of the complementarity between the general work premium and the federal Working Income Tax Benefit for a single-parent family with a child 7 years of age – 2016

(dollars)



❑ Tax shield

The government implemented the tax shield, in force since January 1, 2016, in Budget 2015-2016 in response to the recommendations of the Québec Taxation Review Committee.

The tax shield is an employment incentive measure that seeks to enable households to increase their disposable income through additional work effort. It protects households against a reduction in their socio-fiscal transfers linked to the work premium and the refundable tax credit for childcare expenses.

Accordingly, a household that increases its work income in relation to the preceding year can take advantage of additional financial assistance.

The tax shield is determined by recalculating the socio-fiscal transfers concerned according to family income reduced by an amount equivalent to 75% of the lesser of the following amounts:

- the increase in work income;
- the increase in the household's net family income;
- an amount of \$3 000 per worker (a maximum amount of \$6 000 for a couple).

Accordingly, a couple with one child attending a non-subsidized childcare service whose work income increases from \$40 000 to \$55 000 over three consecutive years would receive total assistance of \$1 617.

It is estimated that the tax shield will protect nearly 400 000 households against a decrease in their socio-fiscal transfers of \$61 million.

TABLE 12

Tax shield for a couple⁽¹⁾ whose work income increases from \$40 000 to \$55 000 over three years
(dollars)

	2016	2017	2018	Total
Increase in work income	6 000	5 000	4 000	15 000
Compensation linked to the work premium	450	357	—	807
Compensation linked to the refundable tax credit for childcare expenses	270	270	270	810
TOTAL TAX ASSISTANCE UNDER THE TAX SHIELD	720	627	270	1 617

(1) A couple with a child 3 years of age attending a non-subsidized childcare service and two equal incomes.

For illustrative purposes, the tax shield for a couple with one child reduces the METR that lies in the income field between \$20 000 and \$60 000. Accordingly, couples whose incomes lie in this field are encouraged to work more since part of their socio-fiscal transfers are protected.

CHART 7

Impact of the tax shield on the METRs of a couple with one child 3 years of age – 2016



The tax shield and the additional contribution for childcare expenses

The tax shield seeks to protect the loss of socio-fiscal transfers following an increase in a household's income. In addition to applying to a reduction in the work premium, it limits the reduction of the rate of the refundable tax credit for childcare expenses.

The tax shield does not apply in respect of the additional contribution for childcare expenses, which is determined based on income that differs from the income used to establish the rate of the refundable tax credit for childcare expenses.

Income from the previous year determines the additional contribution

The additional contribution is established according to net income from the previous year such that it can be recognized in federal taxation for the same taxation year as the additional contribution.

- For 2015, the additional contribution will be calculated according to family income in 2014.
- Without such an approach, a household could not claim from the federal government the childcare expenses stemming from its additional contribution paid in respect of 2015 on its 2015 federal income tax return.

Since the additional contribution is calculated on income from the previous year, an increase in income in the year under way has no immediate impact on the additional contribution. Such impact will be felt solely the following year if the child continues to attend a reduced-contribution childcare service.

As for the rate of the refundable tax credit for childcare expenses, it is established according to income for the year under way that is declared on the income tax return. The tax shield will thus mitigate the possible impact of the increase in income on the tax credit rate.

The Québec Parental Insurance Plan

In addition to tax measures to help families, Québec has established the Québec Parental Insurance Plan, an earnings-replacement program that offers maternity and paternity benefits, parental allowances and adoption allowances for new Québec parents.

To be entitled to the taxable benefits, the parents must have contributed to the plan through contributions based on their work income. For example, the contribution rate on their income is 0.548% for a wage earner, i.e. 54.8 cents per \$100 of work income.

Key parameters of the Québec Parental Insurance Plan – 2016

Maximum insurable earnings	\$71 500
Contribution rate on work income	
Wage earners	0.548%
Employers	0.767%
Self-employed workers	0.973%

New parents must choose between two types of benefits, i.e. the basic plan or the special plan.

The basic plan

The basic plan covers 18 weeks of maternity benefits and five weeks of paternity benefits, which are equivalent to 70% of the insurable income.

The plan also includes shareable parental benefits lasting seven weeks at 70% of income and 25 weeks at 55% of income.

The special plan

The special plan covers 15 weeks of maternity benefits, three weeks of paternity benefits and 25 weeks that are shareable between the spouses. Regardless of the type of benefits, they are equivalent to 75% of insurable income.

Illustration

For example, at the time of birth of a couple's first child, each spouse has an income of \$50 000, a weekly wage of \$962. Having opted for the basic plan, the couple is entitled to benefits totalling \$33 415 for 55 weeks:

- 30 weeks at 70% of their income, i.e. \$673 per week;
- 25 weeks at 55% of their income, i.e. \$529 per week.

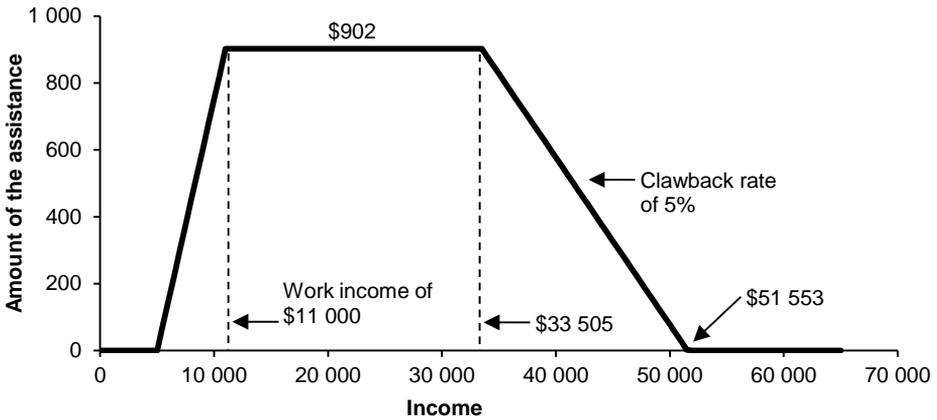
❑ Tax credit for experienced workers

Individuals 64 years of age or over who remain on the labour market, i.e. experienced workers, benefit from a tax credit that allows them to eliminate the tax they would have had to pay on a portion of their work income, i.e. a rate of 15.04%. The maximum eligible work income depends on the experienced worker's age.

For example, for a worker 65 years of age in 2016, the maximum amount of \$902 will be reached on income of \$11 000. The worker will benefit from this amount up to income of \$33 505, beyond which the assistance granted will gradually decline. A worker no longer receives tax assistance on income of \$51 553.

CHART 8

Illustration of the tax credit for an experienced worker 65 years of age – 2016 (dollars)



To encourage greater numbers of experienced workers to remain for as long as possible on the labour market, the tax credit for experienced workers has been enhanced in recent years.

For example, a worker 64 years of age in 2016 will be entitled to a tax credit with a maximum value of \$602 and a worker 65 years of age will be entitled to a maximum tax credit of \$902.

Bearing in mind the latest enhancement adopted in Budget 2016-2017, the assistance has been broadened to make individuals 62 years of age eligible starting in 2018. In the wake of the enhancements announced, more than 232 000 experienced workers will be encouraged to remain on the labour market.

TABLE 13

Surplus work income eligible for the tax credit for experienced workers, by age and taxation year
(dollars)

	Gradual enhancement			
	2015	2016	2017	2018
62 years	—	—	—	4 000
63 years	—	—	4 000	6 000
64 years	—	4 000	6 000	8 000
65 years of age or over	4 000	6 000	8 000	10 000

Federal work incentive measures

Like Québec, the federal government offers tax measures to foster the work incentive:

- the Working Income Tax Benefit;
- the Canada employment amount.

Working Income Tax Benefit

The Working Income Tax Benefit seeks to offer tax relief to low-income workers who are already on the labour market and to encourage other Canadians to enter the labour market.

Canada employment amount

All workers, except self-employed workers, can request the Canada employment amount, a non-refundable tax credit that takes into account the costs that employees assume, such as the cost of home computers, uniforms and supplies.

For 2016, workers can benefit from an amount of \$1 161.

1.5 The outcome is a plan geared to the financial situation of households

The Québec income support program comprises several facets, including core financial support, family assistance and employment incentive measures. The components combined form a coherent whole that ensures financial support linked to growth in household income and promotes labour force participation. Accordingly:

- certain measures, such as the work premium or the tax shield, mitigate the reduction in benefits stemming from an increase in work income;
- the reduction points of certain measures apply to different incomes to avoid overly reducing financial support;
- the Québec taxation system ensures complementarity with the federal taxation system, in particular in respect of the amounts of the WITB that are added to the work premium to offer generous assistance, regardless of the type of household.

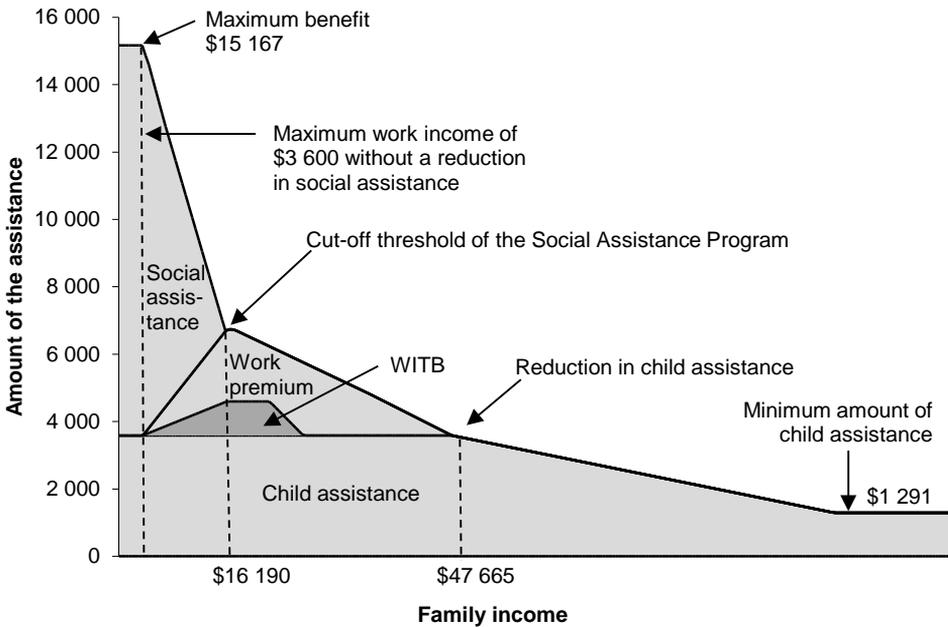
For illustrative purposes, when a couple with two children reaches work income of more than \$3 600, its social assistance decreases by one dollar for each dollar of work income earned. However, it receives with the work premium and the WITB \$0.33 for each dollar earned up to a maximum of \$4 155, which corresponds to the income level at which the couple is no longer eligible for social assistance.

- When the couple reaches the social assistance cut-off threshold of \$16 190, it also receives the maximum amount of the work premium and the WITB, i.e. \$3 148 and \$1 007, respectively.
- On an income of \$47 665, the couple is no longer entitled to the work premium and child assistance is reduced. Accordingly, the two measures are never reduced simultaneously.

CHART 9

Integration between the Social Assistance Program, the Working Income Tax Benefit, the general work premium and child assistance for a couple with two children – 2016

(dollars)



❑ Support linked to changes in household income

The financial assistance offered under the Québec income support program is adjusted over time to household income. The assistance granted is more generous when household income is low and gradually diminishes as income rises.

For example, a couple with two children and no work income receives financial assistance of roughly \$30 000.⁴

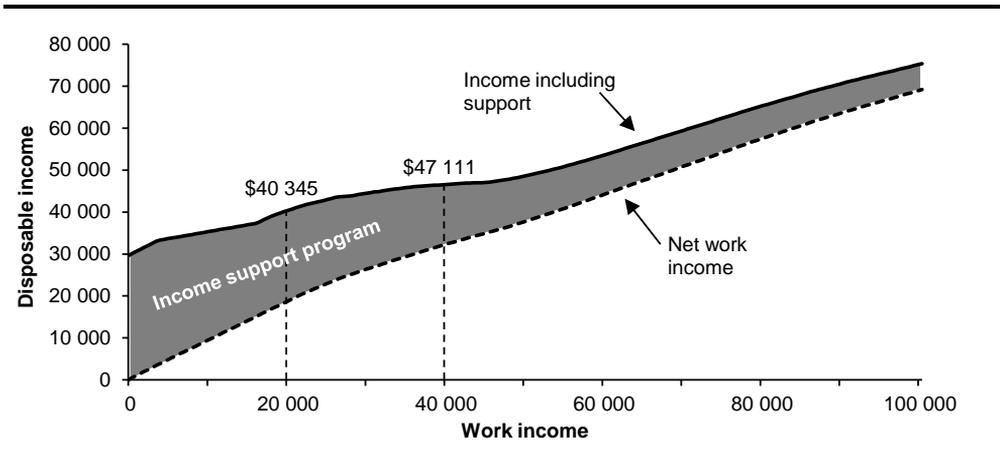
In cases where one spouse earns work income of:

- \$20 000, the couple benefits from financial assistance of more than \$20 000, which brings its disposable income to \$40 345;
- \$40 000, the couple benefits from financial assistance of roughly \$14 000 and has a disposable income of \$47 111.

CHART 10

Illustration of the income support program for a couple with two children and one income – 2016

(dollars)



⁴ In Québec, the median after-tax income for all types of households stood at \$47 400 in 2013.

2. A BASIC INCOME FOR ALL HOUSEHOLDS

The financial assistance granted by the income support program is generous. It provides Québec households with a basic income, even if members of the household are not employed.

— For 2016, a couple with two children and no work income is receiving nearly \$30 000, and a single-parent family with one child, nearly \$21 000.

The assistance for childless households is also generous.

— A childless couple that does not work receives more than \$13 000 in transfers and a person living alone receives nearly \$10 000.

Accordingly, the assistance granted by the income support program enables all Québec households to benefit from a minimum income.

The tables on the following pages present in detail the assistance granted by income level and type of household considered in the analysis.

2.1 Income support for households with children

☐ Couples with children

The Québec income support program, of which the family policy is a core element, enables couples with children to benefit from substantial disposable income, even if they are not employed. What is more, they have the possibility of significantly increasing their income through the work effort.

For example, a couple with no income and two young children is receiving financial assistance totalling nearly \$30 000 in 2016, roughly half of it from family assistance.

— If the couple earns \$10 000 in work income, its disposable income will rise to \$35 306.

— If instead it earns \$20 000 in work income, its disposable income will increase to \$40 345.

TABLE 14

Disposable income for a couple with two children and one income – 2016 (dollars)

Work income	Income support measures			Total	Tax burden ⁽⁴⁾	Amount	% of income	Disposable income
	Core financial support ⁽¹⁾	Family assistance ⁽²⁾	Work incentive ⁽³⁾					
—	14 837	14 757	—	29 594	—	29 594	—	29 594
5 000	13 620	14 757	462	28 839	-183	28 656	573.1%	33 656
10 000	8 990	14 757	2 112	25 859	-553	25 306	253.1%	35 306
15 000	4 360	14 757	3 762	22 879	-923	21 956	146.4%	36 956
20 000	3 257	14 757	3 623	21 637	-1 292	20 345	101.7%	40 345
25 000	2 867	14 757	2 380	20 004	-2 046	17 958	71.8%	42 958
30 000	2 297	13 919	1 880	18 095	-3 609	14 486	48.3%	44 486
35 000	2 275	12 769	1 380	16 423	-5 409	11 014	31.5%	46 014

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

(1) Including the last-resort financial assistance programs, the shelter allowance, the STC and the refundable GST tax credit.

(2) Including child assistance, the UCCB, the CCTB and the NCBS.

(3) Including the general work premium and the WITB.

(4) Including federal and provincial taxes, the health contribution and employment insurance (EI), Québec Parental Insurance Plan (QPIP) and Québec Pension Plan (QPP) contributions.

❑ Single-parent families

Like a couple with children, a single-parent family may have disposable income without having to rely on work income.

A parent with a young child can receive nearly \$21 000 in financial assistance when the parent has no work income, nearly \$9 000 of which comes from family assistance.

— Accordingly, if the individual earns \$10 000 in work income, disposable income will stand at \$25 162.

— If the person earns \$20 000, disposable income will stand at \$30 035.

TABLE 15

Disposable income for a single-parent family with one child – 2016 (dollars)

Work income	Income support measures			Total	Tax burden ⁽⁴⁾	Amount	% of income	Disposable income
	Core financial support ⁽¹⁾	Family assistance ⁽²⁾	Work incentive ⁽³⁾					
—	11 793	8 950	—	20 743	—	20 743	—	20 743
5 000	9 376	8 950	1 004	19 330	-722	18 608	372.2%	23 608
10 000	4 746	8 950	3 097	16 793	-1 631	15 162	151.6%	25 162
15 000	2 733	8 950	3 023	14 706	-2 540	12 166	81.1%	27 166
20 000	2 733	8 950	2 546	14 229	-4 194	10 035	50.2%	30 035
25 000	2 215	8 950	1 079	12 244	-5 557	6 687	26.7%	31 687
30 000	1 773	8 950	579	11 302	-6 777	4 525	15.1%	34 525
35 000	1 751	8 871	79	10 701	-8 259	2 442	7.0%	37 442

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

(1) Including the last-resort financial assistance programs, the shelter allowance, the STC and the refundable GST tax credit.

(2) Including child assistance, the UCCB, the CCTB and the NCBS.

(3) Including the general work premium and the WITB.

(4) Including federal and provincial taxes, the health contribution, EI, QPIP and QPP contributions, and the net cost of non-regulated childcare at \$35 per day.

2.2 Income support for childless households

□ Childless couples

Income support for childless couples takes into account the more limited family responsibilities that they assume.

Accordingly, a childless couple with no work income can have \$13 355 in disposable income. Moreover:

- if the couple has work income of \$10 000, its disposable income will reach \$18 843;
- if the couple's work income is instead \$20 000, its disposable income will rise to \$23 635.

TABLE 16

Disposable income for a childless couple with one income – 2016 (dollars)

Work income	Income support measures				Tax burden ⁽⁴⁾	Amount	% of income	Disposable income
	Core financial support ⁽¹⁾	Family assistance ⁽²⁾	Work incentive ⁽³⁾	Total				
—	13 355	—	—	13 355	—	13 355	—	13 355
5 000	12 138	—	413	12 551	-183	12 368	247.4%	17 368
10 000	7 508	—	1 888	9 396	-553	8 843	88.4%	18 843
15 000	2 878	—	3 363	6 241	-923	5 318	35.5%	20 318
20 000	1 775	—	3 152	4 927	-1 292	3 635	18.2%	23 635
25 000	1 775	—	1 652	3 427	-1 662	1 765	7.1%	26 765
30 000	1 775	—	287	2 062	-2 565	-503	-1.7%	29 497
35 000	1 753	—	—	1 753	-4 314	-2 561	-7.3%	32 439

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

(1) Including the last-resort financial assistance programs, the shelter allowance, the STC and the refundable GST tax credit.

(2) Including child assistance, the UCCB, the CCTB and the NCBS.

(3) Including the general work premium and the WITB.

(4) Including federal and provincial taxes, the health contribution and EI, QPIP and QPP contributions.

❑ Persons living alone

Persons living alone who are unemployed can have disposable income of \$9 192.

— If they earn \$10 000 in work income, their disposable income will stand at \$13 873.

— If such individuals earn \$20 000 in work income, they will have a disposable income of \$18 942.

TABLE 17

Disposable income for a person living alone – 2016 (dollars)

Work income	Income support measures				Tax burden ⁽⁴⁾	Amount	% of income	Disposable income
	Core financial support ⁽¹⁾	Family assistance ⁽²⁾	Work incentive ⁽³⁾	Total				
—	9 192	—	—	9 192	—	9 192	—	9 192
5 000	6 807	—	767	7 574	-183	7 391	147.8%	12 391
10 000	2 184	—	2 242	4 426	-553	3 873	38.7%	13 873
15 000	1 357	—	1 429	2 786	-1 103	1 683	11.2%	16 683
20 000	1 381	—	67	1 448	-2 506	-1 058	-5.3%	18 942
25 000	1 381	—	—	1 381	-4 291	-2 910	-11.6%	22 090
30 000	1 381	—	—	1 381	-6 040	-4 659	-15.5%	25 341
35 000	1 359	—	—	1 359	-7 801	-6 442	-18.4%	28 558

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

(1) Including the last-resort financial assistance program, the shelter allowance, the STC and the refundable GST tax credit.

(2) Including child assistance, the UCCB, the CCTB and the NCBS.

(3) Including the general work premium and the WITB.

(4) Including federal and provincial taxes, the health contribution and EI, QPIP and QPP contributions.

2.3 A support program that encourages the work effort

The income support program pursues two key objectives:

- provide the most disadvantaged households and low-income households with a basic income;
- promote the work incentive.

From the standpoint of the first objective, the plan enables all Quebecers to benefit from core financial support, in particular through last-resort financial assistance, thereby providing them with a minimum income even if they do not have any other source of income.

As for the second objective, the core financial support offered by the income support program must provide an incentive to obtain sufficient income while maintaining the financial gain linked to labour force participation. This objective of the plan is fundamental bearing in mind that employment is one of the best levers to combat poverty and social exclusion.

This section of the document therefore presents the level of financial support granted to the four main types of households according to the number of hours worked and the manner in which the support rounds out work income and, indeed, encourages households to participate in the labour market.

❑ Households with children

The Québec program grants income support to households with children to enable them to satisfy their needs and those of their children. Accordingly, such households benefit from basic income even if neither spouse is employed.

— For illustrative purposes, a couple with two children benefits from disposable income of nearly \$30 000 and a single-parent family with one child, nearly \$21 000.

What is more, it should be noted that by integrating the labour market, even partially, such families can greatly increase their income while continuing to benefit from significant financial support. For example:

- if one spouse works 30 hours per week at the minimum wage, which is equivalent to the number of hours needed to get off social assistance, the household will have income of \$37 885 including income support of \$18 014, i.e. \$8 291 more than if the spouse did not work. If the spouse works 35 hours, the couple will benefit from a financial gain of nearly \$10 500;
- the parent in a single-parent family working 20 hours a week will benefit from an income of \$25 228 including support of \$16 219, i.e. nearly \$4 500 more than if the parent did not work. The additional income will reach \$9 049 if the person works 35 hours.

CHART 11

Couple with two children in which only one spouse works at the minimum wage⁽¹⁾ – 2016

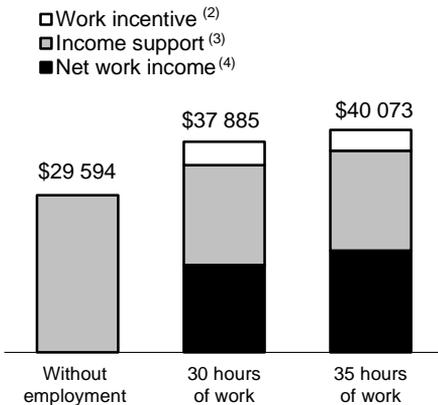
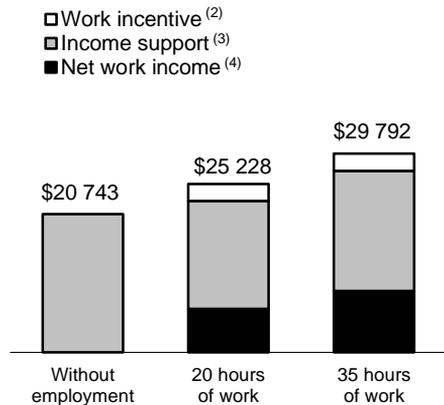


CHART 12

Single-parent family with one child in which the parent is working at the minimum wage⁽¹⁾ – 2016



Note: The social assistance cut-off threshold is usually reached at an income equivalent to roughly 20 hours of work for a single-parent family and 30 hours for a couple with children.

(1) Based on a minimum wage rate of \$10.75 over a full year following the announcement of the increase effective May 1, 2016.

(2) Includes the WITB and the general work premium.

(3) Includes the CCTB, the NCBS, the UCCB, the child assistance program, the refundable GST tax credit, social assistance, the shelter allowance, the tax credit for childcare expenses and the refundable tax credit for medical expenses.

(4) Net work income is equivalent to work income less taxes and the required contributions payable.

❑ Childless households

Childless households also benefit from core financial support to satisfy their needs, which are less extensive since they do not have to assume the financial expenses that children engender.

Accordingly, a childless couple in which neither spouse is employed has a basic income of \$13 355, while an unemployed person living alone obtains assistance that totals \$9 192.

As is true in other households, childless couples and persons living alone can increase their incomes through labour market participation and nonetheless benefit from government support. Accordingly:

- a childless couple in which only one spouse works 30 hours per week at the minimum wage, which is equivalent to the number of hours needed to get off social assistance, will have an income of \$21 206 including income support of \$1 775, i.e. \$7 851 more than if the spouse did not work. If the spouse decides instead to work 35 hours, the household will benefit from a financial gain of \$10 007;
- as for a person living alone, 20 hours of work at the minimum wage will generate disposable income of \$14 195 that includes support of \$1 281, i.e. \$5 003 more than if the person was not employed. The additional income will reach \$9 569 if the person works 35 hours.

CHART 13

Childless couple with one income at the minimum wage⁽¹⁾ – 2016

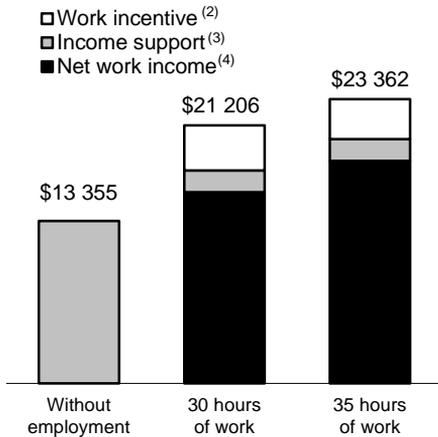
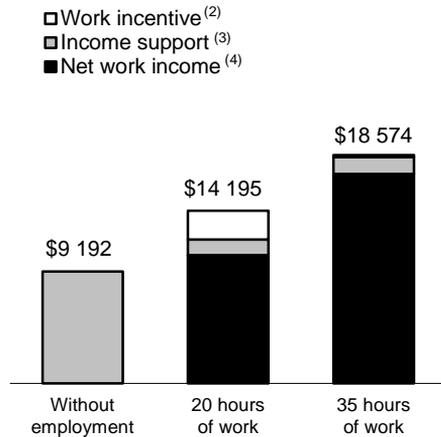


CHART 14

Person living alone working at the minimum wage⁽¹⁾ – 2016



Note: The social assistance cut-off threshold is usually reached at an income equivalent to roughly 20 hours of work for a person living alone and 30 hours for a couple.

- (1) Based on a minimum wage rate of \$10.75 over a full year following the announcement of the increase effective May 1, 2016.
- (2) Includes the WITB and the general work premium.
- (3) Includes the refundable GST tax credit, social assistance, the shelter allowance and the refundable tax credit for medical expenses.
- (4) Net work income is equivalent to work income less taxes and the required contributions payable.

3. CONVINCING RESULTS

Québec's income support program sets it apart from the standpoint of fairness and social justice. Investments in this respect have borne fruit and the results obtained show an improvement in the situation of low-income individuals and a reduction in income inequality.

This section presents the low-income rates observed in the Canadian provinces in 2013. Moreover, it sets out changes in income inequality in Québec and compares current results with those observed elsewhere in Canada and in the member countries of the Organisation for Economic Co-operation and Development (OECD).

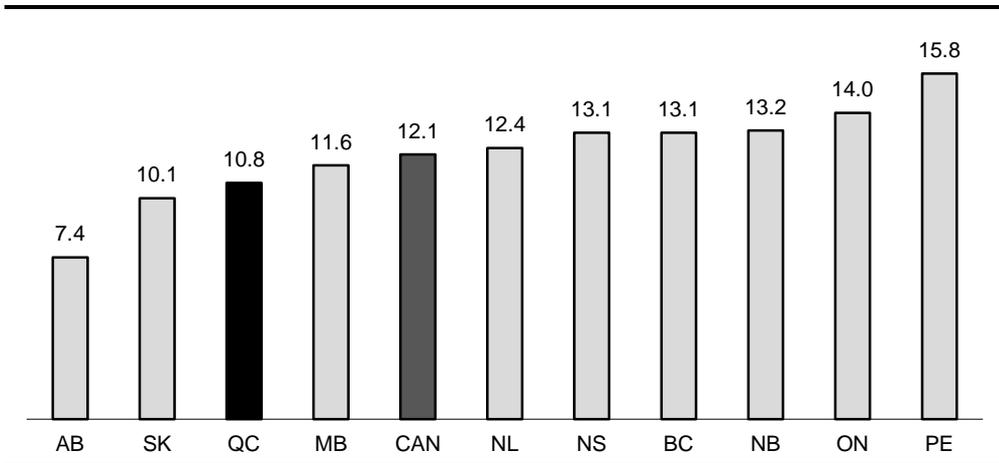
3.1 Québec's low-income rate is lower than in Canada overall

A comparison of Québec's low-income rate with that of each of the other Canadian provinces reveals that Québec has one of the lowest low-income rates.

Indeed, in 2013, Québec ranked third among the Canadian provinces. In the same year, the proportion of Quebecers living under the low-income cutoff, according to the Market Basket Measure (MBM), stood at 10.8%, as against 12.1% in Canada.

CHART 15

Low-income rate established by the MBM indicator in the Canadian provinces – All individuals – 2013
(per cent)



Source: Statistics Canada.

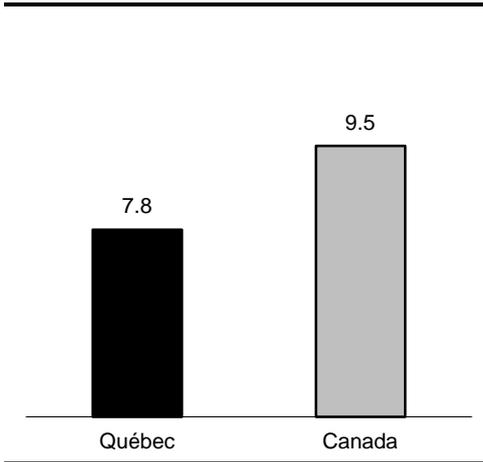
3.2 Lower low-income rates in Québec

The latest data available show that Québec's low-income rate was lower in 2013 than in Canada overall. Accordingly:

- the low-income rate for economic families⁵ is estimated at 7.8% in Québec, compared with 9.5% in Canada, a 1.7-percentage-point gap in favour of Québec families;
- the low-income rate stands at 25.0% in Québec for single individuals,⁶ as against 27.1% in Canada, a 2.1-percentage-point advantage in favour of Québec.

CHART 16

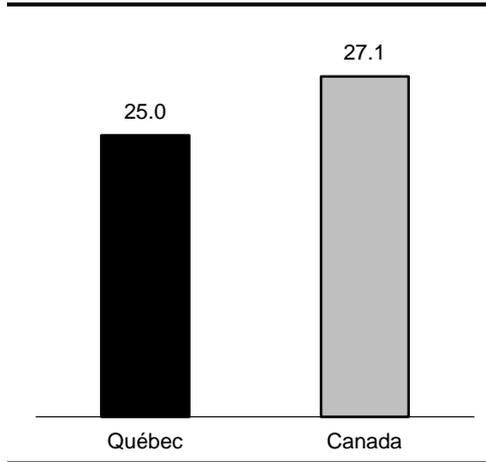
Low-income rate according to the MBM measure – Economic families – 2013
(per cent)



Source: Statistics Canada.

CHART 17

Low-income rate according to the MBM measure – Single individuals – 2013
(per cent)



Source: Statistics Canada.

⁵ An economic family is defined as a group of two or more people sharing a dwelling unit and related by blood, marriage or adoption or who are living in a spousal partnership. It should be noted that Statistics Canada deems single individuals to be outside an economic family.

⁶ A person outside an economic family.

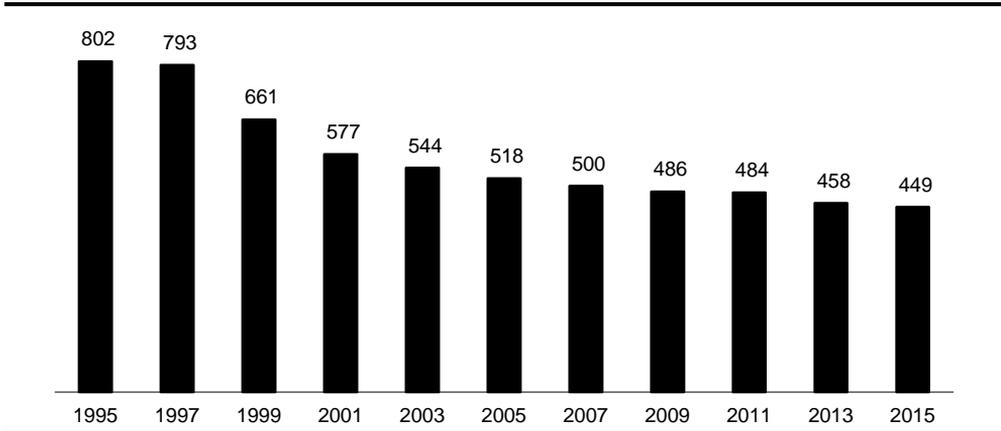
3.3 The number of last-resort financial assistance beneficiaries has declined since the 1990s

It is also possible to grasp the impact of the Québec income support program on the extent of poverty and the work incentive by observing changes in the number of last-resort financial assistance program beneficiaries.

Since 1995, the number of such beneficiaries has steadily declined. Indeed, it fell from 802 000 in March 1995 to 449 000 in March 2015, a significant 44% decrease.

CHART 18

Change in the number of last-resort financial assistance beneficiaries⁽¹⁾
(in thousands)



Note: Beneficiaries comprise all members of the household including children under 18 years of age.

(1) In March of the year.

Source: Ministère du Travail, de l'Emploi et de la Solidarité sociale.

In relation to the population under 65 years of age, the last-resort financial assistance dependency ratio fell from 12.6% in 1995 to 6.6% in 2015.

TABLE 18

Comparison between the number of last-resort financial assistance beneficiaries and the population under 65 years of age – 1995 to 2015
(thousands and per cent)

	1995	1997	1999	2001	2003	2005	2007	2009	2011	2013	2015
Last-resort financial assistance beneficiaries ⁽¹⁾	802	793	661	577	544	518	500	486	484	458	449
Population under 65 years of age	6 367	6 385	6 399	6 435	6 493	6 550	6 600	6 674	6 752	6 799	6 811
Ratio (%)	12.6	12.4	10.3	9.0	8.4	7.9	7.6	7.3	7.2	6.7	6.6

(1) In March of the year.

Sources: Ministère du Travail, de l'Emploi et de la Solidarité sociale and Statistics Canada.

3.4 Income is more fairly distributed in Québec than elsewhere in Canada

Different indicators can be used to assess the outcomes of the income support program as regards income inequality, in particular the Gini coefficient and the ratio of the incomes of the richest and poorest households.

An analysis based on either indicator reveals that wealth is better distributed in Québec than in any other region of Canada, based on after-tax income,⁷ which means that redistribution measures are effective in combating inequality. Accordingly, in 2013:

- the value of the Gini coefficient in Québec was lower than that of all other regions of Canada;
- the ratio of the incomes of the richest and poorest households is the lowest in all regions of Canada.

TABLE 19

Income inequality indicators in Canada⁽¹⁾ – 2013 (number)

Region	Rank ⁽²⁾	Gini coefficient (%)	Ratio of the incomes of the richest and the poorest households
Québec	1	29.2	3.9
Atlantic Provinces	2	29.9	4.0
Prairie Provinces	3	31.6	4.5
Canada	4	31.9	4.5
British Columbia	5	32.0	4.7
Ontario	6	32.8	4.8

Note: After-tax income has been used to calculate the indicators.

(1) Lower results mean less inequality.

(2) The rank is determined between Québec, Canada and the regions of Canada based on after-tax income.

Source: Statistics Canada.

⁷ After-tax income corresponds to overall market income and government transfers, less income tax. Market income mainly comprises employment and investment income.

Income inequality indicators

The Gini coefficient

The Gini coefficient measures the dispersion of a distribution in a given population. When applied to an income variable, such as the total income of individuals after government transfers, taxes and compulsory social contributions, it allows for a measure of income inequality in the total population.

- Essentially, in respect of personal income, the Gini coefficient reflects the ratio between the cumulated proportion of the population, arranged according to income level, and the cumulated proportion of the income that it receives.

The value of the Gini coefficient falls between zero and one. The higher the value of the coefficient, the greater the inequality in the distribution of the variable considered, and vice versa.

Accordingly, for the distribution of income among individuals, the coefficient would be:

- zero, in the case of a population in which each household receives exactly the same income, which represents perfect income equality;
- one, if one household received all income, which represents perfect income inequality.

The ratio of the income of the richest and poorest households

The ratio of the income of the richest and poorest individuals can be used to assess the redistribution of wealth among individuals.

Data on income are often presented in groups of 10% of households or individuals, organized by income, commonly called deciles.

- The first decile thus separates the 10% of households that earn the least from the remaining 90% of households. The first decile is often indicated D1.
- The top decile is measured by the 10th decile (D10), which separates the 10% of households that earn the most from the remaining 90% of households.

The D9/D1 interdecile ratio is the ratio of the minimum income level of the richest 10% of households (also the maximum income of the 9th decile [D9]) and the maximum income of the poorest 10% of households (D1).

- The ratio measures how many times the more the richest households receive than the poorest households.
- The change in the ratio over time represents increases in the income of the richest 10% of households in relation to changes in the income of the poorest 10% of households.

Income inequality indicators (continued)

Several indicators are widely used to measure inequality in income distribution in a society. Such indicators are based on certain concepts, whose meaning it is important to note.

After-tax income and transfers

Household income is defined as the total income of all members of a household, after redistribution, i.e. after account has been taken of transfers and the payment of direct taxes.

In Canada, the definition of income generally used to determine the extent of inequality is that provided by Statistics Canada's *Survey of Labour and Income Dynamics* (SLID) for years prior to 2011 and the *Canadian Income Survey* (CIS) for the years 2012 and 2013.

Data from the SLID have been revised for the years 2006 to 2011, which allows for SLID and CIS data to be compared.

The standard of living of households

The standard of living of a household corresponds to its after-tax income, adjusted according to its composition (adjusted income). By nature, each member of a given household has the same standard of living.

- A three-member household taking advantage of an income three times greater than that of a person living alone will have a better standard of living because of the economies of scale stemming from the pooling of certain goods. For this reason, it is not directly the number of persons in a household that is used to calculate the standard of living but an equivalence scale.

The scale now used, in particular by the Organisation for Economic Co-operation and Development (OECD) and by Statistics Canada, is the square root of the number of members of the household. The standard of living is thus the household disposable income divided by the square root of the size of the household.

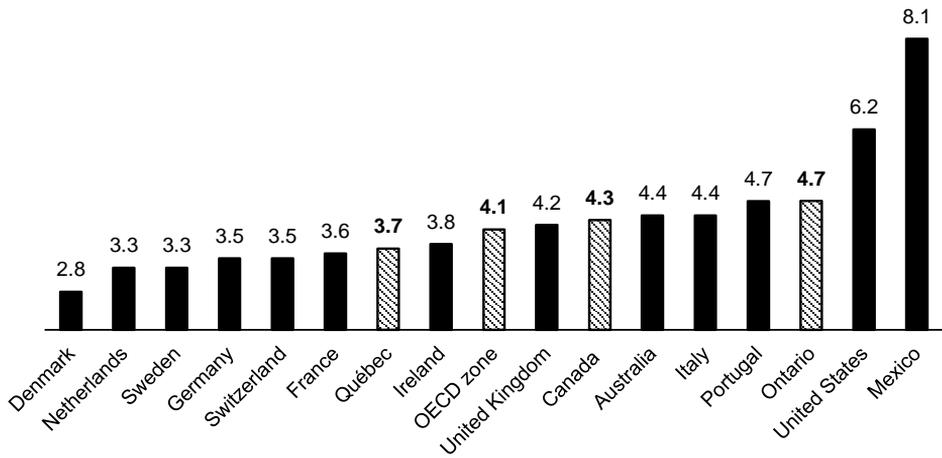
3.5 Income inequality in Québec is below the average for the OECD countries

Based on OECD data on income distribution, the Ministère des Finances estimates that in 2012 in the OECD zone, the after-tax income and transfers of households in the richest 10% of the population were 4.1 times higher than those of the poorest 10% (interdecile ratio).

— Québec stands out favourably once again since its interdecile ratio of 3.7 falls within the average of the OECD countries.

CHART 19

Income of the richest households as a proportion of the income of the poorest households, Québec and certain OECD member countries – 2012



Sources: Organization for Economic Co-operation and Development, Statistics Canada for Canadian data, and Ministère des Finances du Québec.

CONCLUSION

The income support program for individuals established in recent decades makes Québec one of the fairest, most equitable societies.

We must now ensure that the income support program elaborated over the years is adapted to the new economic and demographic challenges confronting Québec that are accompanied by new employment prospects, which show that we must promote even broader labour market participation by as many Quebecers as possible.

Of course, any change must seek to enhance the current system's flexibility by offering households a basic income while recognizing their specific situations, promoting labour market integration and enabling all Quebecers to contribute to our collective prosperity.

APPENDIX 1: CORE FINANCIAL SUPPORT MEASURES

TABLE 20

Core financial support measures – 2016

Measure	Description	Key parameters
QUÉBEC PROGRAM		
Last-resort financial assistance	<ul style="list-style-type: none"> – The twofold program seeks to combat poverty and social exclusion through social solidarity (households with limited capacity for employment) and social assistance (households without limited capacity for employment). – Persons living alone without employment limitations are entitled to a monthly increase that will rise from \$40 to \$50 starting in 2017. 	Social assistance of \$7 956 for a person living alone without employment limitations or \$11 364 for a person with severe limitations.
Refundable solidarity tax credit (STC)	<ul style="list-style-type: none"> – Support measure for low- or middle-income households that seeks to mitigate expenses related to the QST, housing and the higher cost of living in Northern villages. – The benefit is reduced for each dollar that exceeds \$33 685. The clawback rate varies according to the components requested (3% or 6%). 	Maximum benefit for a single individual of \$966 or \$2 630 if the person lives in a Northern village.
Shelter Allowance Program	<ul style="list-style-type: none"> – The program financially supports individuals 50 years of age or over and families with children that devote a significant portion of their budget to housing. – The allowance depends on the number of persons, the type of household, family income and the rent. 	The monthly allowance can reach \$960 per year.
FEDERAL PROGRAM		
Old Age Security (OAS) pension	<ul style="list-style-type: none"> – The OAS pension is a monthly taxable benefit offered to Canadians 65 years of age or over who have lived in Canada for at least 10 years after the age of 18. 	Maximum monthly benefit of \$571, reduced by 15% beyond a certain income threshold.
Guaranteed Income Supplement (GIS)	<ul style="list-style-type: none"> – The non-taxable monthly benefit offered to OAS pension beneficiaries with low incomes is determined according to the household's situation and family income. – The program also includes the allowance for people aged 60 to 64, a spouse's allowance offered to the spouse of a GIS beneficiary and the allowance for the survivor offered to low-income individuals whose spouse has died. 	Maximum monthly benefit of \$774 for a single person or a widow(er) 65 years of age or over.
Refundable GST tax credit	<ul style="list-style-type: none"> – The non-taxable quarterly payment helps low- or middle-income individuals and families recover in whole or in part the GST/HST that they pay. – The benefit depends on the number of persons in the household and is reduced beyond an income of \$35 926 at a 5% rate. 	Benefit of \$276 per adult. Benefit of \$145 per dependant. Increase of \$276 for a single-parent family. Increase of \$145 for a single individual.

APPENDIX 2: FAMILY ASSISTANCE MEASURES

TABLE 21

Family assistance measures – 2016

Measure	Description	Key parameters
QUÉBEC PROGRAM		
Child assistance program	<ul style="list-style-type: none"> The amount depends on the number of children and household income and is reduced by 4% for each dollar of net family income that exceeds a certain threshold, which differs according to the type of household. Supplement for handicapped children of \$2 268. 	<ul style="list-style-type: none"> \$2 392 for the first child. \$1 195 for the second and third children. \$1 793 for the fourth child and subsequent children.
Refundable tax credit for childcare expenses	<ul style="list-style-type: none"> The refundable tax credit for childcare expenses enables parents to offset part of the childcare expenses paid in order to enhance work-family balance. Provision is made for anticipated payments to ensure that families have cash resources. 	The rate varies from 75% to 26% depending on family income beyond income of \$34 800.
Reduced-contribution childcare services program	<ul style="list-style-type: none"> Regulated childcare services offer reduced-contribution spaces for children under 5 years of age subsidized by the government. Since April 22, 2015, the childcare rate comprises a basic contribution and an additional contribution adjusted according to family income payable with the income tax return. 	Basic daily rate: <ul style="list-style-type: none"> is \$7.55 up to \$50 545; is \$8.25 up to \$75 820; reaches \$20.70 starting at \$158 820.
FEDERAL PROGRAM		
Canada Child Tax Benefit (CCTB) ⁽¹⁾	<ul style="list-style-type: none"> Non-taxable monthly benefit similar to the child assistance program determined according to the number and age of the children and family income. It includes a supplement for handicapped children of \$2 730 per child, reduced beyond income of \$45 282 at a rate that depends on the number of children. 	<ul style="list-style-type: none"> Basic benefit of \$1 490. Supplement of \$104 for the third child and subsequent children. Reducible by 2% or 4% starting at \$45 282.
National Child Benefit Supplement (NCBS) ⁽¹⁾	<ul style="list-style-type: none"> Supplement intended for low-income families determined according to the number of children and family income. Unlike the CCTB, the NCBS is reduced at a lower income (\$26 356) and at higher rates that can reach 33%. 	<ul style="list-style-type: none"> \$2 309 for the first child. \$2 041 for the second child. \$1 943 for the third child and subsequent children.
Universal Child Care Benefit (UCCB) ⁽¹⁾	<ul style="list-style-type: none"> Universal taxable benefit to help Canadian families seeking to reconcile work and family life. Since January 1, 2015, the UCCB has been enhanced for children under 6 years of age and now includes children between 6 and 17 years of age. 	<ul style="list-style-type: none"> Benefit of \$1 920 for a child under 6 years of age. Benefit of \$720 for a child between 6 and 17 years of age.
Child Care Expenses Deduction	<ul style="list-style-type: none"> Childcare expenses paid to a subsidized or non-subsidized childcare service are eligible for deduction from the income of the spouse with the lowest income. 	Maximum amount: <ul style="list-style-type: none"> \$8 000 for a child under 7 years of age; \$5 000 for a child 7 years of age or over; \$11 000 for a handicapped child.

(1) Federal benefits will eventually be replaced by the Canada Child Benefit (CCB).

APPENDIX 3: EMPLOYMENT INCENTIVE MEASURES

TABLE 22

Employment incentive measures – 2016

Measure	Description	Key parameters
QUÉBEC PROGRAM		
Work premium	<ul style="list-style-type: none"> – The work premium applies a rate of increase to work income that exceeds excluded income and is subsequently reduced by 10% according to net family income. – The work premium is integrated into last-resort assistance. – An adult with employment limitations can benefit from the adapted work premium whose maximum benefit ranges from \$1 338.26 to \$3 648.80. 	Maximum benefit: <ul style="list-style-type: none"> – \$725.76 for an adult; – \$1 133.10 for two adults; – \$2 419.20 for one adult with children; – \$3 147.50 for two adults with children.
Tax shield	<ul style="list-style-type: none"> – Applicable starting in 2016, this measure seeks to protect workers who increase their labour supply against a significant loss in respect of the work premium and the tax credit for childcare expenses. 	Recovery of the loss of certain tax benefits following an increase in the first \$3 000 (maximum of \$6 000 for a couple) in work income earned.
Tax credit for experienced workers	<ul style="list-style-type: none"> – This employment incentive measure eliminates the tax that workers would have had to pay on a portion of their income. – It was enhanced in Budget 2015-2016 and Budget 2016-2017 by allowing workers 62 years of age or over to benefit from the measure by enhancing the eligible income. – The maximum assistance is reducible at a threshold of \$33 505 at a rate of 5%. 	Maximum amount: <ul style="list-style-type: none"> – \$6 000 for a worker 65 years of age or over; – \$4 000 for a worker 64 years of age.
Deduction for workers	<ul style="list-style-type: none"> – This deduction acknowledges that a portion of work income must be devoted to expenses inherent in it. 	The amount of the deduction is 6% of work income, to a maximum of \$1 130.
FEDERAL PROGRAM		
Working Income Tax Benefit (WITB)	<ul style="list-style-type: none"> – Like the work premium, the WITB seeks to encourage low-income Canadians to enter the labour market. – The WITB applies a rate of increase to work income that exceeds excluded income and is subsequently reduced by 20% beyond a certain threshold. 	The maximum benefit ranges from \$968 to \$2 581 depending on the type of household. A \$530 supplement for each person with a disability.
Canada employment amount	<ul style="list-style-type: none"> – This non-refundable tax credit is the federal equivalent of the Québec deduction for workers. 	Maximum amount of \$1 161.

APPENDIX 4: CHILDCARE ASSISTANCE

TABLE 23

Couple with two equal incomes and one child attending a non-subsidized childcare service – 2016 (dollars)

	Federal					Québec		
	Child Care Expenses Deduction	CCTB	NCBS	UCCB ⁽¹⁾	Total	Child assistance	Childcare assistance ⁽²⁾	Total
15 000	—	1 490	2 309	1 920	5 719	2 392	6 750	9 142
25 000	22	1 490	2 309	1 920	5 741	2 392	6 750	9 142
50 000	1 002	1 490	400	1 680	4 572	2 389	5 760	8 149
75 000	1 002	1 056	—	1 680	3 737	1 389	5 400	6 789
100 000	1 369	556	—	1 591	3 516	671	5 130	5 801
125 000	1 369	56	—	1 591	3 016	671	5 130	5 801
150 000	1 369	—	—	1 591	2 961	671	3 420	4 091
175 000	1 369	—	—	1 591	2 961	671	2 340	3 011
200 000	1 737	—	—	1 503	3 240	671	2 340	3 011

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

(1) The UCCB net of federal and provincial tax.

(2) Value of the tax credit for childcare expenses calculated on a daily cost of \$35.

TABLE 24

Couple with two equal incomes and one child 3 years of age attending a childcare centre – 2016 (dollars)

	Federal					Québec		
	Child Care Expenses Deduction	CCTB	NCBS	UCCB ⁽¹⁾	Total	Child assistance	Childcare assistance ⁽²⁾	Total
15 000	—	1 490	2 309	1 920	5 719	2 392	12 412	14 804
25 000	22	1 490	2 309	1 920	5 741	2 392	12 412	14 804
50 000	246	1 435	—	1 680	3 360	2 389	12 412	14 801
75 000	269	939	—	1 680	2 887	1 389	12 230	13 619
100 000	514	456	—	1 591	2 561	671	11 375	12 046
125 000	680	—	—	1 591	2 272	671	10 400	11 071
150 000	847	—	—	1 591	2 439	671	9 425	10 096
175 000	921	—	—	1 591	2 513	671	8 993	9 664
200 000	1 168	—	—	1 503	2 672	671	8 993	9 664

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

(1) The UCCB net of federal and provincial tax.

(2) The government pays an average subsidy of \$47.74 per day to a childcare centre. However, the subsidy is reduced by the same amount as the additional contribution for childcare paid by the parents.

TABLE 25

Single-parent family with one child attending a non-subsidized childcare service – 2016
(dollars)

	Federal					Québec		
	Child Care Expenses Deduction	CCTB	NCBS	UCCB ⁽¹⁾	Total	Child assistance	Childcare assistance ⁽²⁾	Total
15 000	—	1 490	2 309	1 920	5 719	3 231	6 750	9 981
25 000	144	1 490	2 309	1 920	5 863	3 231	6 750	9 981
50 000	1 219	1 490	400	1 680	4 789	2 662	5 760	8 422
75 000	1 369	1 056	—	1 680	4 105	1 662	5 400	7 062
100 000	1 737	556	—	1 680	3 972	1 006	5 130	6 136
125 000	1 737	56	—	1 680	3 472	1 006	5 130	6 136
150 000	1 937	—	—	1 680	3 617	1 006	3 240	4 246
175 000	1 937	—	—	1 680	3 617	1 006	2 340	3 346
200 000	1 937	—	—	1 680	3 617	1 006	2 340	3 346

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

(1) The UCCB net of federal and provincial tax.

(2) Value of the tax credit for childcare expenses calculated on a daily cost of \$35.

TABLE 26

Single-parent family with one child 3 years of age attending a childcare centre – 2016
(dollars)

	Federal					Québec		
	Child Care Expenses Deduction	CCTB	NCBS	UCCB ⁽¹⁾	Total	Child assistance	Childcare assistance ⁽²⁾	Total
15 000	—	1 490	2 309	1 920	5 719	3 231	12 412	15 643
25 000	144	1 490	2 309	1 920	5 863	3 231	12 412	15 643
50 000	336	1 435	—	1 680	3 450	2 662	12 412	15 075
75 000	367	939	—	1 680	2 985	1 662	12 230	13 893
100 000	661	457	—	1 680	2 797	1 006	11 331	12 337
125 000	873	—	—	1 680	2 552	1 006	10 356	11 362
150 000	1 209	—	—	1 680	2 889	1 006	9 381	10 387
175 000	1 303	—	—	1 680	2 983	1 006	8 993	9 999
200 000	1 303	—	—	1 680	2 983	1 006	8 993	9 999

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

(1) The UCCB net of federal and provincial tax.

(2) The government pays an average subsidy of \$47.74 per day to a childcare centre. However, the subsidy is reduced by the same amount as the additional contribution for childcare paid by the parents.

APPENDIX 5: INCOME SUPPORT DEPENDING ON THE TYPE OF HOUSEHOLD

TABLE 27

Income support for a couple with two children and one income – 2016 (dollars)

	Core financial support					Family assistance					Work incentive			Fiscal burden				Disposable income
	Québec			Federal		Québec ⁽¹⁾	Federal				Québec	Federal		Québec tax	Federal tax	Other	Sub-total	
	LRA	SA	STC	GST	Sub-total	CA	UCCB	CCTB	NCBS	Sub-total	WP	WITB	Sub-total					
—	11 580	960	1 455	842	14 837	3 587	3 840	2 980	4 350	14 757	—	—	—	—	—	—	—	29 594
5 000	10 363	960	1 455	842	13 620	3 587	3 840	2 980	4 350	14 757	350	112	462	—	—	-183	-183	33 656
10 000	5 733	960	1 455	842	8 990	3 587	3 840	2 980	4 350	14 757	1 600	512	2 112	—	—	-553	-553	35 306
15 000	1 103	960	1 455	842	4 360	3 587	3 840	2 980	4 350	14 757	2 850	912	3 762	—	—	-923	-923	36 956
20 000	—	960	1 455	842	3 257	3 587	3 840	2 980	4 350	14 757	2 880	744	3 623	—	—	-1 292	-1 292	40 345
25 000	—	570	1 455	842	2 867	3 587	3 840	2 980	4 350	14 757	2 380	—	2 380	—	-384	-1 662	-2 046	42 958
30 000	—	—	1 455	842	2 297	3 587	3 840	2 980	3 512	13 919	1 880	—	1 880	-614	-964	-2 032	-3 609	44 486
35 000	—	—	1 433	842	2 275	3 587	3 840	2 980	2 362	12 769	1 380	—	1 380	-1 414	-1 544	-2 451	-5 409	46 014

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

LRA: last-resort assistance

SA: shelter allowance

STC: refundable solidarity tax credit

GST: refundable GST tax credit

CA: child assistance

UCCB: Universal Child Care Benefit

CCTB: Canada Child Tax Benefit

NCBS: National Child Benefit Supplement

WP: general work premium

WITB: Working Income Tax Benefit

Other: The health contribution and EI, QPIP and QPP contributions.

(1) Excluding childcare support, i.e. the tax credit for childcare expenses or the reduced-contribution childcare services program.

TABLE 28

Income support for a single-parent family with one child – 2016 (dollars)

	Core financial support					Family assistance					Work incentive			Fiscal burden				Disposable income
	Québec			Federal		Québec		Federal			Québec	Federal		Québec tax	Federal tax	Other	Sub-total	
	LRA	SA	STC	GST	Sub-total	CA	UCCB	CCTB	NCBS	Sub-total	WP	WITB	Sub-total					
—	9 060	960	1 076	697	11 793	3 231	1 920	1 490	2 309	8 950	—	—	—	—	—	—	—	20 743
5 000	6 643	960	1 076	697	9 376	3 231	1 920	1 490	2 309	8 950	692	312	1 004	—	—	-722	-722	23 608
10 000	2 013	960	1 076	697	4 746	3 231	1 920	1 490	2 309	8 950	2 185	912	3 097	—	—	-1 631	-1 631	25 162
15 000	—	960	1 076	697	2 733	3 231	1 920	1 490	2 309	8 950	2 056	968	3 023	—	—	-2 540	-2 540	27 166
20 000	—	960	1 076	697	2 733	3 231	1 920	1 490	2 309	8 950	1 579	968	2 546	-745	—	-3 449	-4 194	30 035
25 000	—	442	1 076	697	2 215	3 231	1 920	1 490	2 309	8 950	1 079	—	1 079	-1 545	—	-4 012	-5 557	31 687
30 000	—	—	1 076	697	1 773	3 231	1 920	1 490	2 309	8 950	579	—	579	-2 345	—	-4 432	-6 777	34 525
35 000	—	—	1 054	697	1 751	3 231	1 920	1 490	2 230	8 871	79	—	79	-3 156	-302	-4 801	-8 259	37 442

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

LRA: last-resort assistance

SA: shelter allowance

STC: refundable solidarity tax credit

GST: refundable GST tax credit

CA: child assistance

UCCB: Universal Child Care Benefit

CCTB: Canada Child Tax Benefit

NCBS: National Child Benefit Supplement

WP: general work premium

WITB: Working Income Tax Benefit

Other: The health contribution, EI, QPIP and QPP contributions, and the net cost of \$35-a-day non-subsidized childcare service.

TABLE 29

Income support for a childless couple with one income – 2016
(dollars)

	Core financial support					Work incentive			Fiscal burden				Disposable income
	Québec			Federal	Sub-total	Québec	Federal	Sub-total	Québec tax	Federal tax	Other	Sub-total	
	LRA	SA	STC	GST		WP	WITB						
—	11 580	—	1 223	552	13 355	—	—	—	—	—	—	—	13 355
5 000	10 363	—	1 223	552	12 138	126	287	413	—	—	-183	-183	17 368
10 000	5 733	—	1 223	552	7 508	576	1 312	1 888	—	—	-553	-553	18 843
15 000	1 103	—	1 223	552	2 878	1 026	2 337	3 363	—	—	-923	-923	20 318
20 000	—	—	1 223	552	1 775	865	2 287	3 152	—	—	-1 292	-1 292	23 635
25 000	—	—	1 223	552	1 775	365	1 287	1 652	—	—	-1 662	-1 662	26 765
30 000	—	—	1 223	552	1 775	—	287	287	—	-483	-2 082	-2 565	29 497
35 000	—	—	1 201	552	1 753	—	—	—	-799	-1 063	-2 451	-4 314	32 439

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

LRA: last-resort assistance

SA: shelter allowance

STC: refundable solidarity tax credit

GST: refundable GST tax credit

WP: general work premium

WITB: Working Income Tax Benefit

Other: The health contribution and EI, QPIP and QPP contributions.

TABLE 30

Income support for a person living alone – 2016 (dollars)

	Core financial support					Work incentive			Fiscal burden				Disposable income	
	Québec			Federal	Sub-total	Québec		Federal	Sub-total	Québec tax	Federal tax	Other		Sub-total
	LRA	SA	STC	GST		WP	WITB							
—	7 956	—	960	276	9 192	—	—	—	—	—	—	—	—	9 192
5 000	5 539	—	960	308	6 807	234	533	767	—	—	-183	-183	12 391	
10 000	909	—	960	315	2 184	684	1 558	2 242	—	—	-553	-553	13 873	
15 000	—	—	960	397	1 357	362	1 067	1 429	—	-181	-923	-1 103	16 683	
20 000	—	—	960	421	1 381	—	67	67	-438	-761	-1 307	-2 506	18 942	
25 000	—	—	960	421	1 381	—	—	—	-1 238	-1 341	-1 712	-4 291	22 090	
30 000	—	—	960	421	1 381	—	—	—	-2 038	-1 921	-2 082	-6 040	25 341	
35 000	—	—	938	421	1 359	—	—	—	-2 849	-2 500	-2 451	-7 801	28 558	

Note: The amounts have been rounded off and the totals may not correspond to those indicated.

LRA: last-resort assistance

SA: shelter allowance

STC: refundable solidarity tax credit

GST: refundable GST tax credit

WP: general work premium

WITB: Working Income Tax Benefit

Other: The health contribution and EI, QPIP and QPP contributions.

APPENDIX 6: OTHER MEASURES FOR QUÉBEC HOUSEHOLDS

Aside from the income support measures presented in this document, the government is contributing to Quebecers' betterment through numerous other tax or budget measures, in particular:

- the Public Prescription Drug Insurance Plan;
- student aid;
- access to justice through legal aid;
- the refundable tax credit for home-support services for seniors;
- the refundable medical expense tax credit.

These measures alone represent additional support of nearly \$4 billion, in addition to the \$11 billion already granted under the income support program.

TABLE 31

Other budget and tax measures

(millions of dollars)

	2015
Québec Public Prescription Drug Insurance Plan ⁽¹⁾	2 517
Student aid ⁽²⁾	844
Access to justice through legal aid ⁽³⁾	68
Refundable tax credit for home support for seniors	396
Refundable medical expense tax credit	55
TOTAL	3 880

(1) Forecast for 2015-2016 presented in the 2013-2014 to 2015-2016 Health Accounts.

(2) The amount corresponds to the appropriations allocated in 2015-2016 to the Ministère de l'Éducation et de l'Enseignement supérieur for the student aid program, as presented in the 2015-2016 Expenditure Budget of the secretariat of the Conseil du trésor.

(3) The amount corresponds to the appropriations allocated in 2015-2016 as presented in the 2015-2016 Expenditure Budget of the secretariat of the Conseil du trésor.

Sources: *Tax Expenditures* – 2015 edition of the Ministère des Finances and 2015-2016 Expenditure Budget of the secretariat of the Conseil du trésor.

