

CENSUS 2020: GOVERNMENT TRANSFERS TO ALBERTANS

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On July 13, 2022, Statistics Canada released Census 2020 data related to income (Statistics Canada 2022). In this piece, we examine trends in income poverty and government transfers in Alberta.

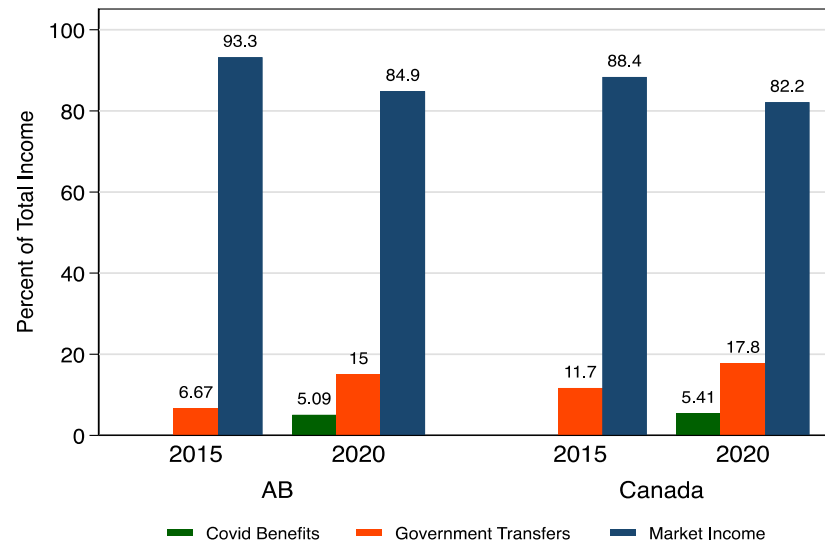
According to Census data, between 2015 and 2020, the low-income poverty rate decreased just over 5%, from 9.7% to 9.2% (based on the LIM-AT measure of low income; Statistics Canada Table 98-10-0103-01). While this decrease may seem small, it is significant given the economic conditions experienced in Alberta between these two dates. Notably, while in 2015 Alberta was the province/territory with the lowest rate of income poverty in Canada, Alberta has since contended with a lengthy oil crash that began in 2015 along with the COVID pandemic, both of which had significant long-term negative impacts on employment.

One contributor to the decline in the poverty rate (or, at least, not an increasing poverty rate) may be, in part, government transfers. Figure 1 shows the change in composition of total income. In 2015, 93.3% of Albertan’s income came from market income (e.g., wages, salaries, self-employment, investment income, private retirement income) and 6.7% came from government transfers (e.g., the EI, CPP, the Canada Child Benefit, social assistance, worker’s compensation, and other refundable tax credits). In 2020, only 85% of Albertan’s income came from market income whereas 15% came from government transfers (including COVID-related benefits).

In 2020, more Albertans received government transfers and, for those that did receive a transfer, the average amount of government transfers increased compared to 2015. In 2015, 56% of Albertans received a government transfer (either federal or provincial) of an average of \$7,760. In 2020, 84% of Albertans received a government transfer with the average amount increasing to \$10,440. In fact, for all sources of government transfers, be it federal or provincial, the aggregate amount distributed to Albertans and the average amount received by Albertans increased between 2015 and 2020 (with the exception of Employment Insurance—which was replaced by COVID benefits like the CERB—and the Canada Workers Benefit—likely due to the fact that less low-income persons had paid employment, an eligibility requirement of the Canada Workers Benefit).

A large driver of this increase in benefits was the pandemic and the introduction of COVID-related benefits. In 2020, 62% of Albertans received a COVID-related benefit of an average amount of \$4,748. Figure 1 shows that in 2020, 5% of Albertan’s total income (or about 1/3 of government transfers) came from COVID-related benefits.

FIGURE 1: INCOME SOURCE AS A PERCENT OF TOTAL INCOME



Source: Census 2020, Statistics Canada, Table 98-10-0068-01 & Table 98-10-0093-01

Despite the increased reliance on government transfers, Figure 1 shows that Albertans continue to receive less government transfers as a percentage of their total income relative to the Canadian average. This is because Albertans continue to receive a higher percentage of their total income from market income relative to the Canadian average. However, while Albertans do receive less government transfers than the Canadian average, the gap is shrinking.

Whether or not this trend of increasing reliance on government transfers in Alberta will continue is unknown. However, it does suggest that government transfers have played a stabilizing role, especially for low-income persons, during a period of economic turmoil in Alberta. It is worthwhile for Albertan politicians to reflect on this, especially as discussions turn to consideration of a new fiscal deal or, more concerningly, Alberta sovereignty.

AUTHOR NOTES

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