

Increase to the Canada Workers Benefit Tax Credit

Issue

Alberta is experiencing labour shortages in different industry sectors which are adversely impacting businesses and the overall economy by limiting operations and growth. The federal government should increase Canada's Worker Benefit Tax Credit and the provincial government should implement an Alberta tax credit to encourage lower-income individuals in the workforce.

Background

Alberta is experiencing labour shortages across a variety of different industry sectors. In 2023 Q3, Alberta had a 4.1% Job Vacancy rate with the highest level of job vacancy in accommodation and food services (8.3%) and construction (6.7%). Individuals who are not currently present in the workforce could be further incentivized by increasing Canada's Worker Benefit Tax Credit and implementing an Alberta tax credit that would cover more of the expenses incurred to go to work.

The Canadian government explains that "The Canada Workers Benefit is a refundable tax credit to help people and families who are working and earning a low income. It is a sizeable tax refund for workers"¹. However, the maximum tax credit provided to individuals making between \$32,244 (single Canadians without children) is \$1,400 and \$56,197 (double-earner families) is \$2,400. These amounts should be increased to reflect the rising costs that individuals are facing.

Alberta has a younger median age (38.9) than across Canada (41.7)² and should have a significantly lower rate of job vacancy than other provinces, but this is unfortunately not the case. Many in Alberta struggle to manage current expenses and would benefit from an incentive to stay in the workforce.

The Government of Alberta does not have a provincial Workers Benefit Tax Credit. Alberta had an annual inflation rate of 3.55% in 2023³ and the rising cost of living has made it difficult for lower-income individuals to continue working. Alberta businesses would certainly see gains from a tax benefit provided directly to workers that helps make life more affordable and encourage engagement in the workforce. The province should support lower-income workers to get and stay employed and should encourage the federal government to increase the tax benefit available to workers.

The Alberta Living Wage Report⁴ defines the living wage as, "the hourly wage a worker needs to earn to cover their basic expenses and participate in their community". The focus on contribution through work and participation in the community should be promoted and supported. The report notes that shelter costs are the driving force behind rising costs and that the shelter crisis is a main reason Albertans are seeing such rising living wages. The Provincial Government⁵ recorded growth

¹ The Government of Canada. 2021. [Government expands Canada Workers Benefit to support one million more Canadians | Deputy Prime Minister of Canada](#)

² Statistics Canada. 2021. [Analysis: Population by age and sex \(statcan.gc.ca\)](#)

³ Inflation Calculator. 2023. [2023 CPI and Inflation Rates for Alberta | Inflation Calculator](#)

⁴ Alberta Living Wage Report. 2023. [Copy of Alberta Living Wage Report \(squarespace.com\)](#)

⁵ The Government of Alberta. 2023. [Current provincial population estimates | Alberta.ca](#)

of 194,000 people (4.3%) from October 2022 to October 2023. This is the highest annual growth rate recorded since 1980. While the increased population could be a benefit to the workforce, support for those attaining employment and filling job vacancies should be a central focus to ensure continued contribution to Alberta communities and the economy.

Alberta's widespread labor shortages pose a significant challenge to businesses and the province's overall economic growth. Addressing this issue requires a dual approach: enhancing the Canada Workers Benefit to better reflect the rising costs faced by individuals and implementing a dedicated Alberta tax credit to alleviate the financial burden of work-related expenses. As the province experiences rapid population growth, supporting lower-income workers and incentivizing workforce engagement is paramount to fostering continued contribution to Alberta communities and a thriving economy. Collaborative efforts are needed between the provincial and federal governments to bolster worker benefits, creating a more sustainable and inclusive labour landscape in Alberta.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Remove barriers for individuals to enter the workforce to help alleviate the current labour shortage crisis by:
 - a. Implementing an annual earnings Workers Benefit exemption to address the rising cost of living in Alberta.

The Alberta Chambers of Commerce recommends the Government of Canada:

1. Remove barriers for individuals entering the workforce to help alleviate the current labour shortage crisis by:
 - a. Increasing the current annual earnings exemption limit to address the rising cost of living in Canada.