

WELFARE INCOMES 1994

**A Report by the
National Council of Welfare**

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TABLE OF CONTENTS

List of Tables	i
Foreword	ii
What is Welfare?	1
Eligibility	1
Rates of Assistance	8
Basic Social Assistance	10
a. largest municipal area	10
b. two-tier welfare systems	11
c. employability of recipients	11
d. accommodation	12
e. rate changes	13
Special Assistance	14
Child Tax Benefit	14
Provincial Child Benefits	15
GST Credit	15
Provincial Tax Credits	16
Adequacy of Benefits	25
Welfare and Average Incomes	29
Provincial and Territorial Benefits Over Time	32
Earnings Exemptions	37
Conclusion	45

LIST OF TABLES

1. Liquid Asset Exemption Levels as of January 1994	3
2. Estimated Welfare Income, By Type of Household and Province, 1994	17
3. Adequacy of Benefits, 1994	27
4. Welfare Incomes as a Percentage of Average Incomes, By Family Type and Province, 1994	30
5. Provincial and Territorial Welfare Benefits in 1994 Constant Dollars	34
6. Monthly Earnings Exemption Levels as of January 1994	39
Estimated Number of People on Welfare by Province and Territory	46

FOREWORD

This report is the seventh of its kind by the National Council of Welfare. It estimates welfare incomes for the year 1994 for four types of households: a single employable person, a single person with a disability, a single-parent family with a child aged two, and a two-parent family with two children aged ten and 15. Similar estimates were published in Welfare in Canada: The Tangled Safety Net and previous versions of Welfare Incomes for the years 1989 through 1993.

The National Council of Welfare is grateful to officials of provincial and territorial governments for taking the time to review the factual material in this report and previous reports. A special thanks goes to Gilles Séguin of the Social Policy Branch of the Strategic Policy Group of Human Resources Development Canada for his assistance and insights over the years.

All seven reports show that welfare incomes in all parts of Canada fall well below the poverty line. They also represent only a small fraction of average incomes. Yet five provinces actually reduced welfare rates for all or some categories of recipients in 1993 or 1994. The impact is shown clearly in this edition of Welfare Incomes, even though some of the cuts were not in effect for the entire 1994 calendar year.

There are almost certain to be further reductions in welfare rates in the months ahead because of changes in provincial government policies and cuts in transfer payments to the provinces from the federal government.

Since 1966, the federal government has paid a share of the cost of welfare and social services under the terms of the Canada Assistance Plan. As of April 1, 1996, cost-sharing under the Canada Assistance Plan will give way to a form of "block funding" known as the Canada Health and Social Transfer that will cover medicare and post-secondary education as well as welfare and social services. Ottawa plans to reduce its support for these programs collectively by 9.4 percent in the 1996-97 fiscal year and by a further 6.7 percent in 1997-98.

Cuts in federal support are certain to increase the pressure on provincial and territorial governments to hold the line on welfare rates or roll back current rates.



What is Welfare?

Social assistance or welfare is the income program of last resort in Canada. It provides financial assistance to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

Welfare is paid under the terms of the Canada Assistance Plan, an arrangement that allows the cost to be shared by the federal government and the provinces and territories. Although people talk about welfare as a single entity, there are really 12 welfare systems in Canada - one in each province and territory. Some would say there are hundreds of welfare systems, because of the leeway allowed to municipalities which run welfare programs in Nova Scotia, Ontario and Manitoba.

Despite the fact that each of the 12 main welfare systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts recipients are allowed to keep from outside earnings, and the way in which applicants and recipients may question decisions regarding their cases.

Eligibility

Eligibility for welfare is based on some general rules, on a determination of fixed and liquid assets, and on a shortfall in household income as measured by a "needs test."

Applicants must qualify for assistance on the basis of rules which vary widely throughout the country. For example, applicants must be of a certain age (usually between 18 and 65). Full-time students of post-secondary educational institutions may qualify for assistance in some provinces only if they meet specified conditions. In other provinces, they cannot apply for assistance without leaving their studies. Single parents must try to secure any court-ordered maintenance support to which they are entitled. Individuals who are disabled require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Applicants also must meet requirements concerning their fixed and liquid assets. The value of their non-exempt assets cannot exceed certain levels. Otherwise, applicants are considered to be self-reliant or potentially self-reliant because they can convert their fixed assets into liquid assets.

Rules vary regarding the treatment of fixed assets. In most provinces, a principal residence and personal effects such as furniture and clothing are considered exempt. Most provinces exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt.

The limits on liquid assets (cash, bonds and securities that are readily convertible to cash, and the cash value of life insurance in some provinces) are shown in Table 1 that follows. The amounts vary by household size and employability.

Provinces and territories set their own maximum allowable liquid assets. If they want to qualify for cost-sharing, however, the amounts cannot exceed the maximums set by Ottawa.

The federal maximums on liquid assets are:

- * \$2,500 for a single person and \$3,000 when an individual is aged or disabled.
- * \$5,000 for a person with one dependent (spouse or child) and \$5,500 when the applicant or spouse is aged or disabled.
- * an extra \$500 for the second and each additional dependent.
- * an additional amount where this has been placed in a special fund or trust for purposes that the province considers to be socially important - for example, the education of a child or the purchase of equipment to overcome a disabling condition.

TABLE 1

LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1994

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Newfoundland	\$2,500	\$5,000	\$3,000	\$40	\$100
Prince Edward Island	**1	\$1,200	\$900	\$50 ²	\$50 ²
Nova Scotia	\$1,500 ³	\$2,500	\$3,000	Municipalities generally require liquid assets to be expended to meet basic needs.	
New Brunswick	\$500	\$1,000	\$1,000	\$500	\$1,000
Quebec	**4	**4.5	\$2,500 ^{4.5}	\$1,500	\$2,500
Ontario	\$2,500 ⁶	\$5,000 ⁶	\$3,000 ^{6.7}	Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance.	
				Assets equal to 1-2 weeks' assistance may be exempted (or 1-3 months' assistance in the case of a temporarily unemployable person). Maximum exemptions (\$2,500 for single and \$5,000 for a couple plus \$500 per dependent) may apply to households to be transferred to long-term assistance.	
				Assets equal to 1-3 months' assistance.	

TABLE 1 (Continued)

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Manitoba ⁸	**9	\$2,000	\$2,000	Each municipality establishes the amount of liquid assets an applicant may retain.	
Saskatchewan ¹⁰	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 ¹¹
Alberta	\$1,500	\$2,500	\$1,500 ¹²	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
British Columbia	\$2,500 ¹³	\$5,000	\$3,000	\$2,500	\$5,000 ¹⁴
Northwest Territories	The value of any assets that should not be converted into cash for sound social or economic reasons (in the Director's opinion) is exempt from the inclusion as a personal resource.				
Yukon	\$500	\$1,800	\$1,500	\$100 ¹⁵	\$200 ¹⁵

NOTES TO TABLE 1

1. Single applicants would not be considered unemployable unless they were disabled.
2. This level applies to unemployed applicants who require assistance for less than four months. Liquid asset exemption levels for persons on assistance for four months or more are \$200 for a single person and up to \$2,400 for a family depending on family size.
3. This exemption applies to single elderly persons who are not eligible for the Old Age Security Pension. Single applicants would not be considered unemployable unless they were disabled.
4. Applicants would not be considered unemployable unless they were disabled. Families that qualify under the Financial Support Program get a \$5,000 exemption.
5. An additional \$147 is exempt for each dependent child under 18 (or over 18 attending secondary school).
6. The Director may permit households in receipt of Family Benefits to exceed the maximum exemption level by no more than ten percent. This exception applies only to current beneficiaries and not to applicants.
7. In the case of a blind, disabled or permanently unemployable person, an exemption is allowed with respect to a beneficial interest in assets held in trust and available to be used for maintenance if the capital of the trust comes from an inheritance and does not exceed \$65,000, unless the Director approves a higher amount.
8. Manitoba has a distinct set of rules pertaining to persons owning or operating farms.
9. Single persons would not be considered unemployable unless they were disabled.
10. An exemption is allowed for income from the settlement of an outstanding treaty land entitlement or other land claim of an Indian Band. The amount is not to exceed \$1,500 for a person with no dependents, \$3,000 for a person with one dependent, and \$500 for each additional dependent.

11. The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
12. People who are severely and permanently disabled who have high needs because of dependents or the costs of personal support services may get an exemption of up to \$3,000. Some people with disabilities receive benefits under the Assured Income for the Severely Handicapped program (no asset test) instead of welfare.
13. This applies to recipients under age 55. The liquid asset exemption for recipients 55 and older is \$3,000.
14. The level of \$5,000 applies to a person under age 55 with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
15. This level applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

The liquid assets permitted by British Columbia match the federal maximums. Newfoundland and Ontario allow applicants for long-term assistance to have liquid assets that match federal levels, while Newfoundland, Nova Scotia, Ontario and Alberta permit the maximum levels for people with disabilities. Federal guidelines were last changed in July 1980.

The maximums allowed by Ottawa and the provinces are very low and require individuals to be virtually penniless before they are eligible for financial aid. Disabled individuals in particular have expressed concern about the fact that these levels do not allow them to have a small "personal safety net" which they can use in the event of an emergency or special need.

The determination of fixed and liquid assets is part of the needs test. Under this test, the needs of a household for food, clothing, shelter and other essential items are calculated - using criteria for need as determined by provincial and territorial governments. Special needs items, if they are deemed essential to daily living or are required for a regularly recurring need, are generally included in this calculation.

The household income from various sources is identified. Some income, such as the federal Child Tax Benefit and the federal GST credit, is normally considered exempt; it is not calculated as income available for the support of the applicant. Income from other sources such as employment, pensions and unemployment insurance is considered as income fully or partially available for support of the household.

Several jurisdictions, including Newfoundland, Ontario, Manitoba, Alberta and British Columbia, exempt the value of federal compensation payments to persons who became infected with the AIDS virus through contaminated blood transfusions or blood products. Quebec considers the compensation payments as an exempt liquid asset rather than exempt income.

Ontario exempts payments to former residents of institutions that were paid as compensation for abuse. Alberta exempts payments under the Japanese Canadian Redress Agreement.

Total non-exempt income is subtracted from the total needs of the household. Applicants qualify if the household's needs exceed its resources or if there is a budget surplus that is

insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test is the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorizes the federal government to share the costs of welfare only on behalf of households that qualify on the basis of need.

The needs test has a significant impact upon the shape of the welfare system. The test is fairly intrusive. Applicants must reveal a significant amount of financial and personal information. A large bureaucracy is required, and individual welfare workers have room to make discretionary judgments in the application of welfare regulations.

By contrast, eligibility for other income support programs such as the federal Child Tax Benefit or Guaranteed Income Supplement for seniors is determined by an income test. This is a simpler and more objective test based on income alone, not assets or needs. Eligibility for the Child Tax Benefit, for example, is based on net family income as reported on income tax returns.

In summary, applicants are eligible for welfare if they qualify on the basis of certain general rules, if their assets fall within the guidelines on fixed and liquid assets, and if their needs exceed the financial resources available to them.

Rates of Assistance

Every province and territory uses a different method of calculating basic social assistance, which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Assistance may be provided as cash or "in kind" in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special needs item, because they are able to provide for other basic needs from their own resources. In such a case, the province or territory may grant the specific amount that the household requires, provided that the applicant is eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

In Ontario, municipalities may make special assistance available for households that require financial help only for designated special needs. The fact that municipalities are not required to grant such assistance has created hardship for many low-income individuals and families with special needs. As of October 1, 1991, the costs of necessary medical transportation, surgical supplies and dressings, and diabetic supplies were reclassified as "special necessities." The change in designation means that these items must be provided to all welfare recipients who qualify - even recipients in municipalities which do not normally provide this kind of benefit. The Ontario government agreed to pick up a larger share of the cost of these items from municipal governments.

All across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On the one hand, welfare recognizes the fact that individuals may have on-going or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 2 presents a national picture of estimated welfare incomes for 1994. The incomes are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with one child aged two and a two-parent family with two children aged ten and 15. To facilitate comparisons, we assumed that each of the households went on welfare on January 1, 1994, and remained on welfare for the entire calendar year.

These rates must be interpreted with caution. They are estimates of what a particular family or single person might receive. Because welfare is such a highly individualized program of income support, every recipient is potentially eligible for a different amount of financial assistance.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts.

They are maximum amounts in that they represent the highest level of welfare that a designated province will provide to a given household unit for its basic living needs. Recipients might actually receive any amount up to and including that maximum level.

At the same time, these figures are minimum amounts in that they do not generally include special needs assistance to which a given household may be entitled.

Basic Social Assistance

Column 1 represents the basic social assistance to which eligible households are entitled. Basic assistance generally includes an amount for food, clothing, shelter, utilities, and personal and household needs.

In order to ensure to the greatest extent possible the comparability of the data, a number of assumptions were made in calculating basic assistance. These assumptions involve the size of a municipal area, two-tier welfare systems, the employability of recipients, accommodation, and rate changes.

a. largest municipal area

The rates of social assistance are for the largest municipal area in the province or territory. The shelter component of basic assistance may vary by region. Assistance may increase in more remote areas in order to compensate for higher living costs. For example, a higher supplementary fuel allowance is granted to recipients in Labrador than that provided to

other residents of the province. A northern allowance is available in Ontario. Manitoba and Saskatchewan provide a supplementary northern food allowance. The food rates in the Northwest Territories vary by region.

b. two-tier welfare systems

Nova Scotia, Ontario and Manitoba have two-tier welfare systems. This means that the provincial government assumes responsibility for certain recipients (generally those considered to be unemployable) while municipal governments are responsible for other categories of recipients (generally those considered to be employable).

In Ontario, municipalities have to conform to a standard set of rates for basic welfare assistance which is set by the province. There is wide variation, however, with respect to the provision of special assistance, which is the responsibility of Ontario municipalities.

Manitoba has moved to standardize rates in its two-tiered welfare system, although the minimum rates established by the provincial government are not as high as the rates paid by the City of Winnipeg. The city accepted the standardized rates for adults, but decided to maintain higher rates for children. This extra amount for children on welfare is cost-shared by the city and the federal government, but not by the province. In Table 2, the rates for the single employable person and the couple with two children are the rates for the City of Winnipeg.

In Nova Scotia, municipalities still set their own levels of assistance. The rates for single employable recipients and two-parent households in Table 2 are the rates for the City of Halifax. Rates for these households varied greatly in other municipalities in the province and were normally much lower than the rates in Halifax.

c. employability of recipients

Short-term rates of assistance (which are generally lower than long-term rates) were assigned to single employable individuals in all jurisdictions except Prince Edward Island. In fact, in some provinces, single employable persons are eligible for assistance for one month

only, after which they must renew their applications. In order to "annualize" the rates presented in Table 2, it was assumed that these people started receiving welfare on January 1, 1994, and remained on assistance throughout the entire year, even though many recipients would not actually have been eligible on such a "long-term" basis. P.E.I. got rid of its short-term rates altogether as of April 1, 1990.

Single disabled persons generally qualify for long-term rates of assistance. In Ontario, they are eligible for benefits under the Guaranteed Annual Income System for the Disabled (GAINS-D) program. In Alberta, disabled applicants may qualify for benefits under one of two programs - social assistance or Assured Income for the Severely Handicapped (AISH). The rates in Table 2 are for the social assistance program.

In most cases, the single-parent family was assigned higher rates of assistance. It was generally presumed that this family was unemployable because of the young age of the child (two years). However, classification of the single-parent family varies throughout the country, and this variation is reflected in the calculations in Table 2.

Single parents in Saskatchewan are not required to seek employment or take training if they choose to remain at home to care for a child under the age of six. In Alberta, single parents with children six months old or older now are considered employable. Single parents in New Brunswick and Quebec receive benefits under the employability enhancement programs in these provinces - the Upgrading, Training and Placement Program and the Work and Employment Incentives Program, respectively. The employability enhancement programs provide lower rates of assistance than long-term welfare programs.

Finally, the two-parent family with two children was considered to be employable for the purposes of these calculations. If, for some reason, the family was unemployable (for example, the family head was disabled), it would be eligible for higher rates of assistance.

d. accommodation

Table 2 considers welfare recipients to be renters rather than homeowners. It also assumes that there was no sharing of accommodation. In all provinces, rates of assistance are

reduced when unrelated individuals share housing. Under the Work and Employment Incentives Program for employable persons in Quebec, for example, the monthly assistance cheques of two households sharing accommodation were reduced by \$100 each in 1994.

Where shelter allowances do not include the cost of utilities, the latter were added to the shelter rates. Maximum allowable shelter rates were used in most jurisdictions.

In the Northwest Territories, there are no maximum rates for shelter. Actual rents are paid, and these vary widely in the North. For the single employable person and the single person with a disability, basic welfare assistance was calculated using the highest rent and utilities actually paid for a bachelor suite in Yellowknife. For the two families with children, the calculation was done using the highest rent and utilities actually paid for a two-bedroom apartment in Yellowknife. Because of the way the figures for the Northwest Territories are calculated, they are not directly comparable with figures for welfare programs which have ceilings on rent.

e. rate changes

The calculations of basic social assistance were done month by month for each category of recipient in each province and territory. Increases or decreases in rates were incorporated as of their effective dates. For example, British Columbia increased its welfare rates on March 1, 1994, so the B.C. calculations for 1994 are made up of two months of welfare at the old rate and ten months at the new rate.

Nova Scotia, New Brunswick and Quebec had increases for some, but not all categories of recipients.

~~Alberta reduced its welfare rates in 1993 for all categories of recipients, and there were~~ reductions in 1994 for some categories of recipients in Prince Edward Island, Quebec, Ontario and Manitoba.

Special Assistance

Two kinds of assistance may be provided for special needs. First, there are regularly recurring needs within certain groups, such as people with disabilities. Second, there are "one-time" special needs which are determined case by case. One-time special needs include items such as funeral expenses, moving costs or emergency home repairs.

Decisions to provide either type of special assistance are made by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

Because it is impossible to know whether individuals receive special assistance and because the amount and type of help vary by household, these extra amounts have not been included in the calculation of estimated welfare income.

Special assistance has been incorporated in Column 2 of Table 2 only when it is automatically provided to certain recipients. Examples of special assistance include: extra assistance for disabled persons, money for school expenses, winter clothing allowances for families with children, and Christmas allowances. The footnotes explain the nature of the special assistance in each jurisdiction.

Child Tax Benefit

The federal government paid a basic benefit of up to \$1,020 in most parts of Canada in 1994 for each child under age 18. The basic benefit in Quebec and Alberta is different at the request of the two provincial governments. In Quebec, payments vary with the age of the child and the number of children in the family. In Alberta, payments vary with the age of the child.

In all provinces and territories, there was a supplementary benefit in 1994 of up to \$213 for each child under age seven.

All provinces and territories except Saskatchewan consider the Child Tax Benefit to be exempt income in the calculation of welfare benefits. Saskatchewan deducts the value of the

family allowance component of the Child Tax Benefit (estimated at \$34.88 a month for each child in 1994) from its welfare payments. To account for this in Table 2, the rates of assistance in Column 1 for the two households with children in Saskatchewan have been reduced by \$34.88 a month for each child.

Provincial Child Benefits

Quebec provides a family allowance over and above the federal Child Tax Benefit. It also makes available a special allowance to families with children under six called the Allowance for Young Children. It was worth \$9.77 a month in 1994 for the first child under six.

Manitoba provides up to \$30 a month per child to low-income families under the Child Related Income Support Program (CRISP). The maximum benefit went to families with net incomes of \$12,384 a year or less. Under a change in provincial government policy that took effect on April 1, 1993, families on both municipal and provincial welfare lose a dollar of their welfare cheques for every dollar received from CRISP. For this reason, CRISP is included in Column 1 along with basic social assistance.

The Family Income Plan in Saskatchewan provides non-taxable cash assistance for eligible families with dependent children under 18 years of age. Effective July 1, 1993, maximum benefits were \$105 a month for each of the first three children in a family and \$95 a month for the fourth and subsequent children. The maximum benefit went to families with incomes of \$725 a month or less, not including the federal Child Tax Benefit. This amount is not presented as a separate entry in Column 4 because the province includes it in the rates of assistance for families on welfare.

GST Credit

Column 5 is the federal refundable credit for the Goods and Services Tax. The GST credit is paid quarterly. The four payments received in 1994 added up to a maximum of \$199 for each adult or the first child in a single-parent family. For other dependent children, the total for the year was a maximum of \$105 a child.

Single adults, including single parents, also received a single person's supplement if their 1993 incomes were between \$6,456 and \$25,921. The maximum supplement for 1994 was \$105.

Prince Edward Island stopped considering the GST credit as exempt income on June 1, 1994. The result was a small reduction in welfare benefits for all categories of recipients for the latter half of the year. Column 5 shows the full amount of the GST credit provided by the federal government, and the basic social assistance in Column 1 has been reduced by \$96 for single recipients, \$192 for the single-parent family and \$288 for the couple with two children.

Provincial Tax Credits

The tax credits in Column 6 are the Sales and Property Tax Credits in Ontario and the Cost of Living and Property Tax Credits in Manitoba. All four categories of welfare recipients in Ontario were eligible for provincial tax credits. In Manitoba, tax credits are shown only for the single employable person and the couple with two children. The single person with a disability and the single-parent family have the value of their tax credits included with basic social assistance in Column 1.

Previous editions of Welfare Incomes had a separate listing for the Quebec Sales Tax Credit. The credit now is shown within basic social assistance.

TABLE 2

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD, 1994

	Basic Social Assistance	Additional Benefits	Child Tax Benefit ¹	Provincial Child Benefits	GST Credit ²	Provincial Tax Credits	Total Income
NEWFOUNDLAND³							
Single Employable ⁴	4,326				199		4,525
Disabled Person	6,810	1,500 ⁵			236		8,546
Single Parent, One Child ⁶	11,262		1,233		498		12,993
Couple, Two Children	12,186		2,040		608		14,834
PRINCE EDWARD ISLAND⁷							
Single Employable ⁸	7,160				228		7,388
Disabled Person	7,860	1,092 ⁹			250		9,202
Single Parent, One Child	10,860		1,233		493		12,586
Couple, Two Children	16,008	175 ¹⁰	2,040		608		18,831
NOVA SCOTIA¹¹							
Single Employable	5,904				199		6,103
Disabled Person	8,568				238		8,806
Single Parent, One Child	10,560		1,233		480		12,273
Couple, Two Children	12,432	40 ¹²	2,040		608		15,120
NEW BRUNSWICK^{13,14}							
Single Employable	3,084				199		3,283
Disabled Person	6,296	1,800 ¹⁵			229		8,325
Single Parent, One Child	8,844		1,233		441		10,518
Couple, Two Children	9,876		2,040		608		12,524

TABLE 2 (Continued)

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Provincial Child Benefits	GST Credit	Provincial Tax Credits	Total Income
QUEBEC^{16,17}							
Single Employable ¹⁸	6,000				199		6,199
Disabled Person	8,088				224		8,312
Single Parent, One Child	10,200	1,080 ¹⁹	1,082 ²⁰	248 ²¹	486		13,097
Couple, Two Children	12,000	1,219 ²²	1,972 ²⁰	305 ²³	608		16,104
ONTARIO²⁴							
Single Employable	7,956				227	370 ²⁵	8,554
Disabled Person ²⁶	11,160				291	306 ²⁵	11,757
Single Parent, One Child	14,652	105 ²⁷	1,233		503	341 ²⁵	16,834
Couple, Two Children	18,723	407 ²⁸	2,040		608	432 ²⁵	22,210
MANITOBA							
Single Employable ²⁹	5,914	14 ³⁰			199	715 ³¹	6,841
Disabled Person	7,157	840 ³²			230		8,227
Single Parent, One Child	9,636		1,233		467		11,336
Couple, Two Children	16,103	38 ³⁰	2,040		608	955 ³¹	19,745
SASKATCHEWAN³³							
Single Employable	5,760				199		5,959
Disabled Person	7,500	780 ³⁴			235		8,515
Single Parent, One Child ³⁵	10,381		1,233		480		12,094
Couple, Two Children ³⁵	14,640	160 ³⁶	2,040		608		17,448

TABLE 2 (Continued)

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Provincial Child Benefits	GST Credit	Provincial Tax Credits	Total Income
ALBERTA ³⁷							
Single Employable	4,728				199		4,927
Disabled Person	6,348	220 ³⁸			202		6,770
Single Parent, One Child	9,192		1,147 ³⁹		472		10,811
Couple, Two Children	14,472		2,135 ³⁹		608		17,215
BRITISH COLUMBIA ⁴⁰							
Single Employable	6,530	35 ⁴¹			199		6,764
Disabled Person	9,220	35 ⁴¹			249		9,504
Single Parent, One Child	11,746	80 ⁴¹	1,233		502		13,561
Couple, Two Children	14,818	190 ⁴²	2,040		608		17,656
YUKON ⁴³							
Single Employable	7,740	155 ⁴⁴			228		8,123
Disabled Person	7,740	995 ⁴⁵			245		8,980
Single Parent, One Child	12,540	572 ⁴⁶	1,233		503		14,848
Couple, Two Children	19,080	685 ⁴⁷	2,040		608		22,413
NORTHWEST TERRITORIES ⁴⁸							
Single Employable	11,304				296		11,600
Disabled Person	11,304	1,500 ⁴⁹			304		13,108
Single Parent, One Child	19,164		1,233		503		20,900
Couple, Two Children	22,716		2,040		608		25,364

NOTES TO TABLE 2

1. The federal Child Tax Benefit began in January 1993. It replaced family allowances, the refundable child tax credit, and the non-refundable children's credit on the federal income tax form. In Table 2, the single-parent family with one young child was eligible for \$1,233 (\$1,020 as a basic amount and \$213 as a supplement for children under seven). The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child). Neither household received the \$500 supplement for earned income because it was assumed that all their income came from welfare or other government sources.
2. The GST credit is paid in quarterly installments. In 1994, adults and the first child in a single-parent family received maximum payments of \$49.75 each quarter, and the maximum rate for other children was \$26.25 a quarter. The special GST supplement for single persons and single-parent families is included in the totals for the year.
3. The last rate increases in Newfoundland were on April 1, 1992. The totals include a fuel allowance of \$51 a month from November through April.
4. These rates apply to single able-bodied persons under age 50. Rates of assistance to persons over 50 are higher. Welfare officials in Newfoundland say that most single employables fall under a board and lodging rate structure instead of the rates shown here.
5. This is the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.
6. The rates include a supplement of \$57 a month paid to single-parent families.
7. The last rate increases in Prince Edward Island were on July 1, 1992. As of June 1, 1994, the GST credit was no longer considered exempt income, and welfare recipients had their welfare cheques trimmed accordingly.
8. Maximum rates of shelter assistance for single employable persons were reduced in June 1994 for new recipients and in September 1994 for people who were already on welfare.

9. This is the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.
10. This represents back-to-school benefits of \$100 and \$75 for the children.
11. Nova Scotia increased its rates on January 1, 1994, for provincial Family Benefits for the single disabled person and the single-parent family. Rates for municipal recipients for the single employable individual and the two-parent family are based on Halifax rates that have not gone up since March 1, 1992. Municipal recipients in Halifax often get an additional \$42 a month for work-related transportation, but the allowance is not automatic in all cases.
12. Halifax provides a \$20 per child back-to-school allowance.
13. Rate changes which took effect on September 1, 1994, were incorporated in these figures.
14. The single employable person was classified in the Interim Assistance Program, the single disabled person in the Long-Term Established Needs Program, and the single-parent and two-parent families in the Upgrading, Training and Placement Program.
15. This is the maximum Assistance for Reduction of Rental Costs of \$150 a month for low-income elderly or disabled persons. However, most people with disabilities received significantly less than the maximum. The program was frozen as of April 1, 1993, and no new people were admitted after that date.
16. The single disabled person was classified under the Financial Support Program. The single-parent family was classified as "not available" under the Work and Employment Incentives Program, and the others were classified as "not participating."
17. There were increases in benefits under the Financial Support Program on March 1, 1994. Rates for the Work and Employment Incentives Program as well as associated adjustments changed on October 1, 1993. Quebec makes the adjustments to harmonize its income support programs with its income tax system. The net effect overall was to reduce benefits for the single employable person and the couple with two children. The value of the Quebec Sales Tax Credit once listed separately now is incorporated in basic welfare assistance.

18. Quebec requires a parental contribution from the parents of certain employable individuals. It is possible that the actual assistance would be lower than the rates indicated here if the recipient were deemed to receive a parental contribution as defined by Quebec law.
19. Recipients with dependent children are eligible for a shelter subsidy. The single-parent family and the two-parent family were entitled to a maximum monthly subsidy of \$90.
20. Quebec varies the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.
21. This is the combined amount of the Quebec family allowance and the Allowance for Young Children.
22. This is the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school. The maximum monthly shelter subsidy of \$90 is included as well.
23. This is the Quebec family allowance.
24. The figures were based on rate changes which took effect in April 1993 for both the Family Benefits program and General Welfare Assistance. Maximum monthly allowances for two-adult households were reduced in June 1994.
25. This represents the combined amounts of the Ontario Sales Tax and Property Tax Credits. The Property Tax Credit was calculated on the following annual shelter costs: \$4,968 for a single person, \$7,824 for the single-parent family and \$9,216 for the two-parent family; these correspond to the maximum shelter benefits payable in each case.
26. Assistance for a single disabled person was based on the GAINS-D (Guaranteed Annual Income System for the Disabled) rates. The rates were increased on April 1, 1993.
27. This is the winter clothing allowance of \$105 for each dependent child.
28. This is the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 a child paid on behalf of the dependent children of General Welfare Assistance recipients.

29. Rates of assistance for single employable recipients no longer increase by \$30 a month as of the seventh month on assistance, and the maximum rate for shelter was reduced by \$14 a month as of January 1, 1994.
30. Winnipeg provided a Christmas allowance of \$13.60 per single person or \$38.35 per family of four.
31. These are the Manitoba Cost of Living and Property Tax Credits. Recipients of provincial welfare no longer receive the credits. They are incorporated into the monthly assistance rates.
32. This is the disability benefit of \$70 a month.
33. Rates of assistance were last changed in Saskatchewan on July 1, 1993.
34. An additional allowance of \$40 a month for people with disabilities is included in the total. The total also includes a special care allowance of \$25 a month for disabled recipients to pay for tasks they are unable to perform themselves.
35. The rates of assistance have been reduced by the value of the former federal family allowance (\$34.88 a month for each child). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new Child Tax Benefit. Saskatchewan is the only province which explicitly deducts the value of family allowances from welfare rates. Low-income families are eligible for supplements from the Family Income Plan, but the benefits are already incorporated within the welfare rates indicated here.
36. This represents an amount for education-related expenses: \$100 for children aged 14 and over and \$60 for children between the ages of six and 13.
37. Alberta reduced its rates of assistance on October 1, 1993. The single employable person, the single-parent family and the two-parent family were under the Employment and Training Support program, and the single disabled person was under the Assured Support program.
38. Beginning in February 1994, Alberta provides a supplement of \$20 a month to persons categorized as Assured Support. Persons who are severely and permanently disabled and whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program (\$810 a month) are eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month.

39. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child.
40. The figures incorporate increases that took effect on March 1, 1994.
41. This is a Christmas allowance of \$35 for a single person or \$70 a family plus \$10 for each child in the family.
42. This figure represents the combined amount of the Christmas allowance of \$90 and school start-up fees of \$42 for a child between the ages of five and 11 and \$58 for a child 12 and older.
43. The last rate increases in Yukon were on April 1, 1991.
44. This represents the combined amounts of the Christmas allowance of \$30 a person and winter clothing allowances of \$75 for children under age 14 and \$125 for adults and children 14 and older.
45. In addition to the Christmas allowance and winter clothing allowance, disabled recipients are eligible for a supplementary allowance of \$70 a month if they are considered to be "permanent exclusions from the labour force."
46. In addition to the Christmas and winter clothing allowances, a weekly amount of \$6 for babysitting was included in the special assistance for the single-parent family.
47. This includes Christmas allowances, winter clothing allowances and school supply allowances of \$50 and \$65.
48. Basic social assistance in the Northwest Territories was calculated using the maximum shelter costs actually paid for welfare households in Yellowknife. The single employable person and the disabled person lived in bachelor suites, while the two families with children lived in two-bedroom apartments. The last increase in benefits was an increase in food allowances for certain categories of recipients as of October 1, 1993.
49. This is the disabled allowance of \$125 a month.

Adequacy of Benefits

Many of the incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the low income cut-offs of Statistics Canada for 1994. The results are shown in Table 3.

Each year, the federal agency calculates low income cut-offs for households of different sizes living in communities of different sizes. They approximate levels of gross income where people are forced to spend disproportionate amounts of their incomes on food, shelter and clothing.

The National Council of Welfare regards the cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with total incomes of \$3,283 in 1994 were poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

Some provinces also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 3 shows, Prince Edward Island and Ontario are two provinces where welfare incomes are closer to the poverty lines than elsewhere, although still substantially below the lines. Some of the rates in other provinces, especially rates for single employables, are far

below the lines. Welfare incomes which reach only one-quarter or one-third of the poverty line are unacceptably low and should be raised at the earliest possible date.

Column 1 of the table shows welfare incomes for different types of households in the ten provinces in 1994. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the cut-offs.

Column 2 indicates the poverty lines - the low income cut-offs of Statistics Canada (1986 base) - for the largest city in each province. The poverty gap - or difference between total income and the poverty lines - is indicated in Column 3. Column 4 represents total welfare income as a percentage of the poverty line - that is, welfare income divided by the poverty line.

Welfare incomes for single employable people were by far the least adequate, ranging from 24 percent of the poverty line in New Brunswick to 56 percent of the poverty line in Prince Edward Island. Benefits for single disabled people fell between 44 percent of the line in Alberta and 76 percent in Ontario. Welfare incomes for single-parent families ranged from a low of 52 percent in Alberta to a high of 80 percent in Ontario. Finally, the incomes of two-parent families with two children fell between 46 percent of the poverty line in New Brunswick and 72 percent in Ontario.

On the whole, the adequacy of benefits has not improved significantly since the calculation of rates for 1986 in The Tangled Safety Net.

TABLE 3
ADEQUACY OF BENEFITS, 1994

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>NEWFOUNDLAND</u>				
Single Employable	4,525	13,596	-9,071	33%
Disabled Person	8,546	13,596	-5,050	63%
Single Parent, One Child	12,993	18,430	-5,437	70%
Couple, Two Children	14,834	26,969	-12,135	55%
<u>PRINCE EDWARD ISLAND</u>				
Single Employable	7,388	13,282	-5,894	56%
Disabled Person	9,202	13,282	-4,080	69%
Single Parent, One Child	12,586	18,004	-5,418	70%
Couple, Two Children	18,831	26,348	-7,517	71%
<u>NOVA SCOTIA</u>				
Single Employable	6,103	13,596	-7,493	45%
Disabled Person	8,806	13,596	-4,790	65%
Single Parent, One Child	12,273	18,430	-6,157	67%
Couple, Two Children	15,120	26,969	-11,849	56%
<u>NEW BRUNSWICK</u>				
Single Employable	3,283	13,596	-10,313	24%
Disabled Person	8,325	13,596	-5,271	61%
Single Parent, One Child	10,518	18,430	-7,912	57%
Couple, Two Children	12,524	26,969	-14,445	46%
<u>QUEBEC</u>				
Single Employable	6,199	15,479	-9,280	40%
Disabled Person	8,312	15,479	-7,167	54%
Single Parent, One Child	13,097	20,981	-7,884	62%
Couple, Two Children	16,104	30,708	-14,604	52%

TABLE 3 (Continued)				
	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>ONTARIO</u>				
Single Employable	8,554	15,479	-6,925	55%
Disabled Person	11,757	15,479	-3,722	76%
Single Parent, One Child	16,834	20,981	-4,147	80%
Couple, Two Children	22,210	30,708	-8,498	72%
<u>MANITOBA</u>				
Single Employable	6,841	15,479	-8,638	44%
Disabled Person	8,227	15,479	-7,252	53%
Single Parent, One Child	11,336	20,981	-9,645	54%
Couple, Two Children	19,745	30,708	-10,963	64%
<u>SASKATCHEWAN</u>				
Single Employable	5,959	13,596	-7,637	44%
Disabled Person	8,515	13,596	-5,081	63%
Single Parent, One Child	12,094	18,430	-6,336	66%
Couple, Two Children	17,448	26,969	-9,521	65%
<u>ALBERTA</u>				
Single Employable	4,927	15,479	-10,552	32%
Disabled Person	6,770	15,479	-8,709	44%
Single Parent, One Child	10,811	20,981	-10,170	52%
Couple, Two Children	17,215	30,708	-13,493	56%
<u>BRITISH COLUMBIA</u>				
Single Employable	6,764	15,479	-8,715	44%
Disabled Person	9,504	15,479	-5,975	61%
Single Parent, One Child	13,561	20,981	-7,420	65%
Couple, Two Children	17,656	30,708	-13,052	57%

Welfare and Average Incomes

The low level of financial support provided by social assistance is also evident when measured against average incomes. Welfare provides only a small part of the income that most Canadians would consider normal or reasonable.

Table 4 on the next page compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages are 1994 estimates by the National Council of Welfare based on data collected by Statistics Canada in the Survey of Consumer Finances for 1993. For the single employable person and the single disabled person, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. The size of the sample for single parents was too small to be reliable in Newfoundland and Prince Edward Island. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Table 4 makes it clear that welfare incomes are far below average. A single employable person on welfare received from 15 percent to 38 percent of the average income received by single people under 65. The disabled person on welfare got 28 to 47 percent of the average. Single-parent families had 42 to 66 percent of average incomes, but it is worth noting that average incomes for single-parent families in general are far below average incomes for couples with children. The two-parent family on welfare had between 24 and 38 percent of average incomes.

TABLE 4
WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES,
BY FAMILY TYPE AND PROVINCE, 1994

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<u>NEWFOUNDLAND</u>			
Single Employable	4,525	19,544	23%
Disabled Person	8,546	19,544	44%
Single Parent, One Child	12,993	-----	---
Couple, Two Children	14,834	45,968	32%
<u>PRINCE EDWARD ISLAND</u>			
Single Employable	7,388	19,373	38%
Disabled Person	9,202	19,373	47%
Single Parent, One Child	12,586	-----	---
Couple, Two Children	18,831	50,147	38%
<u>NOVA SCOTIA</u>			
Single Employable	6,103	23,547	26%
Disabled Person	8,806	23,547	37%
Single Parent, One Child	12,273	19,474	63%
Couple, Two Children	15,120	54,319	28%
<u>NEW BRUNSWICK</u>			
Single Employable	3,283	21,363	15%
Disabled Person	8,325	21,363	39%
Single Parent, One Child	10,518	19,736	53%
Couple, Two Children	12,524	52,653	24%
<u>QUEBEC</u>			
Single Employable	6,199	22,527	28%
Disabled Person	8,312	22,527	37%
Single Parent, One Child	13,097	24,485	53%
Couple, Two Children	16,104	54,237	30%

TABLE 4 (Continued)

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<u>ONTARIO</u>			
Single Employable	8,554	28,884	30%
Disabled Person	11,757	28,884	41%
Single Parent, One Child	16,834	25,650	66%
Couple, Two Children	22,210	65,349	34%
<u>MANITOBA</u>			
Single Employable	6,841	22,145	31%
Disabled Person	8,227	22,145	37%
Single Parent, One Child	11,336	25,129	45%
Couple, Two Children	19,745	54,995	36%
<u>SASKATCHEWAN</u>			
Single Employable	5,959	22,789	26%
Disabled Person	8,515	22,789	37%
Single Parent, One Child	12,094	21,281	57%
Couple, Two Children	17,448	52,721	33%
<u>ALBERTA</u>			
Single Employable	4,927	23,976	21%
Disabled Person	6,770	23,976	28%
Single Parent, One Child	10,811	25,982	42%
Couple, Two Children	17,215	60,438	28%
<u>BRITISH COLUMBIA</u>			
Single Employable	6,764	26,749	25%
Disabled Person	9,504	26,749	36%
Single Parent, One Child	13,561	26,255	52%
Couple, Two Children	17,656	64,469	27%

Provincial and Territorial Benefits Over Time

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Table 5 summarizes the ups and downs of recent years.

The figures for 1994 consist of benefits taken from Table 2 that are exclusively within provincial and territorial jurisdiction - in other words, total welfare incomes minus the federal Child Tax Benefit and the GST credit. Comparable figures for other years were calculated from Welfare in Canada: The Tangled Safety Net and previous editions of Welfare Incomes.

Using the Consumer Price Index, all the dollar figures in Table 5 are expressed in constant 1994 dollars to factor out the effects of inflation and to show the real purchasing power of welfare and related benefits over time. The percentages in the last two columns show increases or decreases in real purchasing power.

The table provides comparisons of provincial and territorial benefits for 1986 and 1989 through 1994 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is limited to 1989 through 1994. The first estimates of welfare incomes in the Northwest Territories were done for 1993, so the only comparisons available are for 1993 and 1994.

Between 1993 and 1994, many welfare recipients saw their purchasing power go down. The largest drops were in Alberta as a result of a deliberate decision in 1993 to reduce rates of assistance. Some of the smaller declines elsewhere occurred because welfare recipients had no guaranteed protection against inflation. The across-the-board declines in welfare incomes of 0.2 percent in Newfoundland and Yukon, for example, came about because the inflation rate grew 0.2 percent between 1993 and 1994, but welfare rates did not change at all.

British Columbia had modest increases in welfare rates for all categories of recipients in 1994, and there were some increases in Nova Scotia, New Brunswick and Quebec.

For the period from 1986 to 1994, there were major losses in Alberta and reasonably consistent gains in Quebec, Ontario and British Columbia. The long-term gains in Ontario, however, will be all but wiped out by the sharp cuts in welfare rates ordered by the new provincial government after the 1995 election.

The largest declines in welfare incomes through 1994 occurred in Alberta, but they were by no means consistent from one year to the next. There were losses in the years prior to 1991, significant increases in 1991 as a result of provincial welfare reform, and actual cuts in benefits as of late 1993. The single employable person saw a drop of 40.3 percent in welfare and other provincial benefits between 1986 and 1994, the single-parent family experienced a drop of 20.8 percent, and the couple with children was down 16.1 percent.

The most significant increase over the years occurred in Quebec in the rate for the single employable person. That came about as a result of reforms that raised welfare rates for single employable people under 30 to the same level as rates for people 30 and over. In 1989 - prior to the reforms - the rate for single people under 30 had been \$2,220 a year, while the rate for single people 30 and over was \$6,084.

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1994 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	% Change 1993-1994	% Change 1986-1994
<u>NEWFOUNDLAND</u>									
Single Employable	4,429	4,270	4,249	4,181	4,387	4,335	4,326	-0.2%	-2.3%
Disabled Person		8,602	8,520	8,259	8,438	8,327	8,310	-0.2%	
Single Parent, One Child	11,104	10,871	10,861	10,977	11,422	11,285	11,262	-0.2%	1.4%
Couple, Two Children	12,845	12,576	12,559	12,150	12,361	12,210	12,186	-0.2%	-5.1%
<u>PRINCE EDWARD ISLAND</u>									
Single Employable	8,226	7,956	7,926	7,919	8,029	7,972	7,160	-10.2%	-13.0%
Disabled Person		9,259	9,173	9,038	9,143	9,066	8,952	-1.3%	
Single Parent, One Child	11,340	10,967	11,064	10,971	11,138	11,074	10,860	-1.9%	-4.2%
Couple, Two Children	16,617	16,335	16,349	16,436	16,629	16,504	16,183	-1.9%	-2.6%
<u>NOVA SCOTIA</u>									
Single Employable	6,046	6,738	6,435	6,117	6,022	5,916	5,904	-0.2%	-2.4%
Disabled Person		8,870	8,822	8,690	8,568	8,417	8,568	1.8%	
Single Parent, One Child	10,470	10,782	10,712	10,580	10,575	10,389	10,560	1.6%	0.9%
Couple, Two Children	12,603	13,715	13,117	12,672	12,681	12,497	12,472	-0.2%	-1.0%
<u>NEW BRUNSWICK</u>									
Single Employable	2,980	3,223	3,177	3,108	3,109	3,066	3,084	0.6%	3.5%
Disabled Person		8,444	8,319	8,073	8,078	8,028	8,096	0.8%	
Single Parent, One Child	8,950	8,737	8,608	8,412	8,470	8,497	8,844	4.1%	-1.2%
Couple, Two Children	9,682	9,452	9,299	9,208	9,504	9,531	9,876	3.6%	2.0%

TABLE 5 (Continued)

	1986	1989	1990	1991	1992	1993	1994	% Change 1993-1994	% Change 1986-1994
QUEBEC									
Single Employable	3,137	4,028	5,721	5,938	6,114	6,132	6,000	-2.2%	91.3%
Disabled Person		7,242	7,518	7,729	7,962	7,960	8,088	1.6%	
Single Parent, One Child	10,555	9,787	10,437	9,547	10,835	11,287	11,528	2.1%	9.2%
Couple, Two Children	13,642	12,781	12,516	12,879	13,311	13,707	13,524	-1.3%	-0.9%
ONTARIO									
Single Employable	6,704	7,204	7,871	8,075	8,350	8,323	8,326	0.0%	24.2%
Disabled Person		10,401	11,104	11,344	11,528	11,463	11,466	0.0%	
Single Parent, One Child	12,006	12,928	14,499	14,849	15,113	15,091	15,098	0.0%	25.8%
Couple, Two Children	14,944	16,314	19,024	19,370	19,784	19,734	19,562	-0.9%	30.9%
MANITOBA									
Single Employable	6,651	6,898	6,993	6,906	7,044	7,054	6,642	-5.8%	-0.1%
Disabled Person		7,501	7,409	7,283	8,952	8,062	7,997	-0.8%	
Single Parent, One Child	10,276	10,066	9,952	9,782	10,830	9,716	9,636	-0.8%	-6.2%
Couple, Two Children	15,569	16,337	17,590	17,590	18,096	16,805	17,097	1.7%	9.8%
SASKATCHEWAN									
Single Employable	5,568	5,570	5,448	5,284	5,483	5,772	5,760	-0.2%	3.5%
Disabled Person		9,076	8,796	8,454	8,374	8,297	8,280	-0.2%	
Single Parent, One Child	11,424	11,376	11,060	10,643	10,517	10,402	10,381	-0.2%	-9.1%
Couple, Two Children	16,026	15,785	15,338	14,738	14,977	14,772	14,800	0.2%	-7.7%

TABLE 5 (Continued)

	1986	1989	1990	1991	1992	1993	1994	% Change 1993-1994	% Change 1986-1994
ALBERTA									
Single Employable	7,923	5,504	5,254	5,713	5,753	5,423	4,728	-12.8%	-40.3%
Disabled Person		6,807	6,498	6,841	6,793	6,595	6,568	-0.4%	
Single Parent, One Child	11,601	10,321	9,853	10,336	10,306	9,896	9,192	-7.1%	-20.8%
Couple, Two Children	17,248	15,206	14,516	15,998	16,010	15,421	14,472	-6.2%	-16.1%
BRITISH COLUMBIA									
Single Employable	5,659	6,207	6,350	6,247	6,434	6,456	6,565	1.7%	16.0%
Disabled Person		8,565	8,866	8,659	9,033	9,095	9,255	1.8%	
Single Parent, One Child	10,192	11,212	11,338	11,107	11,600	11,642	11,826	1.6%	16.0%
Couple, Two Children	13,921	14,004	14,110	13,780	14,677	14,764	15,008	1.6%	7.8%
YUKON									
Single Employable	6,725	8,115	8,217	8,080	8,053	7,911	7,895	-0.2%	17.4%
Disabled Person		9,077	9,136	8,950	8,910	8,752	8,735	-0.2%	
Single Parent, One Child	12,077	13,413	13,504	13,385	13,374	13,138	13,112	-0.2%	8.6%
Couple, Two Children	18,503	20,135	20,014	20,006	20,160	19,805	19,765	-0.2%	6.8%
NORTHWEST TERRITORIES									
Single Employable						11,327	11,304	-0.2%	
Disabled Person						12,830	12,804	-0.2%	
Single Parent, One Child						19,202	19,164	-0.2%	
Couple, Two Children						22,725	22,716	0.0%	

Earnings Exemptions

-----The figures in the tables above do not take into account the fact that welfare incomes may be increased by personal earnings. Each province and territory allows welfare recipients to retain a certain amount - a flat-rate sum and/or a percentage of earnings - without any reduction in their welfare cheques. These extra amounts were not included in the tables because it is not certain that recipients would actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Allowable earnings exemptions in each province and territory are presented in Table 6. The exemptions vary by family size and sometimes by employability. All provinces recognize work-related expenses, including child care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs from their earnings. In effect, that means that the actual earnings exemptions in some provinces are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

While provinces and territories are free to set their earnings exemption levels, they are expected to fall within federal parameters. Prior to October 1985, the federal government would not allow cost-sharing for provincial earnings exemptions which exceeded the following levels: for a single person, the greater of \$95 or 25 percent of the amount of social assistance to which the person would be entitled if he or she had no income; for a family, the greater of \$190 or 25 percent of social assistance plus the family allowance and the refundable child tax credit benefits to which the household would be entitled if it had no income.

In 1985, the federal government made special provision for cost-sharing in welfare programs with enhanced earnings exemptions. The initiative was part of the "four-corner agreements" involving the federal Ministers of Health and Welfare and Employment and Immigration and their respective provincial and territorial counterparts. The purpose of these agreements was to promote the participation of employable welfare recipients in the labour market.

Enhanced earnings exemptions are important because they provide a means for welfare recipients to improve (at least marginally) the quality of their lives. These exemptions also

encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

On the other hand, there is always the danger that provinces and territories will opt for higher earnings exemptions as a substitute for increases in basic welfare rates. In our view, that would be an abuse of the system, because it would deny adequate levels of support to welfare recipients who failed to obtain some kind of paying job through no fault of their own.

TABLE 6

MONTHLY EARNINGS EXEMPTIONS LEVELS AS OF JANUARY 1994

	Unemployable	Employable
Newfoundland ¹	<p>For adults on social assistance for reasons other than unemployment (excluding disability), \$30 + 50% of allowable income over \$30 and up to \$80 a month (maximum monthly exemption of \$55)</p> <p>For families on social assistance for reasons other than unemployment, \$30 + 50% of allowable income over \$30 a month and up to \$200 a month (maximum monthly exemption of \$115)</p> <p>For a disabled adult, up to \$95 a month</p> <p>For a family with disabled member(s), up to \$190 a month</p>	<p>For adults who are unemployed, 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>For unemployed families, 50% of allowable income up to \$200 a month (maximum monthly exemption of \$100)</p>
Prince Edward Island ²	<p>\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households</p>	Same
Nova Scotia ³	<p>For single persons, \$100 + 25% of gross earnings or vocational training allowances</p> <p>For families, \$200 + 25% of gross earnings or vocational training allowances</p> <p>For single people with disabilities who are in an approved education program, \$275 + 25% of monthly training allowances</p>	<p>\$50 single person⁴</p> <p>\$100 family⁴</p>

TABLE 6 (Continued)

	Unemployable	Employable
New Brunswick	<p>\$150 single person \$200 family</p>	<p>\$150 single person \$200 family</p> <p>Where a recipient has been designated as having high employment potential, exemptions are increased for one person by an additional monthly amount of \$250 for two months. Exemptions for a family are increased by an additional monthly amount of \$200 for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions.</p>
Quebec ⁵	<p>\$100 single person or family</p>	<p>\$174 single person \$60 single parent \$212 two-parent family</p>
Ontario ⁶	<p>\$160 + 25% over \$160 of net earnings for a single disabled person⁷ \$185 + 25% over \$185 of net earnings for a family with at least one disabled beneficiary⁷ \$120 + 25% over \$120 of net earnings for a single-parent family</p>	<p>\$50 + 25% over \$50 of net earnings for a single person \$100 + 25% over \$100 of net earnings for a two-parent family \$120 + 25% over \$120 of net earnings for a single-parent family</p>

TABLE 6 (Continued)

	Unemployable	Employable
Manitoba	<p>The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings.</p> <p>For newly enrolled applicants, students and self-employed persons, \$50 a month up to \$600 a year</p>	<p>\$95 single person</p> <p>\$130 household of two persons⁸</p>
Saskatchewan ⁹	<p>First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for a single disabled person</p> <p>First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for a two-person family classified as disabled</p>	<p>First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for a single person considered non-disabled</p> <p>First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for a two-person family considered non-disabled</p>
Alberta	<p>\$115 plus 25% of net income over \$115¹⁰</p> <p>\$100 a month</p>	<p>Same</p>
British Columbia ¹¹	<p>\$200 a month for recipients with dependents</p> <p>\$200 a month for recipients of Handicapped Benefits (Recipients may choose to be classified as employable if they would benefit from the enhanced earnings exemption.)</p>	<p>\$100 for single person and \$200 for recipients with dependents (Employable recipients are eligible for an additional exemption of 25% of net earnings over these flat-rate amounts.)¹²</p>
Northwest Territories	<p>\$50 (no dependents)</p> <p>\$100 (dependents)</p>	<p>Same</p>

TABLE 6 (Continued)

	Unemployable	Employable
Yukon	<p>No exemption on net income from full-time employment (more than 20 hours a week); earnings exemption on part-time employment is the greater of 50% of net earnings but not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependents or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more¹³</p> <p>For permanent exclusions from the labour market, \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials</p>	Same

NOTES TO TABLE 6

1. Newfoundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$260 a month if necessary for employment. The same exemptions apply to applicants for welfare.
2. The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum exemption of \$50 a month may be allowed against income that is derived on an irregular basis and is considered non-insurable under the Unemployment Insurance Act. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries use their own vehicles to travel to and from work.
3. There is a total exemption of earned income for the first month of full-time employment. Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program.
4. These are the earnings exemptions for the City of Halifax.
5. The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was calculated under the "not available" category of the Work and Employment Incentives Program, and the exemptions for single persons and two-parent families were calculated under the "not participating" category of the program. People who have received welfare benefits from either program for three consecutive months and then find a job or enter a training program can have all earnings or training allowances exempted for one month. This enhanced benefit can be claimed only once in any six-month period.
6. These earnings exemptions are part of the Supports To Employment Program (STEP), a series of measures designed to encourage participation in the paid labour force. Ontario allows deductions for child care expenses up to the actual amount for licensed care and up to \$390 a month for children under six and \$346 for children six through 12 for unlicensed care. As of August 1992, the basic and supplementary exemptions are no longer allowable for the purpose of determining eligibility for welfare for the first three months of assistance; they apply only from the fourth month of assistance.
7. Persons with disabilities eligible for GAINS-D (Guaranteed Annual Income System for the Disabled) are entitled to an additional deduction of up to \$140 a month for work expenses related to their disabilities.

8. These are the earnings exemptions for the City of Winnipeg.
9. Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here. The earnings exemptions apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories are entitled to the earnings exemption from the time they receive income from employment.
10. Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$165 a month plus 25 percent of additional earnings.
11. The figures indicated here are exemptions on earnings. There is also a set of exemptions that apply to other forms of income such as maintenance payments and training allowances.
12. The flat-rate exemption on net earned income is applied only after people have received full or partial benefits for more than three consecutive months. The enhanced exemption of 25 percent may be claimed for 12 months during a three-year period, with the possibility of a six-month extension. However, disabled persons are eligible indefinitely for the enhanced exemption.
13. In lieu of an earnings exemption, full-time workers get additional payments of \$50 a month: \$25 for clothing and \$25 for transportation.

Conclusion

Welfare is a degrading experience for the vast majority of recipients. Applicants have to exhaust almost all their liquid assets to qualify for help. Welfare entitlements are determined by a labyrinth of rules and regulations that may or may not make sense. "Need" is as much a dictate of governments as it is a reflection of the cost of the necessities of life. The huge amount of discretion in the system makes it almost impossible to know whether people are being treated fairly.

The income provided by most provincial and territorial welfare programs is grossly inadequate for the vast majority of recipients. Yet some welfare recipients have actually seen their incomes decline in recent years, and the situation is likely to deteriorate further as all levels of government tighten their purse strings.

The National Council of Welfare has long been concerned about governments seeking to save money at the expense of the poor. Our 1990 report The Canada Assistance Plan: No Time for Cuts strongly criticized the federal government for proceeding with plans to limit its cost-sharing of welfare and social services in Ontario, Alberta and British Columbia. Much of that criticism was repeated and amplified in our report earlier this year on the proposed new Canada Health and Social Transfer entitled The 1995 Budget and Block Funding.

Welfare is the social safety net of last resort for people who have exhausted other sources of income. If the federal government proceeds with reductions in its support for provincial and territorial welfare programs, the real losers will be the children, women and men on welfare who are already among the poorest of the poor in Canada.

APPENDIX

ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY			
Province or Territory	March 31, 1993	March 31, 1994	Increase or Decrease
Newfoundland	68,100	67,400	-1.0 %
Prince Edward Island	12,600	13,100	4.0 %
Nova Scotia	98,700	104,000	5.4 %
New Brunswick	78,100	73,500	-5.9 %
Quebec	741,400	787,200	6.2 %
Ontario	1,287,000	1,379,300	7.2 %
Manitoba	88,000	89,300	1.5 %
Saskatchewan	68,200	81,000	18.8 %
Alberta	196,000	138,500	-29.3 %
British Columbia	323,300	353,500	9.3 %
Yukon	2,500	2,400	-4.0 %
Northwest Territories	11,100	11,000	-0.9 %
CANADA	2,975,000	3,100,200	4.2 %

SOURCE: Human Resources Development Canada

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, 2^e étage, 1010 rue Somerset ouest, Ottawa K1A 0J9.

