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WELFARE INCOMES 1996

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

Winter 1997-1998

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FOREWORD

This report is the ninth of its kind by the National Council of Welfare. It estimates welfare incomes for the year 1996 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 1995.

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. The Council also appreciates the continuing support and co-operation of the Social Program Information and Analysis Division of the Social Policy Directorate in Human Resources Development Canada.

All nine 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. And yet welfare benefits were again frozen or decreased during 1996 for two-thirds of the household types covered in this report throughout Canada. As the freezes and decreases continue, people already living in poverty on welfare grow poorer.

From 1966 until March 31, 1996, the federal government paid a share of the cost of welfare and social services under the terms of the Canada Assistance Plan or CAP. On April 1, 1996, the federal government replaced CAP with the Canada Health and Social Transfer. The CHST is a "block fund" covering medicare and post-secondary education as well as welfare and social services. Ottawa's support for these important programs taken together decreased by 9.4 percent in the 1996-97 fiscal year and will decrease by a further 6.2 percent in 1997-98.

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.

Until March 31, 1996, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. On April 1, 1996, CAP was replaced by the Canada Health and Social Transfer.

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 administrative rules that 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 stringent 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.

Once the administrative conditions are met, each applicant goes through a “needs test.” This test compares the budgetary needs of an applicant and any dependents with the assets and income of the household; needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a household’s non-exempted financial resources are less than the cost of regularly recurring needs, that is, food, shelter, household and personal needs (and special needs, in some jurisdictions).

First of all, applicants’ fixed and liquid assets are examined. In most provinces, fixed assets like a principal residence, furniture and clothing are considered exempt. Most provinces also 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. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempted liquid assets for their ongoing needs before qualifying for welfare.

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) appear in Table 1 below. The amounts vary by household size and employability. Where a household’s liquid assets are higher than the amounts in Table 1, that household is not entitled to welfare until the excess is spent on approved needs.

The amounts shown in Table 1 are the liquid asset exemption levels which were in effect in January 1996. During 1996, there were no significant changes in liquid asset exemption policies except in Quebec. These policy changes will be included in the 1997 edition of this report.

TABLE 1
LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1996

	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	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
Quebec	**4	**4	\$2,500	\$1,500	\$2,500 ⁵
Ontario	\$2,500 ⁶	\$5,000 ⁶	\$3,000 ⁶	Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance. ⁶	
				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

LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1996

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Manitoba	\$1,000	\$2,000	\$2,000	0 ⁷	0 ⁷
Saskatchewan	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 ⁸
Alberta	\$1,500	\$2,500	\$1,500 ⁹	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
British Columbia	\$500 ¹⁰	\$5,000 ¹¹	\$3,000	\$500 ¹⁰	\$5,000 ¹¹
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 ¹²	\$200 ¹²

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 \$1,200 to \$2,400 for a person with dependents, based 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 do not qualify for higher "unemployable" asset exemptions unless they are disabled as defined under the Financial Support program. Families that qualify under the Financial Support program are eligible for 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 allow households applying for or in receipt of Family Benefits or General Welfare Assistance to exceed the maximum exemption level where savings will be used for an item deemed to be necessary for the well-being of a member of the household (for example, a specially equipped van or an electric wheelchair).
7. The provincially established Municipal Assistance Regulation does not allow any liquid asset exemption for applicants; however, once a person or family has qualified for assistance, municipalities have the discretion to allow an exemption of up to \$400 per person to a maximum of \$2,000 per household. The City of Winnipeg, which covers about 90 percent of the province's municipal assistance caseload, has chosen to allow the maximum asset exemption for its recipients.
8. The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
9. A severely and permanently disabled single person who has high needs because of the costs of personal support services is allowed an exemption of up to \$3,000. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped program (no asset test) instead of welfare.
10. This applies to recipients under age 55. The liquid asset exemption for recipients 55 and older is \$3,000. Asset level decreased in 1995.
11. 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.
12. 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.

After the examination of fixed and liquid assets, the household's income from various sources is identified. Some types of income, such as the federal Child Tax Benefit and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare. Income from other sources such as employment, pensions and unemployment insurance is considered fully or partially available for support of the household.

Total non-exempt income is subtracted from the total needs of the household. Applicants qualify for welfare 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 was the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorized the federal government to share the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, however, no province or territory had replaced its needs test.

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 cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are 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.

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 1996. 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 two-year-old child and a two-parent family with two children ten and 15 years of age. To facilitate comparisons, we assumed that each of the households went on welfare on January 1, 1996, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates of what a particular family or a single person might receive. Because welfare is such a highly individualized program of income support, every applicant is potentially eligible for a different amount of financial assistance on the basis of the circumstances of his or her household.

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 or territory will provide to a given household unit for its basic living needs. These rates can be reduced in all provinces and territories for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits where an employable recipient refuses a reasonable job offer, or quits a job without just cause.

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, such as costs related to a disability in the family or the cost of searching for a job.

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 concerning recipient households have to do with the place of residence, the ages of the children, the employability of the household head, the type of housing and the case history.

a. place of residence

The rates of social assistance shown for any given province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions. Households living in smaller municipalities often receive lower benefits because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Supplements are offered in some provinces to compensate welfare households living in remote areas for higher living costs.

b. ages of children

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years of age and the children in the two-parent family are ten and 15 years old. This is because some provinces vary a family's entitlement with the age of each child in the household.

c. employability of the household head

In Table 2, short-term rates of assistance (which are generally lower than long-term rates) were assigned to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province.

d. type of housing

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that there was no sharing of accommodation. In all provinces, actual welfare entitlements are reduced when recipient households live in subsidized housing or when housing is shared.

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

In the Northwest Territories, however, there were no maximum rates for shelter in 1996. Actual rents were 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 based on 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.

In 1996, the government of the Northwest Territories announced that it would cap the shelter rate for single people beginning in 1997. This will be reflected in our 1997 report.

e. case history

In order to “annualize” the rates for this report, we assumed that these four typical households started receiving welfare on January 1, 1996, and remained on assistance throughout the entire calendar year.

We also assumed that households satisfied the residency requirement for welfare which was imposed by the government of British Columbia. Between December 1995 and March 1997, applicants for welfare had to live in British Columbia for three months before they were eligible for assistance.

The British Columbia residency requirement was in contravention of the terms of the Canada Assistance Plan and the Canada Health and Social Transfer. It became the subject of a protracted dispute between the federal and British Columbia governments. In March 1997, British Columbia dropped the rule as part of an out-of-court settlement with the federal government.

The calculations of basic social assistance were done month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates. For example, Prince Edward Island decreased the shelter portion of its welfare rates on April 1, 1996, for residents of Charlottetown, so the Prince Edward Island calculations for 1996 are made up of three months of welfare at the old shelter rate and nine months at the new rate.

We further assumed that welfare households did not have any income from paid work during the time they were on assistance.

Special Assistance

Two kinds of assistance may be provided for special needs. First, there are supplementary allowances paid “automatically” to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts which appear in the second column in Table 2. Examples of this type 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.

Second, there are one-time special needs, which include items such as funeral expenses, moving costs or emergency home repairs. This type of special assistance is not included in this report, because the special needs are established on a case-by-case basis. Decisions to provide this 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.

Special assistance has been incorporated in Column 2 of Table 2 only when it is automatically provided to certain recipients.

Child Tax Benefit

The federal government paid a basic annual benefit of up to \$1,020 in most parts of Canada in 1996 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 annual benefit 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) 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. In addition, it pays a special allowance to families with children under six called the Allowance for Young Children. It was worth \$9.77 a month in 1996 for the first child under six. Quebec also provides an earnings supplement to low-income workers with children under its Parental Wage Assistance program. We did not include benefits available from this program in Table 2 because we assumed that welfare households did not have any income from work during the year.

Until July 1996, Manitoba offered non-taxable income supplements to all low-income families with children, including welfare recipients. Under the terms of its Child Related Income Support Program, Manitoba provided up to \$30 a month per child. The program was income-tested,

and did not pay supplements to families on welfare above and beyond their welfare entitlements. Benefits from the program were deemed to be included in Column 1 under basic social assistance.

Saskatchewan's Family Income Plan offers low-income families with children up to \$105 a month for each of the first three children in a family and up to \$95 a month for each additional child. The program is income-tested and does not pay supplements above and beyond families' welfare entitlements. Benefits from the Family Income Plan are deemed to be included in Column 1 under basic social assistance.

In July 1996, British Columbia introduced the B.C. Family Bonus as part of a package of initiatives known as B.C. Benefits. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 a month per child, which is deducted from their welfare, resulting in no change to the families' total income. The figures in Table 2 include a "support reduction" in the basic social assistance column, and the Family Bonus payments in the additional benefits column for the period from July to December 1996.

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 1996 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 an income-tested single person's supplement to a maximum of \$105 in 1996 if their 1995 incomes were between \$6,456 and \$25,921.

Prince Edward Island stopped considering the GST credit as exempt income in June 1994. The result was a dollar-for-dollar reduction in welfare benefits for all categories of recipients equal to the amount of the household's GST credit entitlement for the latter half of the 1994. For 1995 and 1996, the value of the entire GST credit was deducted from the household's welfare entitlement. 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 the same amount.

In the budget speech of April 15, 1997, the government of Prince Edward Island announced that the GST credit would once again be considered exempt income as of June 1, 1997, and would no longer trigger reductions in welfare incomes. This change in policy will be reflected in subsequent editions of this report.

Provincial Tax Credits

The tax credits in Column 6 are the Sales and Property Tax Credits in Ontario, the Cost of Living and Property Tax Credits in Manitoba and the Sales Tax Credit in British Columbia. All four categories of welfare recipients were eligible for provincial tax credits in Ontario and in British Columbia.

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. As of May 1996, welfare recipients are no longer eligible for the Manitoba Cost of Living and Property Tax Credits. The effect on municipal welfare recipients will be reflected in their 1997 income as their 1996 tax credits will be paid in 1997.

Earlier 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, 1996

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	GST Credit ²	Provincial Tax Credits	Total Income
NEWFOUNDLAND³							
Single Employable ⁴	2,502				199		2,701
Disabled Person	6,810	1,500 ⁵			236		8,546
Single Parent, One Child	11,262		1,233		494		12,989
Couple, Two Children	12,186		2,040		608		14,834
PRINCE EDWARD ISLAND⁶							
Single Employable ⁷	5,245				206		5,451
Disabled Person ⁷	7,956	1,092 ⁸			247		9,295
Single Parent, One Child	10,242		1,233		483		11,958
Couple, Two Children	14,698	175 ⁹	2,040		608		17,521
NOVA SCOTIA¹⁰							
Single Employable	5,922				199		6,121
Disabled Person	8,568				241		8,809
Single Parent, One Child	10,560		1,233		480		12,273
Couple, Two Children ¹¹	13,602		2,040		608		16,250
NEW BRUNSWICK¹²							
Single Employable	3,132				199		3,331
Disabled Person	6,483				215		6,698
Single Parent, One Child	8,673	900 ¹³	1,233		452		11,258
Couple, Two Children	9,711	1,000 ¹⁴	2,040		608		13,359

TABLE 2

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD, 1996

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	GST Credit ²	Provincial Tax Credits	Total Income
QUEBEC¹⁵							
Single Employable ¹⁶	6,000				199		6,199
Disabled Person	8,268				235		8,503
Single Parent, One Child	10,200	1,080 ¹⁷	1,082 ¹⁸	248 ¹⁹	469		13,079
Couple, Two Children	12,000	1,219 ²⁰	1,972 ¹⁸	305 ²¹	608		16,104
ONTARIO							
Single Employable	6,240				225	344 ²²	6,809
Disabled Person ²³	11,160				293	306 ²²	11,759
Single Parent, One Child	11,484	105 ²⁴	1,233		503	351 ²²	13,676
Couple, Two Children	14,568	407 ²⁵	2,040		608	453 ²²	18,076
MANITOBA²⁶							
Single Employable	5,539				199	531 ²⁷	6,269
Disabled Person	7,157	840 ²⁸			230		8,227
Single Parent, One Child	9,636		1,233		462		11,331
Couple, Two Children	14,640		2,040		608	633 ²⁷	17,921
SASKATCHEWAN							
Single Employable	5,760				199		5,959
Disabled Person	7,500	1,020 ²⁹			235		8,755
Single Parent, One Child ³⁰	10,381		1,233		477		12,091
Couple, Two Children ³⁰	14,643	160 ³¹	2,040		608		17,451

TABLE 2

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD, 1996

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	GST Credit ²	Provincial Tax Credits	Total Income
ALBERTA ³²							
Single Employable	4,728				199		4,927
Disabled Person	6,348	240 ³³			201		6,789
Single Parent, One Child	9,192		1,148 ³⁴		453		10,793
Couple, Two Children	14,472	150 ³⁵	2,137 ³⁴		608		17,367
BRITISH COLUMBIA							
Single Employable ³⁶	6,046	35 ³⁷			201	50 ³⁸	6,332
Disabled Person	9,252	35 ³⁷			255	50 ³⁸	9,592
Single Parent, One Child ³⁹	11,166	698 ³⁷	1,233		503	100 ³⁸	13,700
Couple, Two Children ³⁹	13,632	1,426 ⁴⁰	2,040		608	200 ³⁸	17,906
YUKON ⁴¹							
Single Employable	7,740	155 ⁴²			228		8,123
Disabled Person	7,740	1,655 ⁴³			251		9,646
Single Parent, One Child	12,540	572 ⁴⁴	1,233		503		14,848
Couple, Two Children	19,080	685 ⁴⁵	2,040		608		22,413
NORTHWEST TERRITORIES ⁴⁶							
Single Employable	11,229				296		11,525
Disabled Person	11,529	1,500 ⁴⁷			304		13,333
Single Parent, One Child	19,074		1,233		503		20,810
Couple, Two Children	22,596		2,040		608		25,244

NOTES TO TABLE 2

1. The single-parent family with one young child was eligible for \$1,233 (\$1,020 as the basic Child Tax Benefit and \$213 as a supplement for each child 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 1996, adults and the first child in a single-parent family received maximum payments of \$49.75 each every three months, and the maximum rate for each additional child was \$26.25 every three months. 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 for households residing on the island portion of the province (\$90 a month for clients in Labrador) and paying their heating bills separately from shelter.
4. These rates apply to single able-bodied people under age 50. Rates of assistance to people over 50 are higher. Until June 1996, it was the practice of the Newfoundland welfare department to grant most single employable people welfare at room and board rates. The 1996 provincial budget made room and board the rule for all single employable people on welfare, except in exceptional cases. This rate has been calculated for a single employable person boarding with relatives in St. John's.
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 last rate increases in Prince Edward Island were on July 1, 1992. The GST credit was not considered exempt income in 1996. All figures in the basic social assistance column have been reduced by the amount which appears in the GST Credit column.
7. In the summer of 1994, the maximum shelter allowance for a single person was reduced from \$480 to \$305 a month; however, the old maximums remained in effect for persons with special housing needs. The disabled person in Table 2 is deemed to have special housing needs, and is thus eligible for the higher maximum shelter allowance.
8. 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.

9. This represents back-to-school benefits of \$100 and \$75 for the children.
10. In April 1996, the provincial government took over the administration of municipal welfare in Halifax. In April 1996, the monthly food allowances for families in Halifax region increased, marking the first real increase in welfare benefits in four years. The shelter allowance for a family with two children was increased. Reductions in shelter allowances which were announced at the same time affected only recipients who went on welfare in April or later. These reductions will be reflected in the 1997 edition of this report.
11. A \$20 per child back-to-school allowance ended in September 1995.
12. The single employable person was classified in the Interim Assistance Program; the single disabled person in the Extended Benefits Program; and the single-parent and two-parent families in the Transitional Assistance Program. Rates for all four categories of welfare recipients increased by 2 percent on October 1, 1996.
13. This is the Income Supplement Benefit, a shelter subsidy which assists families with children paying high shelter costs. The maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October.
14. This is the combined amount of the Income Supplement Benefit and the School Supplement (\$50 per year per child).
15. The value of the Quebec Sales Tax Credit, once listed separately, is now included in basic welfare assistance. The single disabled person was classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others were classified as "non-participating."
16. 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.
17. 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.
18. 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.
19. This is the combined amount of the Quebec family allowance and the Allowance for Young Children.

20. 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.
21. This is the Quebec family allowance.
22. This represents the combined amount of the Ontario Sales Tax and Property Tax Credits for 1996. The Property Tax Credit was calculated on the following annual shelter costs: \$4,701 for a single person, \$4,968 for a single disabled person, \$7,401 for the single-parent family and \$8,718 for the two-parent family; these correspond to the maximum shelter benefits payable in 1996 in each case.
23. Assistance for a single disabled person is based on the GAINS-D rates, which were last increased in April 1993.
24. This is the winter clothing allowance of \$105 for each dependent child.
25. 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 per child paid on behalf of the dependent children.
26. On May 1, 1996, welfare rates were reduced for the single employable person. Reductions for couples with children affected only those families who went on welfare after May 1996. Winnipeg City Council eliminated the Christmas bonus for municipal welfare recipients (the single employable person and the couple with two children) in 1996.
27. These are the Manitoba Cost of Living and Property Tax Credits. Recipients of provincial welfare no longer receive the credits. They are deemed to be included in the monthly assistance rates of the disabled person and single parent.
28. This is the disability benefit of \$70 a month.
29. Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all disabled people on welfare are entitled to a special transportation allowance of \$20 a month. Until 1996, this allowance was available to people with disabilities on a case-by-case basis only.

30. The rates of assistance which appear in the first column have been reduced by \$34.88 per month for each child (the value of the former federal family allowance). 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.
31. 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.
32. The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single disabled person is classified under the Assured Support program.
33. Since February 1994, Alberta has provided a supplement of \$20 a month to any person categorized as Assured Support. People with severe and permanent disabilities are eligible for further assistance of \$810 a month through the Assured Income for the Severely Handicapped program. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program 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.
34. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child.
35. This is the back-to-school allowance of \$100 per year for each child in junior high school or high school and \$50 per year for each child in elementary school.
36. As of January 1996, British Columbia imposed an “employable reduction” on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare, and \$500 a month subsequently.
37. This is a Christmas allowance of \$35 for a single person or \$70 the single-parent family plus \$10 for each child in the family.
38. This is the B.C. Sales Tax Credit, which is payable to low-income households throughout the income tax system. The amounts shown (\$50 per person per year) were paid in 1996 for the 1995 tax year.

39. In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The figures in Table 2 show a "support reduction" in the basic social assistance column, and the Family Bonus payments in the additional benefits column for the period from July to December 1996.
40. 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.
41. The last rate increases in Yukon were on April 1, 1991.
42. This represents the combined amounts of the Christmas allowance of \$30 per person and winter clothing allowances of \$75 for children under age 14 and \$125 for adults and children 14 and older.
43. In addition to the Christmas allowance and winter clothing allowance, disabled recipients are eligible for a supplementary allowance of \$125 a month if they are considered to be "permanent exclusions from the labour force."
44. 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. Late in 1995, the Northwest Territories stopped paying the household allowance and the personal allowance to new welfare recipients during their first three months on welfare.
45. This includes Christmas allowances, winter clothing allowances and school supply allowances of \$50 and \$65.
46. 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.
47. This is the disability allowance of \$125 a month.

Adequacy of Benefits

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 1996. 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 much of their income 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 Newfoundland with total incomes of \$2,701 in 1996 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, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in some provinces, especially rates for single employables, are far below the lines. Welfare incomes which reach only one-fifth 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 1996. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the low income 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 shown 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 remained by far the least adequate during 1996, ranging from 19 percent of the poverty line in Newfoundland to 43 percent of the poverty line in Nova Scotia.

Benefits for single disabled people ranged from 42 percent of the poverty line in Alberta to 73 percent in Ontario. Ontario exempted disabled recipients from the 21.6 percent welfare cut of October 1995.

Welfare incomes for single-parent families ranged from a low of 50 percent in Alberta to a high of 68 percent in Newfoundland.

For two-parent families with two children, welfare incomes ranged from 48 percent of the poverty line in New Brunswick to 64 percent in Prince Edward Island.

TABLE 3
ADEQUACY OF BENEFITS, 1996

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>NEWFOUNDLAND</u>				
Single Employable	2,701	14,107	-11,406	19%
Disabled Person	8,546	14,107	-5,561	61%
Single Parent, One Child	12,989	19,123	-6,134	68%
Couple, Two Children	14,834	27,982	-13,148	53%
<u>PRINCE EDWARD ISLAND</u>				
Single Employable	5,451	13,781	-8,330	40%
Disabled Person	9,295	13,781	-4,486	67%
Single Parent, One Child	11,958	18,680	-6,722	64%
Couple, Two Children	17,521	27,338	-9,817	64%
<u>NOVA SCOTIA</u>				
Single Employable	6,121	14,107	-7,986	43%
Disabled Person	8,809	14,107	-5,298	62%
Single Parent, One Child	12,273	19,123	-6,850	64%
Couple, Two Children	16,250	27,982	-11,732	58%
<u>NEW BRUNSWICK</u>				
Single Employable	3,331	14,107	-10,776	24%
Disabled Person	6,698	14,107	-7,409	47%
Single Parent, One Child	11,258	19,123	-7,865	59%
Couple, Two Children	13,359	27,982	-14,623	48%
<u>QUEBEC</u>				
Single Employable	6,199	16,061	-9,862	39%
Disabled Person	8,503	16,061	-7,558	53%
Single Parent, One Child	13,079	21,769	-8,690	60%
Couple, Two Children	16,104	31,862	-15,758	51%

TABLE 3
ADEQUACY OF BENEFITS, 1996

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>ONTARIO</u>				
Single Employable	6,809	16,061	-9,252	42%
Disabled Person	11,759	16,061	-4,302	73%
Single Parent, One Child	13,676	21,769	-8,093	63%
Couple, Two Children	18,076	31,862	-13,786	57%
<u>MANITOBA</u>				
Single Employable	6,269	16,061	-9,792	39%
Disabled Person	8,227	16,061	-7,834	51%
Single Parent, One Child	11,331	21,769	-10,438	52%
Couple, Two Children	17,921	31,862	-13,941	56%
<u>SASKATCHEWAN</u>				
Single Employable	5,959	14,107	-8,148	42%
Disabled Person	8,755	14,107	-5,352	62%
Single Parent, One Child	12,091	19,123	-7,032	63%
Couple, Two Children	17,451	27,982	-10,531	62%
<u>ALBERTA</u>				
Single Employable	4,927	16,061	-11,134	31%
Disabled Person	6,789	16,061	-9,272	42%
Single Parent, One Child	10,793	21,769	-10,976	50%
Couple, Two Children	17,367	31,862	-14,495	55%
<u>BRITISH COLUMBIA</u>				
Single Employable	6,332	16,061	-9,729	39%
Disabled Person	9,592	16,061	-6,469	60%
Single Parent, One Child	13,700	21,769	-8,069	63%
Couple, Two Children	17,906	31,862	-13,956	56%

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 1996 estimates by the National Council of Welfare based on data collected by Statistics Canada in the Survey of Consumer Finances for 1995. 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, Prince Edward Island and Saskatchewan. 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 11 percent to 31 percent of the average income received by single people under 65. The disabled person on welfare got 26 to 45 percent of the average. Single-parent families had 41 to 61 percent of average incomes, but it is worth noting that average incomes for single-parent families in general remain far below average incomes for couples with children. The two-parent family on welfare had between 25 and 33 percent of average incomes.

TABLE 4			
WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES, BY FAMILY TYPE AND PROVINCE, 1996			
	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<u>NEWFOUNDLAND</u>			
Single Employable	2,701	23,509	11%
Disabled Person	8,546	23,509	36%
Single Parent, One Child	12,989	-----	-----
Couple, Two Children	14,834	48,329	31%
<u>PRINCE EDWARD ISLAND</u>			
Single Employable	5,451	22,016	25%
Disabled Person	9,295	22,016	42%
Single Parent, One Child	11,958	-----	-----
Couple, Two Children	17,521	53,802	33%
<u>NOVA SCOTIA</u>			
Single Employable	6,121	19,631	31%
Disabled Person	8,809	19,631	45%
Single Parent, One Child	12,273	20,110	61%
Couple, Two Children	16,250	55,193	29%
<u>NEW BRUNSWICK</u>			
Single Employable	3,331	23,823	14%
Disabled Person	6,698	23,823	28%
Single Parent, One Child	11,258	20,385	55%
Couple, Two Children	13,359	54,026	25%
<u>QUEBEC</u>			
Single Employable	6,199	22,919	27%
Disabled Person	8,503	22,919	37%
Single Parent, One Child	13,079	28,019	47%
Couple, Two Children	16,104	58,424	28%

TABLE 4			
WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES, BY FAMILY TYPE AND PROVINCE, 1996			
	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<u>ONTARIO</u>			
Single Employable	6,809	29,124	23%
Disabled Person	11,759	29,124	40%
Single Parent, One Child	13,676	28,215	48%
Couple, Two Children	18,076	68,943	26%
<u>MANITOBA</u>			
Single Employable	6,269	23,331	27%
Disabled Person	8,227	23,331	35%
Single Parent, One Child	11,331	27,892	41%
Couple, Two Children	17,921	57,028	31%
<u>SASKATCHEWAN</u>			
Single Employable	5,959	26,332	23%
Disabled Person	8,755	26,332	33%
Single Parent, One Child	12,091	-----	-----
Couple, Two Children	17,451	58,262	30%
<u>ALBERTA</u>			
Single Employable	4,927	26,595	19%
Disabled Person	6,789	26,595	26%
Single Parent, One Child	10,793	24,990	43%
Couple, Two Children	17,367	60,169	29%
<u>BRITISH COLUMBIA</u>			
Single Employable	6,332	27,064	23%
Disabled Person	9,592	27,064	35%
Single Parent, One Child	13,700	28,733	48%
Couple, Two Children	17,906	66,755	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 1996 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 1996 dollars to factor out the effects of inflation and to show the real purchasing power of welfare 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 1996 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 1996. The first estimates of welfare incomes in the Northwest Territories were done for 1993, so the table shows comparisons only since that time.

From 1995 to 1996, most welfare recipients in Canada saw further erosion of their already precarious financial well-being. The cost of living went up by 1.6 percent, and welfare benefits were frozen or even decreased in most jurisdictions. Whenever the change from 1995 to 1996 appears as -1.6 percent in Table 5, the rates were frozen and people lost 1.6 percent of their purchasing power to inflation.

Between 1995 and 1996, benefits increased in only five cases. In Prince Edward Island, incomes for disabled people rose by 1.2 percent; in Nova Scotia, rates for couples with two children rose 7.3 percent; in Quebec, rates for disabled people rose by 0.6 percent, and rates for single parents rose by 0.6 percent; in the Northwest Territories, rates for disabled people rose by 0.2 percent.

The 1996 Newfoundland budget made the lower room and board rate the rule for all single employable people, creating the largest single drop in annual welfare incomes - 43.1 percent.

The next largest drops in annual welfare incomes affected Ontario single employable people, single-parent families, and families with children. Welfare rates for all recipients except the aged and the disabled in Ontario were cut by 21.6 percent as of October 1995.

Since we calculate welfare incomes using a calendar year, our 1995 calculations for Ontario showed only three months at the lower rates. This meant that the net decrease between 1994 and 1995 was less than eight percent. In 1996, the lower rates were in effect for the full year, resulting in net decreases of nearly 18 percent between 1995 and 1996. Between 1994 and 1996, the drop in income was nearly 24 percent.

The far-right column in Table 5 shows that, between 1986 and 1996, about one-third of the welfare households covered in this report saw improvements in their purchasing power while two-thirds saw their financial situation deteriorate. The most significant losses occurred in Newfoundland (for single people), Prince Edward Island, Saskatchewan and Alberta. Significant gains were recorded in Quebec (for single people), British Columbia and Yukon.

Changes in welfare rates over time are not necessarily gradual and progressive. For example, Ontario's rates improved significantly between 1986 and the early nineties as a result of reforms which occurred during that period. Since 1993, however, incomes in Ontario have been decreasing. After adjusting for inflation, 1996 income for all family types in Ontario were lower than they were in 1986, except for disabled recipients.

Over the same 11 years, the biggest losers were single employable people in Newfoundland and Alberta, whose purchasing power dropped by 45.6 percent and 42.5 percent respectively.

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1996 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
NEWFOUNDLAND											
Single Employable	4,595	4,430	4,408	4,335	4,555	4,499	4,486	4,395	2,502	-43.1%	-45.6%
Disabled Person		8,925	8,839	8,562	8,761	8,642	8,617	8,443	8,310	-1.6%	
Single Parent, One Child	11,521	11,279	11,268	11,380	11,859	11,712	11,679	11,442	11,262	-1.6%	-2.2%
Couple, Two Children	13,327	13,048	13,030	12,596	12,834	12,673	12,637	12,381	12,186	-1.6%	-8.6%
PRINCE EDWARD ISLAND											
Single Employable	8,535	8,254	8,223	8,210	8,336	8,274	7,425	5,725	5,245	-8.4%	-38.5%
Disabled Person		9,606	9,517	9,370	9,493	9,410	9,283	8,939	9,048	1.2%	
Single Parent, One Child	11,765	11,379	11,478	11,374	11,564	11,494	11,262	10,733	10,242	-4.6%	-12.9%
Couple, Two Children	17,240	16,948	16,961	17,039	17,265	17,130	16,782	16,117	14,873	-7.7%	-13.7%
NOVA SCOTIA											
Single Employable	6,273	6,991	6,676	6,341	6,252	6,140	6,122	5,998	5,922	-1.3%	-5.6%
Disabled Person		9,203	9,153	9,009	8,896	8,736	8,860	8,705	8,568	-1.6%	
Single Parent, One Child	10,863	11,186	11,114	10,968	10,980	10,783	10,923	10,729	10,560	-1.6%	-2.8%
Couple, Two Children	13,076	14,230	13,609	13,137	13,165	12,971	12,933	12,672	13,602	7.3%	4.0%
NEW BRUNSWICK											
Single Employable	3,092	3,343	3,296	3,222	3,228	3,182	3,198	3,146	3,132	-0.4%	1.3%
Disabled Person		8,761	8,631	8,369	8,387	8,332	6,529	6,511	6,483	-0.4%	
Single Parent, One Child	9,286	9,065	8,930	8,721	8,794	8,819	9,171	9,628	9,573	-0.6%	3.1%
Couple, Two Children	10,045	9,807	9,648	9,546	9,868	9,892	10,241	10,778	10,711	-0.6%	6.6%

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1996 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
QUEBEC											
Single Employable	3,254	4,179	5,935	6,156	6,348	6,365	6,222	6,096	6,000	-1.6%	84.4%
Disabled Person		7,513	7,800	8,012	8,267	8,262	8,387	8,217	8,268	0.6%	
Single Parent, One Child	10,951	10,154	10,828	9,897	11,250	11,715	11,955	11,713	11,528	-1.6%	5.3%
Couple, Two Children	14,154	13,261	12,986	13,351	13,820	14,227	14,024	13,741	13,524	-1.6%	-4.5%
ONTARIO											
Single Employable	6,955	7,474	8,166	8,371	8,669	8,638	8,634	8,024	6,584	-17.9%	-5.3%
Disabled Person		10,791	11,520	11,760	11,969	11,898	11,890	11,650	11,466	-1.6%	
Single Parent, One Child	12,456	13,413	15,042	15,394	15,691	15,663	15,657	14,535	11,940	-17.9%	-4.1%
Couple, Two Children	15,505	16,927	19,737	20,081	20,540	20,483	20,286	18,716	15,428	-17.6%	-0.5%
MANITOBA											
Single Employable	6,901	7,157	7,255	7,159	7,313	7,193	6,687	6,562	6,070	-7.5%	-12.0%
Disabled Person		7,782	7,686	7,550	9,294	8,368	8,293	8,125	7,997	-1.6%	
Single Parent, One Child	10,661	10,444	10,325	10,141	11,244	10,085	9,993	9,790	9,636	-1.6%	-9.6%
Couple, Two Children	16,153	16,950	18,250	18,235	18,788	17,125	17,405	17,042	15,273	-10.4%	-5.4%
SASKATCHEWAN											
Single Employable	5,777	5,779	5,652	5,477	5,692	5,990	5,973	5,852	5,760	-1.6%	-0.3%
Disabled Person		9,417	9,125	8,764	8,694	8,611	8,586	8,412	8,520	1.3%	
Single Parent, One Child	11,853	11,803	11,475	11,033	10,919	10,796	10,765	10,548	10,381	-1.6%	-12.4%
Couple, Two Children	16,627	16,377	15,913	15,279	15,549	15,333	15,348	15,040	14,803	-1.6%	-11.0%

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1996 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
ALBERTA											
Single Employable	8,220	5,711	5,451	5,922	5,973	5,628	4,903	4,804	4,728	-1.6%	-42.5%
Disabled Person		7,063	6,742	7,092	7,053	6,845	6,811	6,693	6,588	-1.6%	
Single Parent, One Child	12,036	10,708	10,222	10,715	10,700	10,271	9,532	9,339	9,192	-1.6%	-23.6%
Couple, Two Children	17,895	15,777	15,060	16,585	16,622	16,006	15,007	14,856	14,622	-1.6%	-18.3%
BRITISH COLUMBIA											
Single Employable	5,871	6,440	6,588	6,476	6,680	6,701	6,860	6,743	6,131	-9.1%	4.4%
Disabled Person		8,887	9,198	8,976	9,379	9,440	9,649	9,486	9,337	-1.6%	
Single Parent, One Child	10,574	11,633	11,763	11,514	12,044	12,084	12,367	12,155	11,964	-1.6%	13.1%
Couple, Two Children	14,443	14,530	14,639	14,285	15,238	15,324	15,771	15,502	15,258	-1.6%	5.6%
YUKON											
Single Employable	6,977	8,419	8,525	8,376	8,361	8,211	8,187	8,021	7,895	-1.6%	13.2%
Disabled Person		9,418	9,478	9,278	9,250	9,084	9,058	9,545	9,395	-1.6%	
Single Parent, One Child	12,529	13,916	14,010	13,876	13,886	13,636	13,597	13,322	13,112	-1.6%	4.6%
Couple, Two Children	19,197	20,891	20,764	20,740	20,931	20,556	20,496	20,081	19,765	-1.6%	3.0%
NORTHWEST TERRITORIES											
Single Employable						11,756	11,722	11,485	11,229		-2.2%
Disabled Person						13,316	13,278	13,009	13,029		0.2%
Single Parent, One Child						19,931	19,873	19,471	19,074		-2.0%
Couple, Two Children						23,587	23,556	23,079	22,596		-2.1%

Adequacy of Welfare Incomes Over Time

In the years in which the National Council of Welfare has been examining welfare rates, provincial and territorial governments have frequently made changes to their welfare programs. Table 6 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 1996. We have used the total income of welfare recipients, including assistance from provincial governments, the federal Child Tax Benefit, provincial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the low income cut-offs. 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 figures for disabled people begin in 1989.

The next to last column shows that between 1995 and 1996, the standard of living for people on welfare improved in only three cases. Incomes for disabled people in Prince Edward Island rose 0.5 percent, but remained at 67 percent of the poverty line when the figures were rounded off. In Nova Scotia, the two-parent family's income rose 3.1 percent. In Saskatchewan, the disabled person's income rose 1.1 percent. All the other welfare households got even poorer.

The far right column shows that between 1986 and 1996, two-thirds of the welfare households sank deeper into poverty. In Prince Edward Island, the income of a single employable person dropped by over 22 percent. In Alberta, the same person lost over 20 percent.

Between 1995 and 1996, the most serious losses were in Newfoundland and Ontario. In Newfoundland, the living standard of single employable people dropped 13.9 percent from 33 percent of the poverty line in 1995 to 19 percent of the line in 1996, when the Newfoundland government made room and board accommodation the rule for all single employables. In Ontario, the living standard of two-parent families with children dropped over ten percent to 57 percent of the poverty line. The incomes of single-parent families in Ontario dropped 12 percent to 63 percent of the poverty line. Cuts and freezes to welfare rates in Ontario brought welfare incomes below what they were in 1986.

At no point between 1986 and 1996 did any province provide welfare benefits which allowed welfare recipients to reach the poverty line. As Table 6 shows, the highest rates ever achieved were still substantially below the poverty line. In 1989, Prince Edward Island provided benefits for couples with children which reached 78 percent of the poverty line. In 1992, 1993 and 1994, Ontario provided welfare incomes to single parents which reached 80 percent of the poverty line. In both cases, incomes have since deteriorated significantly.

Table 6 also illustrates the disparity in incomes between the different types of families in need of assistance. The poorest of all welfare recipients in Canada are always single employable people. Welfare rates for other categories of recipients are never lower than those of this group.

The adequacy of incomes for people with disabilities has remained relatively stable in comparison to the incomes to other welfare recipients. During recent welfare reforms, provinces frequently exempted people with disabilities from cuts to benefits. The value of the incomes ranged from a high of 77 percent of the poverty line in Prince Edward Island in 1989, where the incomes for people with disabilities dropped to 67 percent of the poverty line in 1996. The least adequate assistance for disabled people was in Alberta in 1996, where incomes reached only 42 percent of the poverty line. It should be noted that in Alberta, people with severe and permanent disabilities are eligible for further assistance through the Assured Income for the Severely Handicapped program.

The maximum welfare income a single parent received was 80 percent of the poverty line in Ontario in 1992, 1993 and 1994. A single parent with one child received an income worth only 50 percent of the poverty line in Manitoba in 1989, or in Alberta in 1995 and 1996.

The lowest welfare income in Canada for a couple with two children on welfare was 44 percent of the poverty line for families in New Brunswick in 1989 and 1990. The highest income for families on welfare was 78 percent of the poverty line in Prince Edward Island in 1989.

TABLE 6

WELFARE INCOMES AS PERCENTAGES OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
<u>NEWFOUNDLAND</u>											
Single Employable	33	32	32	33	34	33	33	33	19	-13.9%	-13.4%
Disabled Person		64	63	63	64	63	63	62	61	-1.4%	
Single Parent, One Child	68	66	67	69	71	71	70	69	68	-1.1%	0.2%
Couple, Two Children	58	56	56	56	56	55	55	54	53	-1.0%	-4.9%
<u>PRINCE EDWARD ISLAND</u>											
Single Employable	62	66	60	62	62	62	56	43	40	-3.4%	-22.4%
Disabled Person		77	70	70	71	70	69	67	67	0.5%	
Single Parent, One Child	71	75	69	71	71	71	70	67	64	-3.0%	-6.7%
Couple, Two Children	74	78	71	73	73	73	71	69	64	-4.9%	-9.5%
<u>NOVA SCOTIA</u>											
Single Employable	44	50	48	47	46	45	45	44	43	-0.6%	-1.1%
Disabled Person		66	66	66	65	64	65	63	62	-0.6%	
Single Parent, One Child	64	66	66	67	67	66	67	65	64	-0.8%	-0.2%
Couple, Two Children	57	60	58	58	57	56	56	55	58	3.1%	1.1%
<u>NEW BRUNSWICK</u>											
Single Employable	22	24	24	25	24	24	24	24	24	-0.4%	1.7%
Disabled Person		63	62	62	61	61	61	48	47	-0.5%	
Single Parent, One Child	56	55	55	55	55	55	57	59	59	-0.1%	2.8%
Couple, Two Children	46	44	44	45	45	45	46	48	48	-0.3%	1.6%

TABLE 6

WELFARE INCOMES AS PERCENTAGES OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
QUEBEC											
Single Employable	20	31	48	41	41	41	40	39	39	-0.4%	18.3%
Disabled Person		47	49	53	53	53	54	53	53	-0.1%	
Single Parent, One Child	57	54	58	54	59	60	62	61	60	-0.9%	3.4%
Couple, Two Children	54	54	59	52	52	53	52	51	51	-0.5%	-3.6%
ONTARIO											
Single Employable	43	47	52	54	55	55	55	51	42	-8.6%	-0.9%
Disabled Person		68	72	75	76	76	76	74	73	-0.8%	
Single Parent, One Child	64	68	76	79	80	80	80	75	63	-12.2%	-1.0%
Couple, Two Children	58	61	70	72	73	73	72	67	57	-10.3%	-1.0%
MANITOBA											
Single Employable	43	40	46	46	47	47	44	42	39	-3.0%	-3.9%
Disabled Person		43	49	49	59	53	53	52	51	-0.8%	
Single Parent, One Child	56	50	54	55	60	54	54	53	52	-1.0%	-3.5%
Couple, Two Children	60	60	65	67	68	63	64	62	56	-5.8%	-3.5%
SASKATCHEWAN											
Single Employable	41	42	41	41	42	44	44	43	42	-0.8%	1.3%
Disabled Person		67	65	65	63	63	63	61	62	1.1%	
Single Parent, One Child	70	69	68	68	66	66	66	64	63	-0.8%	-6.3%
Couple, Two Children	70	68	66	65	65	65	65	63	62	-0.6%	-7.3%

TABLE 6

WELFARE INCOMES AS PERCENTAGES OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	% Change 1995-1996	% Change 1986-1996
<u>ALBERTA</u>											
Single Employable	51	36	35	39	38	36	32	31	31	-0.3%	-20.5%
Disabled Person		44	43	60	45	44	44	43	42	-0.7%	
Single Parent, One Child	61	55	53	57	57	54	52	50	50	-0.4%	-11.8%
Couple, Two Children	66	58	56	62	61	59	56	55	55	-0.5%	-11.1%
<u>BRITISH COLUMBIA</u>											
Single Employable	37	41	42	40	43	43	44	43	39	-3.6%	2.9%
Disabled Person		56	58	58	60	60	61	61	60	-1.3%	
Single Parent, One Child	55	60	61	62	64	64	65	64	63	-1.1%	7.8%
Couple, Two Children	54	53	54	54	56	57	57	57	56	-0.8%	1.8%

As the graphs on the next page illustrate, there is wide variation in the adequacy of welfare incomes even within regions. Among the five eastern provinces, the most consistently low welfare incomes for single employable people were in New Brunswick. Single employable people on welfare in New Brunswick received grossly inadequate assistance ranging from a low of 22 percent of the poverty line in 1986 to 25 percent of the poverty line in 1991. In 1996, the Newfoundland government imposed a severe cut to the welfare rates of single employables, bringing those incomes to 19 percent of the poverty line.

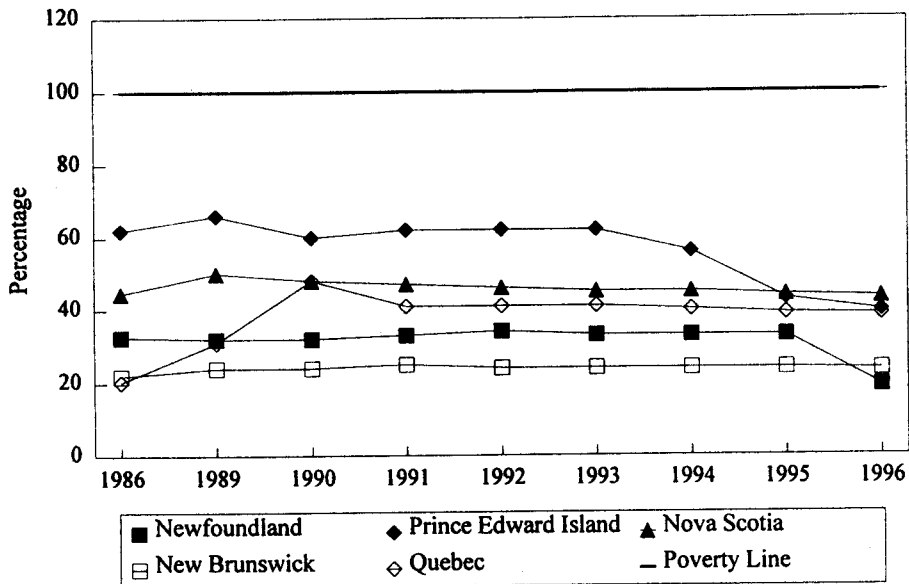
The highest welfare income in Canada for single employable people was 66 percent of the poverty line in Prince Edward Island in 1989. By 1996, welfare incomes in P.E.I. had deteriorated to 40 percent of the poverty line. In Quebec, welfare incomes reached 48 percent of the poverty line in 1990, but eroded to 40 percent by 1996. Nova Scotia's incomes dropped to only 43 percent of the poverty line. By 1996, the income of a single employable person in Newfoundland - 19 percent of the poverty line - was worse than that in New Brunswick.

Changes in the welfare incomes in the five western provinces also differed significantly. Manitoba's incomes dropped from a high of 47 percent in 1992 and 1993, to only 39 percent in 1996. Saskatchewan's incomes rose and fell slowly throughout the period, arriving at 42 percent by 1996. British Columbia incomes remained constant but low.

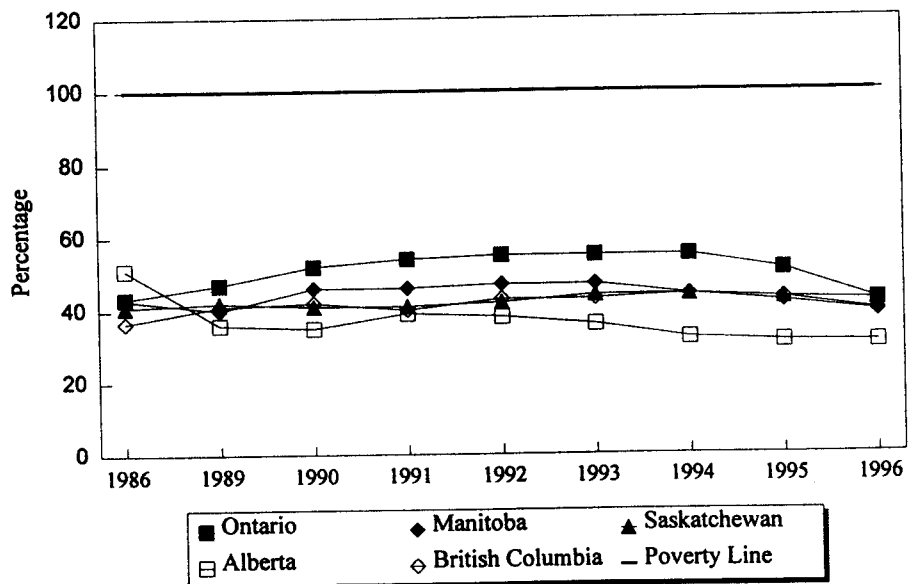
In Ontario, changes in the welfare system brought incomes from 43 percent of the poverty line in 1986 to a peak of 55 percent in the early 1990s. By 1996, Ontario's support for single employable people had dropped to its least adequate ever: 42 percent of the poverty line. In Alberta, incomes dropped from a high of 51 percent in 1986 to 31 percent in 1996.

Welfare incomes in all the provinces are grossly inadequate. Yet instead of improving the living standards of people on welfare, the provinces have imposed freezes and cuts to welfare rates, gravitating to the lowest standards. The National Council of Welfare is extremely concerned about this trend. Incomes which provide adequate standards of living covering the cost of the necessities of life must be a goal of welfare programs.

Welfare Incomes Over Time As % of Poverty Line Single Employable People



Welfare Incomes Over Time As % of Poverty Line Single Employable People



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 7. 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 when declaring their earnings for welfare purposes. 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.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions also encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

No one would disagree that sensible earnings exemptions policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. It is disheartening to note that Canada's two largest provinces have opted for higher earnings exemptions instead of increases in welfare benefit levels.

As part of its welfare reforms of 1989, Quebec introduced the concept of "threshold of recognized needs" based on a Statistics Canada study of the cost of living of the lowest ten percent of working households in Canada. Quebec welfare rates are set as different proportions of this threshold, based on the recipient household's classification. The amount of monthly earnings that may be exempted is equal to the difference between the threshold of recognized needs and the benefit level payable to the household. Employable people, including single parents with children of school age, have to find work to get the same total income. Finding a decent job is hard enough

today with high unemployment in the province. But for people on welfare, there is the added barrier of insufficient training and, for single mothers, a shortage of quality affordable day care.

Ontario changed its earnings exemption policies in the fall of 1995 following the 21.6 percent reduction in welfare benefits for all recipients except the aged and the disabled. The Minister of Community and Social Services promised that recipients whose benefits had been cut could make up the amount lost by working, and earnings exemption ceilings were raised in October 1995. However, opposition parties and welfare advocacy groups were quick to show that the new policy did not in fact allow large families to make up any losses due to the cuts. Because of public pressure, the government of Ontario refined its policy and increased the size of the exemption according to the size of the family. To its credit, Ontario also compensated welfare families for any income they had lost because of the original policy change.

The National Council of Welfare feels that it is fair to require some effort on the recipient's part towards self-sufficiency wherever possible. Job search and training requirements have always been a condition of eligibility for employable welfare applicants. But we also feel that welfare rates should be based on the cost of a reasonable basket of goods and that recipient households should receive the full amount. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy; cutting benefits is not.

The amounts shown in Table 7 are the earnings exemption levels which were in effect in January 1996. There were no significant changes in earnings exemption policies after that, except in Manitoba and Yukon. These will be reflected in next year's report.

TABLE 7
MONTHLY EARNING EXEMPTIONS AS OF JANUARY 1996

	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	\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households	
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>From net wages:</p> <p>\$50 single person⁴</p> <p>\$100 family⁴</p>

TABLE 7
MONTHLY EARNING EXEMPTIONS AS OF JANUARY 1996

	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> <p>Welfare recipients are eligible for the Extended Wage Exemption when their earnings are high enough that the application of the extended wage exemption is to their benefit, and where the recipients' employment seems likely to lead to self-sufficiency (e.g., is not temporary or seasonal). The Extended Wage Exemption lasts for twelve months only. Recipients' exemptions then revert to the established exemption minimum.</p> <p>Singles and couples without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month.</p> <p>Families with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.</p>

TABLE 7

MONTHLY EARNING EXEMPTIONS AS OF JANUARY 1996

	Unemployable	Employable
Quebec ⁵	\$100 single person or family	\$174 single person \$60 single parent \$225 two-parent family
Ontario ⁶	Single person: First \$143, and 25% of remainder of earnings Single parent, one child: First \$275, 25% of remainder of earnings and child care Couple, two children: First \$346, 25% of remainder of earnings and child care	
Manitoba	The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings. For newly-enrolled applicants and self-employed persons, \$50 a month up to \$600 a year	\$95 single person \$130 household of two persons or more ⁷
Saskatchewan ⁸	First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for a single disabled person First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for a two-person family classified as disabled	First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for a single person considered non-disabled First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for a two-person family considered non-disabled

TABLE 7
MONTHLY EARNING EXEMPTIONS AS OF JANUARY 1996

	Unemployable	Employable
Alberta	\$115 plus 25% of net income over \$115 ⁹	
British Columbia	25% of any income earned after recipient has been on welfare for three months. The exemption is available only twelve months during a 36 month period. The twelve months need not be consecutive.	
Northwest Territories	\$50 (no dependents)	\$100 (dependents)
Yukon	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 more ¹⁰	
	For permanent exclusions from the labour market, \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials	

NOTES TO TABLE 7

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 for unemployable recipients on provincial welfare (the disabled person and the single parent). 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 (called the Halifax Regional Municipality after April 1996).
5. The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was calculated under the "unavailable" category of the Work and Employment Incentives Program, and the exemptions for single persons and two-parent families were calculated under the "non-participant" category of the program.
6. Ontario changed its earnings exemption policies in 1995.
7. These are the earnings exemptions for the City of Winnipeg.
8. 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.
9. 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.
10. 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 welfare recipients have actually seen their incomes decline in recent years due to cuts and freezes in welfare programs, and the situation is likely to deteriorate further as all levels of government continue to 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 1995 report on the proposed new Canada Health and Social Transfer entitled The 1995 Budget and Block Funding. Our 1997 report Another Look at Welfare Reform again raises our concerns about the fairness and adequacy of the welfare system.

Under the Canada Health and Social Transfer, the federal government reduced its contribution to medicare, post-secondary education, welfare and social programs by more than \$7 billion in fiscal years 1996-97 and 1997-98. Cuts in federal support for welfare and social services have had a devastating effect on provincial and territorial programs.

In Another Look at Welfare Reform, the National Council of Welfare recommends that the federal, provincial and territorial governments agree to a totally new package of financial agreements for social programs with the following four features:

- the abolition of the Canada Health and Social Transfer at the earliest possible date;
- four new "cash only" deals to allow the federal government to defray the costs of medicare, post-secondary education, welfare and social services;

- legislation to prevent the federal government from making arbitrary and unilateral changes in any of the four cash-only deals; and
- firm guarantees by provincial and territorial governments to respect minimum national standards for welfare.

The National Council of Welfare also recommends that welfare rates be high enough to cover the cost of necessities of life. Welfare rates that amount to a small fraction of the poverty line do not allow people the goods and services essential to a household. Arbitrary cuts and freezes to welfare rates erode both the standard of living of welfare recipients, and the fairness of the welfare system as a whole. Provincial and territorial governments could establish fair welfare rates by developing a list of essential goods and services and determining their cost in local markets.

Guarantees of fairness and adequacy in the welfare system are the only protection against further deterioration of the living conditions of the children, women and men on welfare. Without such protections in place, the National Council of Welfare is extremely concerned that the poorest of the poor will be irrevocably cut off from the mainstream of Canadian life.

APPENDIX			
ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY			
Province or Territory	March 31, 1995	March 31, 1996	Increase or Decrease
Newfoundland	71,300	72,000	1.0%
Prince Edward Island	12,400	11,700	-5.6%
Nova Scotia	104,000	103,100	-0.9%
New Brunswick	67,400	67,100	-0.4%
Quebec	802,200	813,200	1.4%
Ontario	1,344,600	1,214,600	-9.7%
Manitoba	85,200	85,800	0.7%
Saskatchewan	82,200	80,600	-1.9%
Alberta	113,200	105,600	-6.7%
British Columbia	374,300	369,900	-1.2%
Yukon	2,100	1,700	-19.0%
Northwest Territories	12,000	11,800	-1.7%
CANADA	3,070,900	2,937,100	-4.4%

Source: Social Program Information and Analysis Division,
Social Policy Directorate,
Human Resources Development Canada

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.

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