WELFARE INCOMES 1989

A Report by the

National Council of Welfare

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National Council of Welfare
Jeanne Mance Building
Ottawa K1A 0K9
(613) 957-2961

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SUMMARY

The National Council of Welfare published a table of welfare incomes for 1986 in a report entitled Welfare in Canada: The Tangled Safety Net. The current report is an update of welfare incomes for 1989. It also includes one additional household type - a single person with a disability - along with a single employable person, a single-parent family with a child aged two and a two-parent family with two children aged ten and 15.

The incomes presented in this report include basic and special welfare benefits as well as federal child benefits, the federal refundable sales tax credit, and provincial benefits where appropriate. Even with these extra amounts, welfare incomes still fall well below the poverty lines for all four household types in all provinces. What is particularly disturbing is the depth of poverty - that is, the size of the gap between welfare incomes and the poverty lines.

This report also explains and updates the figures on allowable levels of liquid assets and earnings exemptions. The limits on liquid assets have not changed significantly since the publication of The Tangled Safety Net. However, there have been important changes to earnings exemptions as provinces search for measures that encourage recipients to move off welfare and join the paid labour force.

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.

Most welfare in Canada comes under the Canada Assistance Plan, a co-operative venture that allows the cost to be shared equally 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 only if they meet specified conditions. 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 must also be eligible for assistance on the basis of their fixed and liquid assets. The value of their 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, the value of 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. In Alberta, however, there is a three-month limit to the exemption after which approval for an extension is required.

In Quebec, the value of personal property cannot exceed $1,500 in the case of an individual and $2,500 in the case of a family under the new Work and Employment Incentives Program. The limits are $2,500 for an individual and $5,000 for a family under the Financial Support Program. In Saskatchewan, personal property with a value of $500 or less does not have to be converted to cash. Yukon may require personal property that is deemed not essential to health, welfare or rehabilitation to be used as collateral for a loan or to be converted into liquid assets.

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

All jurisdictions differ with respect to their treatment of assets in trust. Several provinces, including New Brunswick and Saskatchewan, exempt a certain portion of the cash surrender value of life insurance. The City of Halifax (for people 65 and older) and the Province of Ontario (for Family Benefits recipients) exempt designated amounts intended for funeral expenses.

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 OCTOBER 1989

	Unemployable			Employable	
	Single Person	Single Parent One Dependent	Single Disabled	Single Person	Family
Newfoundland	$1,500	$2,500	$3,000	$ 40	$ 100
Prince Edward Island	200	1,200	900	50	50
Nova Scotia	1,500	2,500[1]	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	**[2]	**[2]	2,500[2]	1,500	2,500
Ontario	2,500[3]	5,000[3]	3,000[3]	Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance. For a single person, assets equal to 1-2 weeks' assistance may be exempted (or up to 1-3 months' assistance in the case of a temporarily unemployable person).	

TABLE 1 (Cont'd)

	Unemployable			Employable	
	Single Person	Single Parent One Dependent	Single Disabled	Single Person	Family
				For a family, assets equal to 1-3 months' assistance.	
				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.	
Manitoba[4]	$ 400	$ 800	$ 400	Municipalities generally require liquid assets to be expended to meet basic needs.	
Saskatchewan	1,500	3,000	1,500	$1,500	$3,000
Alberta	1,500	2,500	3,000[5]	For a single person, $50 cash plus the equivalent of $1,450 in cash assets. For a family, $250 cash plus the equivalent of $2,250 in cash assets.	
British Columbia	500[6]	1,500	2,500	160	1,500

TABLE 1 (Cont'd)

	Unemployable			Employable	
	Single Person	Single Parent One Dependent	Single Disabled	Single Person	Family
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 inclusion as a personal resource.				
Yukon	$ 500	$1,800	$1,500	$ 100	$ 200

NOTES TO TABLE 1

1. An elderly person who is married and lives with a spouse is also allowed $2,500.

2. Under the new system of income security in Quebec, applicants would not be considered unemployable unless they were disabled. Families that qualify under the Financial Support Program get a $5,000 exemption.

3. 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.

4. Manitoba has a distinct set of rules pertaining to persons owning or operating farms.

5. This level applies to persons who are severely and permanently disabled as defined under the Assured Income for the Severely Handicapped (AISH) Program.

6. This applies to recipients under age 55. The asset exemption for recipients between the ages of 55 and 59 is $1,500.

The liquid assets permitted by most provinces and territories do not reach the federal maximums. Only Ontario allows applicants to have liquid assets that match federal levels, although Newfoundland, Nova Scotia and Alberta permit the maximum levels for people with disabilities. In fact, the levels in Table 1 are almost identical to the 1986 levels presented in The Tangled Safety Net. This means that provinces had not changed their levels of allowable liquid assets for at least three years. Federal guidelines were last changed in July 1980.

The maximums allowed by Ottawa and the provinces are very low and require individuals to be poor 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 family allowances, the federal child tax credit and the federal sales tax 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.

Saskatchewan does not exempt family allowances. Quebec exempts government transfers, including family allowances and the federal child tax credit, in the calculation of benefits, but takes them into account when setting the rates of assistance.

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 particular 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 50 percent of the costs of welfare benefits - but 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.

By contrast, eligibility for other income support programs such as the federal refundable child tax credit and 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 refundable child tax credit, 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 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 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 particular household requires.

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 in that province are not required to make such assistance available has created hardship for many low-income individuals and families with special needs.

All across Canada, assistance for special needs is granted at the discretion of welfare workers, who determine whether the household qualifies. 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.

Discretion is neither inherently good nor bad. It can be positive in that it allows welfare workers to make a decision on the basis of an individual case and to "bend the rules" where required. At the same time, it can give rise to variable treatment among recipients, even within the same community.

Table 2 presents a national picture of estimated welfare incomes for 1989. 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.

These rates must be interpreted with caution. They are estimates of what a particular family or single person might receive in a given province. 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 include any of the special needs assistance to which a given household may be entitled. Only the "automatic" forms of special assistance - for example, the Christmas allowance in British Columbia or the winter clothing allowance in Yukon - have been included in this table. These extra amounts are indicated in Column 2 and are identified in the accompanying footnotes.

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 the recipients, accommodation and rate increases.

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 parts of a province or territory in order to compensate for higher living costs in those areas. For example, a supplementary fuel allowance is granted to recipients in Labrador when the cost of heat is not included in the rent. A northern districts supplement is available under General Welfare Assistance in Ontario. Manitoba and Saskatchewan provide a 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 Nova Scotia and Manitoba, municipalities set their own levels of assistance. The welfare rates for single employable recipients and two-parent households in Table 2 are for Halifax and Winnipeg. Rates for these households may vary in the other municipalities in these two provinces.

Ontario also has a two-tier welfare system, but municipalities must conform to a standard set of provincial rates for basic welfare assistance. There is wide variation, however, with respect to the provision of special assistance, which is the sole responsibility of Ontario municipalities.

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. In fact, in some provinces such as British Columbia, 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 in January 1989 and remained on assistance throughout the entire year, even though many recipients would not actually have been eligible on such a "long-term" basis.

Single disabled persons, by contrast, 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, although the corresponding rate of assistance for persons with severe and permanent disabilities is indicated in the accompanying footnotes.

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 actually varies throughout the country, and this variation is reflected in the calculations in Table 2.

In January 1989, Saskatchewan introduced a measure declaring that single employable parents are not required to seek employment or take training if they choose to remain at home to care for a child under one year of age. These parents are considered to be temporarily unemployable and are not referred to jobs or training unless they request it.

In Alberta, single parents with one child over the age of four months are considered able to work. As a result, they receive lower rates of assistance for the first three months than if they were classified as unemployable.

Single parents in New Brunswick and Quebec receive the benefits paid 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 some provinces, such as Quebec and Ontario, rates of assistance are reduced when unrelated individuals share housing. Under the Work and Employment Incentives Program for employable persons recently introduced in Quebec, for example, the monthly assistance cheques of two households sharing accommodation are reduced by $89 each.

Where shelter allowances do not include the cost of utilities, the latter were added to the shelter rates. Maximum allowable shelter rates were employed for all jurisdictions. A problem arose while trying to do calculations for the Northwest Territories, because there is no maximum rate scale for shelter. Actual rents are paid and these vary widely in the North. As a result, no rates of assistance are provided for the Northwest Territories in Table 2 because a maximum amount would not necessarily be representative of what most individuals actually receive.

e. rate increases

This analysis looks at welfare incomes for 1989. Because rate increases take effect at varying times in different provinces (and sometimes not at all), we decided to calculate welfare incomes on the basis of one complete calendar year. Increases made throughout the course of 1989 were incorporated at the appropriate times. The accompanying footnotes identify when the rate changes were made.

For example, rates in Prince Edward Island were increased on April 1, 1989, as well as on July 1 of that year. Benefits were changed in Quebec as of August 1, 1989, as a result of the implementation of new income security legislation. The figures for Quebec are based on the former system of social aid from January 1 through July 31, 1989, and upon the new system of income security from August 1 through December 31, 1989. The increases which took effect in Ontario on October 1, 1989, as part of a package of reforms announced by the provincial government in response to the recommendations of the Transitions report, were included as well.

Nova Scotia, Saskatchewan and Alberta did not increase their rates of assistance in 1989, but Nova Scotia had a general increase in December 1988.

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 such items 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 actually receive special assistance and because the amount and type of help they do receive vary by individual, these extra amounts have not generally 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 in Newfoundland and Prince Edward Island; a clothing allowance for families with children in Ontario; and a lump-sum Christmas allowance and newly introduced winter clothing allowance for all recipients in Yukon. The accompanying footnotes explain the nature of the special assistance item in each jurisdiction.

Family Allowances

Federal family allowances are indicated in Column 3. These are standard throughout the country except in Alberta, which varies the amount of the allowance according to the age of the child, and in Quebec, which varies the allowance on the basis of family size and age. In addition to the federal allowance, Quebec provides a supplementary family allowance. This amount is incorporated in the calculations for child-related benefits in Column 5.

Provinces normally consider family allowances as exempt income in the calculation of welfare benefits. The only exception to this practice is Saskatchewan, which deducts the value of family allowances from welfare payments. The province claims that its family rates are comparable to other provinces, because family allowances are taken into account in the setting of welfare rates. The rates of assistance presented in Column 1 for the two households with children have been reduced by the appropriate amount of family allowance for Saskatchewan.

Child Tax Credit

The federal refundable child tax credit is indicated in Column 4. The credit goes to families of low and middle incomes with children under 18. Families with very low incomes get a prepayment of the credit each year before Christmas and the rest when they file their income tax returns in the spring.

The figures in Column 4 consist of the portion of the 1988 credit that was received after tax returns were filed in the spring of 1989 plus the prepayment of the 1989 tax credit received late in 1989.

The calculation includes the supplement to the child tax credit for low-income families with children under the age of seven which do not have receipted child care expenses.

Child-Related Benefits

Child-related benefits refer to additional benefits that some provinces provide to low-income families with dependent children. Quebec provides a family allowance over and above the federal family allowance. Quebec also makes available a special allowance to families with very young children that do not deduct child care expenses from their income taxes. The Allowance for Young Children has replaced the Availability Allowance.

Under the Child-Related Income Support Program (CRISP), Manitoba provides a non-taxable benefit of $30 a month per child to families whose net income falls below $11,817. There are also asset limits for qualification. For the single-parent family on provincial welfare, the CRISP benefit has been included in the rates of assistance. For the two-parent family on municipal welfare, it is indicated separately as a child-related benefit.

The Family Income Plan (FIP) in Saskatchewan provides non-taxable cash assistance for eligible families with dependent children under 18 years of age. Maximum benefits are $100 a month for each of the first three children and $90 a month for the fourth and subsequent children. This amount is not presented as a separate entry in Column 5 because the province includes it in the rates of assistance for families on welfare.

Sales Tax Credit

The federal refundable sales tax credit is indicated in Column 6. The 1988 value of the credit has been used in these calculations because this is the amount that individuals and families would have actually received when they filed their income tax returns in 1989. The credit was worth $70 per adult and $35 per child.

Provincial Tax Credits

The tax credits in this table now are limited to the Sales and Property Tax Credits in Ontario. Welfare recipients in Quebec are no longer eligible for the Real Estate Tax Refund. The Alberta Renter Assistance Credit that was included in The Tangled Safety Net calculations no longer exists. The Assistance for the Reduction of Rental Costs in New Brunswick is indicated as an additional benefit rather than a tax credit.

TABLE 2

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD AND PROVINCE, 1989

	Basic Social Assistance	Additional Benefits	Family Allowances	Child Tax Credit[1]	Child-Related Benefits	Federal Sales Tax Credit	Provincial Tax Credits	Total Welfare Income
NEWFOUNDLAND[2]								
Single Employable[3]	3,726					70		3,796
Disabled Person	6,006	1,500[4]				70		7,576
Single Parent, One Child	9,486		393	694		105		10,678
Couple, Two Children	10,974		786	1,122		210		13,092
PRINCE EDWARD ISLAND[5]								
Single Employable[6,7]	6,942					70		7,012
Disabled Person	6,999	1,080[8]				70		8,149
Single Parent, One Child	9,570		393	694		105		10,762
Couple, Two Children[7]	14,079	175[9]	786	1,122		210		16,372
NOVA SCOTIA								
Single Employable[10]	5,880					70		5,950
Disabled Person	7,740[11]					70		7,810
Single Parent, One Child	9,408[11]		393	694		105		10,600
Couple, Two Children[10]	11,928	40[12]	786	1,122		210		14,086
NEW BRUNSWICK[13]								
Single Employable[14]	2,812					70		2,882
Disabled Person	5,568	1,800[15]				70		7,438
Single Parent, One Child	7,624		393	694		105		8,816
Couple, Two Children	8,248		786	1,122		210		10,366

TABLE 2 (Continued)

	Basic Social Assistance	Additional Benefits	Family Allowances	Child Tax Credit[1]	Child-Related Benefits	Federal Sales Tax Credit	Provincial Tax Credits	Total Welfare Income
QUEBEC[16,17]								
Single Employable	4,085					70		4,155
Disabled Person	6,319					70		6,389
Single Parent, One Child	8,583		251[18]	694	212[19]	105		9,845
Couple, Two Children	11,977	139[20]	722[18]	1,122	261[21]	210		14,431
ONTARIO[22]								
Single Employable	5,892					70	383[23]	6,345
Disabled Person	8,736					70	383[23]	9,189
Single Parent, One Child	10,806	89[24]	393	694		105	452[23]	12,539
Couple, Two Children	13,401	343[25]	786	1,122		210	616[23]	16,478
MANITOBA								
Single Employable[26,27]	5,320	12[28]				70		5,402
Disabled Person	5,720					70		5,790
Single Parent, One Child[27,29]	7,887		393	694	**[30]	105		9,079
Couple, Two Children[26,27]	13,283	34[28]	786	1,122	720[30]	210		16,155
SASKATCHEWAN								
Single Employable	4,860					70		4,930
Disabled Person	7,620	300[31]				70		7,990
Single Parent, One Child	9,927[32]		393	694	**[34]	105		11,119
Couple, Two Children	13,614[32]	160[33]	786	1,122	**[34]	210		15,892

TABLE 2 (Continued)

	Basic Social Assistance	Additional Benefits	Family Allowances	Child Tax Credit[1]	Child-Related Benefits	Federal Sales Tax Credit	Provincial Tax Credits	Total Welfare Income
ALBERTA								
Single Employable[35]	4,803					70		4,873
Disabled Person	5,940[36]					70		6,010
Single Parent, One Child[37]	9,006		310[38]	694		105		10,115
Couple, Two Children[35]	13,269		870[38]	1,122		210		15,471
BRITISH COLUMBIA[39]								
Single Employable	5,388	28[40]				70		5,486
Disabled Person	7,446	28[40]				70		7,544
Single Parent, One Child	9,714	70[40]	393	694		105		10,976
Couple, Two Children	12,072	148[41]	786	1,122		210		14,338
YUKON[42]								
Single Employable	6,926	155[43]				70		7,151
Disabled Person	6,926	995[44]				70		7,991
Single Parent, One Child	11,132	548[43]	393	694		105		12,872
Couple, Two Children	17,000	570[43]	786	1,122		210		19,688
NORTHWEST TERRITORIES[45]								

NOTES TO TABLE 2

1. Families with very low incomes get the child tax credit for a given tax year in two installments: a prepayment before Christmas and the balance when they file their income tax returns. The figures in the table represent amounts actually received during the calendar year 1989. The single-parent family received $184 in the spring and $510 in December, including a supplement for a child under age seven in lieu of receipted child care expenses. The couple with children aged ten and 15 received $368 in the spring and $754 in December.

2. Rate changes which took effect on July 1, 1989, were incorporated in these figures.

3. These rates apply to single able-bodied persons under age 50. Rates of assistance to persons over 50 are higher.

4. This is the disability allowance of $125 a month. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.

5. Rate changes which took effect on April 1 and July 1, 1989, were incorporated in these figures.

6. As a general rule, the assistance to single persons appears to be relatively generous because the shelter allowance for singles is higher than that provided in other provinces ($435 a month). Single persons are generally encouraged (required) to find room and board accommodation and are paid a correspondingly lower allowance.

7. Recipients receive a clothing allowance starting in the fourth month on assistance.

8. This is the special care allowance of $40 a month intended to help pay for the special needs arising from a disability and the personal comfort allowance of $50 a month for items of personal care. In addition, rents may be increased for accessibility purposes.

9. This school allowance is granted once a year. It was increased on August 1, 1989, to $75 for children between the ages of six and 11 and to $100 for children aged 12 and over.

10. These are the rates of assistance for Halifax.

11. Family benefits recipients are automatically eligible for a $17-a-month transportation allowance, which has been built into these rates.

12. An annual amount of $20 per child may be granted for the purchase of school supplies.

13. Rate changes which took effect on September 1, 1989, were incorporated in these figures.

14. This is the amount of interim assistance provided to an employable single person. If that individual has been placed in the Upgrading, Training and Placement Program, benefits would be higher ($431 a month as of September 1, 1989).

15. This is the Assistance for the Reduction of Rental Costs available for low-income elderly or disabled persons.

16. The figures for Quebec include the rates provided under the former system of social aid from January 1 to July 31, 1989, as well as the new system of income security from August 1 to December 31, 1989. The single person with a disability was placed on the Financial Support Program while the single employable person, single-parent family and two-parent family were classified in the "participating" category of the Work and Employment Incentives Program. In the latter case, both parents were considered to be "participating." Rates of assistance for the three households in the Work and Employment Incentives Program would have been lower had they been classified within the availability, non-availability or non-participating scales.

17. The rates of assistance incorporate compensation for the loss of the Real Estate Tax Refund and for the imposition of a sales tax on heating oil and natural gas.

18. Quebec varies the amount of the federal family allowances. The province has its own system of family allowances as well; these are included under "child-related benefits."

19. This is the combined amount of the Quebec family allowances and the Allowance for Young Children. The latter replaced the Availability Allowance.

20. This is the school expense allowance of $46 for each dependent attending primary school and $93 for each dependent in secondary school.

21. This is the amount of the Quebec family allowance.

22. Rate changes which took effect on October 1, 1989, have been incorporated in these figures. All rates indicated here include the maximum amount of shelter subsidy. While Ontario is one of the three provinces with a two-tier welfare system, it is the only two-tier province in which basic assistance rates are standard. The provision of special assistance, by contrast, varies widely by municipality.

23. This represents the combined amounts of the Ontario Sales Tax and Property Tax Credits. The Property Tax Credit was calculated on the basis of the following shelter costs: $327.75 for a single person, $515.15 for the single-parent family and $564.25 for the two-parent family; these correspond to the shelter costs at which the maximum allowable shelter subsidy is provided by the province.

24. This is the winter clothing allowance. A lump sum amount of $89 per dependent is paid in October for FBA recipients and in November for GWA recipients.

25. This is the winter clothing allowance and the annual back-to-school allowance of $108 for each child 13 and over and $57 for each child under 13.

26. These are the rates for Winnipeg. Rates of assistance for the single employable person and two-parent family incorporate increases that took effect on April 1 and October 1, 1989.

27. The clothing allowance for employable recipients is not provided until the fifth week on assistance.

28. Winnipeg provides a Christmas allowance of $12.23 per single person or family head and $7.41 for each other family member. Figures in the table were rounded to the nearest dollar.

29. Prior to January 1, 1990, single parents in Manitoba had to apply for municipal assistance before going onto the provincial system. The rates indicated here have been calculated on the basis of municipal (Winnipeg) assistance for three months and provincial assistance for nine months.

30. Low-income families with children are eligible for a supplement under the Child-Related Income Support Program (CRISP). For the single-parent family on provincial assistance, the amount is already included in basic social assistance. For the two-parent family assisted by the City of Winnipeg, it is listed separately as a child-related benefit.

31. This represents the $25 a month special care allowance granted to disabled recipients to pay for tasks they are unable to perform.

32. The rates of assistance indicated here have been reduced by the amount of the federal family allowance. Saskatchewan is the only province which explicitly deducts the value of the federal family allowance from welfare rates.

33. 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.

34. Low-income families are eligible for supplementation under the Family Income Plan (FIP). These benefits are already incorporated within the welfare rates indicated here.

35. Employable individuals in Alberta are not eligible for a clothing or household allowance (except as a special need) until they have been in receipt of assistance for at least three consecutive months.

36. An individual with a severe and permanent disability who qualified under the Assured Income for the Severely Handicapped (AISH) Program would have received $8,640 in 1989.

37. Single parents with one child over the age of four months are considered employable in Alberta.

38. Alberta varies the amounts of the federal family allowances according to the age of the child.

39. Rates of assistance presented here incorporate increases which took effect on July 1, 1989.

40. This is the amount of the Christmas allowance.

41. This figure represents the combined amounts of the Christmas allowance and school start-up fees.

42. Rates include increases that were introduced on November 1, 1989.

43. This represents the combined amounts of the Christmas allowance and the winter clothing allowance (both of which are payable once a year).

44. In addition to the Christmas allowance and winter clothing allowance, disabled recipients are eligible for a supplementary allowance of $70 a month.

45. The Northwest Territories are not included in this table because it was not possible to obtain average cost estimates for shelter rates in Yellowknife. Actual rents, heating and utilities are paid. Rates for other basic needs are determined according to categories which reflect diverse food costs in the North. Allowances in these categories ranged from $177 to $296 a month for a single employable person, $302 to $421 for a single disabled person, $311 to $528 for a single parent with one young child, and $544 to $926 for a couple with two children.

Adequacy of Rates

Table 3 compares the welfare incomes in Table 2 with the low income cut-offs of Statistics Canada. It makes it clear that welfare rates in most provinces were grossly inadequate in 1989.

The National Council of Welfare uses the low income cut-offs as its measure of poverty. They represent levels of gross or pre-tax income where households have to spend a disproportionate amount of their incomes (58.5 percent or more) on the necessities of life.

Some governments argue that the cut-offs are an imperfect measure of poverty when it comes to welfare incomes, because social assistance payments are not taxable. A family with $17,000 in welfare income might be in the same relative financial position as a working poor family with $20,000 in earned income which has to pay federal and provincial income taxes, contributions to the Canada or Quebec Pension Plan and unemployment insurance premiums.

On the other hand, it is clear from Table 3 that these distinctions are largely academic. Most welfare households have incomes that do not even begin to approach the poverty line.

At the present time, there are two sets of low income cut-offs in active use. One set is commonly known as the 1978 base lines, because it is based on consumer spending patterns that were surveyed in 1978. The second set is known as the 1986 base lines and is based on spending surveyed in 1986.

Column 1 of the table shows welfare incomes for different types of households in the ten provinces in 1989. Neither of the territories is included in this table because they are specifically excluded from the surveys used to generate the cut-offs.

Column 2 indicates the 1978 base poverty lines. Although the National Council of Welfare considers these lines out of date, they are presented here to allow comparisons with the poverty lines used in The Tangled Safety Net. The poverty gap - or difference between total income and the poverty lines (1978 base) - 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).

The poverty lines in Column 5 are the 1986 base lines. They are somewhat higher than the 1978 base lines, but they are a more accurate measure of poverty. Columns 6 and 7 show the poverty gap and welfare income as a percentage of the poverty lines using the 1986 base low income cut-offs.

Welfare incomes for single employable people were by far the least adequate, ranging from 24 percent to 66 percent of the poverty line (or 25 percent and 70 percent using the 1978 base). Benefits for single disabled people fell between 43 percent and 77 percent of the poverty line (48 percent and 81 percent using the 1978 base).

Welfare incomes for single-parent families ranged from a low of 50 percent to a high of 75 percent of the poverty line (57 percent and 82 percent using the 1978 base). Finally, the incomes of two-parent families with two children fell between 44 percent and 78 percent of the poverty line (44 percent and 80 percent using the 1978 base).

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

TABLE 3

ADEQUACY OF BENEFITS, 1989

	Total Welfare Income	Poverty Line (1978 base)	Poverty Gap	Total Welfare Income as % of Poverty Line (1978 base)	Poverty Line (1986 base)	Poverty Gap	Total Welfare Income as % of Poverty Line (1986 base)
NEWFOUNDLAND							
Single Employable	3,796	11,536	-7,740	33%	11,866	-8,070	32%
Disabled Person	7,576	11,536	-3,960	66	11,866	-4,290	64
Single Parent, One Child	10,678	15,211	-4,533	70	16,086	-5,408	66
Couple, Two Children	13,092	23,479	-10,387	56	23,539	-10,447	56
PRINCE EDWARD ISLAND							
Single Employable	7,012	10,005	-2,993	70	10,567	-3,555	66
Disabled Person	8,149	10,005	-1,856	81	10,567	-2,418	77
Single Parent, One Child	10,762	13,167	-2,405	82	14,324	-3,562	75
Couple, Two Children	16,372	20,416	-4,044	80	20,962	-4,590	78
NOVA SCOTIA							
Single Employable	5,950	11,536	-5,586	52	11,866	-5,916	50
Disabled Person	7,810	11,536	-3,726	68	11,866	-4,056	66
Single Parent, One Child	10,600	15,211	-4,611	70	16,086	-5,486	66
Couple, Two Children	14,086	23,479	-9,393	60	23,539	-9,453	60
NEW BRUNSWICK							
Single Employable	2,882	11,536	-8,654	25	11,866	-8,984	24
Disabled Person	7,438	11,536	-4,098	64	11,866	-4,428	63
Single Parent, One Child	8,816	15,211	-6,395	58	16,086	-7,270	55
Couple, Two Children	10,366	23,479	-13,113	44	23,539	-13,173	44

TABLE 3 (Cont'd)

	Total Welfare Income	Poverty Line (1978 base)	Poverty Gap	Total Welfare Income as % of Poverty Line (1978 base)	Poverty Line (1986 base)	Poverty Gap	Total Welfare Income as % of Poverty Line (1986 base)
QUEBEC							
Single Employable	4,155	12,147	-7,992	34%	13,510	-9,355	31%
Disabled Person	6,389	12,147	-5,758	53	13,510	-7,121	47
Single Parent, One Child	9,845	16,026	-6,181	61	18,313	-8,468	54
Couple, Two Children	14,431	24,704	-10,273	58	26,801	-12,370	54
ONTARIO							
Single Employable	6,345	12,147	-5,802	52	13,510	-7,165	47
Disabled Person	9,189	12,147	-2,958	76	13,510	-4,321	68
Single Parent, One Child	12,539	16,026	-3,487	78	18,313	-5,774	68
Couple, Two Children	16,478	24,704	-8,226	67	26,801	-10,323	61
MANITOBA							
Single Employable	5,402	12,147	-6,745	44	13,510	-8,108	40
Disabled Person	5,790	12,147	-6,357	48	13,510	-7,720	43
Single Parent, One Child	9,079	16,026	-6,947	57	18,313	-9,234	50
Couple, Two Children	16,155	24,704	-8,549	65	26,801	-10,646	60
SASKATCHEWAN							
Single Employable	4,930	11,536	-6,606	43	11,866	-6,936	42
Disabled Person	7,990	11,536	-3,546	69	11,866	-3,876	67
Single Parent, One Child	11,119	15,211	-4,092	73	16,086	-4,967	69
Couple, Two Children	15,892	23,479	-7,587	68	23,539	-7,647	68

TABLE 3 (Cont'd)

	Total Welfare Income	Poverty Line (1978 base)	Poverty Gap	Total Welfare Income as % of Poverty Line (1978 base)	Poverty Line (1986 base)	Poverty Gap	Total Welfare Income as % of Poverty Line (1986 base)
ALBERTA							
Single Employable	4,873	12,147	-7,274	40%	13,510	-8,637	36%
Disabled Person	6,010	12,147	-6,137	49	13,510	-7,500	44
Single Parent, One Child	10,115	16,026	-5,911	63	18,313	-8,198	55
Couple, Two Children	15,471	24,704	-9,233	63	26,801	-11,330	58
BRITISH COLUMBIA							
Single Employable	5,486	12,147	-6,661	45%	13,510	-8,024	41%
Disabled Person	7,544	12,147	-4,603	62	13,510	-5,966	56
Single Parent, One Child	10,976	16,026	-5,050	68	18,313	-7,337	60
Couple, Two Children	14,338	24,704	-10,366	58	26,801	-12,463	53

The inadequacy of welfare rates is compounded by the fact that benefits are not regularly adjusted for increases in the cost of living. Prior to its reform of the income security system, Quebec used to index its welfare rates every January. Under the new system of income security, it is uncertain whether Quebec will index its rates for all recipients. There are no statutory indexation provisions for the Work and Employment Incentives Program intended for employable recipients (although the province may decide to make ad hoc increases and already did on January 1, 1990). The benefits provided to unemployable recipients under the Financial Support Program will continue to be indexed.

Nova Scotia used to adjust its benefits in June and December of every year, but only for recipients of long-term assistance (Family Benefits recipients). Nova Scotia has recently removed the statutory obligations to index benefits. These will now be subject only to regular review and will be adjusted on a discretionary basis, by an amount determined by the provincial cabinet.

It is important to recognize that most provinces have increased their rates of assistance. The problem lies in the fact that provinces are not required to do so. Prince Edward Island, for example, has been approving increases in welfare rates equal to the increases in the cost of living. However, the changes are at the discretion of the provincial cabinet and are not guaranteed by law.

There have been improvements in some rates. For example, the welfare income of single employable persons in Quebec has gone from 23 percent of the poverty line in 1986 to 34 percent in 1989 (calculations based on the 1978 poverty lines). This improvement was due primarily to the new system of income security which was implemented in August 1989. The reform eliminated the former age-based disparity in which single employable persons under age

30 received considerably less than single employable persons over 30 ($195 a month and $517 a month, respectively, in January 1989).

While Quebec's increase is a positive step, the question as to whether there has been real improvement is almost academic. The absolute income of single employable recipients has increased, but the depth of their poverty remains profound. They still fall well below the poverty lines, and they now are exceptionally poor rather than exceedingly poor. In fact, many of the recipients under age 30 may have lost their benefits altogether because of the parental contribution and shared accommodation provisions introduced through income security reform.

In general, an overly technical analysis with respect to marginal improvements in the poverty gap and slight improvements in welfare income as a percentage of the poverty line may actually detract from the key point made evident by Table 3: Welfare incomes fall well below poverty lines for all family types in all provinces.

Welfare and Average Incomes

The inadequacy of the 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 1989 estimates by the National Council of Welfare based on data collected by Statistics Canada in the 1988 Survey of Consumer Finances. 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 female single parents with one child, the same family type used in our other tables. Unfortunately, the size of the sample was too small to be reliable in all provinces except New Brunswick, Quebec, Ontario and Alberta. For the two-parent family, we used the average incomes of all couples with two children. In Prince Edward Island, the sample size for this family was too small to use.

Table 4 makes it clear that welfare incomes are far below average. A single employable person on welfare received from 17 percent to 42 percent of the average income received by single people under 65. The disabled person on welfare got 27 to 49 percent of the average. The partial information on single parents shows that they had 50 to 60 percent of the average income of all single-parent mothers with one child. The two-parent family on welfare had between 24 and 34 percent of average incomes.

TABLE 4

WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES, BY FAMILY TYPE AND PROVINCE, 1989

	Welfare Income	Estimated Average Income	Welfare Income as Percentage of Estimated Average Income
NEWFOUNDLAND			
Single Employable	3,796	18,581	20%
Disabled Person	7,576	18,581	41
Single Parent, One Child	10,678	-	-
Couple, Two Children	13,092	40,573	32
PRINCE EDWARD ISLAND			
Single Employable	7,012	16,515	42
Disabled Person	8,149	16,515	49
Single Parent, One Child	10,762	-	-
Couple, Two Children	16,372	-	-
NOVA SCOTIA			
Single Employable	5,950	19,487	31
Disabled Person	7,810	19,487	40
Single Parent, One Child	10,600	-	-
Couple, Two Children	14,086	46,788	30

Table 4 (Cont'd)

	Welfare Income	Estimated Average Income	Welfare Income as Percentage of Estimated Average Income
NEW BRUNSWICK			
Single Employable	2,882	16,498	17%
Disabled Person	7,438	16,498	45
Single Parent, One Child	8,816	14,768	60
Couple, Two Children	10,366	42,967	24
QUEBEC			
Single Employable	4,155	20,797	20
Disabled Person	6,389	20,797	31
Single Parent, One Child	9,845	19,484	51
Couple, Two Children	14,431	49,954	29
ONTARIO			
Single Employable	6,345	25,100	25
Disabled Person	9,189	25,100	37
Single Parent, One Child	12,539	24,711	51
Couple, Two Children	16,478	58,206	28
MANITOBA			
Single Employable	5,402	20,531	26
Disabled Person	5,790	20,521	28
Single Parent, One Child	9,079	-	-
Couple, Two Children	16,115	48,610	33

Table 4 (Cont'd)

	Welfare Income	Estimated Average Income	Welfare Income as Percentage of Estimated Average Income
SASKATCHEWAN			
Single Employable	4,930	19,694	25%
Disabled Person	7,990	19,694	41
Single Parent, One Child	11,119	-	-
Couple, Two Children	15,892	46,356	34
ALBERTA			
Single Employable	4,873	22,643	22
Disabled Person	6,010	22,643	27
Single Parent, One Child	10,115	20,337	50
Couple, Two Children	15,471	51,647	30
BRITISH COLUMBIA			
Single Employable	5,486	23,050	24
Disabled Person	7,544	23,050	33
Single Parent, One Child	10,976	-	-
Couple, Two Children	14,338	52,824	27

Earnings Exemptions

The figures in the tables above do not take into account the fact that welfare income 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 net earnings - without any reduction in their welfare cheques. Nova Scotia and Manitoba have earnings exemptions based on gross rather than net earnings for recipients of provincial social assistance. Ontario switched from gross to net earnings in October 1989.

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 employment.

Allowable earnings exemptions in each province and territory are presented in Table 5. It can be seen that these vary by family size and employability. Some provinces also recognize child care expenses in the calculation of allowable earnings.

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 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 is 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 is 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.

More generous earnings exemptions can be a positive measure - but only if they supplement rather than replace adequate welfare benefits. The new Work and Employment Incentives Program in Quebec, for example, has an elaborate scale of earnings exemptions which complement assistance benefits. While these exemptions were intended to provide an incentive to work, they could be employed in the future as an alternative to increases in the rates of assistance.

In effect, earnings exemptions are being used increasingly throughout the country as a means of reducing government contributions to welfare benefits and of increasing the personal contribution which recipients make toward their own support. It will be important to ensure in the future that enhanced earnings exemptions do not gradually become a replacement for rate increases.

TABLE 5

MONTHLY EARNINGS EXEMPTION LEVELS AS OF OCTOBER 1989

	Unemployable	Employable
Newfoundland	For adults on social assistance for reasons other than unemployment (excluding disability), \$30 + 50 percent of allowable income over \$30 and up to \$80 a month (maximum monthly exemption of \$55) For families on social assistance for reasons other than unemployment, first \$30 + 50 percent of allowable income over \$30 a month and up to \$200 a month (maximum monthly exemption of \$115) For disabled adult, up to \$95 a month For family with disabled member(s), up to \$190 a month	For adults who are unemployed, 50 percent of allowable income up to \$80 a month; (maximum monthly exemption of \$40) For unemployed families, 50 percent of allowable income up to \$200 a month, (maximum monthly exemption of \$100)[1]
Prince Edward Island[2]	20 percent of net wages for first six months on assistance and 10 percent of wages for next six months; no earnings exemption after that time[3]	Same

TABLE 5 (Cont'd)

	Unemployable	Employable
Nova Scotia	For single person, $100 + 25 percent of gross wages[4]	$50 single person[5]
	For families, $200 + 25 percent of gross wages[4]	$100 family[5]
New Brunswick	$150 single person	$150 single person
	$200 family	$200 family
		Where a recipient has been designated as having high employment potential, exemptions are increased for one person by an additional monthly amount of $100 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 an allowable extension.
Quebec	$100 for single person and family[6]	$80 for a single person or single parent; $50 for a two-parent family[6,7]

TABLE 5 (Cont'd)

	Unemployable	Employable
Ontario[8]	$160 + 20 percent over $160 of net earnings for single disabled person	$75 + 20 percent over $75 of net earnings for a single person
	$185 + 20 percent over $185 of net earnings for family with at least one disabled beneficiary	$150 + 20 percent over $150 of net earnings for a two-parent family
	$175 + 20 percent over $175 of net earnings for a single-parent family	$175 + 20 percent over $175 of net earnings for a single-parent family
Manitoba[9]	The greater of $50 a month, 70 cents for each hour worked or 30 percent of gross monthly earnings; $50 a month up to $600 a year for newly enrolled applicants, students and self-employed persons	$105 a month; $200 for those enrolled in Wage Supplementation Program[10]
Saskatchewan[11,12]	First $100 of monthly earned income + 20 percent of excess (maximum exemption $150) for single disabled person	First $25 of monthly earned income + 20 percent of excess (maximum exemption $75) for one-person household considered non-disabled
	First $125 of monthly earned income + 20 percent of excess (maximum exemption $225) for two-person family classified as disabled	First $50 of monthly earned income + 20 percent of excess (maximum exemption of $150) for two-person family considered non-disabled

TABLE 5 (Cont'd)

	Unemployable	Employable
Alberta	100% of earnings up to $115; 50 percent of earnings between $116 and $200; 25 percent of earnings between $201 and $300; 10 percent exemption on earnings over $300	Same
British Columbia	For an unemployable person, $50 a month; $100 for single disabled person (unemployable clients may choose to be reclassified as employable if they would benefit from the enhanced earnings exemption)	For a single employable person, a monthly exemption of $50 + 25 percent of net earnings exceeding this amount[13] For households with a recipient and one or more dependents, none of whom is disabled and at least one of whom is employable, monthly exemption of $100 + 25 percent of net earnings[13]
Northwest Territories	$50 (no dependents) $100 (dependents)	Same

TABLE 5 (Cont'd)

	Unemployable	Employable
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 percent of net earnings but not exceeding 25 percent 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 For permanent exclusions from the labour market, $25 for a single person; $50 for a married couple from sale of handicrafts or hobby materials	There is no earnings exemption on net income from full-time employment (more than 20 hours a week). However, full-time employees are provided a full-time employment allowance of $25 a month for clothing and $25 a month for transportation

NOTES TO TABLE 5

1. In the calculation of net earnings, Newfoundland will permit the deduction of up to $200 a month for child care services (in addition to compulsory work-related deductions) if it is necessary to hire a babysitter to undertake employment.

2. These earnings exemptions apply to individuals who have not been engaged in permanent or full-time employment prior to requesting assistance as well as to those absent from the labour market for 12 consecutive months.

3. Trainees of sheltered workshops, including persons with a mental handicap, may keep the first $80 of wages.

4. There is a four-week exemption for the first month of full-time employment (100 hours minimum).

5. These are the earnings exemptions for the City of Halifax.

6. The exemptions indicated here were introduced with the new income security legislation in Quebec. The exemption for unemployable recipients was calculated under the Financial Support Program while exemptions for employable recipients were calculated under the Work and Employment Incentives Program.

7. These are the earnings exemptions for recipients classified as "participants" within the Work and Employment Incentives Program. Different levels of earnings exemption apply to persons classified as "available," "non-available" or "non-participating."

8. These earnings exemptions were introduced as part of the Supports to Employment Program (STEP) announced by Ontario in October 1989. The exemptions are more generous than they were prior to the reform; both the flat-rate amount and the percentage component have been changed. In addition, earnings are now calculated on the basis of net income and not gross income. An amount for child care expenses may now be deducted in the calculation of net income.

9. Manitoba allows the deduction of work-related expenses, including child care, in the calculation of net income.

10. These are the exemptions provided by the City of Winnipeg. In addition to deductions for work-related contributions such as Canada Pension Plan and unemployment insurance, an amount for work clothes, day care and other expenses may be permitted at the discretion of the director.

11. The earnings exemptions indicated here apply to fully employable individuals only after they have been in receipt of social assistance for at least the preceding three consecutive months. Recipients in the disabled category, by contrast, are entitled to the earnings exemption from the time they receive income from salaried employment.

12. Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here.

13. The enhanced earnings exemption of 25 percent over flat-rate exemptions applies only to the earned income of recipients considered employable. The enhanced exemption may be claimed no more than 12 times in a three-year period. Disabled persons are also eligible for the enhanced earnings exemption.

The Need for Reform

Welfare in Canada: The Tangled Safety Net called for reform of the welfare system in Canada and set out 55 recommendations for improvements. These proposals were based upon five fundamental principles: simplification, accessibility, equity, adequacy and due process.

Since the publication of the report, there have been many changes to welfare systems throughout the country. In some provinces, welfare reform has genuinely attempted to untangle or improve the safety net. In other provinces, "reform" has been directed toward shrinking the safety net - encouraging recipients to leave the welfare rolls and tightening up the eligibility criteria.

The National Council of Welfare is currently preparing a report which examines the shape that welfare reform has taken in different parts of the country. The report will explore the extent to which various provincial welfare initiatives have moved toward or, in some cases, further away from the ideals of simplicity, adequacy and fairness.

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****

National Council of Welfare
Jeanne Mance Bldg.
Ottawa K1A 0K9

Director:	Ken Battle
Assistant Director:	Steve Kerstetter
Consultant:	Sherri Torjman

NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 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 citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

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, medicare, poverty lines and poverty statistics, the retirement income system, the aged, tax reform, the working poor, children in poverty, community economic development, women and poverty, employment policy, single-parent families, social services, nutrition, community organizing, child welfare, poor people's groups, legal aid/legal services, low-income consumers, poverty coverage in the press and welfare reform.

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, Immeuble Jeanne Mance
OTTAWA K1A 0K9