

WELFARE INCOMES 1992

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

Spring 1993

Copies of this publication may be obtained from:
National Council of Welfare
Jeanne Mance Building
Ottawa K1A 0K9
(613) 957-2961

Également disponible en français sous le titre:
Revenus de bien-être social, 1992

© Minister of Supply and Services Canada 1993
Cat. No. H68-27/1992E
ISBN 0-662-20522-7

TABLE OF CONTENTS

List of Tables	i
Summary	ii
What is Welfare?	1
Eligibility	1
Rates of Assistance	7
Basic Social Assistance	9
a. largest municipal area	9
b. two-tier welfare systems	9
c. employability of recipients	10
d. accommodation	11
e. rate increases	12
Special Assistance	12
Family Allowances	13
Child Tax Credit	13
Child-Related Benefits	14
GST Credit	14
Provincial Tax Credits	15
Adequacy of Benefits	24
Welfare and Average Incomes	28
Provincial and Territorial Benefits Over Time	31
Earnings Exemptions	36
Conclusion	44

LIST OF TABLES

1. Liquid Asset Exemption Levels as of January 1992	3
2. Estimated Welfare Income, By Type of Household and Province, 1992	16
3. Adequacy of Benefits, 1992	26
4. Welfare Incomes as a Percentage of Average Incomes, By Family Type and Province, 1992	29
5. Provincial and Territorial Welfare Benefits in 1992 Constant Dollars	33
6. Monthly Earnings Exemption Levels as of January 1992	38

SUMMARY

This report is the fifth of its kind by the National Council of Welfare. It estimates welfare incomes for the year 1992 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, Welfare Incomes 1989, Welfare Incomes 1990 and Welfare Incomes 1991.

All five 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. Welfare Incomes 1992 shows explicitly that some welfare recipients have seen their benefits decline in value over the years because of the lack of automatic cost-of-living increases in basic welfare rates.

By themselves, income data cannot really describe the plight of the estimated 2.7 million Canadians who survived on the inadequate allowances paid by governments in 1992. Many thousands of children from welfare families go to school hungry. Many thousands of people with disabilities face disproportionately larger problems because of the additional expenses related to their disabilities. Many thousands of single people and families live in substandard housing. Others cut back on food to be able to afford more livable accommodations.

What is Welfare?

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

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

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

Eligibility

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

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

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

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

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

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

The federal maximums on liquid assets are:

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

TABLE 1

LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1992

	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	\$2,500	\$3,000	Municipalities generally require liquid assets to be expended to meet basic needs.	
New Brunswick	\$500	\$1,000	\$1,000	\$500	\$1,000
Quebec	**3	**3	\$2,500 ³	\$1,500	\$2,500
Ontario	\$2,500 ⁴	\$5,000 ⁴	\$3,000 ⁴	<p>Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance.</p> <p>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.</p> <p>Assets equal to 1-3 months' assistance.</p>	

TABLE 1 (Continued)

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Manitoba ⁵	\$1,000	\$2,000	\$2,000	Each municipality establishes the amount of liquid assets an applicant may retain.	
Saskatchewan ⁶	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000
Alberta	\$1,500	\$2,500	\$3,000 ⁷	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
British Columbia	\$2,500 ⁸	\$5,000	\$3,000	\$2,500	\$5,000
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 ⁹	\$200 ⁹

NOTES TO TABLE 1

1. Applicants would not be considered unemployable unless they were disabled.
2. This level applies to unemployed applicants who require assistance for less than four months. Liquid asset exemption levels for persons on assistance for four months or more are \$200 for a single person and up to \$2,400 for a family depending on family size.
3. Applicants would not be considered unemployable unless they were disabled. Families that qualify under the Financial Support Program get a \$5,000 exemption.
4. 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.
5. Manitoba has a distinct set of rules pertaining to persons owning or operating farms.
6. In August 1992, Saskatchewan introduced an exemption on inheritances and bequests not exceeding \$1,500 for a recipient with no dependents and \$3,000 for a recipient with one dependent plus \$500 for each additional dependent.
7. This level applies to persons who are severely and permanently disabled as defined under the Assured Income for the Severely Handicapped (AISH) program.
8. This applies to recipients under age 55. The liquid asset exemption for recipients 55 and older is \$3,000.
9. This level applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

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

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

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

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

Total non-exempt income is subtracted from the total needs of the household. Applicants qualify if the household's needs exceed its resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

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

The needs test has a significant impact upon the shape of the welfare system. The test is fairly "intrusive." Applicants must reveal a significant amount of financial and personal

information. A large bureaucracy is required, and individual welfare workers have room to make discretionary judgments in the application of welfare regulations.

By contrast, eligibility for other income support programs such as the federal 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 financial resources available to them.

Rates of Assistance

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

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

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

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

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

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

Table 2 presents a national picture of estimated welfare incomes for 1992. The incomes are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with one child aged two and a two-parent family with two children aged ten and 15. To facilitate comparisons, we assumed that each of the households went on welfare on January 1, 1992, and remained on welfare for the entire calendar year.

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

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

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

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

Basic Social Assistance

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

In order to ensure to the greatest extent possible the comparability of the data, a number of assumptions were made in calculating basic assistance. These assumptions involve the size of a municipal area, two-tier welfare systems, the employability of 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 areas in order to compensate for higher living costs. For example, a higher supplementary fuel allowance is granted to recipients in Labrador than that provided to other residents of the province. A northern districts supplement is available to recipients of long-term assistance in Ontario. Manitoba and Saskatchewan provide a supplementary northern food allowance. The food rates in the Northwest Territories vary by region.

b. two-tier welfare systems

Nova Scotia, Ontario and Manitoba had two-tier welfare systems in 1992. This means that the provincial government assumed responsibility for certain recipients (generally those considered to be unemployable) while municipal governments were 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 1 were for Halifax and Winnipeg. Rates for these households varied in the other municipalities in these two provinces.

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

Ontario is drafting legislation to integrate provincial and municipal welfare programs. Manitoba has moved to standardize welfare rates, although the new minimum rates are not as high as the rates paid by the City of Winnipeg. There have been few changes in Nova Scotia, despite repeated complaints about the inequities of the province's two-tier system.

c. employability of recipients

Short-term rates of assistance (which are generally lower than long-term rates) were assigned to single employable individuals in all jurisdictions except Prince Edward Island. In fact, in some provinces, single employable persons are eligible for assistance for one month only, after which they must renew their applications. In order to "annualize" the rates presented in Table 2, it was assumed that these people started receiving welfare on January 1, 1992, and remained on assistance throughout the entire year, even though many recipients would not actually have been eligible on such a "long-term" basis. P.E.I. got rid of its short-term rates altogether as of April 1, 1990.

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

As of August 1992, single parents in Saskatchewan are not required to seek employment or take training if they choose to remain at home to care for a child under the age of six.

In Alberta, single parents with children under the age of two are considered unavailable for work or training.

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 all provinces, rates of assistance are reduced when unrelated individuals share housing. Under the Work and Employment Incentives Program for employable persons in Quebec, for example, the monthly assistance cheques of two households sharing accommodation were reduced by \$98 each in 1992.

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.

e. rate increases

Most welfare rates are not automatically increased in line with increases in the Consumer Price Index. Only Quebec indexed its rates of assistance in 1992 and then only for long-term recipients under the Financial Support Program, although the province gave other welfare recipients discretionary increases that covered increases in the cost of living.

Most other provinces also granted discretionary increases to welfare recipients for 1992, some at the beginning of the year and others during the course of the year. The increases were incorporated in the calculations in Table 2 as of their effective dates. There were no across-the-board increases in Nova Scotia, Alberta and Yukon in 1992.

Special Assistance

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

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

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

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

assistance for disabled persons, money for school expenses, winter clothing allowances for families with children and Christmas allowances. The footnotes explain the nature of the special assistance in each jurisdiction.

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 by family size and age. In addition to the federal allowance, Quebec provides a supplementary family allowance. This provincial allowance 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 is Saskatchewan, which deducts the value of family allowances from welfare payments. The province claims that its family welfare rates are comparable to other provinces, because family allowances are taken into account in the setting of rates. The rates of assistance presented in Column 1 for the two households with children in Saskatchewan have been reduced by the appropriate amount of family allowances.

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 1991 credit that was received after tax returns were filed in the spring of 1992 plus the prepayment of the 1992 tax credit received late in 1992.

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 children under six called the Allowance for Young Children. It was worth \$9.58 a month in 1992 for the first child under six.

Manitoba provides up to \$30 a month per child under the Child-Related Income Support Program (CRISP). The maximum benefit went to families with net incomes of \$12,384 a year or less. 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. The maximum benefit went to families with incomes below \$8,700 a year, not including family allowances. 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.

GST Credit

Column 6 is the federal refundable credit for the Goods and Services Tax. The former federal sales tax credit ended in 1991.

The GST credit is paid quarterly. The four payments received in 1992 added up to a maximum of \$191.50 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 \$101 a child.

Single adults, including single parents, also received a single person's supplement if their 1991 incomes exceeded \$6,280. The maximum supplement for 1992 was \$102.

Provincial Tax Credits

The tax credits in Column 7 are the Sales Tax Credit in Quebec, the Sales and Property Tax Credits in Ontario, and the Cost of Living and Property Tax Credits in Manitoba.

In 1992, Manitoba announced that recipients of provincial social allowances - people with disabilities and single-parent families, for example - would receive their tax credits as monthly payments added to their welfare cheques. Recipients of municipal welfare will continue to receive them once a year at income tax time. Table 2 includes the credits for the tax year 1991 which were received in the spring of 1992 by all four households. For the single person with a disability and the single-parent family, the monthly installments of the credits for the 1992 tax year are incorporated in Column 1 and the credits for 1991 appear in Column 7.

TABLE 2

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD, 1992

Province or Territory	Basic Social Assistance	Additional Benefits	Family Allowances	Child Tax Credit ¹	Child-Related Benefits	GST Credit ²	Provincial Tax Credits	Total Income
NEWFOUNDLAND³								
Single Employable ⁴	4,301					192		4,493
Disabled Person	6,773	1,500 ⁵				225		8,498
Single Parent, One Child	11,198		419	807		472		12,895
Couple, Two Children	12,119		837	1,192		585		14,733
PRINCE EDWARD ISLAND⁶								
Single Employable ⁷	7,872					216		8,088
Disabled Person	7,872	1,092 ⁸				238		9,202
Single Parent, One Child	10,920		419	807		474		12,619
Couple, Two Children	16,128	175 ⁹	837	1,192		585		18,917
NOVA SCOTIA¹⁰								
Single Employable	5,904					192		6,096
Disabled Person	8,400					232		8,632
Single Parent, One Child	10,368		419	807		467		12,060
Couple, Two Children	12,392	40 ¹¹	837	1,192		585		15,046
NEW BRUNSWICK^{12,13}								
Single Employable	3,048					192		3,240
Disabled Person	6,120	1,800 ¹⁴				221		8,141
Single Parent, One Child	8,304		419	807		426		9,956
Couple, Two Children	9,318		837	1,192		585		11,932

TABLE 2 (Continued)

Province or Territory	Basic Social Assistance	Additional Benefits	Family Allowances	Child Tax Credit	Child-Related Benefits	GST Credit	Provincial Tax Credits	Total Income
QUEBEC^{15,16}								
Single Employable ¹⁷	5,844					192	150 ¹⁸	6,186
Disabled Person	7,656					210	150 ¹⁸	8,016
Single Parent, One Child	9,540	648 ¹⁹	268 ²⁰	807	243 ²¹	459	192 ¹⁸	12,157
Couple, Two Children	11,652	847 ²²	769 ²⁰	1,192	299 ²³	585	252 ¹⁸	15,596
ONTARIO²⁴								
Single Employable	7,812					209	374 ²⁵	8,395
Disabled Person ²⁶	10,992					271	310 ²⁵	11,573
Single Parent, One Child	14,376	104 ²⁷	419	807		484	337 ²⁵	16,527
Couple, Two Children	18,576	402 ²⁸	837	1,192		585	418 ²⁵	22,010
MANITOBA²⁹								
Single Employable ³⁰	6,177	14 ³¹				192	715 ³²	7,098
Disabled Person ^{33,34}	7,951					192	825 ³²	8,968
Single Parent, One Child ³³	9,721		419	807		434	897 ³²	12,278
Couple, Two Children ³⁰	16,044	38 ³¹	837	1,192	720 ³⁵	585	939 ³²	20,355
SASKATCHEWAN³⁶								
Single Employable	5,375					192		5,567
Disabled Person	7,710	500 ³⁷				229		8,439
Single Parent, One Child	10,311 ³⁸		419	807		470		12,007
Couple, Two Children	14,523 ³⁸	160 ³⁹	837	1,192		585		17,297

TABLE 2 (Continued)

Province or Territory	Basic Social Assistance	Additional Benefits	Family Allowances	Child Tax Credit	Child-Related Benefits	GST Credit	Provincial Tax Credits	Total Income
ALBERTA⁴⁰								
Single Employable	5,640					192		5,832
Disabled Person ⁴¹	6,660					195		6,855
Single Parent, One Child	10,104		331 ⁴²	807		455		11,697
Couple, Two Children	15,696		929 ⁴²	1,192		585		18,402
BRITISH COLUMBIA⁴³								
Single Employable	6,275	33 ⁴⁴				192		6,500
Disabled Person	8,823	33 ⁴⁴				232		9,088
Single Parent, One Child	11,293	80 ⁴⁴	419	807		477		13,075
Couple, Two Children	14,206	183 ⁴⁵	837	1,192		585		17,003
YUKON⁴⁶								
Single Employable	7,740	155 ⁴⁷				220		8,115
Disabled Person	7,740	995 ⁴⁸				237		8,972
Single Parent, One Child	12,540	572 ⁴⁹	419	807		484		14,822
Couple, Two Children	19,080	685 ⁵⁰	837	1,192		585		22,379
NORTHWEST TERRITORIES⁵¹								

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 1992. The single-parent family received \$264 in the spring and \$543 in November, 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 \$390 in the spring and \$802 in November.
2. The GST credit is paid in quarterly installments. In 1992, adults and the first child in a single-parent family received maximum payments of \$47.50 each in January and April 1992 and \$48.25 each in July and October 1992. The maximum rate for a child was \$25 in January and April and \$25.50 in July and October. The special GST supplement for single persons and single-parent families is included in the totals for the year. The 1992 figures are smaller than the figures in Welfare Incomes 1991, because the 1991 totals included both the GST credit and the previous federal sales tax credit.
3. Rate changes which took effect on April 1, 1992, were incorporated in these figures. The totals include a fuel allowance of \$50 a month from January through April and \$51 a month for November and December.
4. These rates apply to single able-bodied persons under age 50. Rates of assistance to persons over 50 are higher. Welfare officials in Newfoundland say that most single employables fall under a board and lodging rate structure instead of the rates shown here.
5. This is the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.
6. Rate changes which took effect on July 1, 1992, were incorporated in these figures.
7. The assistance to single persons appears to be relatively generous because the shelter allowance for singles is higher than that provided in other provinces. Single persons are encouraged and often required to find room and board accommodation and are paid a correspondingly lower 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. The rates are based on changes that took effect on August 1, 1991, for provincial Family Benefits for the single disabled person and the single-parent family. Rates for municipal recipients for the single employable individual and the two-parent family are based on the Halifax rates that have not gone up across the board since December 1990. Municipal recipients in Halifax often get an additional \$42 a month for work-related transportation, but the allowance is not automatic in all cases.
11. Halifax provides a \$20 per child back-to-school allowance.
12. Rate changes which took effect on October 1, 1992, were incorporated in these figures.
13. The single employable person was classified in the Interim Assistance Program, the single disabled person in the Long-Term Established Needs Program, and the single-parent and two-parent families in the Upgrading, Training and Placement Program.
14. This is the maximum Assistance for Reduction of Rental Costs of \$150 a month available for low-income elderly or disabled persons. In fact, most people with disabilities receive significantly less than the maximum.
15. The single disabled person was classified under the Financial Support Program. The single-parent family was classified as "not available" under the Work and Employment Incentives Program, and the others were classified as "not participating."
16. The rates are based on changes that took effect on January 1 and July 1, 1992. The rates of assistance include adjustments that were made as a result of harmonizing the welfare system with the tax system in Quebec.
17. Under its new system of income security introduced in 1989, Quebec requires a parental contribution from the parents of certain employable individuals defined as "parental dependents." It is possible that the actual assistance would be lower than the rates indicated here if the recipient were classified as a parental dependent as defined by Quebec law.
18. This is the refundable Sales Tax Credit introduced by the Quebec government in 1991.

19. Recipients with dependent children are eligible for a shelter subsidy. The single-parent family was entitled to a maximum monthly subsidy of \$54.
20. Quebec varies the amount of the federal family allowances according to the age of the child and the number of children in a family. The province has its own system of family allowances as well; these are included under "child-related benefits."
21. This is the combined amount of the Quebec family allowances and the Allowance for Young Children.
22. This is the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school. The maximum monthly shelter subsidy of \$59 for a family of four is included as well.
23. This is the Quebec family allowance.
24. The figures were based on rate changes which took effect on January 1 and July 1, 1992, for both the Family Benefits Program and General Welfare Assistance.
25. This represents the combined amounts of the Ontario Sales Tax and Property Tax Credits. The Property Tax Credit was calculated on the following shelter costs: \$385 for a single person, \$605 for the single-parent family and \$715 for the two-parent family; these correspond to the maximum shelter benefits payable in each case.
26. Assistance for a single disabled person was based on the GAINS-D (Guaranteed Annual Income System for the Disabled) rates.
27. This is the winter clothing allowance of \$104 for each dependent child.
28. This is the combined amount of the back-to-school allowances (\$68 for the ten-year-old child and \$126 for the 15-year-old) and the winter clothing allowance of \$104 a child paid on behalf of the dependent children of General Welfare Assistance recipients.
29. Rates for the provincial Social Allowances Program (for the single disabled person and single-parent family) were increased on January 1, 1992. Rates for the single employable person and two-parent family incorporate increases by the City of Winnipeg which took effect on October 1, 1992.

30. The clothing allowance for employable recipients is not provided until the fifth week on assistance.
31. Winnipeg provided a Christmas allowance of \$13.60 per single person or family head and \$8.25 for each other family member.
32. These are the Manitoba Cost of Living and Property Tax Credits.
33. Rates of assistance for the single person with a disability went up \$68.80 a month on January 1, 1992, and rates for the single-parent family went up \$74.80. These amounts represent the value of the Manitoba tax credits that were added to monthly welfare cheques instead of being paid once a year.
34. In addition to the basic and supplementary rate increases on January 1, 1992, there was an increase for the single person with a disability of \$60 a month.
35. Low-income families with children are eligible for a supplement from 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.
36. Shelter and utility allowances were last increased on August 1, 1990. Allowances for food, clothing, household expenses and personal needs went up on August 1, 1992.
37. An additional allowance of \$40 a month for people with disabilities, effective August 1, 1992, is included in the total. The total also includes a special care allowance of \$25 a month for disabled recipients to pay for tasks they are unable to perform themselves.
38. The rates of assistance have been reduced by the amount of federal family allowances. Saskatchewan is the only province which explicitly deducts the value of family allowances from welfare rates. Low-income families are eligible for supplements from the Family Income Plan, but the benefits are already incorporated within the welfare rates indicated here.
39. 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.
40. The last increases in rates took effect on February 1, 1991, when Alberta's new welfare system came into being.

41. Persons who are severely and permanently disabled and whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program (\$796 a month) are eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month.
42. Alberta varies the amounts of the federal family allowances according to the age of the child.
43. The figures incorporate increases that took effect on February 1, 1992.
44. This is a Christmas allowance of \$33 for single person or \$70 a family plus \$9.50 for each child in the family.
45. This figure represents the combined amount of the Christmas allowance of \$89 and school start-up fees of \$39 for a child between the ages of five and 11 and \$55 for a child 12 and older.
46. The last rate increases in Yukon were on April 1, 1991.
47. This represents the combined amounts of the Christmas allowance of \$30 a person and winter clothing allowances of \$75 for children under age 14 and \$125 for adults and children 14 and older.
48. In addition to the Christmas allowance and winter clothing allowance, disabled recipients are eligible for a supplementary allowance of \$70 a month if they are considered to be "permanent exclusions from the labour force."
49. In addition to the Christmas and winter clothing allowances, a weekly \$6 amount for babysitting was included in the special assistance for the single-parent family.
50. This includes Christmas allowances, winter clothing allowances and school supply allowances of \$50 and \$65.
51. 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.

Adequacy of Benefits

Many of the incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the low income cut-offs of Statistics Canada for 1992. The results are shown in Table 3.

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

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

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with total incomes of \$3,240 in 1992 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 whether to live in substandard housing to save money on rent or how to cut back on food when the money starts running short toward the end of the month.

As Table 3 shows, Prince Edward Island and Ontario are two provinces where welfare incomes are closer to the poverty lines than elsewhere, although still substantially below the

lines. Some of the rates in other provinces, especially rates for single employables, are far below the lines. Welfare incomes which reach only one-quarter or one-third of the poverty line are unacceptably low and should be raised at the earliest possible date.

Column 1 of the table shows welfare incomes for different types of households in the ten provinces in 1992. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the cut-offs.

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

Welfare incomes for single employable people were by far the least adequate, ranging from 24 percent of the poverty line in New Brunswick to 62 percent of the poverty line in Prince Edward Island. Benefits for single disabled people fell between 45 percent of the line in Alberta and 76 percent in Ontario. Welfare incomes for single-parent families ranged from a low of 55 percent in New Brunswick to a high of 80 percent in Ontario. Finally, the incomes of two-parent families with two children fell between 45 percent of the poverty line in New Brunswick and 73 percent in Prince Edward Island and Ontario.

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, 1992

Province	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>NEWFOUNDLAND</u>				
Single Employable	4,493	13,328	-8,835	34%
Disabled Person	8,498	13,328	-4,830	64%
Single Parent, One Child	12,895	18,068	-5,173	71%
Couple, Two Children	14,733	26,439	-11,706	56%
<u>PRINCE EDWARD ISLAND</u>				
Single Employable	8,088	13,021	-4,933	62%
Disabled Person	9,202	12,021	-3,819	71%
Single Parent, One Child	12,619	17,650	-5,031	71%
Couple, Two Children	18,917	25,830	-6,913	73%
<u>NOVA SCOTIA</u>				
Single Employable	6,096	13,328	-7,232	46%
Disabled Person	8,632	13,328	-4,696	65%
Single Parent, One Child	12,060	18,068	-6,008	67%
Couple, Two Children	15,046	26,439	-11,393	57%
<u>NEW BRUNSWICK</u>				
Single Employable	3,240	13,328	-10,088	24%
Disabled Person	8,141	13,328	-5,187	61%
Single Parent, One Child	9,956	18,068	-8,112	55%
Couple, Two Children	11,932	26,439	-14,507	45%
<u>QUEBEC</u>				
Single Employable	6,186	15,175	-8,989	41%
Disabled Person	8,016	15,175	-7,159	53%
Single Parent, One Child	12,157	20,569	-8,412	59%
Couple, Two Children	15,596	30,105	-14,509	52%

TABLE 3 (Continued)

Province	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>ONTARIO</u>				
Single Employable	8,395	15,175	-6,780	55%
Disabled Person	11,573	15,175	-3,602	76%
Single Parent, One Child	16,527	20,569	-4,042	80%
Couple, Two Children	22,010	30,105	-8,095	73%
<u>MANITOBA</u>				
Single Employable	7,098	15,175	-8,077	47%
Disabled Person	8,968	15,175	-6,207	59%
Single Parent, One Child	12,278	20,569	-8,291	60%
Couple, Two Children	20,355	30,105	-9,750	68%
<u>SASKATCHEWAN</u>				
Single Employable	5,567	13,328	-7,761	42%
Disabled Person	8,439	13,328	-4,889	63%
Single Parent, One Child	12,007	18,068	-6,061	66%
Couple, Two Children	17,297	26,439	-9,142	65%
<u>ALBERTA</u>				
Single Employable	5,832	15,175	-9,343	38%
Disabled Person	6,855	15,175	-8,320	45%
Single Parent, One Child	11,697	20,569	-8,872	57%
Couple, Two Children	18,402	30,105	-11,703	61%
<u>BRITISH COLUMBIA</u>				
Single Employable	6,500	15,175	-8,675	43%
Disabled Person	9,088	15,175	-6,087	60%
Single Parent, One Child	13,075	20,569	-7,494	64%
Couple, Two Children	17,003	30,105	-13,102	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 1992 estimates by the National Council of Welfare based on data collected by Statistics Canada in the Survey of Consumer Finances for 1991. 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. The size of the sample for single parents was too small to be reliable in Newfoundland and Prince Edward Island. For the two-parent family, we used the average incomes of couples with children.

Table 4 makes it clear that welfare incomes are far below average. A single employable person on welfare received from 15 percent to 45 percent of the average income received by single people under 65. The disabled person on welfare got 26 to 51 percent of the average. Single-parent mothers had 50 to 73 percent of average incomes, but it is worth noting that average incomes for single-parent mothers in general are far below average incomes for couples with children. The two-parent family on welfare had between 23 and 41 percent of average incomes.

TABLE 4**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES,
BY FAMILY TYPE AND PROVINCE, 1992**

Province	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<u>NEWFOUNDLAND</u>			
Single Employable	4,493	19,212	23%
Disabled Person	8,498	19,212	44%
Single Parent, One Child	12,895	---	--
Couple, Two Children	14,733	47,497	31%
<u>PRINCE EDWARD ISLAND</u>			
Single Employable	8,088	18,033	45%
Disabled Person	9,202	18,033	51%
Single Parent, One Child	12,619	---	--
Couple, Two Children	18,917	49,887	38%
<u>NOVA SCOTIA</u>			
Single Employable	6,096	21,148	29%
Disabled Person	8,632	21,148	41%
Single Parent, One Child	12,060	19,770	61%
Couple, Two Children	15,046	51,674	29%
<u>NEW BRUNSWICK</u>			
Single Employable	3,240	22,290	15%
Disabled Person	8,141	22,290	37%
Single Parent, One Child	9,956	18,959	53%
Couple, Two Children	11,932	51,905	23%
<u>QUEBEC</u>			
Single Employable	6,186	22,690	27%
Disabled Person	8,016	22,690	35%
Single Parent, One Child	12,157	24,185	50%
Couple, Two Children	15,596	55,759	28%

TABLE 4 (Continued)

Province	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<u>ONTARIO</u>			
Single Employable	8,395	27,757	30%
Disabled Person	11,573	27,757	42%
Single Parent, One Child	16,527	22,585	73%
Couple, Two Children	22,010	67,508	33%
<u>MANITOBA</u>			
Single Employable	7,098	22,198	32%
Disabled Person	8,968	22,198	40%
Single Parent, One Child	12,278	22,630	54%
Couple, Two Children	20,355	50,204	41%
<u>SASKATCHEWAN</u>			
Single Employable	5,567	21,980	25%
Disabled Person	8,439	21,980	38%
Single Parent, One Child	12,007	20,413	59%
Couple, Two Children	17,297	51,787	33%
<u>ALBERTA</u>			
Single Employable	5,832	25,904	23%
Disabled Person	6,855	25,904	26%
Single Parent, One Child	11,697	22,841	51%
Couple, Two Children	18,402	62,783	29%
<u>BRITISH COLUMBIA</u>			
Single Employable	6,500	25,061	26%
Disabled Person	9,088	25,061	36%
Single Parent, One Child	13,075	24,586	53%
Couple, Two Children	17,003	64,812	26%

Provincial and Territorial Benefits Over Time

One of the major improvements in social programs during the last two decades was the introduction of indexation. Indexation is a way of guaranteeing by law that people get cost-of-living increases in their benefits on a regular basis. The most common form is annual raises that are linked to the Consumer Price Index of Statistics Canada. Increases in benefits are automatic and do not require any further legislative or administrative approval once an indexing system is in place.

Unfortunately, the federal government has done away with full indexation in many of its programs, including child benefits. Lack of full indexation is also a flaw in the federal refundable GST credit.

Meanwhile, provinces and territories have generally refused to provide the benefits of indexation to poor people who are forced to fall back on welfare. People who receive benefits under Quebec's Financial Support Program were the only welfare recipients in Canada who had their benefits protected from inflation by law in 1992.

Table 5 shows that some welfare recipients have seen the value of their benefits decline over the years because of the lack of indexation. The figures for 1992 consist of benefits taken from Table 2 that are exclusively within provincial and territorial jurisdiction - in other words, total welfare incomes minus federal family allowances, the federal refundable child tax credit and the GST credit. Comparable figures for other years were calculated from Welfare Incomes 1989, Welfare Incomes 1990, Welfare Incomes 1991 and Welfare in Canada: The Tangled Safety Net.

All the dollar figures in Table 5 are expressed in constant 1992 dollars to factor out the effects of inflation and to show the real purchasing power of welfare and related benefits over time. The percentages in the last two columns show increases or decreases in real purchasing power.

The table provides comparisons of provincial and territorial benefits for 1986, 1989, 1990, 1991 and 1992 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, 1990, 1991 and 1992.

Between 1991 and 1992, most welfare recipients saw their incomes and their purchasing power increase, although the increases were generally modest. The declines between 1991 and 1992 are largely attributable to the lack of across-the-board increases in welfare rates in Nova Scotia, Alberta and Yukon.

The 1992 increases in Manitoba are explained partly by rate increases and partly by the change in the system for paying provincial tax credits to recipients of provincial welfare. The single person with a disability and the single-parent family in Table 5 received both their 1991 and 1992 provincial tax credits during 1992.

For the period from 1986 to 1992, the picture is somewhat different. Ontario had the largest and most consistent gains overall, but long-term increases in British Columbia and Yukon are also worth noting.

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

The largest declines in welfare incomes over the years occurred in Alberta. Despite the significant increases in benefits that accompanied welfare reform in 1991, three of the households in the table were noticeably worse off in 1992 than in 1986.

Overall, Table 5 shows a mix of gains and losses from one year to the next or from one category of recipient to another. No other program of income support is so erratic and so unpredictable over time. Clearly, the discretionary increases granted periodically by provincial and territorial cabinets are no substitute for annual cost-of-living increases guaranteed by law. And clearly, the federal government has contributed to the financial plight of welfare recipients by providing less than full indexation of the benefits that it provides directly.

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1992 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	% Change 1986-1992	% Change 1991-1992
<u>NEWFOUNDLAND</u>							
Single Employable	4,341	4,184	4,164	4,097	4,301	-0.9%	5.0%
Disabled Person		8,429	8,349	8,092	8,273		2.2%
Single Parent, One Child	10,883	10,653	10,643	10,755	11,198		4.1%
Couple, Two Children	12,590	12,324	12,307	11,904	12,119	-3.7%	1.8%
<u>PRINCE EDWARD ISLAND</u>							
Single Employable	8,063	7,796	7,767	7,759	7,872	-2.4%	1.5%
Disabled Person		9,073	8,989	8,855	8,964		1.2%
Single Parent, One Child	11,114	10,747	10,841	10,749	10,920	-1.7%	1.6%
Couple, Two Children	16,287	16,007	16,020	16,103	16,303	0.1%	1.2%
<u>NOVA SCOTIA</u>							
Single Employable	5,926	6,603	6,306	5,993	5,904	-0.4%	-1.5%
Disabled Person		8,692	8,645	8,514	8,400		-1.3%
Single Parent, One Child	10,262	10,565	10,497	10,365	10,368		0.0%
Couple, Two Children	12,353	13,440	12,853	12,415	12,432	0.6%	0.1%
<u>NEW BRUNSWICK</u>							
Single Employable	2,921	3,158	3,113	3,045	3,048	4.4%	0.1%
Disabled Person		8,274	8,151	7,909	7,920		0.1%
Single Parent, One Child	8,772	8,562	8,434	8,242	8,304	-5.3%	0.8%
Couple, Two Children	9,490	9,263	9,112	9,021	9,318	-1.8%	3.3%

TABLE 5 (Continued)

	1986	1989	1990	1991	1992	% Change 1986-1991	% Change 1990-1991
QUEBEC							
Single Employable	3,074	3,947	5,605	5,964	5,994	95.0%	0.5%
Disabled Person		7,096	7,367	7,718	7,806		1.1%
Single Parent, One Child	10,345	9,590	10,227	10,352	10,623	2.7%	2.6%
Couple, Two Children	13,371	12,525	12,265	12,849	13,050	-2.4%	1.6%
ONTARIO							
Single Employable	6,570	7,059	7,713	7,911	8,186	24.6%	3.5%
Disabled Person		10,192	10,881	11,114	11,302		1.7%
Single Parent, One Child	11,767	12,669	14,207	14,548	14,817	25.9%	1.8%
Couple, Two Children	14,647	15,987	18,641	18,977	19,396	32.4%	2.2%
MANITOBA							
Single Employable	6,519	6,759	6,852	6,766	6,906	5.9%	2.1%
Disabled Person		7,350	7,260	7,135	8,776		23.0%
Single Parent, One Child	10,071	9,864	9,752	9,584	10,618	5.4%	10.8%
Couple, Two Children	15,259	16,009	17,237	17,234	17,741	16.3%	2.9%
SASKATCHEWAN							
Single Employable	5,457	5,458	5,339	5,176	5,375	-1.5%	3.8%
Disabled Person		8,894	8,619	8,282	8,210		-0.9%
Single Parent, One Child	11,197	11,148	10,838	10,427	10,311	-7.9%	-1.1%
Couple, Two Children	15,708	15,468	15,029	14,439	14,683	-6.5%	1.7%

TABLE 5 (Continued)

	1986	1989	1990	1991	1992	% Change 1986-1991	% Change 1990-1991
<u>ALBERTA</u>							
Single Employable	7,765	5,394	5,149	5,597	5,640	-27.4%	0.8%
Disabled Person		6,671	6,368	6,702	6,660		-0.6%
Single Parent, One Child	11,370	10,114	9,654	10,127	10,104	-11.1%	-0.2%
Couple, Two Children	16,905	14,901	14,224	15,674	15,696	-7.2%	0.1%
<u>BRITISH COLUMBIA</u>							
Single Employable	5,547	6,082	6,222	6,120	6,308	13.7%	3.1%
Disabled Person		8,393	8,687	8,483	8,856		4.4%
Single Parent, One Child	9,989	10,987	11,110	10,882	11,373	13.9%	4.5%
Couple, Two Children	13,644	13,723	13,827	13,501	14,389	5.4%	6.6%
<u>YUKON</u>							
Single Employable	6,591	7,952	8,052	7,916	7,895	19.8%	-0.3%
Disabled Person		8,895	8,952	8,769	8,735		-0.4%
Single Parent, One Child	11,836	13,144	13,233	13,114	13,112	10.8%	0.0%
Couple, Two Children	18,135	19,731	19,611	19,601	19,765	9.0%	0.8%

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 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.

These extra amounts were not included in the tables because it is not certain that recipients would actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

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

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

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

TABLE 6
MONTHLY EARNINGS EXEMPTIONS LEVELS AS OF JANUARY 1992

	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, first \$30 + 50% of allowable income over \$30 a month and up to \$200 a month (maximum monthly exemption of \$115)</p> <p>For disabled adult, up to \$95 a month</p> <p>For family with disabled member(s), up to \$190 a month</p>	<p>For adults who are unemployed, 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>For unemployed families, 50% of allowable income up to \$200 a month (maximum monthly exemption of \$100)</p>
Prince Edward Island ²	<p>\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households</p>	Same
Nova Scotia	<p>For single persons, \$100 + 25% of gross earnings or training incentives³</p> <p>For families, \$200 + 25% of gross earnings or training incentives³</p> <p>For people with disabilities who are in training programs, an additional \$100 for singles and \$75 for people with children³</p>	<p>\$50 single person⁴</p> <p>\$100 family⁴</p>

TABLE 6 (Continued)

	Unemployable	Employable
New Brunswick	<p>\$150 single person</p> <p>\$200 family</p>	<p>\$150 single person</p> <p>\$200 family</p> <p>Where a recipient has been designated as having high employment potential, exemptions are increased for one person by an additional monthly amount of \$250 for two months. Exemptions for a family are increased by an additional monthly amount of \$200 for two months and \$100 for the third month. Two-parent employable families are eligible for the \$200 exemption for six months with allowable extensions.</p>
Quebec ⁵	<p>\$100 for single person or family</p>	<p>\$161 for single person or single parent</p> <p>\$195 for two-parent family</p>
Ontario ⁶	<p>\$160 + 25% over \$160 of net earnings for single disabled person⁷</p> <p>\$185 + 25% over \$185 of net earnings for disabled family⁷</p> <p>\$175 + 25% over \$175 of net earnings for single-parent family</p>	<p>\$75 + 25% over \$75 of net earnings for single person</p> <p>\$150 + 25% over \$150 of net earnings for two-parent family</p> <p>\$175 + 25% over \$175 of net earnings for single-parent family</p>

TABLE 6 (Continued)

	Unemployable	Employable
Manitoba	The greater of \$50 a month, 70 cents for each hour worked or 30% of gross monthly earnings; for newly enrolled applicants, students and self-employed persons, \$50 a month up to \$600 a year	\$125 a month; \$240 for those enrolled in Wage Supplementation Program
Saskatchewan ^{8,9}	First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for single disabled person First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for two-person family classified as disabled	First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for single person considered non-disabled First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for two-person family considered non-disabled
Alberta	100% of earnings up to \$115; 50% of earnings between \$116-200; 25% of earnings between \$201-\$300; 10% exemption on earnings over \$300 ¹⁰	Same
British Columbia ¹¹	\$100 a month; \$200 a month for recipients with dependents; \$200 a month for recipients of Handicapped Benefits (Recipients may choose to be classified as employable if they would benefit from the enhanced earnings exemption.)	\$100 for a single person and \$200 for recipients with dependents (Employable recipients are eligible for an additional exemption of 25% of net earnings over these flat-rate amounts.) ^{12,13}
Northwest Territories	\$50 (no dependents) \$100 (dependents)	Same

TABLE 6 (Continued)

	Unemployable	Employable
Yukon	<p>No exemption on net income from full-time employment (more than 20 hours a week); earnings exemption on part-time employment is the greater of 50% of net earnings but not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependents or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more¹⁴</p> <p>For permanent exclusions from the labour market, \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials</p>	Same

NOTES TO TABLE 6

1. Newfoundland now 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.
3. There is a total exemption of earned income for the first month of full-time employment. Training allowances for full-time participants were also exempt during the first month.
4. There are the earnings exemptions for the City of Halifax.
5. The exemption for unemployable persons was calculated under the Financial Support Program while the exemptions for employable persons were calculated under the "non-participating" category of the Work and Employment Incentives Program. People who have received welfare benefits from either program for three consecutive months and then find a job or enter a training program can have all earnings or training allowances exempted for one month. This enhanced benefit can be claimed only once in any six-month period.
6. These earnings exemptions are part of the Supports To Employment Program (STEP), a series of measures designed to encourage participation in the paid labour force. Ontario allows deductions for child care expenses up to the actual amount for licensed care and up to \$390 a month for children under six and \$346 for children six through 12 for unlicensed care. As of August 1992, the basic and supplementary exemptions are no longer allowable for the purpose of determining eligibility for welfare for the first three months of assistance; they apply only from the fourth month of assistance.
7. Persons with disabilities eligible for GAINS-D (Guaranteed Annual Income for the Disabled) are entitled to an additional deduction of up to \$140 a month for work expenses related to their disabilities.
8. The earnings exemptions indicated here apply to fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Recipients who are not entirely able to work or who are considered disabled, by contrast, are entitled to the earnings exemption from the time they receive income from salaried employment.

9. Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here.
10. Persons who qualify for the Assured Income for the Severely Handicapped (AISH) program have higher earnings exemptions. Single persons get an exemption of \$165 a month plus 25 percent of additional earnings.
11. The figures indicated here are exemptions on earnings. There is also a set of exemptions that apply to other forms of income such as maintenance payments.
12. The flat-rate exemption on net earned income is applied only after people have received full or partial benefits for more than three consecutive months.
13. The enhanced exemption of 25 percent may be claimed for 12 months during a three-year period, with the possibility of a six-month extension. However, disabled persons are eligible indefinitely for the enhanced exemption.
14. In lieu of an earnings exemption, full-time workers get additional payments of \$50 a month: \$25 for clothing and \$25 for transportation.

Conclusion

The income provided by most provincial and territorial welfare programs is grossly inadequate for the vast majority of recipients. Most welfare incomes are far below the poverty line. Although welfare recipients are among the poorest of the poor in our society, they rarely get any guaranteed protection from increases in the cost of living. Between 1986 and 1992, some recipients actually became poorer.

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 National Council of Welfare acknowledges that modest improvements have been made in some provincial and territorial welfare programs since the publication of Welfare in Canada: The Tangled Safety Net in 1987. However, the only guarantee that welfare offers consistently is poverty.

MEMBERS OF THE NATIONAL COUNCIL OF WELFARE

Mad. Ann Gagnon (Chairperson)
St-Ignace de Loyola (Quebec)

Ms. Enza Colavecchia
Brampton, Ontario

Ms. Judy Mintz
Dundas, Ontario

Ms. Ute Davies
Calgary, Alberta

Ms. Nancy Nash-Foster
Kingston, Ontario

Mad. Anne Marie Desmarais
Val d'Or, Quebec

Mr. Ronald Noseworthy
Grand Bank, Newfoundland

Ms. Nova Dickie
Nanoose Bay, British Columbia

Mr. Ted Paterson
Winnipeg, Manitoba

Ms. Sylvia Gwozd
Richmond, British Columbia

Mr. Thomas Power
St. Mary's Bay, Newfoundland

Mr. Marcel Lalonde
Ville Laval, Quebec

Ms. Wendy Terry
Toronto, Ontario

Dr. Myrna Lashley
Nuns' Island, Quebec

Mr. Gregory Zed
Renforth, New Brunswick

Ms. Sharon MacKay
Hunter River, Prince Edward Island

Acting 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, Pièce 1876, Immeuble Jeanne Mance, Ottawa K1A 0K9.