

**WELFARE INCOMES 1993**

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

**Summer 1994**

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## **SUMMARY**

This report is the sixth of its kind by the National Council of Welfare. It estimates welfare incomes for the year 1993 for four types of households: a single employable person, a single person with a disability, a single-parent family with a child aged two, and a two-parent family with two children aged ten and 15. Similar estimates were published in Welfare in Canada: The Tangled Safety Net and previous versions of Welfare Incomes for the years 1989 through 1992.

The National Council of Welfare is grateful to officials of provincial and territorial governments for taking the time to review the factual material in this report and previous reports. A special thanks goes to Gilles Séguin of the social policy and information branch of the strategic policy group of Human Resources Development Canada for his assistance and insights over the years.

All six 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 1993 shows that welfare recipients in many parts of Canada were worse off financially in 1993 than they were in 1992. Alberta actually cut its welfare rates, and benefits in most other provinces failed to keep pace with inflation.

By themselves, income data cannot really describe the plight of the estimated three million Canadians who survived on the inadequate allowances paid by governments in 1993. 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. The only "choice" many people on welfare have is deciding how to cut back on food as the end of the month approaches and the money starts to run out.



## **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 1993**

	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 <sup>2</sup>	\$50 <sup>2</sup>	
Nova Scotia	\$1,500 <sup>3</sup>	\$2,500	\$3,000	Municipalities generally require liquid assets to be expended to meet basic needs.		
New Brunswick	\$500	\$1,000	\$1,000	\$500	\$1,000	
Quebec	**4	**4	\$2,500 <sup>4</sup>	\$1,500	\$2,500	
Ontario	\$2,500 <sup>5</sup>	\$5,000 <sup>5</sup>	\$3,000 <sup>5</sup>	Municipal welfare administrators determine the level of liquid assets a person may have and still be eligible for assistance.		
				Assets equal to 1-2 weeks' assistance may be exempted (or 1-3 months' assistance in the case of a temporarily unemployable person). Maximum exemptions (\$2,500 for single and \$5,000 for a couple plus \$500 per dependent) may apply to households to be transferred to long-term assistance.		
				Assets equal to 1-3 months' assistance.		

**TABLE 1 (Continued)**

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Manitoba <sup>6</sup>	**7	\$2,000	\$2,000	Each municipality establishes the amount of liquid assets an applicant may retain.	
Saskatchewan	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 <sup>8</sup>
Alberta	\$1,500	\$2,500	\$3,000 <sup>9</sup>	\$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 <sup>10</sup>	\$5,000	\$3,000	\$2,500	\$5,000 <sup>11</sup>
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 <sup>12</sup>	\$200 <sup>12</sup>

**NOTES TO TABLE I**

1. Single applicants would not be considered unemployable unless they were disabled.
2. This level applies to unemployed applicants who require assistance for less than four months. Liquid asset exemption levels for persons on assistance for four months or more are \$200 for a single person and up to \$2,400 for a family depending on family size.
3. This exemption applies to single elderly persons who are not eligible for the Old Age Security Pension. Single applicants would not be considered unemployable unless they were disabled or elderly.
4. Applicants would not be considered unemployable unless they were disabled.
5. 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.
6. Manitoba has a distinct set of rules pertaining to persons owning or operating farms.
7. Single persons would not be considered unemployable unless they were disabled.
8. The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
9. This level applies to people who are severely and permanently disabled on welfare who have high needs because of dependents or the cost of personal support services. Normally, severely and permanently disabled people receive benefits under the Assured Income for the Severely Handicapped (AISH) program. AISH is not based on need and provides a maximum benefit of \$810 a month.
10. This applies to recipients under age 55. The liquid asset exemption for recipients 55 and older is \$3,000.
11. The level of \$5,000 applies to a person under age 55 with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
12. This level applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

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

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

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

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

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

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

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

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

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

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

### **Rates of Assistance**

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

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

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

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

In Ontario, municipalities may make special assistance available for households that require financial help only for designated special needs. The fact that municipalities are not required to grant such assistance has created hardship for many low-income individuals and families with special needs. As of October 1, 1991, 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 1993. 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, 1993, and remained on welfare for the entire calendar year.

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

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

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

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

### **Basic Social Assistance**

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

In order to ensure to the greatest extent possible the comparability of the data, a number of assumptions were made in calculating basic assistance. These assumptions involve the size of a municipal area, two-tier welfare systems, the employability of recipients, accommodation, and rate 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 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 1993. 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 Ontario, municipalities have to conform to a standard set of rates for basic welfare assistance which is set by the province. There is wide variation, however, with respect to the provision of special assistance, which is the sole responsibility of Ontario municipalities.

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

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

### c. employability of recipients

Short-term rates of assistance (which are generally lower than long-term rates) were assigned to single employable individuals in all jurisdictions except Prince Edward Island. In fact, in some provinces, single employable persons are eligible for assistance for one month only, after which they must renew their applications. In order to "annualize" the rates presented in Table 2, it was assumed that these people started receiving welfare on January 1, 1993, 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.

Single parents in Saskatchewan are not required to seek employment or take training if they choose to remain at home to care for a child under the age of six. In Alberta, single parents with children six months old or older now are considered employable. Single parents in New Brunswick and Quebec receive 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 \$100 each in 1993.

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

In the Northwest Territories, however, there are no maximum rates for shelter. Actual rents are paid, and these vary widely in the North. This edition of Welfare Incomes contains estimates for the Northwest Territories for the first time, using figures supplied by territorial officials. For the single employable person and the single person with a disability, basic welfare assistance was calculated using the highest rent and utilities actually paid for a bachelor suite in

Yellowknife. For the two families with children, the calculation was done using the highest rent and utilities actually paid for a two-bedroom apartment in Yellowknife. Because of the way the figures for the Northwest Territories are calculated, they are not directly comparable with figures for welfare programs which have ceilings on rent.

**e. rate increases**

Provincial and territorial governments increase their welfare rates from time to time, but rates are not normally indexed. Indexing means that the increases are provided in law and come into effect automatically at regular intervals.

Quebec was the only jurisdiction to index its rates in 1993 and then only for welfare recipients under the Financial Support Program. Most other provinces granted discretionary increases to welfare recipients for 1993, 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 Newfoundland, Prince Edward Island, Nova Scotia, Saskatchewan and Yukon in 1993.

Alberta actually reduced its welfare rates as of October 1, 1993. The cuts were incorporated in the calculations as of that date, so their full impact will not be apparent until the publication of Welfare Incomes 1994 next year.

Quebec reduced its welfare rates for certain categories of recipients under the Work and Employment Incentives Program as of October 1, 1993, but the reductions applied only to people who started receiving welfare after that date. People already on welfare were not affected. Because the calculations in this report assume that all the households went on welfare on January 1, 1993, the reductions will not show up in the calculations until Welfare Incomes 1994.

### **Special Assistance**

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

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

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

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

### **Child Tax Benefit**

Previous editions of Welfare Incomes included amounts for federal family allowances and the federal refundable child tax credit. As of January 1, 1993, these two benefits, along with the non-refundable children's credit on federal income tax forms, were replaced by the federal child tax benefit. The benefit is paid monthly.

The maximum amount in 1993 was \$1,020 a year for each child under the age of 18. A supplement of \$213 a year was paid for each child under the age of seven.

All provinces and territories except Saskatchewan consider the child tax benefit to be exempt income in the calculation of welfare benefits. Saskatchewan deducts the value of the

family allowance component of the child tax benefit (estimated at \$34.88 a month for each child in 1993) from its welfare payments. To account for this in Table 2, the rates of assistance in Column 1 for the two households with children in Saskatchewan have been reduced by \$34.88 a month for each child.

### **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 child tax benefit. Quebec also makes available a special allowance to families with children under six called the Allowance for Young Children. It was worth \$9.77 a month in 1993 for the first child under six.

Manitoba provides up to \$30 a month per child to low-income families under the Child Related Income Support Program (CRISP). The maximum benefit went to families with net incomes of \$12,384 a year or less. Under a change in provincial government policy that took effect on April 1, 1993, families on both municipal and provincial welfare lose a dollar of their welfare cheques for every dollar received from CRISP. For this reason, CRISP is included in Column 1 along with basic social assistance. Prior to April 1, 1993, the couple with two children on municipal welfare in Winnipeg received CRISP benefits with no reduction in welfare. This amount is shown separately in Column 4.

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

### **GST Credit**

Column 5 is the federal refundable credit for the Goods and Services Tax. The GST credit is paid quarterly. The four payments received in 1993 added up to a maximum of \$196 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 \$103.50 a child.

Single adults, including single parents, also received a single person's supplement if their 1992 incomes exceeded \$6,456. The maximum supplement for 1993 was \$105.

### **Provincial Tax Credits**

The tax credits in Column 6 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 welfare would receive their tax credits as monthly payments added to their welfare cheques. Recipients of municipal welfare continue to receive them once a year at income tax time. For the single person with a disability and the single-parent family, the monthly instalments of the credits are incorporated in Column 1. For the single employable person and couple with children on municipal welfare, the credits appear in Column 6.

**TABLE 2**

**ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD, 1993**

	Basic Social Assistance	Additional Benefits	Child Tax Benefit <sup>1</sup>	Other Child Benefits	GST Credit <sup>2</sup>	Provincial Tax Credits	Total Income
<b>NEWFOUNDLAND<sup>3</sup></b>							
Single Employable <sup>4</sup>	4,326				196		4,522
Disabled Person	6,810	1,500 <sup>5</sup>			231		8,541
Single Parent, One Child <sup>6</sup>	11,262		1,233		491		12,986
Couple, Two Children	12,186		2,040		599		14,825
<b>PRINCE EDWARD ISLAND<sup>7</sup></b>							
Single Employable <sup>8</sup>	7,956				224		8,180
Disabled Person	7,956	1,092 <sup>9</sup>			246		9,294
Single Parent, One Child	11,052		1,233		488		12,773
Couple, Two Children	16,296	175 <sup>10</sup>	2,040		599		19,110
<b>NOVA SCOTIA<sup>11</sup></b>							
Single Employable	5,904				196		6,100
Disabled Person	8,400				237		8,637
Single Parent, One Child	10,368		1,233		479		12,080
Couple, Two Children	12,432	40 <sup>12</sup>	2,040		599		15,111
<b>NEW BRUNSWICK<sup>13,14</sup></b>							
Single Employable	3,060				196		3,256
Disabled Person	6,212	1,800 <sup>15</sup>			226		8,238
Single Parent, One Child	8,480		1,233		437		10,150
Couple, Two Children	9,512		2,040		599		12,151

**TABLE 2 (Continued)**

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Other Child Benefits	GST Credit	Provincial Tax Credits	Total Income
<b>QUEBEC<sup>16,17</sup></b>							
Single Employable <sup>18</sup>	5,964				196	156 <sup>19</sup>	6,316
Disabled Person	7,788				220	156 <sup>19</sup>	8,164
Single Parent, One Child	9,732	1,080 <sup>20</sup>	869 <sup>21</sup>	248 <sup>22</sup>	474	204 <sup>19</sup>	12,607
Couple, Two Children	11,880	1,219 <sup>23</sup>	1,972 <sup>21</sup>	305 <sup>24</sup>	599	276 <sup>19</sup>	16,251
<b>ONTARIO<sup>25</sup></b>							
Single Employable	7,935				221	371 <sup>26</sup>	8,527
Disabled Person <sup>27</sup>	11,133				285	307 <sup>26</sup>	11,725
Single Parent, One Child	14,613	105 <sup>28</sup>	1,233		496	343 <sup>26</sup>	16,790
Couple, Two Children	18,858	407 <sup>29</sup>	2,040		599	430 <sup>26</sup>	22,334
<b>MANITOBA<sup>30</sup></b>							
Single Employable <sup>31</sup>	6,311	14 <sup>32</sup>			196	715 <sup>33</sup>	7,236
Disabled Person	7,206	840 <sup>34</sup>			211		8,257
Single Parent, One Child	9,697		1,233		456		11,386
Couple, Two Children <sup>31</sup>	15,615	38 <sup>32</sup>	2,040	180 <sup>35</sup>	599	938 <sup>33</sup>	19,410
<b>SASKATCHEWAN<sup>36</sup></b>							
Single Employable	5,760				196		5,956
Disabled Person	7,500	780 <sup>37</sup>			232		8,512
Single Parent, One Child <sup>38</sup>	10,381		1,233		479		12,093
Couple, Two Children <sup>38</sup>	14,583	160 <sup>39</sup>	2,040		599		17,382

**TABLE 2 (Continued)**

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Other Child Benefits	GST Credit	Provincial Tax Credits	Total Income
<b>ALBERTA<sup>40</sup></b>							
Single Employable	5,412				196		5,608
Disabled Person <sup>41</sup>	6,582				201		6,783
Single Parent, One Child	9,876		933 <sup>42</sup>		472		11,281
Couple, Two Children	15,390		2,133 <sup>42</sup>		599		18,122
<b>BRITISH COLUMBIA<sup>43</sup></b>							
Single Employable	6,410	33 <sup>44</sup>			196		6,639
Disabled Person	9,044	33 <sup>44</sup>			241		9,318
Single Parent, One Child	11,539	80 <sup>44</sup>	1,233		493		13,345
Couple, Two Children	14,546	189 <sup>45</sup>	2,040		599		17,374
<b>YUKON<sup>46</sup></b>							
Single Employable	7,740	155 <sup>47</sup>			226		8,121
Disabled Person	7,740	995 <sup>48</sup>			242		8,977
Single Parent, One Child	12,540	572 <sup>49</sup>	1,233		496		14,841
Couple, Two Children	19,080	685 <sup>50</sup>	2,040		599		22,404
<b>NORTHWEST TERRITORIES<sup>51</sup></b>							
Single Employable	11,304				295 <sup>52</sup>		11,599
Disabled Person	11,304	1,500 <sup>53</sup>			300		13,104
Single Parent, One Child	19,164		1,233		496		20,893
Couple, Two Children	22,668		2,040		599		25,307



## NOTES TO TABLE 2

1. The new federal child tax benefit began in January 1993. It replaced family allowances, the refundable child tax credit, and the non-refundable children's credit on the federal income tax form. In Table 2, the single-parent family with one young child was eligible for \$1,233 (\$1,020 as a basic amount and \$213 as a supplement for children under seven). The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child). Neither household received the \$500 supplement for earned income because it was assumed that all their income came from welfare or other government sources.
2. The GST credit is paid in quarterly installments. In 1993, adults and the first child in a single-parent family received maximum payments of \$48.25 each in January and April and \$49.75 each in July and October. The maximum rate for other children was \$25.50 in January and April and \$26.25 in July and October. The special GST supplement for single persons and single-parent families is included in the totals for the year.
3. The last rate increases in Newfoundland were on April 1, 1992. The totals include a fuel allowance of \$51 a month from November through April.
4. These rates apply to single able-bodied persons under age 50. Rates of assistance to persons over 50 are higher. Welfare officials in Newfoundland say that most single employables fall under a board and lodging rate structure instead of the rates shown here.
5. This is the flat-rate special allowance of \$125 a month for a single person with a disability. It is paid only to individuals who are severely disabled and who require supportive services to aid independent living.
6. The rates include a supplement of \$57 a month paid to single-parent families.
7. The last rate increases in Prince Edward Island were on July 1, 1992.
8. 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.
9. This is the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.

10. This represents back-to-school benefits of \$100 and \$75 for the children.
11. Nova Scotia last increased its rates 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 Halifax rates that have not gone up since March 1, 1992. Municipal recipients in Halifax often get an additional \$42 a month for work-related transportation, but the allowance is not automatic in all cases.
12. Halifax provides a \$20 per child back-to-school allowance.
13. Rate changes which took effect on September 1, 1993, were incorporated in these figures.
14. The single employable person was classified in the Interim Assistance Program, the single disabled person in the Long-Term Established Needs Program, and the single-parent and two-parent families in the Upgrading, Training and Placement Program.
15. This is the maximum Assistance for Reduction of Rental Costs of \$150 a month for low-income elderly or disabled persons. However, most people with disabilities received significantly less than the maximum. The program was frozen as of April 1, 1993, and no new people were admitted after that date.
16. The single disabled person was classified under the Financial Support Program. The single-parent family was classified as "not available" under the Work and Employment Incentives Program, and the others were classified as "not participating."
17. There were increases in benefits under the Financial Support Program on January 1, 1993, and adjustments to the program as of October 1, 1993. Rates for the Work and Employment Incentives Program as well as associated adjustments changed on October 1, 1993. Quebec makes the adjustments to harmonize its income support programs with its income tax system.
18. 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.
19. This is the refundable Sales Tax Credit introduced by the Quebec government in 1991.
20. Recipients with dependent children are eligible for a shelter subsidy. The single-parent family and the two-parent family were entitled to a maximum monthly subsidy of \$90.

21. Quebec varies the amount of the federal child tax benefit according to the age of the child and the number of children in a family. The province has its own system of family allowances as well; these are included under "child-related benefits."
22. This is the combined amount of the Quebec family allowances and the Allowance for Young Children.
23. This is the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school. The maximum monthly shelter subsidy of \$90 is included as well.
24. This is the Quebec family allowance.
25. The figures were based on rate changes which took effect in April 1993 for both the Family Benefits program and General Welfare Assistance.
26. This represents the combined amounts of the Ontario Sales Tax and Property Tax Credits. The Property Tax Credit was calculated on the following annual shelter costs: \$4,860 for a single person, \$7,620 for the single-parent family and \$9,000 for the two-parent family; these correspond to the maximum shelter benefits payable in each case.
27. Assistance for a single disabled person was based on the GAINS-D (Guaranteed Annual Income System for the Disabled) rates. The rates were increased on October 1, 1993.
28. This is the winter clothing allowance of \$105 for each dependent child.
29. This is the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 a child paid on behalf of the dependent children of General Welfare Assistance recipients.
30. Rates for the Manitoba Social Allowances program (for people with disabilities and single parents) were increased on January 1, 1993, but a supplementary benefit based on the value of provincial tax credits was reduced on May 1, 1993. The City of Winnipeg restructured the benefit schedule on May 1, 1993. These changes are reflected in the amounts for the single employable person and the couple with two children.
31. Under the previous welfare system, the clothing allowance for employable recipients was not provided until the fifth week on assistance. As of May 1, 1993, the clothing allowance was combined with an allowance for personal items. After six months on assistance, this combined allowance increases by \$30 a month for each adult.

32. Winnipeg provided a Christmas allowance of \$13.60 per single person or \$38.35 per family.
33. These are the Manitoba Cost of Living and Property Tax Credits. Recipients of provincial welfare no longer receive the credits. They are incorporated into the monthly assistance rates.
34. Income assistance for the disabled went up \$10 a month in January 1993.
35. The \$180 represents three months of benefits under the Child Related Income Support Program (CRISP) prior to a change in provincial government policy that took effect on April 1, 1993. Under the new policy, a family with children who is on municipal welfare can receive CRISP benefits, but every dollar of CRISP income leads to a dollar reduction in the family's welfare cheque.
36. Rates of assistance were last changed across the board in Saskatchewan on August 1, 1992. However, on July 1, 1993, there was an increase of \$5 a month for each child and an increase in food allowances for a third or additional dependent in a family.
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 value of the former federal family allowance (\$34.88 a month for each child). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new child tax benefit. Saskatchewan is the only province which explicitly deducts the value of family allowances from welfare rates. Low-income families are eligible for supplements from the Family Income Plan, but the benefits are already incorporated within the welfare rates indicated here.
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. Alberta reduced its rates of assistance on October 1, 1993. The rates in the table are based on the following categories: the single employable person and two-parent family were under the Employment and Training Support program, the single disabled person under the Assured Support program and the single parent under Transitional Support.
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 child tax benefit according to the age of the child.
43. The figures incorporate increases that took effect on February 1, 1993.
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 \$42 for a child between the ages of five and 11 and \$58 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 amount of \$6 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. Basic social assistance in the Northwest Territories was calculated using the maximum shelter costs actually paid for welfare households in Yellowknife. The single employable person and the disabled person lived in bachelor suites, while the two families with children lived in two-bedroom apartments.
52. In calculating the GST credit for 1993 and in the absence of income figures for previous years, we assumed that welfare incomes were the same in 1991 and 1992.
53. This is the disabled allowance of \$125 a month.

### Adequacy of Benefits

Many of the incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the low income cut-offs of Statistics Canada for 1993. 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 \$3,256 in 1993 were poor by any standard. Even if they had earned income instead of receiving welfare income, they would have been exempt from income tax because their earnings were so low.

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

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

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

Column 1 of the table shows welfare incomes for different types of households in the ten provinces in 1993. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the cut-offs.

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

Welfare incomes for single employable people were by far the least adequate, ranging from 24 percent of the poverty line in New Brunswick to 62 percent of the poverty line in Prince Edward Island. Benefits for single disabled people fell between 44 percent of the line in Alberta and 76 percent in Ontario. Welfare incomes for single-parent families ranged from a low of 54 percent in Manitoba and Alberta 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 for 1986 in The Tangled Safety Net.

**TABLE 3**  
**ADEQUACY OF BENEFITS, 1993**

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>NEWFOUNDLAND</u></b>				
Single Employable	4,522	13,572	-9,050	33%
Disabled Person	8,541	13,572	-5,031	63%
Single Parent, One Child	12,986	18,398	-5,412	71%
Couple, Two Children	14,825	26,922	-12,097	55%
<b><u>PRINCE EDWARD ISLAND</u></b>				
Single Employable	8,180	13,259	-5,079	62%
Disabled Person	9,294	13,259	-3,965	70%
Single Parent, One Child	12,773	17,973	-5,200	71%
Couple, Two Children	19,110	26,302	-7,192	73%
<b><u>NOVA SCOTIA</u></b>				
Single Employable	6,100	13,572	-7,472	45%
Disabled Person	8,637	13,572	-4,935	64%
Single Parent, One Child	12,080	18,398	-6,318	66%
Couple, Two Children	15,111	26,922	-11,811	56%
<b><u>NEW BRUNSWICK</u></b>				
Single Employable	3,256	13,572	-10,316	24%
Disabled Person	8,238	13,572	-5,334	61%
Single Parent, One Child	10,150	18,398	-8,248	55%
Couple, Two Children	12,151	26,922	-14,771	45%
<b><u>QUEBEC</u></b>				
Single Employable	6,316	15,452	-9,136	41%
Disabled Person	8,164	15,452	-7,288	53%
Single Parent, One Child	12,607	20,945	-8,338	60%
Couple, Two Children	16,251	30,655	-14,404	53%



**TABLE 3 (Continued)**

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<b><u>ONTARIO</u></b>				
Single Employable	8,527	15,452	-6,925	55%
Disabled Person	11,725	15,452	-3,727	76%
Single Parent, One Child	16,790	20,945	-4,156	80%
Couple, Two Children	22,334	30,655	-8,321	73%
<b><u>MANITOBA</u></b>				
Single Employable	7,236	15,452	-8,216	47%
Disabled Person	8,257	15,452	-7,195	53%
Single Parent, One Child	11,386	20,945	-9,559	54%
Couple, Two Children	19,410	30,655	-11,245	63%
<b><u>SASKATCHEWAN</u></b>				
Single Employable	5,956	13,572	-7,616	44%
Disabled Person	8,512	13,572	-5,060	63%
Single Parent, One Child	12,093	18,398	-6,305	66%
Couple, Two Children	17,382	26,922	-9,540	65%
<b><u>ALBERTA</u></b>				
Single Employable	5,608	15,452	-9,844	36%
Disabled Person	6,783	15,452	-8,669	44%
Single Parent, One Child	11,281	20,945	-9,664	54%
Couple, Two Children	18,122	30,655	-12,533	59%
<b><u>BRITISH COLUMBIA</u></b>				
Single Employable	6,639	15,452	-8,813	43%
Disabled Person	9,318	15,452	-6,134	60%
Single Parent, One Child	13,345	20,945	-7,600	64%
Couple, Two Children	17,374	30,655	-13,281	57%

### Welfare and Average Incomes

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

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

The averages are 1993 estimates by the National Council of Welfare based on data collected by Statistics Canada in the Survey of Consumer Finances for 1992. For the single employable person and the single disabled person, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. The size of the sample for single parents was too small to be reliable in Newfoundland and Prince Edward Island. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Table 4 makes it clear that welfare incomes are far below average. A single employable person on welfare received from 16 percent to 40 percent of the average income received by single people under 65. The disabled person on welfare got 27 to 46 percent of the average. Single-parent families had 40 to 62 percent of average incomes, but it is worth noting that average incomes for single-parent families in general are far below average incomes for couples with children. The two-parent family on welfare had between 23 and 38 percent of average incomes.

**TABLE 4**  
**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES,**  
**BY FAMILY TYPE AND PROVINCE, 1993**

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<b><u>NEWFOUNDLAND</u></b>			
Single Employable	4,522	23,013	20%
Disabled Person	8,541	23,013	37%
Single Parent, One Child	12,986	-----	---
Couple, Two Children	14,825	47,756	31%
<b><u>PRINCE EDWARD ISLAND</u></b>			
Single Employable	8,180	20,236	40%
Disabled Person	9,294	20,236	46%
Single Parent, One Child	12,773	-----	---
Couple, Two Children	19,110	50,289	38%
<b><u>NOVA SCOTIA</u></b>			
Single Employable	6,100	19,860	31%
Disabled Person	8,637	19,860	43%
Single Parent, One Child	12,080	19,783	61%
Couple, Two Children	15,111	55,499	27%
<b><u>NEW BRUNSWICK</u></b>			
Single Employable	3,256	20,849	16%
Disabled Person	8,238	20,849	40%
Single Parent, One Child	10,150	20,341	50%
Couple, Two Children	12,151	53,141	23%
<b><u>QUEBEC</u></b>			
Single Employable	6,316	23,253	27%
Disabled Person	8,164	23,253	35%
Single Parent, One Child	12,607	26,449	48%
Couple, Two Children	16,251	57,324	28%

**TABLE 4 (Continued)**

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<b><u>ONTARIO</u></b>			
Single Employable	8,527	29,243	29%
Disabled Person	11,725	29,243	40%
Single Parent, One Child	16,790	27,194	62%
Couple, Two Children	22,334	67,491	33%
<b><u>MANITOBA</u></b>			
Single Employable	7,236	20,200	36%
Disabled Person	8,257	20,200	41%
Single Parent, One Child	11,386	28,200	40%
Couple, Two Children	19,410	56,535	34%
<b><u>SASKATCHEWAN</u></b>			
Single Employable	5,956	22,334	27%
Disabled Person	8,512	22,334	38%
Single Parent, One Child	12,093	21,759	56%
Couple, Two Children	17,382	53,385	33%
<b><u>ALBERTA</u></b>			
Single Employable	5,608	24,695	23%
Disabled Person	6,783	24,695	27%
Single Parent, One Child	11,281	25,164	45%
Couple, Two Children	18,122	60,207	30%
<b><u>BRITISH COLUMBIA</u></b>			
Single Employable	6,639	25,135	26%
Disabled Person	9,318	25,135	37%
Single Parent, One Child	13,345	28,047	48%
Couple, Two Children	17,374	63,042	28%

### **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. 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 1993.

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 1993 consist of benefits taken from Table 2 that are exclusively within provincial and territorial jurisdiction - in other words, total welfare incomes minus the federal child tax benefit and the GST credit. Comparable figures for other years were calculated from Welfare in Canada: The Tangled Safety Net and previous editions of Welfare Incomes.

Using the Consumer Price Index, all the dollar figures in Table 5 are expressed in constant 1993 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, 1992 and 1993 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is limited to 1989 through 1993.

There are no figures for the Northwest Territories in Table 5 because the first estimates of welfare incomes were done for 1993.

Between 1991 and 1992, most welfare recipients saw their incomes and their purchasing power increase modestly. The picture changed markedly in 1993, however.

The table shows small increases between 1992 and 1993 for all four household types of welfare recipients in British Columbia and scattered increases for a few household types in other provinces. There were far more losses than gains, however, with the sharpest losses in Alberta and Manitoba.

The declines in Alberta were due largely to the provincial government's decision to reduce welfare rates as of October 1, 1993.

The losses in Manitoba were due to a combination of changes involving basic rates of assistance, provincial tax credits and provincial child-related benefits. The person with a disability and the single-parent family had received larger-than-normal tax credits in 1992 because of a change in the way the credits are paid. Their total incomes fell in 1993 largely because the new system was fully phased in. As of April 1, 1993, the couple with children receiving welfare from the City of Winnipeg lost a dollar of welfare for every dollar received from the Child Related Income Support Program (CRISP).

For the period from 1986 to 1993, there were major losses in Alberta and reasonably consistent gains in Quebec, Ontario and British Columbia.

The largest declines in welfare incomes over the period occurred in Alberta, but they were by no means consistent from one year to the next. There were losses in the years prior to 1991, significant increases in 1991 as a result of provincial welfare reform, and actual cuts in benefits as of late 1993. The single employable person saw a drop of 31.5 percent in welfare and other provincial benefits between 1986 and 1993, the single-parent family experienced a drop of 14.7 percent, and the couple with children was down 10.6 percent.

The most significant increase over the years occurred in Quebec in the rate for the single employable person. That came about as a result of reforms that raised welfare rates for single

employable people under 30 to the same level as rates for people 30 and over. In 1989 - prior to the reforms - the rate for single people under 30 had been \$2,220 a year, while the rate for single people 30 and over was \$6,084.

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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 1993 CONSTANT DOLLARS**

	1986	1989	1990	1991	1992	1993	% Change 1992-1993	% Change 1986-1993
<b><u>NEWFOUNDLAND</u></b>								
Single Employable	4,419	4,263	4,237	4,169	4,378	4,326	-1.2%	-2.1%
Disabled Person		8,587	8,497	8,235	8,422	8,310	-1.3%	
Single Parent, One Child	11,079	10,852	10,831	10,946	11,400	11,262	-1.2%	1.7%
Couple, Two Children	12,816	12,554	12,525	12,115	12,337	12,186	-1.2%	-4.9%
<b><u>PRINCE EDWARD ISLAND</u></b>								
Single Employable	8,207	7,942	7,904	7,896	8,014	7,956	-0.7%	-3.1%
Disabled Person		9,242	9,148	9,012	9,125	9,048	-0.8%	
Single Parent, One Child	11,314	10,948	11,033	10,939	11,117	11,052	-0.6%	-2.3%
Couple, Two Children	16,579	16,307	16,304	16,389	16,596	16,471	-0.8%	-0.7%
<b><u>NOVA SCOTIA</u></b>								
Single Employable	6,032	6,727	6,417	6,099	6,010	5,904	-1.8%	-2.1%
Disabled Person		8,855	8,798	8,665	8,551	8,400	-1.8%	
Single Parent, One Child	10,446	10,763	10,683	10,549	10,555	10,368	-1.8%	-0.7%
Couple, Two Children	12,574	13,691	13,081	12,636	12,656	12,472	-1.5%	-0.8%
<b><u>NEW BRUNSWICK</u></b>								
Single Employable	2,973	3,217	3,168	3,099	3,103	3,060	-1.4%	2.9%
Disabled Person		8,429	8,296	8,049	8,063	8,012	-0.6%	
Single Parent, One Child	8,930	8,722	8,584	8,388	8,453	8,480	0.3%	-5.0%
Couple, Two Children	9,660	9,436	9,274	9,181	9,486	9,512	0.3%	-1.5%



**TABLE 5 (Continued)**

	1986	1989	1990	1991	1992	1993	% Change 1992-1993	% Change 1986-1993
<b>QUEBEC</b>								
Single Employable	3,130	4,021	5,705	6,070	6,102	6,120	0.3%	95.6%
Disabled Person		7,229	7,497	7,855	7,947	7,944	0.0%	
Single Parent, One Child	10,531	9,770	10,408	10,536	10,814	11,264	4.2%	7.0%
Couple, Two Children	13,611	12,759	12,482	13,077	13,285	13,680	3.0%	0.5%
<b>ONTARIO</b>								
Single Employable	6,688	7,191	7,850	8,051	8,333	8,306	-0.3%	24.2%
Disabled Person		10,383	11,074	11,311	11,505	11,440	-0.6%	
Single Parent, One Child	11,979	12,905	14,459	14,806	15,084	15,061	-0.2%	25.7%
Couple, Two Children	14,910	16,286	18,971	19,314	19,745	19,695	-0.3%	32.1%
<b>MANITOBA</b>								
Single Employable	6,636	6,886	6,974	6,886	7,030	7,040	0.1%	6.1%
Disabled Person		7,487	7,388	7,262	8,934	8,046	-9.9%	
Single Parent, One Child	10,252	10,049	9,975	9,754	10,809	9,697	-10.3%	-5.4%
Couple, Two Children	15,533	16,309	17,542	17,539	18,060	16,771	-7.1%	8.0%
<b>SASKATCHEWAN</b>								
Single Employable	5,555	5,560	5,433	5,268	5,472	5,760	5.3%	3.7%
Disabled Person		9,060	8,772	8,429	8,358	8,280	-0.9%	
Single Parent, One Child	11,398	11,356	11,030	10,612	10,497	10,381	-1.1%	-8.9%
Couple, Two Children	15,990	15,757	15,296	14,695	14,947	14,743	-1.4%	-7.8%

**TABLE 5 (Continued)**

	1986	1989	1990	1991	1992	1993	% Change 1992-1993	% Change 1986-1993
<b>ALBERTA</b>								
Single Employable	7,905	5,495	5,240	5,696	5,742	5,412	-5.7%	-31.5%
Disabled Person		6,795	6,481	6,821	6,780	6,582	-2.9%	
Single Parent, One Child	11,574	10,303	9,826	10,306	10,286	9,876	-4.0%	-14.7%
Couple, Two Children	17,209	15,180	14,476	15,952	15,979	15,390	-3.7%	-10.6%
<b>BRITISH COLUMBIA</b>								
Single Employable	5,646	6,196	6,332	6,229	6,422	6,443	0.3%	14.1%
Disabled Person		8,550	8,841	8,634	9,015	9,077	0.7%	
Single Parent, One Child	10,169	11,193	11,307	11,075	11,578	11,619	0.4%	14.3%
Couple, Two Children	13,889	13,980	14,072	13,740	14,648	14,735	0.6%	6.1%
<b>YUKON</b>								
Single Employable	6,709	8,101	8,195	8,056	8,037	7,895	-1.8%	17.7%
Disabled Person		9,062	9,111	8,924	8,892	8,735	-1.8%	
Single Parent, One Child	12,049	13,389	13,467	13,346	13,348	13,112	-1.8%	8.8%
Couple, Two Children	18,461	20,100	19,959	19,948	20,121	19,765	-1.8%	7.1%

## **Earnings Exemptions**

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

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

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

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

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

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

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

**TABLE 6**

**MONTHLY EARNINGS EXEMPTIONS LEVELS AS OF JANUARY 1993**

	Unemployable	Employable
Newfoundland <sup>1</sup>	<p>For adults on social assistance for reasons other than unemployment (excluding disability), \$30 + 50% of allowable income over \$30 and up to \$80 a month (maximum monthly exemption of \$55)</p> <p>For families on social assistance for reasons other than unemployment, \$30 + 50% of allowable income over \$30 a month and up to \$200 a month (maximum monthly exemption of \$115)</p> <p>For a disabled adult, up to \$95 a month</p> <p>For a family with disabled member(s), up to \$190 a month</p>	<p>For adults who are unemployed, 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>For unemployed families, 50% of allowable income up to \$200 a month (maximum monthly exemption of \$100)</p>
Prince Edward Island <sup>2</sup>	<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 <sup>3</sup>	<p>For single persons, \$100 + 25% of gross earnings or vocational training allowances</p> <p>For families, \$200 + 25% of gross earnings or vocational training allowances</p> <p>For people with disabilities who are in training programs, \$275 + 25% of vocational training allowances</p>	<p>\$50 single person<sup>4</sup></p> <p>\$100 family<sup>4</sup></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 <sup>5</sup>	<p>\$100 single person or family</p>	<p>\$164 single person<sup>6</sup></p> <p>\$82 single parent<sup>6</sup></p> <p>\$199 two-parent family<sup>6</sup></p>
Ontario <sup>7,8</sup>	<p>\$160 + 25% over \$160 of net earnings for a single disabled person<sup>9</sup></p> <p>\$185 + 25% over \$185 of net earnings for a disabled family<sup>9</sup></p> <p>\$175 + 25% over \$175 of net earnings for a single-parent family</p>	<p>\$75 + 25% over \$75 of net earnings for a single person</p> <p>\$150 + 25% over \$150 of net earnings for a two-parent family</p> <p>\$175 + 25% over \$175 of net earnings for a single-parent family</p>

**TABLE 6 (Continued)**

	Unemployable	Employable
Manitoba	<p>The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings.</p> <p>For newly enrolled applicants, students and self-employed persons, \$50 a month up to \$600 a year</p>	<p>\$130 a month; \$240 for those enrolled in Wage Supplementation Program<sup>10</sup></p>
Saskatchewan <sup>11,12</sup>	<p>First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for a single disabled person</p> <p>First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for a two-person family classified as disabled</p>	<p>First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for a single person considered non-disabled</p> <p>First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for a two-person family considered non-disabled</p>
Alberta	<p>100% of earnings up to \$115; 50% of earnings between \$116-200; 25% of earnings between \$201-\$300; 10% exemption on earnings over \$300<sup>13</sup></p> <p>\$100 a month</p>	<p>Same</p>
British Columbia <sup>14</sup>	<p>\$200 a month for recipients with dependents</p> <p>\$200 a month for recipients of Handicapped Benefits (Recipients may choose to be classified as employable if they would benefit from the enhanced earnings exemption.)</p>	<p>\$100 for single person and \$200 for recipients with dependents (Employable recipients are eligible for an additional exemption of 25% of net earnings over these flat-rate amounts.)<sup>15,16</sup></p>
Northwest Territories	<p>\$50 (no dependents)</p> <p>\$100 (dependents)</p>	<p>Same</p>

**TABLE 6 (Continued)**

	Unemployable	Employable
Yukon	<p>No exemption on net income from full-time employment (more than 20 hours a week); earnings exemption on part-time employment is the greater of 50% of net earnings but not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependents or \$5 a month for a single person, \$10 a month for a family of two and \$15 a month for a family of three or more<sup>17</sup></p> <p>For permanent exclusions from the labour market, \$25 for a single person; \$50 for a married couple from sale of handicrafts or hobby materials</p>	Same



NOTES TO TABLE 6

1. Newfoundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$260 a month if necessary for employment. The same exemptions apply to applicants for welfare.
2. The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum exemption of \$50 a month may be allowed against income that is derived on an irregular basis and is considered non-insurable under the Unemployment Insurance Act.
3. There is a total exemption of earned income for the first month of full-time employment. Training allowances for full-time participants are also exempt during the first month.
4. These are the earnings exemptions for the City of Halifax.
5. The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was calculated under the "not available" category of the Work and Employment Incentives Program, and the exemptions for single persons and two-parent families were calculated under the "not participating" category of the program. People who have received welfare benefits from either program for three consecutive months and then find a job or enter a training program can have all earnings or training allowances exempted for one month. This enhanced benefit can be claimed only once in any six-month period.
6. The earnings exemptions changed in October 1993 when the rates of assistance provided under the Work and Employment Incentives Program were modified. As of October 1, 1993, the monthly maximum earnings exemptions for a single person, a single-parent family with one child and a two-parent family with two children were \$174, \$60 and \$212 respectively.
7. 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.

8. Effective August 1993, the flat-rate components of the earnings exemptions were changed. Under provincial Family Benefits, the flat-rate exemption of \$175 a month for single parents was reduced to \$120. The rates for single persons and other families were unchanged. Under municipal General Welfare Assistance, the flat-rate components for single people, two-parent families and single parents were reduced to \$50, \$100 and \$120, respectively.
9. 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.
10. The City of Winnipeg earnings exemptions changed on May 1, 1993, to \$95 a person to a maximum of \$130 a month for a household of two or more persons.
11. 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 in the "disabled" or "not fully employable" categories are entitled to the earnings exemption from the time they receive income from employment.
12. Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here.
13. In October 1993, the exemption changed to \$115 a month plus 25 percent of earnings in excess of \$115. 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.
14. The figures indicated here are exemptions on earnings. There is also a set of exemptions that apply to other forms of income such as maintenance payments and training allowances.
15. 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.
16. 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.
17. 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 1993, 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.

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## **NATIONAL COUNCIL OF WELFARE**

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

The Council consists of 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 people, as well as educators, social workers and people involved in voluntary or charitable organizations.

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

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, Pièce 1876, Immeuble Jeanne Mance, Ottawa K1A 0K9.

