

WELFARE INCOMES 1995

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

Winter 1996-97

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TABLE OF CONTENTS

List of Tables	i
Foreword	ii
What is Welfare?	1
Eligibility	1
Rates of Assistance	7
Basic Social Assistance	9
a. place of residence	9
b. ages of children.....	10
c. employability of the household head.....	10
d. type of housing	10
e. case history.....	11
Special Assistance	11
Child Tax Benefit	12
Provincial Child Benefits	12
GST Credit	13
Provincial Tax Credits	14
Adequacy of Benefits	23
Welfare and Average Incomes	27
Provincial and Territorial Benefits Over Time	30
Earnings Exemptions	35
Conclusion	43

LIST OF TABLES

1. Liquid Asset Exemption Levels as of January 1995	3
2. Estimated Welfare Income, By Type of Household and Province, 1995	15
3. Adequacy of Benefits, 1995	25
4. Welfare Incomes as a Percentage of Average Incomes, By Family Type and Province, 1995	28
5. Provincial and Territorial Welfare Benefits in 1995 Constant Dollars	32
6. Monthly Earnings Exemption Levels as of January 1995	37
Estimated Number of People on Welfare by Province and Territory	44

FOREWORD

This report is the eighth of its kind by the National Council of Welfare. It estimates welfare incomes for the year 1995 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 1994.

The National Council of Welfare is grateful to officials of provincial and territorial governments for taking the time to review the factual material in this report and previous reports. The Council also appreciates the continuing support and co-operation of the Social Program Information and Analysis Division of the Social Policy Directorate in Human Resources Development Canada.

All eight reports show that welfare incomes in all parts of Canada fall well below the poverty line. They also represent only a small fraction of average incomes. And yet, with very few exceptions, welfare benefits were frozen or decreased during 1995 for all household types covered in this report throughout Canada.

For many years, the federal government paid a share of the cost of welfare and social services under the terms of the Canada Assistance Plan or CAP. In its 1995 budget, the federal government announced its intention to replace CAP as of April 1, 1996, with the Canada Health and Social Transfer. The CHST is a block fund covering medicare and post-secondary education as well as welfare and social services. Ottawa's support for these important programs taken together will decrease by 9.4 percent in the 1996-97 fiscal year and by a further 6.7 percent in 1997-98.

What is Welfare?

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

In 1995, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. In April 1996, CAP was replaced by the Canada Health and Social Transfer.

Although people talk about welfare as a single entity, there are really 12 welfare systems in Canada - one in each province and territory. Some would say there are hundreds of welfare systems, because of the leeway allowed to municipalities which run welfare programs in Nova Scotia, Ontario and Manitoba.

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

Eligibility

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

Once the administrative conditions are met, each applicant goes through a "needs test." This test compares the budgetary needs of an applicant and any dependents with the assets and

income of the household; needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a client household's non-exempted financial resources are less than the cost of regularly recurring needs, that is, food, shelter, household and personal needs (and special needs, in some jurisdictions).

First of all, applicants' fixed and liquid assets are examined. In most provinces, fixed assets like a principal residence, furniture and clothing are considered exempt. Most provinces also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempted liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (cash, bonds and securities that are readily convertible to cash, and the cash value of life insurance in some provinces) appear in Table 1 below. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1, that household is not entitled to welfare until the excess is spent on approved needs.

The amounts shown in Table 1 are the liquid asset exemption levels which were in effect in January 1995. During 1995, there were no significant changes in liquid asset exemption policies except in New Brunswick and British Columbia. New Brunswick increased its exemption levels in May and British Columbia decreased its levels in October. Both of these policy changes will be included in the 1996 edition of this report.

TABLE 1

LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1995

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

TABLE 1 (Continued)

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single, Disabled	Single Person	Family
Manitoba	\$1,000	\$2,000	\$2,000	0 ⁷	0 ⁷
Saskatchewan	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 ⁸
Alberta	\$1,500	\$2,500	\$1,500 ⁹	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
British Columbia	\$2,500 ¹⁰	\$5,000 ¹¹	\$3,000	\$2,500	\$5,000 ¹¹
Northwest Territories	The value of any assets that should not be converted into cash for sound social or economic reasons (in the Director's opinion) is exempt from the inclusion as a personal resource.				
Yukon	\$500	\$1,800	\$1,500	\$100 ¹²	\$200 ¹²

NOTES TO TABLE 1

1. Single applicants would not be considered unemployable unless they were disabled.
2. This level applies to unemployed applicants who require assistance for less than four months. Liquid asset exemption levels for persons on assistance for four months or more are \$200 for a single person and \$1,200 to \$2,400 for a person with dependents, based on family size.
3. This exemption applies to single elderly persons who are not eligible for the Old Age Security Pension. Single applicants would not be considered unemployable unless they were disabled.
4. Applicants do not qualify for higher "unemployable" asset exemptions unless they are disabled as defined under the Financial Support program. Families that qualify under the Financial Support program are eligible for a \$5,000 exemption.
5. An additional \$147 is exempt for each dependent child under 18 (or over 18 attending secondary school).
6. The Director may allow households applying for or in receipt of Family Benefits or General Welfare Assistance to exceed the maximum exemption level where savings will be used for an item deemed to be necessary for the well-being of a member of the household (for example, a specially equipped van or an electric wheelchair).
7. In Winnipeg, which covers over 90 percent of the province's municipal assistance caseload, applicants are allowed no asset exemption; however, once a person or family has qualified for assistance, an exemption of \$400 per person to a maximum of \$2,000 per household is allowed. The provincially established Municipal Assistance Regulation does not require municipalities to grant any asset exemptions.
8. The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
9. A severely and permanently disabled single person who has high needs because of the costs of personal support services is allowed an exemption of up to \$3,000. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped program (no asset test) instead of welfare.

10. This applies to recipients under age 55. The liquid asset exemption for recipients 55 and older is \$3,000.
11. The level of \$5,000 applies to a person under age 55 with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.
12. This level applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

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

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

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

Rates of Assistance

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

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

Sometimes applicants require assistance only for a special needs item, because they are able to provide for other basic needs from their own resources. In such 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. Since October 1991, the costs of necessary medical transportation, surgical supplies and dressings, and diabetic supplies are classified as "special necessities." The designation means that these items must be provided to all welfare recipients who qualify - even those living 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 ongoing 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 1995. The incomes are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with one two-year-old child and a two-parent family with two children ten and 15 years of age. To facilitate comparisons, we assumed that each of the households went on welfare on January 1, 1995, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates of what a particular family or a single person might receive. Because welfare is such a highly individualized

program of income support, every client is potentially eligible for a different amount of financial assistance on the basis of the circumstances of his or her household.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province will provide to a given household unit for its basic living needs. These rates can be reduced in all provinces and territories for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits where an employable client refuses a reasonable job offer, or quits a job without just cause.

At the same time, these figures are minimum amounts in that they do not generally include special needs assistance to which a given household may be entitled, such as costs related to a disability in the family or the cost of searching for a job.

Basic Social Assistance

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

In order to ensure to the greatest extent possible the comparability of the data, a number of assumptions were made in calculating basic assistance. These assumptions concerning client households have to do with the place of residence, the ages of the children, the employability of the household head, the type of housing and the case history.

a. place of residence

The rates of social assistance shown for any given province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions. Client households living in smaller municipalities often receive lower benefits

because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Supplements are offered in some provinces to compensate welfare households living in remote areas for higher living costs.

b. ages of children

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

c. employability of the household head

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

d. type of housing

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

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

In the Northwest Territories, however, there are no maximum rates for shelter. Actual rents are paid, and these vary widely in the North. For the single employable person and the single person with a disability, basic welfare assistance was calculated using the highest rent and

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

e. case history

In order to "annualize" the rates for this report, we assumed that these client households started receiving welfare on January 1, 1995, and remained on assistance throughout the entire calendar year.

The calculations of basic social assistance were done month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates. For example, Ontario decreased its welfare rates on October 1, 1995, so the Ontario calculations for 1995 are made up of nine months of welfare at the old rate and three months at the new rate.

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

Special Assistance

Two kinds of assistance may be provided for special needs. First, there are supplementary allowances paid automatically to clients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts which appear in the second column in Table 2. Examples of this type of special assistance include: extra assistance for disabled persons, money for school expenses, winter clothing allowances for families with children, and Christmas allowances. The footnotes explain the nature of the special assistance in each jurisdiction.

Second, there are "one-time" special needs, which include items such as funeral expenses, moving costs or emergency home repairs. This type of special assistance is not included in this

report, because the special needs are established on a case-by-case basis. Decisions to provide this type of special assistance are made by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

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

Child Tax Benefit

The federal government paid a basic annual benefit of up to \$1,020 in most parts of Canada in 1995 for each child under age 18. The basic benefit in Quebec and Alberta is different at the request of the two provincial governments. In Quebec, payments vary with the age of the child and the number of children in the family. In Alberta, payments vary with the age of the child.

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

All provinces and territories except Saskatchewan consider the Child Tax Benefit to be exempt income in the calculation of welfare benefits. Saskatchewan deducts the value of the family allowance component of the Child Tax Benefit (estimated at \$34.88 a month for each child) from its welfare payments. To account for this in Table 2, the rates of assistance in Column 1 for the two households with children in Saskatchewan have been reduced by \$34.88 a month for each child.

Provincial Child Benefits

Quebec provides a family allowance over and above the federal Child Tax Benefit. In addition, it pays a special allowance to families with children under six called the Allowance for Young Children. It was worth \$9.77 a month in 1995 for the first child under six. Quebec also provides an earnings supplement to low-income workers with children under its Parental Wage

Assistance program. We did not include benefits available from this program in Table 2 because we assumed that welfare households did not have any income from work during the year.

Manitoba and Saskatchewan both offer non-taxable income supplements to low-income families with children. Under the terms of its Child Related Income Support Program, Manitoba provides up to \$30 a month per child. Saskatchewan pays up to \$105 a month for each of the first three children in a family and up to \$95 a month for each additional child under its Family Income Plan. Both of these programs are income-tested, and neither pays supplements to families on welfare above and beyond their welfare entitlements. Benefits from these programs are deemed to be included in Column 1 under basic social assistance.

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 1995 added up to a maximum of \$199 for each adult or the first child in a single-parent family. For other dependent children, the total for the year was a maximum of \$105 a child.

Single adults, including single parents, also received an income-tested single person's supplement to a maximum of \$105 in 1995 if their 1994 incomes were between \$6,456 and \$25,921.

Prince Edward Island stopped considering the GST credit as exempt income in June 1994. The result was a dollar-for-dollar reduction in welfare benefits for all categories of recipients equal to the amount of the household's GST credit entitlement for the latter half of the 1994. For 1995, the value of the entire GST credit was deducted from the household's welfare entitlement. Column 5 shows the full amount of the GST credit provided by the federal government, and the basic social assistance in Column 1 has been reduced by the same amount.

Provincial Tax Credits

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

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

TABLE 2

ESTIMATED WELFARE INCOME, BY TYPE OF HOUSEHOLD, 1995

	Basic Social Assistance	Additional Benefits	Child Tax Benefit ¹	Provincial Child Benefits	GST Credit ²	Provincial Tax Credits	Total Income
NEWFOUNDLAND³							
Single Employable ⁴	4,326				199		4,525
Disabled Person	6,810	1,500 ⁵			236		8,546
Single Parent, One Child	11,262		1,233		494		12,989
Couple, Two Children	12,186		2,040		608		14,834
PRINCE EDWARD ISLAND⁶							
Single Employable ⁷	5,635				221		5,856
Disabled Person ⁷	7,706	1,092 ⁸			250		9,048
Single Parent, One Child	10,564		1,233		488		12,285
Couple, Two Children	15,688	175 ⁹	2,040		608		18,511
NOVA SCOTIA¹⁰							
Single Employable	5,904				199		6,103
Disabled Person	8,568				240		8,808
Single Parent, One Child	10,560		1,233		478		12,271
Couple, Two Children	12,432	40 ¹¹	2,040		608		15,120
NEW BRUNSWICK¹²							
Single Employable	3,096				199		3,295
Disabled Person	6,408				231		6,639
Single Parent, One Child	8,576	900 ¹³	1,233		442		11,151
Couple, Two Children	9,608	1,000 ¹⁴	2,040		608		13,256

TABLE 2 (Continued)

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Provincial Child Benefits	GST Credit	Provincial Tax Credits	Total Income
QUEBEC¹⁵							
Single Employable ¹⁶	6,000				199		6,199
Disabled Person	8,088				229		8,317
Single Parent, One Child	10,200	1,080 ¹⁷	1,082 ¹⁸	248 ¹⁹	495		13,105
Couple, Two Children	12,000	1,219 ²⁰	1,972 ¹⁸	305 ²¹	608		16,104
ONTARIO²²							
Single Employable	7,527				229	370 ²³	8,126
Disabled Person	11,160				293	306 ²³	11,759
Single Parent, One Child	13,860	105 ²⁴	1,233		503	341 ²³	16,042
Couple, Two Children	17,583	407 ²⁵	2,040		608	432 ²³	21,070
MANITOBA²⁶							
Single Employable	5,914	14 ²⁷			199	531 ²⁹	6,657
Disabled Person	7,157	840 ²⁸			230		8,227
Single Parent, One Child	9,636		1,233		462		11,331
Couple, Two Children	16,103	38 ²⁷	2,040		608	632 ²⁹	19,422
SASKATCHEWAN³⁰							
Single Employable	5,760				199		5,959
Disabled Person	7,500	780 ³¹			235		8,515
Single Parent, One Child ³²	10,381		1,233		477		12,091
Couple, Two Children ³²	14,643	160 ³³	2,040		608		17,451

TABLE 2 (Continued)

	Basic Social Assistance	Additional Benefits	Child Tax Benefit	Provincial Child Benefits	GST Credit	Provincial Tax Credits	Total Income
ALBERTA ³⁴							
Single Employable	4,728				199		4,927
Disabled Person	6,348	240 ³⁵			201		6,789
Single Parent, One Child	9,192		1,148 ³⁷		460		10,800
Couple, Two Children	14,472	150 ³⁶	2,137 ³⁷		608		17,367
BRITISH COLUMBIA ³⁸							
Single Employable	6,552	35 ³⁹			200	50 ⁴¹	6,837
Disabled Person	9,252	35 ³⁹			253	50 ⁴¹	9,590
Single Parent, One Child	11,784	80 ³⁹	1,233		502	100 ⁴¹	13,699
Couple, Two Children	14,868	190 ⁴⁰	2,040		608	200 ⁴¹	17,906
YUKON ⁴²							
Single Employable	7,740	155 ⁴³			228		8,123
Disabled Person	7,740	1,655 ⁴⁴			245		9,640
Single Parent, One Child	12,540	572 ⁴⁵	1,233		503		14,848
Couple, Two Children	19,080	685 ⁴⁶	2,040		608		22,413
NORTHWEST TERRITORIES ⁴⁷							
Single Employable	11,304				296		11,600
Disabled Person	11,304	1,500 ⁴⁸			304		13,108
Single Parent, One Child	19,164		1,233		503		20,900
Couple, Two Children	22,716		2,040		608		25,364

NOTES TO TABLE 2

1. The single-parent family with one young child was eligible for \$1,233 (\$1,020 as the basic Child Tax Benefit and \$213 as a supplement for each child under seven). The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child). Neither household received the \$500 supplement for earned income because it was assumed that all their income came from welfare or other government sources.
2. The GST credit is paid in quarterly installments. In 1995, adults and the first child in a single-parent family received maximum payments of \$49.75 each every three months, and the maximum rate for each additional child was \$26.25 every three months. The special GST supplement for single persons and single-parent families is included in the totals for the year.
3. The last rate increases in Newfoundland were on April 1, 1992. The totals include a fuel allowance of \$51 a month from November through April for households residing on the island portion of the province (\$90 a month for clients in Labrador) and paying their heating bills separately from shelter.
4. These rates apply to single able-bodied 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 (with lower benefit levels) 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 last rate increases in Prince Edward Island were on July 1, 1992. Since June 1994, the GST credit is not considered exempt income; all figures in the "Basic Social Assistance" column have been reduced by the amount which appears in the "GST Credit" column.
7. In the summer of 1994, the maximum shelter allowance for a single person was reduced from \$480 to \$305 a month; however, the old maximums remain in effect for persons with special housing needs; the "Disabled Person" in Table 2 is deemed to have special housing needs, and is thus eligible for the higher maximum shelter allowance.

8. This is the special care allowance of up to \$40 a month to help pay for the special needs arising from a disability and the personal comfort allowance of \$51 a month for items of personal care.
9. This represents back-to-school benefits of \$100 and \$75 for the children.
10. Nova Scotia last increased its provincial Family Benefits rates for the single disabled person and the single-parent family in April 1994. Rates for municipal recipients (the single employable individual and the two-parent family) are based on Halifax rates that have not gone up since March 1, 1992. Municipal assistance recipients in Halifax often get an additional \$48 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 increases which took effect on September 1, 1995, are included in these figures. The single employable person was classified in the Interim Assistance Program, the single disabled person in the Extended Benefits Program, and the single-parent and two-parent families in the Transitional Assistance Program.
13. This is the Income Supplement Benefit, a shelter subsidy which assists families with children paying high shelter costs; the maximum subsidy for eligible households is \$90 per month from November to April and \$60 per month from May to October.
14. This is the combined amount of the Income Supplement Benefit and the School Supplement (\$50 per year per child).
15. The last increases in benefits under the Financial Support Program took place in March 1994. Rates for the Work and Employment Incentives Program were decreased in October 1993. The value of the Quebec Sales Tax Credit, once listed separately, is now included in basic welfare assistance. The single disabled person was classified under the Financial Support Program. The single-parent family is classified as "unavailable" under the Work and Employment Incentives Program, and the others were classified as "non-participating".
16. Quebec requires a parental contribution from the parents of certain employable individuals. It is possible that the actual assistance would be lower than the rates indicated here if the recipient were deemed to receive a parental contribution as defined by Quebec law.
17. Recipients with dependent children are eligible for a shelter subsidy. The single-parent family and the two-parent family were entitled to a maximum monthly subsidy of \$90.

18. Quebec varies the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.
19. This is the combined amount of the Quebec family allowance and the Allowance for Young Children.
20. This is the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school. The maximum monthly shelter subsidy of \$90 is included as well.
21. This is the Quebec family allowance.
22. The 21.6 percent rate decrease which took effect in October 1995 for both the Family Benefits Program and General Welfare Assistance (excluding GAINS-D, or the Guaranteed Annual Income System for the Disabled) are included in these figures. Assistance for a single disabled person is based on the GAINS-D rates, which were last increased in April 1993.
23. This represents the combined amount of the Ontario Sales Tax and Property Tax Credits for 1995. The Property Tax Credit was calculated on the following annual shelter costs: \$4,968 for a single person, \$7,824 for the single-parent family and \$9,216 for the two-parent family; these correspond to the maximum shelter benefits payable in 1994 in each case.
24. This is the winter clothing allowance of \$105 for each dependent child.
25. This is the combined amount of the back-to-school allowances (\$69 for the ten-year-old child and \$128 for the 15-year-old) and the winter clothing allowance of \$105 per child paid on behalf of the dependent children.
26. Welfare rates in Manitoba did not change between 1994 and 1995.
27. Winnipeg provided a Christmas allowance of \$13.60 per single person or \$38.35 per family of four.
28. This is the disability benefit of \$70 a month.
29. 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.
30. Rates of assistance in Saskatchewan were increased on July 1, 1993.

31. An additional allowance of \$40 a month for people with disabilities is included in the total. The total also includes a special care allowance of \$25 a month for disabled recipients to pay for tasks they are unable to perform themselves.
32. The rates of assistance which appear in the first column have been reduced by \$34.88 per month for each child (the value of the former federal family allowance). The federal government stopped paying family allowances at the end of 1992 and incorporated the amount in the new Child Tax Benefit. Saskatchewan is the only province which explicitly deducts the value of family allowances from welfare rates.
33. This represents an amount for education-related expenses: \$100 for children aged 14 and over and \$60 for children between the ages of six and 13.
34. Alberta cut its welfare rates in October 1993. The single employable person, the single-parent family and the two-parent family are classified under the Employment and Training Support program, and the single disabled person is classified under the Assured Support program.
35. Since February 1994, Alberta provides a supplement of \$20 a month to any person categorized as Assured Support. Persons who are severely and permanently disabled and whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program (\$810 a month) are eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month.
36. This is the back-to-school allowance of \$100 per year for each child in junior high school or high school and \$50 per year for each child in elementary school.
37. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child.
38. British Columbia increased its rates in March 1994.
39. This is a Christmas allowance of \$35 for a single person or \$70 a family plus \$10 for each child in the family.
40. This figure represents the combined amount of the Christmas allowance of \$90 and school start-up fees of \$42 for a child between the ages of five and 11 and \$58 for a child 12 and older.

41. This is the B.C. Sales Tax Credit, which is payable to low-income households through the income tax system. The amounts shown (\$50 per person per year) were paid in 1995 for the 1994 tax year.
42. The last rate increases in Yukon were on April 1, 1991.
43. This represents the combined amounts of the Christmas allowance of \$30 per person and winter clothing allowances of \$75 for children under age 14 and \$125 for adults and children 14 and older.
44. In addition to the Christmas allowance and winter clothing allowance, disabled recipients are eligible for a supplementary allowance of \$125 a month if they are considered to be "permanent exclusions from the labour force."
45. 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.
46. This includes Christmas allowances, winter clothing allowances and school supply allowances of \$50 and \$65.
47. Basic social assistance in the Northwest Territories was calculated using the maximum shelter costs actually paid for welfare households in Yellowknife. The single employable person and the disabled person lived in bachelor suites, while the two families with children lived in two-bedroom apartments. The last increase in benefits was an increase in food allowances for certain categories of recipients as of October 1, 1993.
48. This is the disability 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 1995. The results are shown in Table 3.

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

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

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with total incomes of \$3,295 in 1995 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 1995. 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 remained by far the least adequate during 1995, ranging from 24 percent of the poverty line in New Brunswick to 51 percent of the poverty line in Ontario. When the October 1995 welfare cuts in Ontario are applied to the whole of 1996, welfare benefits to employable single people will be less than half the poverty line in all provinces.

Benefits for single disabled people were between 43 percent of the line in Alberta and 74 percent in Ontario. Disabled clients in Ontario were exempted from the 21.6 percent welfare cut in October 1995.

Welfare incomes for single-parent families ranged from a low of 50 percent in Alberta to a high of 75 percent in Ontario.

Finally, the incomes of two-parent families with two children fell between 48 percent of the poverty line in New Brunswick and 69 percent in Prince Edward Island. Ontario was second highest at 67 percent.

TABLE 3
ADEQUACY OF BENEFITS, 1995

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>NEWFOUNDLAND</u>				
Single Employable	4,525	13,895	-9,370	33%
Disabled Person	8,546	13,895	-5,349	62%
Single Parent, One Child	12,989	18,835	-5,846	69%
Couple, Two Children	14,834	27,561	-12,727	54%
<u>PRINCE EDWARD ISLAND</u>				
Single Employable	5,856	13,574	-7,718	43%
Disabled Person	9,048	13,574	-4,526	67%
Single Parent, One Child	12,285	18,399	-6,114	67%
Couple, Two Children	18,511	26,927	-8,416	69%
<u>NOVA SCOTIA</u>				
Single Employable	6,103	13,895	-7,792	44%
Disabled Person	8,808	13,895	-5,087	63%
Single Parent, One Child	12,271	18,835	-6,564	65%
Couple, Two Children	15,120	27,561	-12,441	55%
<u>NEW BRUNSWICK</u>				
Single Employable	3,295	13,895	-10,600	24%
Disabled Person	6,639	13,895	-7,256	48%
Single Parent, One Child	11,151	18,835	-7,684	59%
Couple, Two Children	13,256	27,561	-14,305	48%
<u>QUEBEC</u>				
Single Employable	6,199	15,819	-9,620	39%
Disabled Person	8,317	15,819	-7,502	53%
Single Parent, One Child	13,105	21,442	-8,337	61%
Couple, Two Children	16,104	31,383	-15,279	51%

TABLE 3 (Continued)

	Total Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>ONTARIO</u>				
Single Employable	8,126	15,819	-7,693	51%
Disabled Person	11,759	15,819	-4,060	74%
Single Parent, One Child	16,042	21,442	-5,400	75%
Couple, Two Children	21,070	31,383	-10,313	67%
<u>MANITOBA</u>				
Single Employable	6,657	15,819	-9,162	42%
Disabled Person	8,227	15,819	-7,592	52%
Single Parent, One Child	11,331	21,442	-10,111	53%
Couple, Two Children	19,422	31,383	-11,961	62%
<u>SASKATCHEWAN</u>				
Single Employable	5,959	13,895	-7,936	43%
Disabled Person	8,515	13,895	-5,380	61%
Single Parent, One Child	12,091	18,835	-6,744	64%
Couple, Two Children	17,451	27,561	-10,110	63%
<u>ALBERTA</u>				
Single Employable	4,927	15,819	-10,892	31%
Disabled Person	6,789	15,819	-9,030	43%
Single Parent, One Child	10,800	21,442	-10,642	50%
Couple, Two Children	17,367	31,383	-14,016	55%
<u>BRITISH COLUMBIA</u>				
Single Employable	6,837	15,819	-8,982	43%
Disabled Person	9,590	15,819	-6,229	61%
Single Parent, One Child	13,699	21,442	-7,743	64%
Couple, Two Children	17,906	31,383	-13,477	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 1995 estimates by the National Council of Welfare based on data collected by Statistics Canada in the Survey of Consumer Finances for 1994. For the single employable person and the single disabled person, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. The size of the sample for single parents was too small to be reliable in Newfoundland and Prince Edward Island. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Table 4 makes it clear that welfare incomes are far below average. A single employable person on welfare received from 15 percent to 31 percent of the average income received by single people under 65. The disabled person on welfare got 25 to 45 percent of the average. Single-parent families had 40 to 58 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 26 and 35 percent of average incomes.

TABLE 4
WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES,
BY FAMILY TYPE AND PROVINCE, 1995

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<u>NEWFOUNDLAND</u>			
Single Employable	4,525	23,722	19%
Disabled Person	8,546	23,722	36%
Single Parent, One Child	12,989	-----	---
Couple, Two Children	14,834	49,870	30%
<u>PRINCE EDWARD ISLAND</u>			
Single Employable	5,856	22,231	26%
Disabled Person	9,048	22,231	41%
Single Parent, One Child	12,285	-----	---
Couple, Two Children	18,511	52,759	35%
<u>NOVA SCOTIA</u>			
Single Employable	6,103	19,446	31%
Disabled Person	8,808	19,446	45%
Single Parent, One Child	12,271	21,131	58%
Couple, Two Children	15,120	54,888	28%
<u>NEW BRUNSWICK</u>			
Single Employable	3,295	22,065	15%
Disabled Person	6,639	22,065	30%
Single Parent, One Child	11,151	24,624	45%
Couple, Two Children	13,256	51,874	26%
<u>QUEBEC</u>			
Single Employable	6,199	22,885	27%
Disabled Person	8,317	22,885	36%
Single Parent, One Child	13,105	24,513	53%
Couple, Two Children	16,104	56,962	28%

TABLE 4 (Continued)

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
<u>ONTARIO</u>			
Single Employable	8,126	29,017	28%
Disabled Person	11,759	29,017	41%
Single Parent, One Child	16,042	28,080	57%
Couple, Two Children	21,070	68,524	31%
<u>MANITOBA</u>			
Single Employable	6,657	23,292	29%
Disabled Person	8,227	23,292	35%
Single Parent, One Child	11,331	24,675	46%
Couple, Two Children	19,422	56,908	34%
<u>SASKATCHEWAN</u>			
Single Employable	5,959	23,859	25%
Disabled Person	8,515	23,859	36%
Single Parent, One Child	12,091	21,867	55%
Couple, Two Children	17,451	54,863	32%
<u>ALBERTA</u>			
Single Employable	4,927	27,670	18%
Disabled Person	6,789	27,670	25%
Single Parent, One Child	10,800	27,051	40%
Couple, Two Children	17,367	62,480	28%
<u>BRITISH COLUMBIA</u>			
Single Employable	6,837	27,406	25%
Disabled Person	9,590	27,406	35%
Single Parent, One Child	13,699	27,100	51%
Couple, Two Children	17,906	65,810	27%

Provincial and Territorial Benefits Over Time

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

The figures for 1995 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 1995 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. The percentages in the last two columns show increases or decreases in real purchasing power.

The table provides comparisons of provincial and territorial benefits for 1986 and 1989 through 1995 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 1995. The first estimates of welfare incomes in the Northwest Territories were done for 1993, so the table shows only comparisons since that time.

From 1994 to 1995, most welfare recipients in Canada saw further erosion of their already precarious financial well-being. The cost of living went up by 2.1 percent, and welfare benefits were frozen or even decreased in most jurisdictions. Whenever the change from 1994 to 1995 appears as -2.1 percent in Table 5, the rates were frozen and people lost 2.1 percent of their purchasing power to inflation.

The largest single drop in annual welfare incomes - almost 23 percent - occurred in Prince Edward Island. P.E.I. cut its maximum shelter allowances for most single welfare clients in the middle of 1994, and the 1995 figures include the lower shelter levels for the whole year. In Ontario, welfare rates for all clients except the aged and the disabled were cut by 21.6 percent as

of October 1995. Because the new rates applied only for the last three months of 1995, the net decrease between 1994 and 1995 was under eight percent.

For 1995, New Brunswick had the country's only increases in welfare incomes for families with children - about five percent higher than incomes for 1994. Welfare rates were raised in September 1995, but the bulk of the increase came from the Income Supplement Benefit, a provincial shelter subsidy that started in mid-1994. Despite the increase, New Brunswick's rates remained the lowest or second-lowest in the country for all household types in this report.

The far-right column in Table 5 shows that, between 1986 and 1995, about half of the welfare households covered in this report saw improvements in their purchasing power while the other half saw their financial situation deteriorate. The most significant losses occurred in Alberta, Saskatchewan and Prince Edward Island. Gains were recorded in Yukon, British Columbia, Quebec (for single people) and Ontario.

Changes in welfare rates over time are not necessarily gradual and progressive. For example, Ontario's rates improved significantly between 1986 and the early nineties, largely as a result of reforms which occurred during that period. Since 1993, however, rates in Ontario have been decreasing. After adjusting for inflation, the 1995 rates in Ontario were lower than they were in 1990, except for disabled clients.

Another example of irregular rate patterns from 1986 to 1995 occurred in Quebec. The largest overall rate increase during the ten-year period went to the single employable person. That person's purchasing power increased more than 87 percent from 1986 to 1995 as a result of reforms in 1989 and 1990. Those reforms raised welfare rates for single employable people under 30 to the same level as rates for people 30 and over. Before the reforms, the rate for single people under 30 was \$2,220 a year, while the rate for single people 30 and over was \$6,084. Since the first full year after these reforms, however, the single person has actually lost \$64 a year in purchasing power.

Over the same ten years, the biggest losers were single employable people in Alberta, whose purchasing power dropped by almost 42 percent. Alberta families with children were the second-largest losers, registering losses in purchasing power of 22 percent for a single parent with one child and 17 percent for two parents with two children.

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 1995 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	% Change 1994-1995	% Change 1986-1995
<u>NEWFOUNDLAND</u>										
Single Employable	4,524	4,363	4,338	4,270	4,482	4,430	4,417	4,326	-2.1%	-4.4%
Disabled Person		8,790	8,699	8,434	8,620	8,509	8,485	8,310	-2.1%	
Single Parent, One Child	11,342	11,108	11,090	11,211	11,668	11,532	11,499	11,262	-2.1%	-0.7%
Couple, Two Children	13,120	12,851	12,823	12,408	12,628	12,478	12,442	12,186	-2.1%	-7.1%
<u>PRINCE EDWARD ISLAND</u>										
Single Employable	8,402	8,129	8,093	8,087	8,203	8,147	7,310	5,635	-22.9%	-32.9%
Disabled Person		9,461	9,366	9,230	9,340	9,265	9,140	8,798	-3.7%	
Single Parent, One Child	11,582	11,206	11,296	11,204	11,379	11,317	11,088	10,564	-4.7%	-8.8%
Couple, Two Children	16,973	16,691	16,692	16,785	16,988	16,866	16,523	15,863	-4.0%	-6.5%
<u>NOVA SCOTIA</u>										
Single Employable	6,176	6,885	6,570	6,246	6,152	6,046	6,028	5,904	-2.1%	-4.4%
Disabled Person		9,064	9,007	8,875	8,753	8,602	8,723	8,568	-1.8%	
Single Parent, One Child	10,695	11,017	10,938	10,804	10,803	10,617	10,754	10,560	-1.8%	-1.3%
Couple, Two Children	12,873	14,015	13,393	12,941	12,954	12,771	12,734	12,472	-2.1%	-3.1%
<u>NEW BRUNSWICK</u>										
Single Employable	3,044	3,293	3,244	3,174	3,176	3,133	3,149	3,096	-1.7%	1.7%
Disabled Person		8,628	8,494	8,244	8,253	8,204	6,428	6,408	-0.3%	
Single Parent, One Child	9,142	8,928	8,789	8,591	8,653	8,684	9,030	9,476	4.9%	3.7%
Couple, Two Children	9,890	9,658	9,495	9,404	9,709	9,740	10,083	10,608	5.2%	7.3%

TABLE 5 (Continued)

	1986	1989	1990	1991	1992	1993	1994	1995	% Change 1994-1995	% Change 1986-1995
QUEBEC										
Single Employable	3,204	4,116	5,841	6,064	6,246	6,267	6,126	6,000	-2.1%	87.3%
Disabled Person		7,400	7,676	7,893	8,134	8,135	8,258	8,088	-2.1%	
Single Parent, One Child	10,781	10,000	10,656	9,749	11,069	11,534	11,770	11,528	-2.1%	6.9%
Couple, Two Children	13,935	13,060	12,780	13,152	13,598	14,008	13,808	13,524	-2.1%	-2.9%
ONTARIO										
Single Employable	6,847	7,361	8,037	8,246	8,530	8,505	8,501	7,897	-7.1%	15.3%
Disabled Person		10,628	11,338	11,585	11,777	11,715	11,707	11,466	-2.1%	
Single Parent, One Child	12,263	13,210	14,804	15,164	15,439	15,422	15,415	14,306	-7.2%	16.7%
Couple, Two Children	15,264	16,670	19,424	19,781	20,211	20,168	19,973	18,422	-7.8%	20.7%
MANITOBA										
Single Employable	6,794	7,048	7,140	7,053	7,196	7,209	6,584	6,458	-1.9%	-4.9%
Disabled Person		7,664	7,564	7,438	9,145	8,239	8,165	7,997	-2.1%	
Single Parent, One Child	10,496	10,286	10,161	9,990	11,064	9,930	9,838	9,636	-2.1%	-8.2%
Couple, Two Children	15,903	16,694	17,960	17,964	18,486	17,174	17,136	16,774	-2.1%	5.5%
SASKATCHEWAN										
Single Employable	5,687	5,691	5,563	5,396	5,601	5,898	5,881	5,760	-2.1%	1.3%
Disabled Person		9,274	8,981	8,633	8,555	8,479	8,454	8,280	-2.1%	
Single Parent, One Child	11,669	11,625	11,293	10,869	10,744	10,630	10,599	10,381	-2.1%	-11.0%
Couple, Two Children	16,370	16,129	15,660	15,051	15,300	15,097	15,111	14,803	-2.0%	-9.6%

TABLE 5 (Continued)

	1986	1989	1990	1991	1992	1993	1994	1995	% Change 1994-1995	% Change 1986-1995
ALBERTA										
Single Employable	8,093	5,624	5,365	5,834	5,877	5,542	4,827	4,728	-2.1%	-41.6%
Disabled Person		6,956	6,635	6,986	6,940	6,740	6,706	6,588	-1.8%	
Single Parent, One Child	11,849	10,546	10,060	10,556	10,528	10,113	9,385	9,192	-2.1%	-22.4%
Couple, Two Children	17,618	15,538	14,821	16,338	16,355	15,759	14,776	14,622	-1.0%	-17.0%
BRITISH COLUMBIA										
Single Employable	5,781	6,342	6,483	6,380	6,573	6,598	6,754	6,637	-1.7%	14.8%
Disabled Person		8,752	9,052	8,843	9,228	9,295	9,500	9,337	-1.7%	
Single Parent, One Child	10,410	11,457	11,577	11,343	11,851	11,898	12,176	11,964	-1.7%	14.9%
Couple, Two Children	14,219	14,310	14,407	14,072	14,993	15,089	15,527	15,258	-1.7%	7.3%
YUKON										
Single Employable	6,869	8,292	8,390	8,251	8,227	8,084	8,061	7,895	-2.1%	14.9%
Disabled Person		9,275	9,328	9,140	9,102	8,945	8,918	9,395	5.3%	
Single Parent, One Child	12,335	13,705	13,788	13,669	13,663	13,427	13,387	13,112	-2.1%	6.3%
Couple, Two Children	18,900	20,574	20,434	20,431	20,595	20,239	20,180	19,765	-2.1%	4.6%
NORTHWEST TERRITORIES										
Single Employable						11,575	11,541	11,304	-2.1%	
Disabled Person						13,111	13,073	12,804	-2.1%	
Single Parent, One Child						19,624	19,566	19,164	-2.1%	
Couple, Two Children						23,224	23,193	22,716	-2.1%	

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 when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces are more generous than they appear at first glance. They also provide a greater incentive for people to take paying jobs.

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

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

As part of its welfare reforms of 1989, Quebec introduced the concept of "threshold of recognized needs" based on a Statistics Canada study of the cost of living of the lowest ten percent of working households in Canada. Quebec welfare rates are set as different proportions of this threshold, based on the client household's classification. The amount of monthly earnings that may be exempted is equal to the difference between the threshold of recognized needs and the

benefit level payable to the household. Employable people, including single parents with children of school age, have to find work to get the same total income. Finding a decent job is hard enough today with high unemployment in the province. But for people on welfare, there is the added barrier of insufficient training and, for single mothers, the lack of quality affordable day care.

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

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

The amounts shown in Table 6 are the earnings exemption levels which were in effect in January 1995. During 1995, there were no significant changes in earnings exemption policies, except in Ontario and New Brunswick. Ontario raised its exemption levels in October, as noted above. In September, New Brunswick introduced its Extended Wage Exemption in cases where employment is expected to result in self-sufficiency. Both of these policy changes will be covered in the 1996 edition of this report.

TABLE 6

MONTHLY EARNINGS EXEMPTIONS LEVELS AS OF JANUARY 1995

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

TABLE 6 (Continued)

	Unemployable	Employable
New Brunswick	<p>\$150 single person</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 single person or family</p>	<p>\$174 single person</p> <p>\$60 single parent</p> <p>\$225 two-parent family</p>
Ontario ⁶	<p>\$160 + 25% over \$160 of net earnings for a single disabled person⁷</p> <p>\$185 + 25% over \$185 of net earnings for a family with at least one disabled beneficiary⁷</p> <p>\$120 + 25% over \$120 of net earnings for a single-parent family</p>	<p>\$50 + 25% over \$50 of net earnings for a single person</p> <p>\$100 + 25% over \$100 of net earnings for a two-parent family</p> <p>\$120 + 25% over \$120 of net earnings for a single-parent family</p>

TABLE 6 (Continued)

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

TABLE 6 (Continued)

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

NOTES TO TABLE 6

1. Newfoundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$260 a month if necessary for employment. The same exemptions apply to applicants for welfare.
2. The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum exemption of \$50 a month may be allowed against income that is derived on an irregular basis and is considered non-insurable under the Unemployment Insurance Act. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries use their own vehicles to travel to and from work.
3. There is a total exemption of earned income for the first month of full-time employment. Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program.
4. These are the earnings exemptions for the City of Halifax.
5. The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was calculated under the "unavailable" category of the Work and Employment Incentives Program, and the exemptions for single persons and two-parent families were calculated under the "non-participant" category of the program. In October 1993, the province repealed the provision that allowed a 100 per cent exemption on the first month's earnings or training allowances for clients who had been receiving welfare for at least three months; this provision applied only for the month during which work or training actually started, and clients could only use this special exemption once every six months.
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. Since August 1992, the basic and supplementary exemptions are not allowable for the purpose of determining eligibility for welfare for the first three months of assistance; they apply only from the fourth month of assistance.
7. Persons with disabilities eligible for GAINS-D (Guaranteed Annual Income System for the Disabled) are entitled to an additional deduction of up to \$140 a month for work expenses related to their disabilities.

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

Conclusion

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

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

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

Under the Canada Health and Social Transfer, there will be about \$7 billion less federal money over the next two years for provincial and territorial health, post-secondary education and welfare programs. We fear that the biggest losers will be the children, women and men on welfare who are already among the poorest of the poor in Canada.

APPENDIX

ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY			
Province or Territory	March 31, 1994	March 31, 1995	Increase or Decrease
Newfoundland	67,400	71,300	5.8 %
Prince Edward Island	13,100	12,400	-5.3 %
Nova Scotia	104,000	104,000	0.0 %
New Brunswick	73,500	67,400	-8.3 %
Quebec	787,200	802,200	1.9 %
Ontario	1,379,300	1,344,600	-2.5 %
Manitoba	89,300	85,200	-4.6 %
Saskatchewan	81,000	82,200	1.5 %
Alberta	138,500	113,200	-18.3 %
British Columbia	353,500	374,300	5.9 %
Yukon	2,400	2,100	-12.5 %
Northwest Territories	11,000	12,000	9.1 %
CANADA	3,100,200	3,070,900	-0.9 %

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

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NATIONAL COUNCIL OF WELFARE

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

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

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

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

