

Welfare Incomes 1997 and 1998

A Report by the
National Council of Welfare

Winter 1999-2000

Canada

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FOREWORD

Welfare Incomes is a regular report on the welfare rates in each province and territory in Canada. This report estimates welfare incomes for 1997 and 1998 for four types of households: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged ten and 15. The National Council of Welfare has published similar estimates since 1986.

The National Council of Welfare is grateful to the officials of provincial and territorial governments who took 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 Quantitative and Information Analysis Division of the Social Policy Directorate at Human Resources Development Canada.

In all the years the Council has tracked welfare incomes, we have found that incomes in all parts of Canada fall well below the poverty line and represent a tiny fraction of average incomes. The fact that welfare programs continue to keep recipients - including children - in such deep poverty is deeply disappointing. In 1989, the House of Commons passed a unanimous resolution calling for the end of child poverty by 2000. At the First Ministers' meeting in June 1996, the Prime Minister and the premiers stated that they would make child poverty their priority. The Throne Speech of October 1999 made even more statements about the federal government's intentions to create a national plan to provide supports to families.

Despite these promises, people on welfare have seen cuts in their welfare rates almost everywhere. Families with children on welfare have not been spared this suffering. Nor did many welfare families benefit from the Canada Child Tax Benefit launched on July 1, 1998. Most provincial and territorial governments clawed back the increase in federal funds from families with children on welfare and spent the money on other programs for children. Only two provinces, Newfoundland and New Brunswick, allowed families with children on welfare to keep the money and use it to improve their living conditions.

Welfare Incomes 1997 and 1998 shows for the first time the perverse impact of the clawback as of July 1998. The clawback has effectively frozen welfare incomes and dampened prospects for increases in the future. It has also made it possible for the provinces and territories to evade their responsibilities to the poorest of the poor.

What is Welfare?

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

Until March 31, 1996, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. On April 1, 1996, the Canada Health and Social Transfer (CHST) replaced CAP. Under the CHST, the federal government reduced its transfer payments to the provinces and territories for health, education and social services. As of July 1, 1998, the Canada Child Tax Benefit has covered some of the cost of welfare for families with children.

Although people talk about welfare as a single entity, there are really 12 welfare systems in Canada: one in each province and territory. Despite the fact that each of the 12 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 of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

A thirteenth welfare system was created when Nunavut Territory was established in April 1999. Future editions of Welfare Incomes will show the same information about this new welfare system.

Eligibility

Eligibility for welfare is based on 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 qualify for assistance in some provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Single parents must try to secure any court-ordered maintenance support to which they are entitled. People 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 applicants meet the administrative conditions, they go through a "needs test." The welfare department compares the budgetary needs of an applicant and any dependants with the assets and income of the household. Needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a household's non-exempted financial resources are less than the cost of regularly recurring needs that the welfare department considers acceptable, for example, food, shelter, household, personal needs and special needs.

First, the needs test examines applicants' fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories 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-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (that is, cash, bonds and securities that are readily convertible to cash, and the cash value of life insurance in some provinces and territories) appear in Table 1. 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 that were in effect in January 1998.

TABLE 1

LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1998

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single Person with Disability	Single Person	Family
Newfoundland ¹	\$1,500	\$2,500	\$3,000	\$40	\$100
Prince Edward Island	**2	\$1,200	\$900	\$50 ³	\$50 ⁴
Nova Scotia	\$1,500 ⁵	\$2,500	\$3,000	Province generally requires applicants to expend liquid assets to meet basic needs.	
New Brunswick	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
Quebec ⁶	**7	**8	\$2,500	\$1,500	\$2,500 ⁹
Ontario ¹⁰	\$2,500	\$5,000	\$3,000	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 to 3 months of assistance.	

TABLE 1

LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 1998

	Unemployable			Employable	
	Single Person	Single Parent, One Dependent	Single Person with Disability	Single Person	Family
Manitoba ¹¹	\$1,000	\$2,000	\$2,000	0	0
Saskatchewan	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000 ¹²
Alberta	\$1,500	\$2,500	\$1,500 ¹³	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
British Columbia ¹⁴	\$500	\$5,000	\$3,000	\$500	\$5,000
Northwest Territories	The director may determine that some assets should not be converted into cash for social or economic reasons and are exempt from the inclusion as a personal resource.				
Yukon ¹⁵	\$500	\$1,800	\$1,500	\$100	\$200

NOTES TO TABLE 1

- ¹ On August 1, 1997, Newfoundland reduced the liquid asset exemptions for a single unemployable person from \$2,500 to \$1,500 and reduced the exemption for a single unemployable single parent with one dependent from \$5,000 to \$2,500.
- ² In Prince Edward Island, single applicants were not considered unemployable unless they were disabled.
- ³ This level applies to unemployed applicants who require assistance for less than four months. For a single person on assistance for four months or more, the liquid asset exemption level is \$200.
- ⁴ This level applies to unemployed applicants who require assistance for less than four months. For persons with dependants who are on welfare for four months or more, liquid asset exemption levels are \$1,200 to \$2,400, depending on family size.
- ⁵ This exemption applies to single persons over 60 years of age who are not eligible for the Old Age Security pension. Nova Scotia did not consider single applicants unemployable unless they were disabled. Married couples with a disabled partner may keep assets of \$5,500.
- ⁶ Quebec created a two-step test for applicants to welfare in April 1996. To qualify for welfare, an applicant's liquid assets must be less than the equivalent of the cost of one month's recognized household needs. If an applicant does not pass this part of the test, the application is refused for the rest of the month. If the applicant has less than one month's recognized household needs, the welfare cheque for that month is calculated based on the rest of the days left in that month. Quebec reduces this amount by the value of those liquid assets not excluded by regulation. An exception is made if the welfare cheque is intended to cover the cost of rent, electricity or heating. Once an applicant has qualified for welfare, the asset exemption goes back to its existing level. As of July 1998, Quebec raised the asset exemptions for families with dependent children.
- ⁷ Quebec will only allow recipients to claim the asset exemptions for "unemployable" welfare recipients if they are disabled according to the definition of the Financial Support program. Families that qualify under the Financial Support program are eligible for a \$5,000 exemption.
- ⁸ Quebec will only allow recipients to claim the asset exemptions for "unemployable" welfare recipients if they are disabled according to the definition of the Financial Support program. Families that qualify under the Financial Support program are eligible for a \$5,000 exemption. As of D cembre 1998, a single person with one dependent child would qualify for an additional exemption of \$325.

⁹ Quebec exempts an additional \$147 for children over 18 who attend secondary school. As of December 1998, Quebec allows an extra exemption of \$325 for a single parent with one dependent minor child, \$525 for a single parent with two children, \$217 for a couple with one child and \$417 for a couple with two children. Quebec allows a further \$200 for each additional dependent child under 18.

¹⁰ Ontario may allow households applying for or in receipt of welfare to exceed the maximum exemption level if the savings will be used for an item Ontario deems necessary for the well-being of a member of the household, for example, a specially equipped van or an electric wheelchair.

¹¹ The provincial government has taken over the administration of all welfare in Manitoba. The provincial Municipal Assistance Regulation does not allow any liquid asset exemption for applicants. However, once a person or family has qualified for assistance, municipalities have the discretion to allow an exemption of up to \$400 per person to a maximum of \$2,000 per household.

¹² The level of \$3,000 applies to a person with one dependent. There is an additional \$500 liquid asset exemption for each additional dependent.

¹³ Alberta grants an exemption of up to \$3,000 if a person is severely and permanently disabled and has high needs because of the costs of personal support services. Most people with severe disabilities receive benefits under the Assured Income for the Severely Handicapped (AISHS) program, which has no asset test, rather than welfare.

¹⁴ These exemption levels apply to British Columbia welfare recipients under age 55. The liquid asset exemption for single recipients 55 and older is \$3,000. There is an additional \$500 liquid asset exemption for each additional dependent.

¹⁵ The exemption level for employables applies to persons on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Some types of income, such as the basic federal Child Tax Benefit (but not the supplement) and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare. Welfare departments consider that income from other sources such as employment, pensions and unemployment insurance is fully or partially available for support of the household.

In most provinces and territories, welfare departments consider the supplement to the Canada Child Tax Benefit to be income that is deducted 100 percent from the family welfare cheque. Some provinces have reduced the amount of welfare they provide to families with children instead of treating the federal benefit as income. Only Newfoundland and New Brunswick allow families with children that are on welfare to keep the supplement to the Canada Child Tax Benefit.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's 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 with the provinces and territories the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, however, no province or territory has 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 and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or "in kind" support in the form of vouchers, goods or services.

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

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

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 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 1997 and 1998. The 1997 information is in Table 2 - 1997 and the 1998 welfare incomes are in Table 2 - 1998. The incomes shown are for the basic needs of four household types: a single employable person, a single disabled person, a single-parent family with a two-year-old child and a two-parent family with two children ten and 15 years of age. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 1997, and January 1, 1998, respectively, 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. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced in all provinces and territories for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. In Quebec, the welfare department sometimes considers the financial support of young people to be the responsibility of their parents. In those cases, Quebec will reduce the assistance rate and demand a contribution from the parents of the welfare recipient.

These figures are also 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 or the cost of searching for a job.

Basic Social Assistance

The column called basic social assistance shows the basic welfare that eligible households are entitled to have. Basic assistance generally includes an amount for food, clothing, shelter, utilities, personal and household needs. The figures in the basic social assistance column also reflect the reduction in assistance caused by the clawback of the supplement to Canada Child Tax Benefit that began in July 1998.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing and the case history.

A. Residence

The rates of social assistance shown for each province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions.

Households living in smaller municipalities often receive lower benefits because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Some provinces and territories offer supplements 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 old and the children in the two-parent family are ten and 15 years old. This is because some provinces and territories vary a family's entitlement with the age of each child in the household.

C. Employability of the Household Head

In Table 2, we assigned short-term rates of assistance (which are generally lower than long-term rates) 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 and territory.

In April 1997, British Columbia created a "special needs" category for people on welfare who were unable to work. People who were receiving welfare under the earlier "unemployable" category were re-assessed. If they did not meet the new, more stringent criteria, the province reduced their welfare cheques. During the re-assessment period, welfare recipients were allowed to keep the older and higher welfare rate for people designated unemployable. After protests by advocacy groups, the province replaced the special needs category with a disability benefits category with two levels in June 1998. A single person assessed as Disability Benefits Level 1 received \$175 a month less than the previous unemployable category provided. A person with a more severe disability who was classified as Disability Benefits Level 2 received the same rate as the earlier unemployable category. People who were not reassessed in 1997 and 1998 were allowed to keep their old unemployable rate.

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 they did not share their accommodation. All provinces and territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions.

One notable change occurred in the Northwest Territories. Until 1997, there were no maximum rates for shelter. The welfare department covered the cost of actual rents, and these varied widely in the North. As of January 1, 1997, the Northwest Territories created a new welfare program with maximum rents of \$450 a month for the single employable and single disabled people, \$1,100 for the single parent with one child, and \$1,300 for the couple with two children. The Northwest Territories covers the actual cost of utilities, but the territorial government did not provide the National Council of Welfare with the typical amounts paid. The figures for basic assistance in 1997 and 1998 are therefore much lower than those for previous years.

E. Case History

In order to "annualize" the rates for this report, we assumed that these four typical households started receiving welfare on January 1, 1997, and January 1, 1998, and remained on assistance until the last day of each calendar year.

We calculated basic social assistance 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 within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

Special Assistance

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the second column in Table 2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances. The footnotes explain the special assistance in each jurisdiction.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

We have incorporated special assistance in Column 2 of Table 2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our calculations exclude it.

Child Tax Benefit

The child tax benefit system changed radically in recent years. Successive federal governments have moved to "target" their financial support to families at the lower end of the income spectrum. The federal child tax benefit column shows the basic Child Tax Benefit for 1997 and the first six months of 1998. For the last six months of 1998, the column shows the basic Canada Child Tax Benefit and the supplement.

In 1997, the federal government paid a basic annual benefit of \$1,020 for each child under age 18 in most parts of Canada. Quebec and Alberta asked the federal government for different calculations of the basic benefits. In Quebec, payments vary according to the ages and number of children in each the family. In Alberta, payments vary according to the ages of the children. 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 considered the Child Tax Benefit exempt income when they calculated welfare benefits. Saskatchewan deducted 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 - 1997, we reduced the rates of assistance in the basic social assistance column for the two households with children in Saskatchewan by \$34.88 a month for each child. In Table 2 - 1998, we reduced the basic social assistance figures by \$34.88 monthly for January to June 1998 only. Saskatchewan's administration of welfare for families with children changed when the Canada Child Tax Benefit was introduced.

As of July 1, 1998, the federal government provided all families with incomes under \$20,921 with a supplement to the Canada Child Tax Benefit. If a family had one child, the supplement was \$605 a year or \$50.41 a month. Families with two children received a supplement of \$1,010 a year or \$84.16 a month.

Only those families on welfare who lived in Newfoundland and New Brunswick saw an increase in their incomes because of the supplement to the Canada Child Tax Benefit. The other provinces and territories clawed the money back in different ways. In Prince Edward Island, Nova Scotia, Ontario, Manitoba, British Columbia, Yukon and the Northwest Territories, the welfare departments consider the supplement to be non-exempt income that triggers a cut in the families' welfare cheques. In Quebec, Saskatchewan and Alberta, the provincial governments have actually cut welfare benefits by the amount of the supplement to the Child Tax Benefit. In our calculations, we have shown the basic Canada Child Tax Benefit and the supplement under the column called Federal Child Tax Benefit and we have shown the deductions in the column for social assistance.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare is very concerned by the fact that the clawbacks under the Canada Child Tax Benefit discriminate against families on welfare. Our 1998 report, Child Benefits: Kids Are Still Hungry, estimated that only 36 percent of poor families with children would benefit

from the Canada Child Tax Benefit. Fifty-nine percent of two-parent poor families but only 17 percent of poor single-parent families would be allowed to keep the benefit. As women head most single-parent families, we believe that this constitutes discrimination on the basis of gender.

Provincial and Territorial Child Benefits

In October 1997, New Brunswick introduced a provincial Child Tax Benefit worth \$21 a child each month, retroactive to April 1997.

Nova Scotia uses the money it claws back from the supplement to the Canada Child Tax Benefit to support the Nova Scotia Child Benefit for all families with net annual incomes below \$16,000. Beginning in July 1998, families receive \$250 a year for their first child, \$168 for the second child and \$136 for the third child.

Quebec provides a family allowance over and above the federal Child Tax Benefit. Until August 1997, Quebec also paid a special allowance to families worth \$9.77 a month for the first child under six. Beginning September 1997, Quebec provided a single-parent supplement. In September 1997, Quebec completely revised and raised its family allowances.

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.

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

In July 1996, British Columbia introduced the B.C. Family Bonus as part of a package of initiatives known as B.C. Benefits. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have

applied for the Child Tax Benefit. Families on welfare receive \$103 a month per child, which is deducted from their welfare, resulting in no change to the families' total income. The figures in Table 2 include a "support reduction" in the basic social assistance column, and the Family Bonus payments in the additional benefits column.

Northwest Territories uses the money it claws back from the supplement to the Canada Child Tax Benefit to support the N.W.T. Child Benefit for all families with net annual incomes below \$20,921. Beginning in July 1998, families receive \$330 annually for every child.

GST Credit

The column for federal GST credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in the Atlantic provinces. The GST credit is paid quarterly. The four payments received in 1997 and 1998 were worth a maximum of \$199 annually for each adult or the first child in a single-parent family. For other dependent children, the total was a maximum of \$105 a year for each child.

Single adults, including single parents, also received an income-tested single person's supplement to a maximum of \$105 in 1997 and 1998 if their 1996 and 1997 incomes were higher than \$6,456.

Prince Edward Island considered the GST credit to be exempt income as of January 1997. This meant that welfare recipients could keep the entire federal benefit.

Provincial Tax Credits

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia.

As of May 1996, welfare recipients are no longer eligible for the Manitoba Cost of Living and Property Tax Credits.

TABLE 2 - 1997

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	Federal GST Credit ²	Provincial Tax Credits	Total Income
<u>NEWFOUNDLAND³</u>							
Single Employable ⁴	1,068				199	40	1,307
Disabled Person ⁵	6,833	1,500			236	40	8,609
Single Parent, One Child	11,260		1,233		494	100	13,087
Couple, Two Children	12,209		2,040		608	200	15,057
<u>PRINCE EDWARD ISLAND⁶</u>							
Single Employable	5,316				199		5,515
Disabled Person ⁷	7,116	1,092			248		8,456
Single Parent, One Child	9,972		1,233		477		11,682
Couple, Two Children ⁸	14,976	175	2,040		608		17,799
<u>NOVA SCOTIA⁹</u>							
Single Employable ¹⁰	4,428				199		4,627
Disabled Person	8,568				241		8,809
Single Parent, One Child	10,560		1,233		480		12,273
Couple, Two Children	13,992		2,040		608		16,640
<u>NEW BRUNSWICK¹¹</u>							
Single Employable	3,168				199		3,367
Disabled Person ¹²	6,663				199		6,862
Single Parent, One Child ¹³	8,772	900	1,233	168	459		11,532
Couple, Two Children ¹⁴	9,828	1,000	2,040	336	608		13,812

TABLE 2 - 1997

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	Federal GST Credit ²	Provincial Tax Credits	Total Income
<u>QUEBEC</u>¹⁵							
Single Employable ¹⁶	5,910				199		6,109
Disabled Person ¹⁷	8,388				233		8,621
Single Parent, One Child ¹⁸	9,429	738	1,082	924	497		12,670
Couple, Two Children ¹⁹	11,304	877	1,869	853	608		15,511
<u>ONTARIO</u>²⁰							
Single Employable	6,240				210	383	6,833
Disabled Person ²¹	11,160				293	306	11,759
Single Parent, One Child ²²	11,484	105	1,233		502	373	13,697
Couple, Two Children ²³	14,568	407	2,040		608	483	18,106
<u>MANITOBA</u>²⁴							
Single Employable	5,352				199		5,551
Disabled Person ²⁵	7,157	840			230		8,227
Single Parent, One Child	9,636		1,233		462		11,331
Couple, Two Children ²⁶	14,232		2,040		608		16,880
<u>SASKATCHEWAN</u>²⁷							
Single Employable	5,272				199		5,471
Disabled Person ²⁸	6,717	1,020			238		7,974
Single Parent, One Child ²⁹	10,381		1,233		477		12,091
Couple, Two Children ³⁰	13,725	215	2,040		608		16,588

TABLE 2 - 1997

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	Federal GST Credit ²	Provincial Tax Credits	Total Income
<u>ALBERTA</u> ³¹							
Single Employable ³²	4,746	10			199		4,955
Disabled Person ³³	6,366	250			201		6,817
Single Parent, One Child ³⁴	9,258	10	1,148		453		10,869
Couple, Two Children ³⁵	14,532	160	2,137		608		17,437
<u>BRITISH COLUMBIA</u> ³⁶							
Single Employable ³⁷	6,046	35			200	50	6,331
Disabled Person ³⁸	9,252	35			256	50	9,593
Single Parent, One Child ³⁹	10,548	80	1,233	1,236	503	50	13,650
Couple, Two Children ⁴⁰	12,396	190	2,040	2,472	608	100	17,806
<u>YUKON</u> ⁴¹							
Single Employable ⁴²	7,740	155			228		8,123
Disabled Person ⁴³	7,740	1,655			258		9,653
Single Parent, One Child ⁴⁴	12,540	572	1,233		503		14,848
Couple, Two Children ⁴⁵	19,080	685	2,040		608		22,413
<u>NORTHWEST TERRITORIES</u> ⁴⁶							
Single Employable	7,200				295		7,495
Disabled Person ⁴⁷	9,540				304		9,844
Single Parent, One Child ⁴⁸	16,956		1,233		503		18,692
Couple, Two Children	21,420		2,040		608		24,068

ENDNOTES FOR TABLE 2 - 1997

- ¹ The Federal Child Tax Benefit column shows \$1,020 of the basic Child Tax Benefit and \$213 as a supplement for each the under seven in the single-parent family. 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. Quebec and Alberta asked the federal government to vary the amount of the Child Tax Benefit.
 - ² The GST credit is paid in quarterly instalments. The special GST supplement for single persons and single-parent families is included in the totals for the year.
 - ³ The last rate increase in Newfoundland was in April 1992. As of August 1997, Newfoundland pays a lower fuel allowance every month instead of a higher amount during the winter months. Calculations show the higher amount from January until April 1997, then the lower amount from August to December.
- As of 1997, Newfoundland allows all welfare recipients to keep the provincial refund for the Harmonized Sales Tax. Each adult receives \$40 and each child receives \$60.
- ⁴ These rates apply to single able-bodied people under age 50. Rates of assistance to people over 50 are higher. Until June 1996, it was the practice of the Newfoundland welfare department to grant most single employable people welfare at room and board rates. The 1996 provincial budget made room and board the rule for all single employable people on welfare, except in exceptional cases. This rate has been calculated for a single employable person boarding with relatives in St. John's.
 - ⁵ The additional benefits column includes 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.
- As of 1997, Prince Edward Island considered the GST credit exempt income so the amount was not deducted from basic social assistance.
- ⁷ Additional benefits include 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.
 - ⁸ The additional benefits column shows back-to-school benefits of \$100 and \$75 for the children.

⁹ In April 1996, the provincial government took over the administration of municipal welfare in Halifax. Until then welfare for the disabled person and the single-parent family were part of the provincial system and welfare for the single employable person and the couple with two children were part of the municipal system. Reductions in shelter allowances, which were announced at the same time, affected only recipients who went on welfare in April 1996 or later.

¹⁰ Shelter rates dropped from \$350 a month in 1996 to \$225 a month for single employable people who applied for welfare after April 1996. Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. These calculations do not include the higher rate for special circumstances.

¹¹ Rates for all four family types of welfare recipients increased by two percent on October 1, 1996.

¹² New Brunswick increased benefits for the disabled by a further two percent on April 1, 1997.

¹³ The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month beginning in April 1997.

The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that 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 The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 per year per child).

The provincial child benefits column shows the monthly New Brunswick Child Tax Benefit of \$21 a child beginning in April 1997.

¹⁵ The single disabled person was classified under the Financial Support Program. The single-parent family was classified as "unavailable" under the Work and Employment Incentives Program, and the others were classified as "non-participating."

¹⁶ Rates dropped from \$500 a month to \$490 a month on April 1, 1997. The exemption rate for earned income rose by the same amount. The actual assistance could be lower than the rates indicated here if Quebec deemed the recipient eligible for a "parental contribution" as defined by Quebec law.

¹⁷ Basic social assistance for people with disabilities rose by two percent on January 1, 1997.

¹⁸ The basic welfare rate dropped from \$850 a month to \$839 a month on April 1, 1997. The exemption for earned income rose by the same amount. Rates dropped again to \$671 on September 1, 1997 at the same time as provincial family allowances were increased.

The additional benefits column shows the shelter subsidy for recipients with dependent children. The subsidy was \$60 a month until October 1, 1997, when it rose to \$66 a month.

Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.

The provincial child benefits column shows the Quebec family allowance, the Allowance for Young Children and the Single-Parent Supplement.

¹⁹ The basic welfare rate dropped from \$1,000 a month to \$978 a month on April 1, 1997. The exemption for earned income rose by the same amount. The rates dropped again to \$853 a month on September 1, 1997 when the provincial family allowances were increased.

The additional benefits column includes the shelter subsidy for recipients with dependent children. The subsidy was \$60 a month until October 1, 1997, when it rose to \$66 a month. This column also includes the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school.

Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.

Provincial child benefits show the Quebec family allowance.

²⁰ The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 1997 based on the recipients' shelter costs.

²¹ Assistance for a single disabled person is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

²² Additional benefits are the winter clothing allowance of \$105 for each dependent child.

²³ The additional benefits column shows 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.

²⁴ In 1996, the Manitoba government took over the administration of welfare in the City of Winnipeg. Until then, welfare for the single employable person and the couple with two children fell within the City of Winnipeg's system.

²⁵ The additional benefits column shows the disability benefit of \$70 a month.

²⁶ When the provincial welfare department absorbed the City of Winnipeg's welfare caseload, rates dropped. On May 15, 1997, the monthly rate for a child of ten dropped from \$169 to \$149, and the monthly rate for a 15-year old child dropped from \$209 to \$189.

²⁷ Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. As of 1997, Welfare Incomes will show the actual average amount paid to welfare recipients of each family type.

²⁸ Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all disabled people on welfare are entitled to a special transportation allowance of \$20 a month.

²⁹ For the two families with children, the rates of assistance 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 that explicitly deducts the value of family allowances from welfare rates.

³⁰ For the two families with children, the rates of assistance in the first column have been reduced by \$34.88 per month for each child (the value of the former federal Family Allowance). The additional benefits are for education-related expenses: \$130 for children aged 14 and over and \$85 for children between the ages of six and 13. These benefits were increased in October 1997.

³¹ 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.

The additional benefits column shows a "co-payment allowance" of \$5 a month for each adult beginning in November 1997.

³² Monthly shelter rates rose from \$165 to \$168 on July 1, 1997.

³³ Monthly shelter rates rose from \$300 to \$303 on July 1, 1997.

The additional benefits column shows \$10 for the "co-payment allowance" and a supplement of \$20 a month for people eligible for Assured Support. People with severe and permanent disabilities are eligible for further assistance of \$810 a month through the Assured Income for the Severely Handicapped program. People with severe and permanent disabilities whose needs exceed the amount provided

under the Assured Income for the Severely Handicapped program are eligible for a special monthly allowances of up to \$3,000 to help pay the costs of personal supports as well as a monthly handicap allowance of \$175.

³⁴ Shelter rates rose from \$380 a month to \$391 a month on July 1, 1997.

Alberta asked the federal government to vary the amounts of the federal Child Tax Benefit according to the age of the child.

³⁵ Shelter rates rose from \$480 a month to \$490 a month on July 1, 1997.

Additional benefits include education-related expenses: \$100 for children aged 14 and over and \$50 for children between the ages of six and 13.

Alberta asked the federal government to vary the amounts of the federal Child Tax Benefit according to the age of the child.

³⁶ Provincial Tax Credits are the B.C. Sales Tax Credit, which is payable to low-income households throughout the income tax system. The amounts shown (\$50 per person per year) were paid in 1997 for the 1996 tax year.

³⁷ As of January 1996, British Columbia imposed an "employable reduction" on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently.

The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

³⁸ The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

³⁹ The additional benefits column shows a Christmas allowance of \$70 for the single-parent and \$10 for the child.

In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of Welfare Incomes showed B.C. Family Bonus under the additional benefits column.

⁴⁰ The amounts under additional benefits show a Christmas allowance of \$90, school start-up fees of \$42 for a child between the ages of five and 11 and \$58 for a child 12 and older.

In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of Welfare Incomes showed B.C. Family Bonus under the additional benefits column.

⁴¹ The last rate increases in Yukon were on April 1, 1991.

⁴² Additional benefits include the Christmas allowance of \$30 per person and winter clothing allowance of \$125 for adults and children 14 and older.

⁴³ Additional benefits include the Christmas allowance of \$30 per person and winter clothing allowances of \$125 for adults and children 14 and older. Disabled welfare recipients also receive a supplementary allowance of \$125 a month if Yukon considers them "permanent exclusions from the labour force."

⁴⁴ Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas allowance and a \$200 winter clothing allowance.

⁴⁵ Additional benefits include school allowances of \$50 for the 10-year-old and \$65 for the 15-year-old, \$120 for a Christmas allowance and \$450 for winter clothing.

⁴⁶ In January 1997, the Northwest Territories redesigned its welfare system. Until then, Northwest Territories paid actual shelter costs. Rates are now fixed, but the government pays the actual cost of fuel. The government was not able to provide the fuel costs, so the 1997 rates are lower than in previous versions of Welfare Incomes.

Welfare recipients may be eligible for additional support if they undertake activities the territory considers "productive choices." "Productive choices" may include activities such as work, training, raising young children and voluntary activities.

⁴⁷ Under special circumstances, the territory will pay higher shelter costs for welfare recipients with disabilities.

⁴⁸ Northwest Territories considers that raising a child under three is a "productive choice," so the parent and child each get a clothing allowance of \$20 each. This is included in the basic social assistance column.

TABLE 2 - 1998

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	Federal GST Credit ²	Provincial Tax Credits	Total Income
<u>NEWFOUNDLAND</u> ³							
Single Employable ⁴	1,084				199	40	1,323
Disabled Person ⁵	6,868	1,500			236	40	8,644
Single Parent, One Child ⁶	11,336		1,536		494	100	13,466
Couple, Two Children ⁷	12,276		2,545		608	200	15,629
<u>PRINCE EDWARD ISLAND</u> ⁸							
Single Employable	5,316				199		5,515
Disabled Person ⁹	7,116	1,092			242		8,450
Single Parent, One Child ¹⁰	9,669		1,536		471		11,676
Couple, Two Children ¹¹	14,471	175	2,545		608		17,799
<u>NOVA SCOTIA</u> ¹²							
Single Employable ¹³	4,428				199		4,627
Disabled Person	8,568				241		8,809
Single Parent, One Child ¹⁴	10,257		1,536	125	480		12,398
Couple, Two Children ¹⁵	13,487		2,545	209	608		16,849
<u>NEW BRUNSWICK</u> ¹⁶							
Single Employable	3,168				199		3,367
Disabled Person ¹⁷	6,696				201		6,897
Single Parent, One Child ¹⁸	8,772	900	1,536	252	463		11,923
Couple, Two Children ¹⁹	9,828	1,000	2,545	504	608		14,485

TABLE 2 - 1998

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	Federal GST Credit ²	Provincial Tax Credits	Total Income
QUEBEC²⁰							
Single Employable ²¹	5,880				199		6,079
Disabled Person ²²	8,544				236		8,780
Single Parent, One Child ²³	7,738	810	1,460	2,275	495		12,778
Couple, Two Children ²⁴	10,602	139	2,511	1,950	608		15,810
ONTARIO²⁵							
Single Employable	6,240				199	383	6,822
Disabled Person ²⁶	11,160				293	306	11,759
Single Parent, One Child ²⁷	11,181	105	1,535		501	373	13,695
Couple, Two Children ²⁸	14,063	407	2,545		608	483	18,106
MANITOBA²⁹							
Single Employable	5,352				199		5,551
Disabled Person ³⁰	7,157	840			230		8,227
Single Parent, One Child ³¹	9,333		1,536		462		11,331
Couple, Two Children ³²	13,552		2,545		608		16,705
SASKATCHEWAN³³							
Single Employable	5,288				199		5,487
Disabled Person ³⁴	6,790	1,020			232		8,043
Single Parent, One Child ³⁵	8,628		1,536	660	477		11,300
Couple, Two Children ³⁶	12,320	215	2,545	1,002	608		16,690

TABLE 2 - 1998

ESTIMATED WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial Child Benefits	Federal GST Credit ²	Provincial Tax Credits	Total Income
ALBERTA ³⁷							
Single Employable	4,746	60			199		5,005
Disabled Person ³⁸	6,384	300			202		6,886
Single Parent, One Child ³⁹	9,124	60	1,451		453		11,088
Couple, Two Children ⁴⁰	14,256	210	2,642		608		17,716
BRITISH COLUMBIA ⁴¹							
Single Employable ⁴²	6,046	35			199	50	6,330
Disabled Person ⁴³	9,252	35			256	50	9,593
Single Parent, One Child ⁴⁴	10,245	80	1,536	1,236	503	50	13,650
Couple, Two Children ⁴⁵	12,396	190	2,040	2,472	608	100	17,806
YUKON ⁴⁶							
Single Employable ⁴⁷	7,740	155			206		8,101
Disabled Person ⁴⁸	7,740	1,655			258		9,653
Single Parent, One Child ⁴⁹	12,237	572	1,536		503		14,848
Couple, Two Children ⁵⁰	19,080	685	2,040		608		22,413
NORTHWEST TERRITORIES ⁵¹							
Single Employable ⁵²	7,260				254		7,514
Disabled Person ⁵³	9,600				280		9,880
Single Parent, One Child ⁵⁴	16,763		1,536	165	503		18,967
Couple, Two Children ⁵⁵	21,110		2,545	330	608		24,593

ENDNOTES FOR TABLE 2 - 1998

- ¹ The Federal Child Tax Benefit column shows \$1,020 of the basic benefit and \$213 as a supplement for the child under seven in the single-parent family. The two-parent family with two children aged ten and 15 was eligible for \$2,040 (\$1,020 for each child).
- As of July 1, 1998, the single-parent with one child received a supplement of \$605 a year (or \$50.42 monthly) and the couple with two children received a supplement of \$1,010 a year (\$84.17 monthly). All provinces and territories except Newfoundland and New Brunswick deducted the value of the supplement from the welfare payments to families. Further changes to the supplement will appear in future editions of this report. Quebec and Alberta asked the federal government to vary the amount of the Child Tax Benefit, so the child benefit figures for these provinces differ.
- ² The GST credit is paid in quarterly instalments. The special GST supplement for single persons and single-parent families is included in the totals for the year.
- ³ As of 1997, Newfoundland allows all welfare recipients to keep the provincial refund for the Harmonized Sales Tax. Each adult receives \$40 and each child receives \$60.
- ⁴ These rates apply to single able-bodied people under age 50. Rates of assistance to people over 50 are higher. Until June 1996, it was the practice of the Newfoundland welfare department to grant most single employable people welfare at room and board rates. The 1996 provincial budget made room and board the rule for all single employable people on welfare, except in exceptional cases. This rate has been calculated for a single employable person boarding with relatives in St. John's. On May 1, 1998, monthly room and board rates rose by two percent from \$89 to \$91.
- ⁵ The additional benefits column includes 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.
- On May 1, 1998, the monthly welfare rate for people with disabilities rose two percent from \$393 to \$401.
- ⁶ On May 1, 1998, the monthly welfare rate rose two percent from \$484 to \$494.
- ⁷ On May 1, 1998, the monthly welfare rate rose two percent, from \$618 to \$630.
- ⁸ As of 1997, Prince Edward Island considered the GST credit exempt income so the amount was not deducted from basic social assistance. Prince Edward Island reduced the maximum shelter allowance for single people in 1994, but the disabled person in this table is considered to have special housing needs and is therefore eligible for the old higher maximum shelter allowance.

⁹ Additional benefits include 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 Prince Edward Island deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

¹¹ Prince Edward Island deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

The additional benefits column shows back-to-school benefits of \$100 and \$75 for the children.

¹² In April 1996, the provincial government took over the administration of municipal welfare in Halifax. Until then welfare for the disabled person and the single-parent family were part of the provincial system and welfare for the single employable person and the couple with two children were part of the municipal system. Reductions in shelter allowances, which were announced at the same time, affected only recipients who went on welfare in April 1996 or later.

¹³ Shelter rates dropped from \$350 a month in 1996 to \$225 a month for single employable people who applied for welfare after April 1996. Under special circumstances, Nova Scotia will allow single people to receive an additional \$225 shelter allowance. These calculations do not include the higher rate for special circumstances.

¹⁴ Nova Scotia deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Nova Scotia then uses the money claws back to support the Nova Scotia Child Tax Benefit. As of July 1, 1998, families receive \$250 a year for their first child, \$168 a year for their second child and \$136 a year for third or subsequent children. To qualify for the Nova Scotia Child Tax Benefit, the family net annual income on federal tax returns must be lower than \$16,000. Families do not have to have earned income. This amount appears in the provincial tax credits column.

¹⁵ Nova Scotia deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Nova Scotia then uses the money claws back to support the Nova Scotia Child Tax Benefit. As of July 1, 1998, families receive \$250 a year for their first child, \$168 a year for their second child and \$136 a year for third or subsequent children. To qualify for the Nova Scotia Child Tax Benefit, the family net annual income on federal tax returns must be lower than \$16,000. Families do not have to have earned income. This amount appears in the provincial tax credits column.

¹⁶ Rates for all four family types of welfare recipients increased by two percent on October 1, 1996.

¹⁷ New Brunswick increased benefits for the disabled by a further two percent on April 1, 1997.

¹⁸ New Brunswick allows families to keep the supplement to the Canada Child Tax Benefit.

The additional benefits column shows the Income Supplement Benefit, a shelter subsidy that 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.

The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$21 a month beginning in April 1997.

¹⁹ New Brunswick allows families to keep the supplement to the Canada Child Tax Benefit.

The additional benefits column shows the combined amount of the Income Supplement Benefit and the School Supplement (\$50 a year per child).

The provincial child benefits column shows the New Brunswick Child Tax Benefit of \$42 a month beginning in April 1997.

²⁰ The value of the Quebec Sales Tax Credit is 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."

²¹ Rates dropped from \$500 a month to \$490 a month on April 1, 1997. The exemption rate for earned income rose by the same amount. The actual assistance could be lower than the rates indicated here if Quebec deemed the recipient eligible for a "parental contribution" as defined by Quebec law.

²² Basic social assistance for people with disabilities rose by two percent on January 1, 1997. Rates rose again on January 1, 1998.

²³ Quebec reduced its welfare payments for families with children by an amount equivalent to the supplement to the Canada Child Tax Benefit. The basic welfare rate dropped from \$850 a month to \$839 a month on April 1, 1997. The exemption for earned income rose by the same amount, from \$60 a month to \$71 a month. Rates dropped again to \$671 on September 1, 1997 at the same time as provincial family allowances were increased.

The additional benefits column shows the shelter subsidy for recipients with dependent children. The subsidy was \$60 a month until October 1, 1997, when it rose to \$66 a month. Quebec raised the shelter subsidy again on October 1, 1998 to \$72 a month.

Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.

The provincial child benefits column shows the Quebec family allowance, the Allowance for Young Children and the Single-Parent Supplement.

²⁴ Quebec reduced its welfare payments for families with children by an amount equivalent to the supplement to the Canada Child Tax Benefit. The basic welfare rate dropped from \$1,000 a month to \$978 a month on April 1, 1997. The exemption for earned income rose by the same amount, from \$225 a month to \$247 a month. The rates dropped again to \$853 a month on September 1, 1997 when the provincial family allowances were increased.

The additional benefits column includes the shelter subsidy for recipients with dependent children. The subsidy was \$60 a month until October 1, 1997, when it rose to \$66 a month. This column also includes the school expense allowance of \$46 for each dependent attending primary school and \$93 for each dependent in secondary school.

Quebec asked the federal government to vary the amount of the federal Child Tax Benefit according to the age of the child and the number of children in a family.

Provincial child benefits show the Quebec family allowance.

²⁵ The provincial tax credits column shows the combined amount of the Ontario Sales Tax and Property Tax Credits for 1998 based on the recipients' shelter costs.

²⁶ Assistance for a single disabled person is based on the Ontario Disability Support Program, formerly known as GAINS-D. Rates were last increased in April 1993.

²⁷ Ontario deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

Additional benefits are the winter clothing allowance of \$105 for each dependent child.

²⁸ Ontario deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

The additional benefits column shows 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.

²⁹ In 1996, the Manitoba government took over the administration of welfare in the City of Winnipeg. Until then, welfare for the single employable person and the couple with two children fell within the City of Winnipeg's system.

³⁰ The additional benefits column shows the disability benefit of \$70 a month.

³¹ Manitoba deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

³² Manitoba deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

³³ Until 1993, Saskatchewan paid actual utility costs up to a maximum amount. After 1993, Saskatchewan paid actual costs with no limits. Previous editions of this report showed the maximum rates, although few welfare recipients actually received the maximum. As of 1997, Welfare Incomes shows the actual average amount paid to welfare recipients of each family type.

³⁴ Additional benefits for people with disabilities in Saskatchewan include an allowance of \$40 a month and a special care allowance of \$25 a month for tasks they are unable to perform themselves. As of 1996, all disabled people on welfare are entitled to a special transportation allowance of \$20 a month.

³⁵ From January to June 1998, Saskatchewan reduced the basic social assistance 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. On July 1, 1998, the supplement to the Canada Child Tax Benefit began. Saskatchewan lowered its welfare rates by the amount of the supplement.

The provincial child benefits column shows the Saskatchewan Benefit of \$75 a month and the Saskatchewan Child Differential Allowance of \$35 a month, both of which began in July 1998.

³⁶ From January to June 1998, Saskatchewan reduced the basic social assistance 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. On July 1, 1998, the supplement to the Canada Child Tax Benefit began. Saskatchewan lowered its welfare rates by the amount of the supplement.

The additional benefits column includes education-related expenses: \$130 for children aged 14 and over and \$85 for children between the ages of six and 13.

The provincial child benefits column includes the Saskatchewan Child Benefits of \$167 a month beginning on July 1, 1998.

³⁷ 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. The additional benefits column shows a "co-payment allowance" of \$5 a month for each adult.

³⁸ The additional benefits column shows a monthly supplement of \$20 to any person eligible for Assured Support and a monthly "co-payment allowance" of \$5 for each adult.

People with severe and permanent disabilities are eligible for further assistance of \$810 a month through the Assured Income for the Severely Handicapped program. People with severe and permanent disabilities whose needs exceed the amount provided under the Assured Income for the Severely Handicapped program are eligible for special allowances of up to \$3,000 a month to help pay the costs of personal supports as well as a handicap allowance of \$175 a month.

³⁹ On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount of the supplement to Canada Child Tax Benefit. Alberta varies the amounts of the federal Child Tax Benefit according to the age of the child.

The additional benefits column shows the monthly "co-payment allowance" of \$5 for each adult.

⁴⁰ On August 1, 1998, Alberta reduced its basic social assistance rates for families with children by the amount of the supplement to Canada Child Tax Benefit. Additional benefits include education-related expenses: \$100 for children aged 14 and over and \$50 for children between the ages of six and 13.

Alberta asked the federal government to vary the amounts of the federal Child Tax Benefit according to the age of the child.

⁴¹ Provincial Tax Credits are the B.C. Sales Tax Credit, which is payable to low-income households throughout the income tax system. The amounts shown (\$50 per person per year) were paid in 1998 for the 1997 tax year.

⁴² As of January 1996, British Columbia imposed an "employable reduction" on single employable people in their second and subsequent months on welfare. Single employables receive \$546 a month in their first month on welfare and \$500 a month subsequently.

The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

⁴³ The amount under "Additional Benefits" shows a Christmas allowance of \$35 for a single person.

⁴⁴ On July 1, 1998, British Columbia reduced basic social assistance for families with children by an amount equivalent to the value of the supplement to the Canada Child Tax Benefit.

In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of Welfare Incomes showed B.C. Family Bonus under the additional benefits column.

The amounts under "Additional Benefits" show a Christmas allowance of \$70 for the single-parent plus \$10 for the child.

⁴⁵ On July 1, 1998, British Columbia reduced basic social assistance for families with children by an amount equivalent to the value of the supplement to the Canada Child Tax Benefit.

In July 1996, British Columbia introduced the B.C. Family Bonus. The Family Bonus is an income-tested monthly payment to all low-income families with children who have filed income tax returns for the previous year, and have applied for the Child Tax Benefit. Families on welfare receive \$103 per child per month, which is deducted from their welfare, resulting in no change to the families' total income. The provincial child benefits column shows the B.C. Family Bonus. Previous editions of Welfare Incomes showed B.C. Family Bonus under the additional benefits column.

The amounts under "Additional Benefits" show a 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.

⁴⁶ Yukon last raised welfare rates in April 1991.

⁴⁷ Additional benefits include the Christmas allowance of \$30 per person and winter clothing allowance of \$125 for adults and children 14 and older.

⁴⁸ Additional benefits include the Christmas allowance of \$30 per person and winter clothing allowances of \$125 for adults and children 14 and older. Disabled welfare recipients also receive a supplementary allowance of \$125 a month if Yukon considers them "permanent exclusions from the labour force."

⁴⁹ Yukon deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

Additional benefits include \$6 a week for babysitting expenses, a \$60 Christmas Allowance and a \$200 winter clothing allowance.

⁵⁰ Yukon deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance.

Additional benefits include school allowances of \$50 for the 10-year-old and \$65 for the 15-year-old, \$120 for a Christmas Allowance and \$450 for winter clothing.

⁵¹ In January 1997, the Northwest Territories redesigned its welfare system. Until then, Northwest Territories paid actual shelter costs. Rates are now fixed, but the government pays the actual cost of fuel. The government did not provide the average fuel costs, so the 1997 and 1998 rates are lower than in previous versions of Welfare Incomes.

Welfare recipients may be eligible for additional support if they undertake activities the territory considers "productive choices." "Productive choices" may include activities such as work, training, raising young children and voluntary activities.

⁵² Northwest Territories raised the monthly food allowance for single people from \$152 to \$162 in August 1998.

⁵³ Northwest Territories raised the monthly food allowance for single people from \$152 to \$162 in August 1998. Under special circumstances, Northwest Territories will pay higher shelter costs for welfare recipients with disabilities. This calculation assumes that the person with disabilities did not receive the higher shelter payment.

⁵⁴ Northwest Territories deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Northwest Territories then uses the money it claws back to support the NWT Child Tax Benefit. As of July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial tax credits column.

Northwest Territories considers that raising a child under three is a "productive choice," so the parent and child each get a clothing allowance. This is included in the basic social assistance column. Northwest Territories raised the monthly food allowance from \$273 to \$295 in August 1998.

⁵⁵ Northwest Territories deducts the value of the supplement to the Canada Child Tax Benefit from basic social assistance. Northwest Territories then uses the money it claws back to support the NWT Child Tax Benefit. As of July 1, 1998, families with incomes below \$20,921 receive \$330 a year for each child. Families do not have to have earned income. This amount appears in the provincial tax credits column. Northwest Territories raised the monthly food allowance from \$485 to \$524 in August 1998.

Adequacy of Benefits

The incomes in Table 2 are abysmally low. To demonstrate just how low, we compared them with the low income cut-offs of Statistics Canada for 1997 and 1998. The results are shown in Table 3 - 1997 and Table 3 - 1998.

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

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

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 3 are so low that there is no difference between taxable and non-taxable income. For example, single employable people in Newfoundland with total incomes of \$1,307 in 1997 or \$1,323 in 1998 were abysmally 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 and territories also contend that welfare is intended to provide only the bare necessities of life, while incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 3 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in some provinces and territories, especially rates for single employables, are far below the lines. Welfare incomes which reach only one-fifth or one-third of the poverty line are unacceptably low and should be raised at the earliest possible date. How anyone manages to live on

welfare rates of only nine percent of the poverty line - as a single employable person in Newfoundland is forced to do - is beyond our comprehension. Rates this low cannot be described as anything other than punitive and cruel.

Column 1 of the Tables 3 - 1997 and 1998 show welfare incomes for different types of households in the ten provinces in 1997 and 1998. Neither of the territories is included in this table because they are specifically excluded from the survey used to generate the low income cut-offs.

Column 2 indicates the poverty lines (the low income cut-offs of Statistics Canada, 1986 base) for the largest city in each province. The poverty gap, or difference between total income and the poverty lines, is shown in the next column. The last column 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 both 1997 and 1998. In 1997, rates ranged from nine percent of the poverty line in Newfoundland to 42 percent of the poverty line in Ontario. In 1998, the range was nine percent in Newfoundland to 41 percent in Ontario.

In both 1997 and 1998, the lowest benefits for single disabled people were worth 42 percent of the poverty line in Alberta. In 1997, the highest rate was 72 percent and in 1998, 71 percent of the poverty line in Ontario.

Welfare incomes for single-parent families ranged from a low of 49 percent in Alberta to a high of 67 percent in Newfoundland in 1997. In 1998, single-parent families in Alberta lived at 50 percent of the poverty line, while single-parent families in Newfoundland lived at 69 percent of the line.

For two-parent families with two children, 1997 welfare incomes ranged from 48 percent of the poverty line in Quebec to 64 percent in Prince Edward Island. In 1998, the range was 48 percent in Quebec to 63 percent in Prince Edward Island.

TABLE 3-1997

ADEQUACY OF BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND				
Single Employable	\$1,307	\$14,335	-\$13,028	9%
Disabled Person	\$8,609	\$14,335	-\$5,726	60%
Single Parent, One Child	\$13,087	\$19,432	-\$6,345	67%
Couple, Two Children	\$15,057	\$28,434	-\$13,377	53%
PRINCE EDWARD ISLAND				
Single Employable	\$5,515	\$14,004	-\$8,489	39%
Disabled Person	\$8,456	\$14,004	-\$5,548	60%
Single Parent, One Child	\$11,682	\$18,982	-\$7,300	62%
Couple, Two Children	\$17,799	\$27,780	-\$9,981	64%
NOVA SCOTIA				
Single Employable	\$4,627	\$14,335	-\$9,708	32%
Disabled Person	\$8,809	\$14,335	-\$5,526	61%
Single Parent, One Child	\$12,273	\$19,432	-\$7,159	63%
Couple, Two Children	\$16,640	\$28,434	-\$11,794	59%
NEW BRUNSWICK				
Single Employable	\$3,367	\$14,335	-\$10,968	23%
Disabled Person	\$6,862	\$14,335	-\$7,473	48%
Single Parent, One Child	\$11,532	\$19,432	-\$7,900	59%
Couple, Two Children	\$13,812	\$28,434	-\$14,622	49%
QUEBEC				
Single Employable	\$6,109	\$16,320	-\$10,211	37%
Disabled Person	\$8,621	\$16,320	-\$7,699	53%
Single Parent, One Child	\$12,670	\$22,121	-\$9,451	57%
Couple, Two Children	\$15,511	\$32,377	-\$16,866	48%

TABLE 3-1997

ADEQUACY OF BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,833	\$16,320	-\$9,487	42%
Disabled Person	\$11,759	\$16,320	-\$4,561	72%
Single Parent, One Child	\$13,697	\$22,121	-\$8,424	62%
Couple, Two Children	\$18,106	\$32,377	-\$14,271	56%
MANITOBA				
Single Employable	\$5,551	\$16,320	-\$10,769	34%
Disabled Person	\$8,227	\$16,320	-\$8,093	50%
Single Parent, One Child	\$11,331	\$22,121	-\$10,790	51%
Couple, Two Children	\$16,880	\$32,377	-\$15,497	52%
SASKATCHEWAN				
Single Employable	\$5,471	\$14,335	-\$8,864	38%
Disabled Person	\$7,974	\$14,335	-\$6,361	56%
Single Parent, One Child	\$12,091	\$19,432	-\$7,341	62%
Couple, Two Children	\$16,588	\$28,434	-\$11,846	58%
ALBERTA				
Single Employable	\$4,955	\$16,320	-\$11,365	30%
Disabled Person	\$6,817	\$16,320	-\$9,503	42%
Single Parent, One Child	\$10,869	\$22,121	-\$11,252	49%
Couple, Two Children	\$17,437	\$32,377	-\$14,940	54%
BRITISH COLUMBIA				
Single Employable	\$6,331	\$16,320	-\$9,989	39%
Disabled Person	\$9,593	\$16,320	-\$6,727	59%
Single Parent, One Child	\$13,650	\$22,121	-\$8,471	62%
Couple, Two Children	\$17,806	\$32,377	-\$14,571	55%

TABLE 3-1998

ADEQUACY OF BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>NEWFOUNDLAND</u>				
Single Employable	\$1,323	\$14,468	-\$13,145	9%
Disabled Person	\$8,644	\$14,468	-\$5,824	60%
Single Parent, One Child	\$13,466	\$19,613	-\$6,147	69%
Couple, Two Children	\$15,629	\$28,698	-\$13,069	54%
<u>PRINCE EDWARD ISLAND</u>				
Single Employable	\$5,515	\$14,134	-\$8,619	39%
Disabled Person	\$8,450	\$14,134	-\$5,684	60%
Single Parent, One Child	\$11,676	\$19,158	-\$7,482	61%
Couple, Two Children	\$17,799	\$28,038	-\$10,239	63%
<u>NOVA SCOTIA</u>				
Single Employable	\$4,627	\$14,468	-\$9,841	32%
Disabled Person	\$8,809	\$14,468	-\$5,659	61%
Single Parent, One Child	\$12,398	\$19,613	-\$7,215	63%
Couple, Two Children	\$16,849	\$28,698	-\$11,849	59%
<u>NEW BRUNSWICK</u>				
Single Employable	\$3,367	\$14,468	-\$11,101	23%
Disabled Person	\$6,897	\$14,468	-\$7,571	48%
Single Parent, One Child	\$11,923	\$19,613	-\$7,690	61%
Couple, Two Children	\$14,485	\$28,698	-\$14,213	50%
<u>QUEBEC</u>				
Single Employable	\$6,079	\$16,472	-\$10,393	37%
Disabled Person	\$8,780	\$16,472	-\$7,692	53%
Single Parent, One Child	\$12,778	\$22,327	-\$9,549	57%
Couple, Two Children	\$15,810	\$32,678	-\$16,868	48%

TABLE 3-1998

ADEQUACY OF BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
<u>ONTARIO</u>				
Single Employable	\$6,822	\$16,472	-\$9,650	41%
Disabled Person	\$11,759	\$16,472	-\$4,713	71%
Single Parent, One Child	\$13,695	\$22,327	-\$8,632	61%
Couple, Two Children	\$18,106	\$32,678	-\$14,572	55%
<u>MANITOBA</u>				
Single Employable	\$5,551	\$16,472	-\$10,921	34%
Disabled Person	\$8,227	\$16,472	-\$8,245	50%
Single Parent, One Child	\$11,331	\$22,327	-\$10,996	51%
Couple, Two Children	\$16,705	\$32,678	-\$15,973	51%
<u>SASKATCHEWAN</u>				
Single Employable	\$5,487	\$14,468	-\$8,981	38%
Disabled Person	\$8,043	\$14,468	-\$6,425	56%
Single Parent, One Child	\$11,300	\$19,613	-\$8,313	58%
Couple, Two Children	\$16,690	\$28,698	-\$12,008	58%
<u>ALBERTA</u>				
Single Employable	\$5,005	\$16,472	-\$11,467	30%
Disabled Person	\$6,886	\$16,472	-\$9,586	42%
Single Parent, One Child	\$11,088	\$22,327	-\$11,239	50%
Couple, Two Children	\$17,716	\$32,678	-\$14,962	54%
<u>BRITISH COLUMBIA</u>				
Single Employable	\$6,330	\$16,472	-\$10,142	38%
Disabled Person	\$9,593	\$16,472	-\$6,879	58%
Single Parent, One Child	\$13,650	\$22,327	-\$8,677	61%
Couple, Two Children	\$17,806	\$32,678	-\$14,872	54%

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 portion of the level of income that most Canadians would consider normal or reasonable.

Table 4 - 1997 and Table 4 - 1998 compare the welfare incomes of our four typical households with average incomes for the appropriate household type in each province.

The averages for 1997 are based on data collected by Statistics Canada in the Survey of Consumer Finances for 1997. The 1998 average incomes are estimates based on the 1997 actual averages, inflated by the Consumer Price Index.

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.

For both 1997 and 1998, the figures in Table 4 make it clear that welfare incomes are far, far below average. In both 1997 and 1998, a single employable person on welfare received from eight percent to 27 percent of the average income received by single people under 65. In both 1997 and 1998, the disabled person on welfare got 26 to 49 percent of the average. In 1997, single-parent families on welfare had incomes worth 35 to 54 percent of average incomes and in 1998, their incomes were worth 36 percent to 55 percent of average incomes. It is worth noting that average incomes for single-parent families in general remain far below average incomes for couples with children. The two-parent family on welfare had between 26 and 36 percent of average incomes in both 1997 and 1998.

TABLE 4 - 1997

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES
BY FAMILY TYPE**

	Welfare Income 1997	Average Income 1997	Welfare Income as % of Average Income
NEWFOUNDLAND			
Single Employable	1,307	17,396	8%
Disabled Person	8,609	17,396	49%
Single Parent, One Child	13,087	---	---
Couple, Two Children	15,057	46,295	33%
PRINCE EDWARD ISLAND			
Single Employable	5,515	20,112	27%
Disabled Person	8,456	20,112	42%
Single Parent, One Child	11,682	---	---
Couple, Two Children	17,799	49,504	36%
NOVA SCOTIA			
Single Employable	4,627	21,518	22%
Disabled Person	8,809	21,518	41%
Single Parent, One Child	12,273	22,893	54%
Couple, Two Children	16,640	53,435	31%
NEW BRUNSWICK			
Single Employable	3,367	20,049	17%
Disabled Person	6,862	20,049	34%
Single Parent, One Child	11,532	21,366	54%
Couple, Two Children	13,812	52,092	27%
QUEBEC			
Single Employable	6,109	22,322	27%
Disabled Person	8,621	22,322	39%
Single Parent, One Child	12,670	26,987	47%
Couple, Two Children	15,511	60,420	26%

TABLE 4 - 1997
WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES
BY FAMILY TYPE

	Welfare Income 1997	Average Income 1997	Welfare Income as % of Average Income
<u>ONTARIO</u>			
Single Employable	6,833	27,295	25%
Disabled Person	11,759	27,295	43%
Single Parent, One Child	13,697	28,276	48%
Couple, Two Children	18,106	70,264	26%
<u>MANITOBA</u>			
Single Employable	5,551	22,641	25%
Disabled Person	8,227	22,641	36%
Single Parent, One Child	11,331	26,427	43%
Couple, Two Children	16,880	61,038	28%
<u>SASKATCHEWAN</u>			
Single Employable	5,471	23,277	24%
Disabled Person	7,974	23,277	34%
Single Parent, One Child	12,091	22,963	53%
Couple, Two Children	16,588	60,095	28%
<u>ALBERTA</u>			
Single Employable	4,955	25,892	19%
Disabled Person	6,817	25,892	26%
Single Parent, One Child	10,869	30,697	35%
Couple, Two Children	17,437	66,746	26%
<u>BRITISH COLUMBIA</u>			
Single Employable	6,331	26,519	24%
Disabled Person	9,593	26,519	36%
Single Parent, One Child	13,650	29,883	46%
Couple, Two Children	17,806	66,258	27%

TABLE 4 - 1998

**WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES
BY FAMILY TYPE**

	Welfare Income 1998	Estimated Average Income 1998	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND			
Single Employable	1,323	17,518	8%
Disabled Person	8,644	17,518	49%
Single Parent, One Child	13,466	---	---
Couple, Two Children	15,629	46,619	34%
PRINCE EDWARD ISLAND			
Single Employable	5,515	20,253	27%
Disabled Person	8,450	20,253	42%
Single Parent, One Child	11,676	---	---
Couple, Two Children	17,799	49,851	36%
NOVA SCOTIA			
Single Employable	4,627	21,669	21%
Disabled Person	8,809	21,669	41%
Single Parent, One Child	12,273	23,053	53%
Couple, Two Children	16,640	53,809	31%
NEW BRUNSWICK			
Single Employable	3,367	20,189	17%
Disabled Person	6,897	20,189	34%
Single Parent, One Child	11,923	21,516	55%
Couple, Two Children	14,485	52,457	28%
QUEBEC			
Single Employable	6,079	22,478	27%
Disabled Person	8,780	22,478	39%
Single Parent, One Child	12,778	27,176	47%
Couple, Two Children	15,810	60,843	26%

TABLE 4 - 1998
WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES
BY FAMILY TYPE

	Welfare Income 1998	Estimated Average Income 1998	Welfare Income as % of Estimated Average Income
<u>ONTARIO</u>			
Single Employable	6,822	27,486	25%
Disabled Person	11,759	27,486	43%
Single Parent, One Child	13,695	28,474	48%
Couple, Two Children	18,106	70,756	26%
<u>MANITOBA</u>			
Single Employable	5,551	22,799	24%
Disabled Person	8,227	22,799	36%
Single Parent, One Child	11,331	26,612	43%
Couple, Two Children	16,705	61,465	27%
<u>SASKATCHEWAN</u>			
Single Employable	5,487	23,440	23%
Disabled Person	8,043	23,440	34%
Single Parent, One Child	11,300	23,124	49%
Couple, Two Children	16,690	60,516	28%
<u>ALBERTA</u>			
Single Employable	5,005	26,073	19%
Disabled Person	6,886	26,073	26%
Single Parent, One Child	11,088	30,912	36%
Couple, Two Children	17,716	67,213	26%
<u>BRITISH COLUMBIA</u>			
Single Employable	6,330	26,705	24%
Disabled Person	9,593	26,705	36%
Single Parent, One Child	13,650	30,092	45%
Couple, Two Children	17,806	66,722	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 consist of those benefits shown in Table 2 that are exclusively within provincial and territorial jurisdiction, in other words, total welfare incomes less 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 1998 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 to 1998 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 to 1998. The National Council of Welfare first estimated of welfare incomes in the Northwest Territories in 1993, so the table shows comparisons only since that time.

Most welfare recipients in Canada saw further erosion of their already precarious financial situation in 1998 and 1999. The cost of living rose by 2.4 percent, and welfare benefits were frozen or decreased in most jurisdictions. When the change from 1996 to 1998 appears as -2.4 percent, it means that the welfare rates were frozen and welfare recipients lost 2.4 percent of their purchasing power to inflation.

Between 1996 and 1998, three of the four New Brunswick family types saw their welfare incomes increase faster than the cost of living. Single employable people received a small increase in assistance part-way through 1996, so their welfare rates for 1997 rose very slightly, but did not keep up with the rising cost of living. By 1998, their welfare incomes had again fallen behind the cost of living. People with disabilities received slight increases in both 1996 and 1997, so their

welfare income grew slightly faster than the cost of living. The two families with children benefited from the New Brunswick Child Tax Benefit.

In Quebec, people with disabilities received a slight increase at the beginning of 1997, so their incomes rose slightly more than the cost of living.

The 1996 Newfoundland budget made the lower room and board rate the rule for all single employable people, creating the largest drop in annual welfare incomes, down 56.2 percent from 1996 to 1998, and down 76.2 percent from 1986 to 1998.

The value of welfare for a single employable person in Nova Scotia plummeted 27.1 percent. When the provincial government took over the administration of the Halifax municipal welfare system, assistance for shelter costs dropped significantly.

In a situation similar to that in Nova Scotia, when the provincial government in Manitoba took over the Winnipeg municipal welfare system, single employable people and couples with children saw the value of their assistance drop by 14 percent and 13.4 percent respectively.

In Saskatchewan, the government once paid fuel costs to a set maximum. Previous issues of Welfare Incomes calculated rates based on the maximum rate. As of 1993, Saskatchewan began to pay the actual cost of fuel, and welfare officials provided the actual average fuel cost in each year. Welfare Incomes reflects this change from 1997 onward. For most welfare recipients, this represents an increase in benefits.

Rates in Northwest Territories show an enormous drop, but these figures are incomplete. In 1997, Northwest Territories redesigned its welfare system. Where it used to pay the actual cost of shelter, the territory now pays a fixed amount, but it covers the actual cost of fuel. Welfare officials in Northwest Territories did not provide the National Council of Welfare with these figures, so the rates appear much lower.

Over a longer period, the picture is even bleaker. The purchasing power of welfare incomes fell everywhere in Canada for most of the 1990s.

Many of the welfare rates shown in Table 5 peaked in 1986 or 1989 and fell more or less steadily since then. In Alberta, for example, provincial benefits as measured in 1998 constant dollars

plummeted from \$8,432 a year in 1986 to \$4,806 in 1998, a decline of 43 percent. The peak years in Prince Edward Island were 1986 and 1989, followed by cuts year after year ever since.

The patterns were substantially different in Quebec, Ontario, Manitoba and British Columbia. In these provinces, welfare rates peaked in the early to mid-1990s. The end result was the same, however, as welfare rates became lower and lower by the end of the decade.

In most cases, it was single employable people on welfare who suffered the most. Between 1986 and 1998, welfare benefits for a single employable person in Newfoundland dropped by a shocking 76.2 percent. The only bright spots were modest increases in British Columbia and Yukon. A sizeable increase in Quebec resulted from a decision to raise abysmally low rates for single employable people under 30. Even then, a single employable person in Quebec had to get by on a mere \$5,880 a year in 1998.

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1986-1998	% Change 1996-1998
NEWFOUNDLAND													
Single Employable	4,714	4,546	4,521	4,452	4,671	4,616	4,607	4,508	2,565	1,116	1,124	-76.2%	-56.2%
Disabled Person		9,157	9,065	8,793	8,984	8,867	8,850	8,659	8,518	8,432	8,408		-1.3%
Single Parent, One Child	11,818	11,573	11,556	11,687	12,161	12,017	11,994	11,735	11,544	11,440	11,436	-3.2%	-0.9%
Couple, Two Children	13,671	13,388	13,363	12,936	13,161	13,002	12,978	12,698	12,491	12,496	12,476	-8.7%	-0.1%
PRINCE EDWARD ISLAND													
Single Employable	8,755	8,469	8,433	8,431	8,549	8,489	7,625	5,872	5,376	5,353	5,316	-39.3%	-1.1%
Disabled Person		9,856	9,760	9,623	9,735	9,654	9,534	9,168	8,447	8,265	8,208		-2.8%
Single Parent, One Child	12,068	11,675	11,772	11,681	11,859	11,792	11,566	11,008	10,498	10,042	9,669	-19.9%	-7.9%
Couple, Two Children	17,685	17,390	17,395	17,499	17,705	17,575	17,235	16,529	15,245	15,257	14,646	-17.2%	-3.9%
NOVA SCOTIA													
Single Employable	6,435	7,174	6,847	6,512	6,412	6,300	6,288	6,152	6,070	4,459	4,428	-31.2%	-27.1%
Disabled Person		9,443	9,386	9,252	9,122	8,963	9,099	8,928	8,782	8,628	8,568		-2.4%
Single Parent, One Child	11,143	11,478	11,398	11,264	11,260	11,063	11,218	11,004	10,824	10,634	10,382	-6.8%	-4.1%
Couple, Two Children	13,413	14,601	13,956	13,492	13,501	13,308	13,283	12,996	13,942	14,090	13,696	2.1%	-1.8%

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1986-1998	% Change 1996-1998
NEW BRUNSWICK													
Single Employable	3,171	3,431	3,380	3,309	3,310	3,265	3,284	3,226	3,210	3,190	3,168	-0.1%	-1.3%
Disabled Person		8,989	8,851	8,595	8,601	8,549	6,705	6,677	6,645	6,710	6,696		0.8%
Single Parent, One Child	9,526	9,301	9,158	8,956	9,018	9,048	9,419	9,874	9,812	9,909	9,924	4.2%	1.1%
Couple, Two Children	10,305	10,063	9,894	9,803	10,119	10,149	10,518	11,054	10,979	11,242	11,332	10.0%	3.2%
QUEBEC													
Single Employable	3,338	4,288	6,087	6,322	6,509	6,530	6,390	6,252	6,150	5,951	5,880	76.1%	-4.4%
Disabled Person		7,709	7,999	8,228	8,477	8,476	8,614	8,428	8,475	8,447	8,544		0.8%
Single Parent, One Child	11,234	10,419	11,105	10,164	11,537	12,019	12,277	12,012	11,816	11,169	10,823	-3.7%	-8.4%
Couple, Two Children	14,519	13,607	13,317	13,711	14,172	14,597	14,403	14,092	13,862	13,125	12,691	-12.6%	-8.4%
ONTARIO													
Single Employable	7,134	7,669	8,375	8,597	8,890	8,863	8,867	8,229	6,749	6,670	6,623	-7.2%	-1.9%
Disabled Person		11,073	11,815	12,078	12,274	12,206	12,211	11,948	11,753	11,546	11,466		-2.4%
Single Parent, One Child	12,778	13,763	15,426	15,809	16,091	16,070	16,079	14,907	12,239	12,046	11,659	-8.8%	-4.7%
Couple, Two Children	15,905	17,368	20,241	20,623	21,064	21,015	20,834	19,195	15,814	15,566	14,953	-6.0%	-5.4%

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1986-1998	% Change 1996-1998
MANITOBA													
Single Employable	7,079	7,343	7,440	7,353	7,500	7,380	6,868	6,730	6,222	5,389	5,352	-24.4%	-14.0%
Disabled Person	7,985	7,883	7,754	7,754	9,531	8,585	8,517	8,333	8,197	8,053	7,997		-2.4%
Single Parent, One Child	10,936	10,716	10,589	10,415	11,531	10,347	10,262	10,041	9,877	9,703	9,333	-14.7%	-5.5%
Couple, Two Children	16,570	17,392	18,716	18,728	19,267	17,570	17,875	17,478	15,655	14,331	13,552	-18.2%	-13.4%
SASKATCHEWAN													
Single Employable	5,926	5,929	5,797	5,625	5,837	6,146	6,134	6,002	5,904	5,309	5,288	-10.8%	-10.4%
Disabled Person	9,662	9,359	9,000	8,916	8,835	8,813	8,628	8,753	8,753	7,991	7,810		-10.6%
Single Parent, One Child	12,159	12,111	11,768	11,331	11,198	11,077	11,056	10,817	10,641	10,454	9,288	-23.6%	-12.7%
Couple, Two Children	17,056	16,804	16,319	15,691	15,946	15,731	15,762	15,425	15,173	14,038	13,537	-20.6%	-10.8%
ALBERTA													
Single Employable	8,432	5,860	5,591	6,082	6,125	5,715	5,035	4,927	4,846	4,789	4,806	-43.0%	-0.8%
Disabled Person	7,247	6,914	7,283	7,283	7,233	7,023	6,995	6,865	6,753	6,662	6,684		-1.0%
Single Parent, One Child	12,347	10,987	10,483	11,005	10,973	10,538	9,789	9,578	9,421	9,333	9,184	-25.6%	-2.5%
Couple, Two Children	18,357	16,188	15,445	17,033	17,046	16,421	15,413	15,236	14,988	14,795	14,466	-21.2%	-3.5%

TABLE 5

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1986-1998	% Change 1996-1998
BRITISH COLUMBIA													
Single Employable	6,023	6,608	6,756	6,651	6,850	6,875	7,045	6,916	6,284	6,174	6,131	1.8%	-2.4%
Disabled Person	9,118	9,433	9,433	9,219	9,618	9,685	9,910	9,729	9,570	9,402	9,337		-2.4%
Single Parent, One Child	10,847	11,936	12,064	11,825	12,351	12,397	12,701	12,466	12,263	11,997	11,611	7.0%	-5.3%
Couple, Two Children	14,816	14,908	15,013	14,671	15,626	15,722	16,197	15,899	15,639	15,264	15,158	2.3%	-3.1%
YUKON													
Single Employable	7,157	8,639	8,743	8,602	8,574	8,424	8,408	8,227	8,092	7,950	7,895	10.3%	-2.4%
Disabled Person	9,664	9,721	9,721	9,529	9,486	9,320	9,303	9,790	9,630	9,461	9,395		-2.4%
Single Parent, One Child	12,853	14,279	14,368	14,251	14,240	13,991	13,964	13,663	13,440	13,204	12,809	-0.3%	-4.7%
Couple, Two Children	19,692	21,435	21,294	21,300	21,465	21,089	21,050	20,595	20,259	19,903	19,765	0.4%	-2.4%
NORTHWEST TERRITORIES													
Single Employable						12,061	12,039	11,779	11,510	7,250	7,260		-36.9%
Disabled Person						13,662	13,636	13,342	13,355	9,607	9,600		-28.1%
Single Parent, One Child						20,448	20,410	19,969	19,551	17,075	16,928		-13.4%
Couple, Two Children						24,200	24,193	23,670	23,161	21,956	21,976		-5.1%

Welfare Incomes and Poverty Over Time

In the years in which the National Council of Welfare has been examining welfare rates, provincial and territorial governments have frequently made changes to their welfare programs. Table 6 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 1998. We have used the total income of welfare recipients, including assistance from provincial governments, federal and provincial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This calculation ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

Neither of the territories is included in this table because they are specifically excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for disabled people begin in 1989.

The next to last column shows that between 1996 and 1998, the standard of living for people on welfare improved in only six cases. In both Newfoundland and New Brunswick, the two families with children saw their welfare incomes come closer to the poverty line. This is because these two provinces have allowed all families with children to keep the supplement to the Canada Child Tax Benefit when all the other provinces and territories took the extra money away from families on welfare.

Disabled people in New Brunswick and in Quebec also saw a slight improvement in the adequacy of their welfare incomes. All the other welfare households got even poorer. The welfare income for a single employable person in Newfoundland dropped to only nine percent of the poverty line after a change in policy provided only assistance for room and board.

The far right column shows that between 1986 and 1998, two-thirds of the welfare households sank deeper into poverty. In Newfoundland, the adequacy of welfare incomes for single employable people dropped by a shocking 256.2 percent.

At no point between 1986 and 1998 did any province or territory provide welfare benefits which allowed welfare recipients to reach the poverty line. As Table 6 shows, the highest rates ever achieved were still substantially below the poverty line. In 1989, Prince Edward Island provided

benefits for couples with children which reached 78 percent of the poverty line. In 1992, 1993 and 1994, Ontario provided welfare incomes to single parents which reached 80 percent of the poverty line. In both cases, incomes have since deteriorated significantly.

Table 6 also illustrates the disparity in incomes between the different types of families in need of assistance. The poorest of all welfare recipients in Canada are always single employable people. Newfoundland now has the dubious distinction of providing incomes far below the worst incomes in other provinces and territories.

The adequacy of incomes for people with disabilities has remained relatively stable in comparison to the incomes to other welfare recipients. During recent welfare reforms, provinces and territories frequently exempted people with disabilities from cuts to benefits. The value of the incomes ranged from a high of 77 percent of the poverty line in Prince Edward Island in 1989, where the incomes for people with disabilities dropped to 60 percent of the poverty line in 1998. The least adequate assistance for disabled people was in Alberta in 1996, 1997 and 1998, where incomes reached only 42 percent of the poverty line. We note that in Alberta, people with severe and permanent disabilities are eligible for further assistance through the Assured Income for the Severely Handicapped program.

The maximum welfare income a single parent received was 80 percent of the poverty line in Ontario in 1992, 1993 and 1994. A single parent with one child received an income worth only 49 percent of the poverty line in Alberta in 1997.

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

TABLE 6

WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1996-1998	% Change 1986-1998
NEWFOUNDLAND													
Single Employable	33%	32%	32%	33%	34%	33%	33%	33%	19%	9%	9%	-107.8%	-256.2%
Disabled Person	64%	63%	63%	63%	64%	63%	63%	62%	61%	60%	60%	-2.1%	
Single Parent, One Child	68%	66%	67%	69%	71%	71%	70%	69%	68%	67%	69%	1.0%	1.3%
Couple, Two Children	58%	56%	56%	56%	56%	55%	55%	54%	53%	53%	54%	2.7%	-6.3%
PRINCE EDWARD ISLAND													
Single Employable	62%	66%	60%	62%	62%	62%	56%	43%	40%	39%	39%	-2.5%	-58.7%
Disabled Person	77%	70%	70%	70%	71%	70%	69%	67%	67%	60%	60%	12.1%	
Single Parent, One Child	71%	75%	69%	71%	71%	71%	70%	67%	64%	62%	61%	-5.0%	-16.0%
Couple, Two Children	74%	78%	71%	73%	73%	73%	71%	69%	64%	64%	63%	-0.8%	-15.9%
NOVA SCOTIA													
Single Employable	44%	50%	48%	47%	46%	45%	45%	44%	43%	32%	32%	-34.5%	-39.0%
Disabled Person	66%	66%	66%	66%	65%	64%	65%	63%	62%	61%	61%	-1.8%	
Single Parent, One Child	64%	66%	66%	67%	67%	66%	67%	65%	64%	63%	63%	-2.3%	-2.8%
Couple, Two Children	57%	60%	58%	58%	57%	56%	56%	55%	58%	59%	59%	1.7%	3.4%
NEW BRUNSWICK													
Single Employable	22%	24%	24%	25%	24%	24%	24%	24%	24%	23%	23%	-3.1%	5.8%
Disabled Person	63%	62%	62%	62%	61%	61%	61%	48%	47%	48%	48%	1.4%	
Single Parent, One Child	56%	55%	55%	55%	55%	55%	57%	59%	59%	59%	61%	2.9%	7.7%
Couple, Two Children	46%	44%	44%	45%	45%	45%	46%	48%	48%	49%	50%	4.9%	8.5%
QUEBEC													
Single Employable	20%	31%	48%	41%	41%	41%	40%	39%	39%	37%	37%	-5.7%	45.1%
Disabled Person	47%	49%	49%	53%	53%	53%	54%	53%	53%	53%	53%	0.6%	
Single Parent, One Child	57%	54%	58%	54%	59%	60%	62%	61%	60%	57%	57%	-4.8%	1.0%
Couple, Two Children	54%	54%	59%	52%	52%	53%	52%	51%	51%	48%	48%	-5.4%	-12.0%

TABLE 6

WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE OVER TIME

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% Change 1996-1998	% Change 1986-1998
ONTARIO													
Single Employable	43%	47%	52%	54%	55%	55%	55%	51%	42%	42%	41%	-1.4%	-4.5%
Disabled Person		68%	72%	75%	76%	76%	76%	74%	73%	72%	71%	-2.3%	
Single Parent, One Child	64%	68%	76%	79%	80%	80%	80%	75%	63%	62%	61%	-2.7%	-4.0%
Couple, Two Children	58%	61%	70%	72%	73%	73%	72%	67%	57%	56%	55%	-2.9%	-4.1%
MANITOBA													
Single Employable	43%	40%	46%	46%	47%	47%	44%	42%	39%	34%	34%	-15.7%	-27.5%
Disabled Person		43%	49%	49%	59%	53%	53%	52%	51%	50%	50%	-2.1%	
Single Parent, One Child	56%	50%	54%	55%	60%	54%	54%	53%	52%	51%	51%	-2.5%	-9.5%
Couple, Two Children	60%	60%	65%	67%	68%	63%	64%	62%	56%	52%	51%	-9.5%	-16.9%
SASKATCHEWAN													
Single Employable	41%	42%	41%	41%	42%	44%	44%	43%	42%	38%	38%	-10.7%	-7.9%
Disabled Person		67%	65%	65%	63%	63%	63%	61%	62%	56%	56%	-11.5%	
Single Parent, One Child	70%	69%	68%	68%	66%	66%	66%	64%	63%	62%	58%	-9.4%	-20.6%
Couple, Two Children	70%	68%	66%	65%	65%	65%	65%	63%	62%	58%	58%	-6.6%	-19.9%
ALBERTA													
Single Employable	51%	36%	35%	39%	38%	36%	32%	31%	31%	30%	30%	-2.0%	-68.4%
Disabled Person		44%	43%	60%	45%	44%	44%	43%	42%	42%	42%	-0.5%	
Single Parent, One Child	61%	55%	53%	57%	57%	54%	52%	50%	50%	49%	50%	-0.7%	-23.6%
Couple, Two Children	66%	58%	56%	62%	61%	59%	56%	55%	55%	54%	54%	-1.4%	-21.0%
BRITISH COLUMBIA													
Single Employable	37%	41%	42%	40%	43%	43%	44%	43%	39%	39%	38%	-1.5%	4.9%
Disabled Person		56%	58%	58%	60%	60%	61%	61%	60%	59%	58%	-3.0%	
Single Parent, One Child	55%	60%	61%	62%	64%	64%	65%	64%	63%	62%	61%	-3.0%	9.7%
Couple, Two Children	54%	53%	54%	54%	56%	57%	57%	57%	56%	55%	54%	-2.8%	0.2%

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

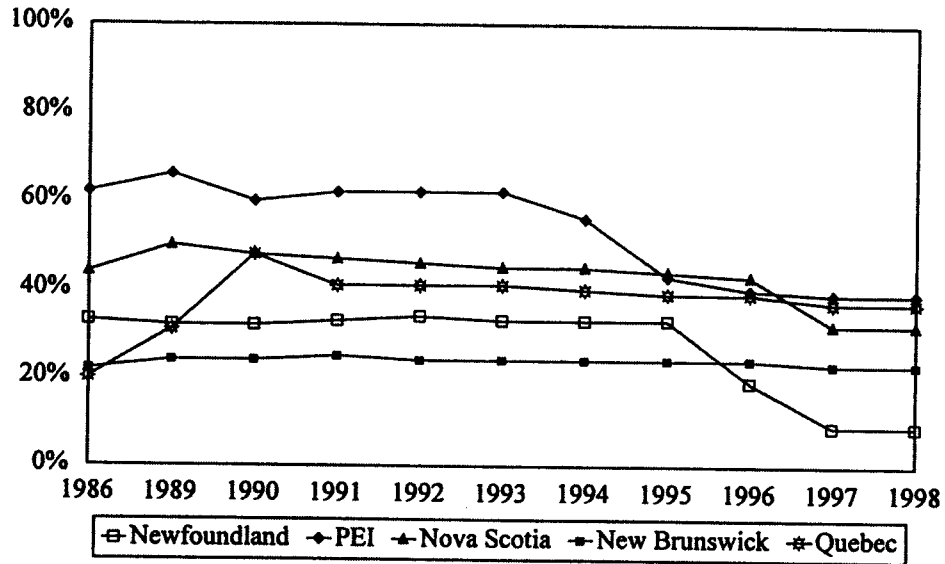
The highest welfare income in Canada for single employable people was 66 percent of the poverty line in Prince Edward Island in 1989. By 1998, welfare incomes in P.E.I. had deteriorated to 39 percent of the poverty line. In Quebec, welfare incomes reached 48 percent of the poverty line in 1990, but eroded to 37 percent by 1998. Nova Scotia's incomes dropped to only 32 percent of the poverty line in both 1997 and 1998.

Changes in the welfare incomes in the five western provinces also differed significantly. Manitoba's incomes dropped from a high of 47 percent in 1992 and 1993, to only 34 percent in 1998. Saskatchewan's incomes rose and fell slowly throughout the period. British Columbia incomes remained more constant but low.

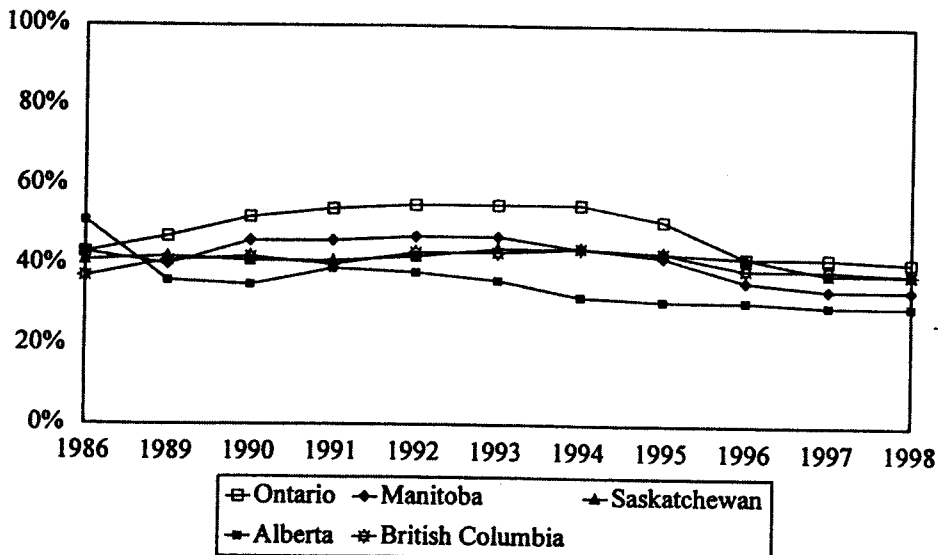
In Ontario, changes in the welfare system brought incomes from 43 percent of the poverty line in 1986 to a peak of 55 percent in the early 1990s. By 1998, Ontario's support for single employable people had dropped to 41 percent of the poverty line. In Alberta, incomes dropped from a high of 51 percent in 1986 to 30 percent in 1998.

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

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



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



Earnings Exemptions

The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have earnings. Each province and territory allows welfare recipients to retain a certain amount (a flat-rate sum, a percentage of earnings or a combination of both) without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 7 shows the allowable earnings exemptions for January 1998 in each province and territory. The exemptions vary by family size and sometimes by employability. All provinces and territories 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 and territories 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 exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. It is disheartening to note that Canada's two largest provinces have opted for higher earnings exemptions instead of increases in welfare benefit levels.

As part of its welfare reforms of 1989, Quebec introduced the concept of "threshold of recognized needs" based on a Statistics Canada study of the cost of living of the lowest ten percent of working households in Canada. Quebec welfare rates are set as different proportions of this threshold based on the recipient household's classification. The amount of monthly earnings that may be exempted is equal to the difference between the threshold of recognized needs and the benefit level payable to the household. In April 1997, Quebec increased its earnings exemptions while reducing payments under the Property Tax Refund program. 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 the high unemployment in Quebec. But for people on welfare, there is the added barrier of insufficient training and, despite the efforts of the Quebec government, a shortage of quality affordable child care continues to pose an obstacle for parents.

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

As of April 1996, Yukon granted an additional earnings exemption to people who had been on assistance for three months. Recipients are now permitted 25 percent of net earnings exceeding the flat rate exemptions.

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

TABLE 7

MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1998

	Unemployable	Employable
Newfoundland ¹	<p>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>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>Disabled adults: up to \$95 a month</p> <p>Families with disabled member(s): up to \$190 a month</p>	<p>Unemployed adults: 50% of allowable income up to \$80 a month (maximum monthly exemption of \$40)</p> <p>Unemployed families: 50% of allowable income up to \$200 a month (maximum monthly exemption of \$100)</p>
Prince Edward Island ²	\$50 for a single person or \$100 for a family plus 10% of the balance of net wages for both households	
Nova Scotia ³	<p>Single persons: \$100 + 25% of gross earnings or vocational training allowances</p> <p>Families: \$200 + 25% of gross earnings or vocational training allowances</p> <p>Single people with disabilities who are in an approved education program: \$275 + 25% of monthly training allowances</p>	<p>From net wages:⁴</p> <p>\$50 single person</p> <p>\$100 family</p>

TABLE 7

MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1998

	Unemployable	Employable
New Brunswick	\$150 single person \$200 family	\$150 single person \$200 family If welfare officials decide a recipient has high employment potential, exemptions are increased. For a single person: an additional monthly amount of \$250 for two months For a family: an additional \$200 a month 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>Welfare recipients are eligible for the Extended Wage Exemption when their earnings are high enough that the application of the extended wage exemption is to their benefit, and where the employment seems likely to lead to self-sufficiency (that is, is not temporary or seasonal). The Extended Wage Exemption lasts for twelve months only. Recipients' exemptions then revert to the established exemption minimum.</p> <p>Single people and couples without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month</p> <p>Families with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month</p>

TABLE 7
MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1998

	Unemployable	Employable
Quebec ⁵	\$100 single person or family	\$184 single person \$84 single parent \$231 two-parent family
Ontario ⁶	Single person: First \$143 + 25% of remainder of earnings Single parent, one child: First \$275 + 25% of remainder of earnings and child care Couple, two children: First \$346 + 25% of remainder of earnings and child care	
Manitoba	The greater of \$50 a month of net earnings, 70 cents for each hour worked or 30% of gross monthly earnings. For newly-enrolled applicants and self-employed persons, \$50 a month up to \$600 a year	\$95 single person \$130 household of two persons or more ⁷
Saskatchewan ⁸	First \$100 of monthly earned income + 20% of excess (maximum exemption \$150) for a single disabled person First \$125 of monthly earned income + 20% of excess (maximum exemption \$225) for a two-person family classified as disabled	First \$25 of monthly earned income + 20% of excess (maximum exemption \$75) for a single person considered non-disabled First \$50 of monthly earned income + 20% of excess (maximum exemption of \$150) for a two-person family considered non-disabled

TABLE 7

MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 1998

	Unemployable	Employable
Alberta	\$115 plus 25% of net income over \$115 ^a	
British Columbia	<p>Disability Benefits Level 1 (temporarily unemployable): no earnings exemption.</p> <p>Disability Benefits Level 2 (permanently unemployable): \$200 plus 25% of remaining amount. No time limit for earnings exemptions.</p>	25% of any income earned after recipient has been on welfare for three months. The exemption is available only twelve months during a 36-month period. The twelve months need not be consecutive.
Northwest Territories	<p>\$50 (no dependants)</p> <p>\$100 (dependants)</p>	
Yukon	<p>No exemption on net income from full-time employment (more than 20 hours a week).</p> <p>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 dependants 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. In lieu of an earnings exemption, full-time workers get additional payments of \$50 a month: \$25 for clothing and \$25 for transportation.</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> <p>After three months on welfare, Yukon grants an additional exemption of 25% of net earnings exceeding the flat rate exemptions.</p>	

NOTES TO TABLE 7

foundland allows the deduction from earnings of babysitting or day care costs up to a maximum of \$260 a month if necessary for payment. The same exemptions apply to applicants for welfare.

Earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum of \$25 a week may be deducted from net where applicants or beneficiaries must travel to and from work.

There is a total exemption of earned income for the first month of full-time employment for unemployable recipients on provincial welfare (abled person and the single parent). Training allowances for full-time participants are also exempt during the first month. The Director includes as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in approved employment, education or rehabilitation program.

These are the earnings exemptions for the Halifax Regional Municipality (called the City of Halifax until April 1996). In April 1998, the provincial government took over the administration of all welfare in Nova Scotia.

The exemption for unemployable persons was calculated under the Financial Support Program. The exemption for single parents was included under the 'unavailable' category of the Work and Employment Incentives Program, and the exemptions for single persons and two-person families were calculated under the 'non-participant' category of the program. Effective April 1, 1997, rates for the Work and Employment Incentives Program were reduced by amounts equal to the amount of compensation received under the Property Tax Refund program. This amounted to \$10 for each adult and \$1 for each child. To offset this reduction, the province raised the earnings exemptions to the same amount.

The province changed its earnings exemption policies in 1995.

From April 1999, each employable adult is granted a \$100 exemption regardless of family size and type.

Earnings exemption levels vary by family size. Only one-person and two-person households are indicated here. The earnings exemptions for fully employable individuals only after they have been in receipt of assistance for at least the preceding three consecutive months. Exemptions for persons in the 'disabled' or 'not fully employable' categories are entitled to the earnings exemption from the time they receive income from employment.

Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get a maximum exemption of \$165 a month plus 25 percent of additional earnings.

Conclusion

The millions of children, women and men who were on welfare sometime during the 1990s have suffered greatly at the hands of the federal, provincial and territorial governments. Squeezing dollars out of the poorest of the poor is a record that can only be described as shameful.

The federal government set the stage for a wholesale assault on welfare with its infamous "cap on CAP" in 1990 - cuts in federal support under the Canada Assistance Plan to Ontario, Alberta and British Columbia to defray the cost of welfare and social services. The federal government followed the cap on CAP with a freeze in federal support for welfare and social services in all the provinces in the 1995-1996 fiscal year.

Ottawa killed the Canada Assistance Plan outright in 1996 and introduced a "block funding" arrangement known as the Canada Health and Social Transfer to provide federal funds for medicare and post-secondary education as well as welfare and social services. The new arrangements were accompanied by large cuts in federal payments to provinces and territories. The new system made it all but impossible for provinces and territories to make long-overdue improvements in their welfare systems.

Meanwhile, some provincial governments had already embarked on plans to make welfare even tighter and more demeaning. Among the most damaging were Alberta's efforts to trim the welfare rolls starting in 1993 by purging existing welfare recipients, making it more difficult for people to qualify for welfare, and Ontario's wholesale and arbitrary cuts in welfare rates in the autumn of 1995.

The National Council of Welfare always feared that cuts in welfare programs would leave people struggling to survive, but we thought governments might think twice about cutting the incomes of families with children who were on welfare. It turned out that we were wrong. The purchasing power of welfare benefits for families with children fell during the 1990s in every single province and territory. In effect, children who happened to have the bad luck to be born into welfare families were made to suffer along with their parents.

Allowing children to grow up in poverty is bad social policy. As we said in our 1999 report Preschool Children: Promises to Keep:

“Just about everyone knows that child poverty has devastating effects. Child poverty hurts children’s development and it reduces their chances of successes socially, in school and later on in their work lives - all of which increase the possibility that poor children will grow up to be poor adults. The extra difficulties that children face when they grow up in poverty place additional burdens on families already struggling with the other stresses of poverty. The costs of health and social services to help poor children overcome the extra obstacles they face during childhood and later when they face the job market with lower levels of education and fewer job skills come out of the public purse. Child poverty is bad for children, bad for their families and bad for Canada.”

Another major change in welfare policy came on July 1, 1998, with the new Canada Child Tax Benefit. The program marked the first significant new federal social spending in many years and should have made it easier for families on welfare to make ends meet. Instead, Ottawa and most of the provinces and territories agreed that the new money should be clawed back from families on welfare. Bluntly put, governments had the audacity to think they could spend the new federal money better than families on welfare who live on incomes of half the poverty line or less. Rather than trust parents on welfare with more money, governments said they would decide how the extra money would be spent and who would ultimately benefit from this government spending.

Only Newfoundland and New Brunswick distanced themselves from other governments and said they would not claw back the increase in the Canada Child Tax Benefit.

One of the side effects of the clawback – intended or otherwise – was a freeze on welfare rates. No provincial or territorial government that cut its welfare costs by letting the federal government pick up more of the tab was going to raise welfare rates for families with children. And no provincial or territorial government that froze welfare rates for families with children was going to raise rates for welfare recipients without children.

Welfare Incomes 1997 and 1998 shows the net result of government actions over the years to make the worst out of Canada’s social safety net of last resort. Not only is the system harsher than it was at the start of the decade, it is also much more complex and less logical.

The lack of subsidized child care is a good case in point. Governments everywhere are trying to get people on welfare, including parents, into the paid labour force. Yet they steadfastly refuse to

provide suitable child care, the one program that is absolutely essential to helping families with children escape from welfare.

For many years, the National Council of Welfare has been trying without success to convince governments to pursue welfare reform in the best, rather than the worst sense of the word. Most recently, we have been pushing the federal government to use a large portion of its budget surplus to start undoing the damage it caused in the 1990s.

In a report entitled Children First that was published in the fall of 1999, the Council urged the federal government to make the budget of February 2000 a true "children's budget." The report contained 29 recommendations, including three that the Council considers of overriding importance:

- an end to the clawback of the Canada Child Tax Benefit from families on welfare;
- a serious start on a national child care and early childhood education program that is comprehensive, high-quality and affordable; and
- an integrated rather than a piecemeal approach to family policy.

Children First also contained a series of recommendations for welfare reform that would make the welfare system better for all recipients, including recipients with children.

The federal, provincial and territorial governments must negotiate new arrangements for welfare to replace the Canada Health and Social Transfer. The agreement must provide for increased federal financial support for welfare programs. In return, provincial and territorial governments must accept basic national standards including the following:

- Welfare rates must be high enough to cover the cost of the necessities of life as measured by the cost of a "market basket" of goods and services purchased in a person's community. Once set in this manner, rates must not be changed arbitrarily.
- Earnings exemptions must allow welfare recipients to enter the paid labour force without suffering huge financial penalties or welfare "tax-backs." In some jurisdictions, people lose a dollar of welfare for every dollar they earn beyond a token amount, a loss tantamount to a tax of 100 percent.

- All provinces and territories must provide money to defray the cost of prescription drugs, dental care and eyeglasses for welfare recipients and also for low-wage workers and their families. Too many welfare recipients lose coverage for non-insured health care when they enter the paid labour force.
- “Workfare” must be banned outright. Encouraging welfare recipients to work is reasonable, but assigning them to specific menial or dead-end jobs as a condition to welfare is tantamount to servitude. Forcing parents on welfare into demeaning jobs creates serious stresses that undermine their ability to take care of their children.
- Welfare programs must ensure that recipients with young children have every opportunity to finish their education and training to allow them to get jobs that support them and their children. Education and training programs must guarantee child care to parents who need it.
- As a matter of right, applicants for welfare and welfare recipients must be able to appeal the decisions of welfare and social service officials.

The National Council of Welfare will be watching the budget speech to see how many of its recommendations the federal government is willing to accept. It will also be watching for announcements in provincial and territorial budgets later in the spring to end the clawback of the Canada Child Tax Benefit, to support efforts to create a national child care program and to take a more humane approach to welfare.

We believe that governments at all levels have an overriding obligation to treat people fairly, regardless of where their income comes. Governments have failed miserably in the 1990s in their obligations to people on welfare. We can only hope that the current decade will feature a return to fairness.

APPENDIX

**ESTIMATED NUMBER OF PEOPLE ON WELFARE
BY PROVINCE AND TERRITORY**

	March 31, 1996	March 31, 1997	March 31, 1998	March 31, 1999	% Change 1996-1997	% Change 1996-1998	% Change 1996-1999
Newfoundland	72,000	71,900	64,600	59,900	-0.1%	-10.3%	-10.3%
Prince Edward Island	11,700	11,100	10,900	9,800	-5.1%	-6.8%	-6.8%
Nova Scotia	103,100	93,700	85,500	80,900	-9.1%	-17.1%	-17.1%
New Brunswick	67,100	70,600	67,100	61,800	5.2%	0.0%	0.0%
Quebec	813,200	793,300	725,700	661,300	-2.4%	-10.8%	-10.8%
Ontario	1,214,600	1,149,600	1,091,300	910,100	-5.4%	-10.2%	-10.2%
Manitoba	85,800	79,100	72,700	68,700	-7.8%	-15.3%	-15.3%
Saskatchewan	80,600	79,700	72,500	66,500	-1.1%	-10.0%	-10.0%
Alberta	105,600	89,800	77,000	71,900	-15.0%	-27.1%	-27.1%
British Columbia	369,900	321,300	297,400	275,200	-13.1%	-19.6%	-19.6%
Yukon	1,700	2,000	2,100	1,700	17.6%	23.5%	23.5%
Northwest Territories	11,800	12,800	10,700	11,300	8.5%	-9.3%	-9.3%
CANADA	2,937,100	2,774,900	2,577,500	2,279,200	-5.5%	-12.2%	-12.2%

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.