Welfare in Canada 2012 [1]

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Description:

This report focuses on the incomes of four different households living on social assistance, commonly known as "welfare." It is a continuation of the welfare incomes series published regularly by the former National Council of Welfare.

Total welfare incomes consist of the sum of two main components:

- social assistance
- provincial/territorial and federal child benefits as well as relevant provincial/territorial and federal tax credits.

Social assistance is the program of last resort. It is intended for persons who have exhausted all other means of financial support. Every province and territory has its own social assistance program, so no two are the same.

Each program has different administrative rules, eligibility criteria, benefit levels and provisions regarding special assistance. However, the basic structure of social assistance is much the same across the country, even though the specifics may vary.

The most common way of assessing the adequacy of any income program is to compare it to a recognized standard and then determine how far it diverts from that indicator. There is no single or commonly accepted baseline, but rather several measures that typically are used for comparative purposes. They fall into one of two groups: poverty measures and income measures.

Poverty measures are considered to be the baseline level below which households are deemed to live in poverty. Two poverty measures are employed in this report: low income cut-offs (LICOs) and the Market Basket Measure (MBM).

In 2012, welfare incomes for single employable households ranged from $7,037 or 35.9 percent of the after-tax poverty line in Manitoba to a ‘high' of $10,813 or 65.2 percent in Newfoundland and Labrador. Most of the other jurisdictions cluster around the lower rate.

Welfare incomes for single persons with disabilities, while low, were slightly higher, ranging from $9,640 or 49.2 percent of the poverty line in Manitoba to $13,773 or 70.3 percent in Ontario.

Alberta provides a separate program (AISH, for Assured Income for the Severely Handicapped) for persons with disabilities, which pays better than the standard welfare program for them. In 2012, incomes of single persons on AISH came to $18,228 or 93.0 percent of the after-tax LICO, far higher than the $9,850 or 50.3 percent for persons with disabilities on standard welfare in Alberta.

For single-parent households with one child age 2, welfare incomes came to $15,018 or 63.0 percent of the poverty line in Manitoba and $20,811 or 103.2 percent of the after-tax LICO in Newfoundland and Labrador. For two-parent families with two children, welfare incomes as a percentage of the poverty line ranged from $21,819 or 58.9 percent in Manitoba to $26,384 or 85.3 percent in Prince Edward Island.

The report also compares total welfare incomes in 2012 with the Market Basket Measure. As in the case of after-tax poverty lines, welfare incomes fall well below the designated baseline for all household types and in all jurisdictions, with the exception of persons on Alberta's AISH program.

Income measures comprise the second group of comparators. This set of measures assesses the adequacy of welfare relative to the level of income of other households in the population. There are several different indicators that can be used for comparative purposes. Two have been selected for this analysis: after-tax average incomes and median incomes.

Welfare incomes for the four illustrative households typically ranged between 20 and 40 percent of after-tax average incomes. Only in one case do they equal 50 percent of average incomes (50.4 percent for single parents in Newfoundland and Labrador) and in only one instance are welfare incomes higher than 50 percent - for single parents in Prince Edward Island at 52.6 percent of after-tax average incomes. The figures tell a powerful story about the adequacy of welfare incomes relative to the after-tax average incomes of Canadians.

While the conclusions are basically the same when the former are compared to median incomes - differences are typically only a few percentage points - the adequacy picture comes out only slightly better because of the different comparator base

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