

and program responsibility through a cost-sharing mechanism. *The Task Force therefore endorses the cost-sharing approach for social assistance programs paying money to individuals and recommends that*

**any statute establishing Parliament's role in provincial social assistance programs continue to use a cost-sharing approach.**

This recommendation is not only consistent with the Task Force view of Parliament's constitutional responsibility for income redistribution programs, it also ensures that Canada as a whole will share in economic and social risks experienced in any individual region. Several provincial governments and other witnesses pointed out that the open-ended nature of CAP was most appropriate because there could be relatively sudden and unexpected fluctuations in economic circumstances requiring unanticipated expenditures. Because the number of persons in need is not predictable with certainty, any program paying social assistance to all persons in need must also be unpredictable. For example, the Manitoba government argued in its brief that:

It is also important to point out, in connection with CAP, that strong arguments can be mounted for the continuation of federal cost-sharing on the social assistance side, in particular, since provincial assistance costs can be influenced directly by the differing regional effects of national economic problems such as unemployment.<sup>3</sup>

The Task Force believes that it is appropriate for all of Canada to share in these uncertainties through open-ended cost-sharing by Parliament of provincial social assistance.

Of course, not all social assistance recipients are uniformly affected by economic circumstances. Some assistance recipients, such as those who are severely disabled, could not reasonably be expected to earn most of their income through employment, even if the economy were extremely buoyant. This caseload will remain relatively stable. On the other hand, short-term assistance and payments to unemployed persons who are employable but not eligible for unemployment insurance may be very sensitive to fluctuations in the economy. The federal government may wish to consider special or enriched cost-sharing to assist provincial governments with those portions of the caseload that may

be most directly related to economic downturns. We return to this question later in this chapter.

This suggestion should not be seen as an endorsement of social assistance as an alternative to economic development or direct job creation. Social assistance is and remains a last resort when other alternatives fail. We would much prefer to see full employment and real economic opportunities in every province, but when employment falls and opportunities disappear there must be the means available to ameliorate these circumstances. This is a job with which we believe all of Canada must assist, rather than leaving each province or region to bear the full burden on its own.

The Task Force favours cost-sharing for social assistance, but we also recognize that the existing CAP is in many ways out of date. In particular, its requirement that social assistance be 'needs-tested' was designed for a clientele that was not expected to earn income through employment and hence would likely remain on assistance for much of their lives. It is now increasingly apparent that social assistance programs must be designed to facilitate and encourage recipients to escape the welfare trap. This is not just a means of reducing government expense; virtually all recipients of assistance would lead fuller and more rewarding lives by participating in the mainstream of society.

As important as encouraging employment among those on assistance is providing the working poor with some income supplementation. This is not only to help them overcome poverty. It is also to ensure that they are treated fairly in comparison with those on assistance and that they are not given incentives to leave employment. Work incentives for those on assistance and supplementation for the working poor are opposite sides of the same coin.

Needs-tested programs cannot perform either of these functions adequately because with even a small amount of employment income a family is no longer considered 'in need'. A needs test implies that families are allowed only a very low level of liquid assets. Almost any employed person will surpass allowable liquid asset levels simply by keeping a bank balance to pay bills and regular employment expenses.