

ESTIMATED COSTS OF PROPOSED G.A.I.

It is extremely difficult to make realistic cost estimates for any national G.A.I. program. First, there is the question of how much of the present social-welfare structure will be eliminated. Could all such programs be eliminated, or only parts of them? What savings would result? The costs of G.A.I. program transfers themselves must be considered. Such costs will vary considerably, depending on both the level of the guaranteed income-floor, and the rate at which such transfers are reduced as income from other sources increases. Third, the revenues which the Federal Government will forego through the elimination of personal income taxes below the poverty line must be taken into account.

The estimates presented below are those for the proposed G.A.I. program as it would have applied for the year 1967. The calendar year 1967 was used because it was the latest year for which the data necessary for such estimates were available. It was assumed that the basic allowance level, adjusted to family size, would be 70 per cent of the Senate Committee's 1967 poverty lines. This basic allowance would be reduced at the rate of 70 cents for each dollar of other income.

The four factors used in making these estimates were: the savings which could be realized from curtailment or elimination of certain social-welfare programs; the direct costs of G.A.I. transfers themselves; the costs incurred by the elimination of personal income taxes of those below the poverty line; and the provincial share of C.A.P. payments.

The Committee has adopted the position taken by the Department of National Health and Welfare in its recent White Paper, *Income Security for Canadians*, that is, that the only savings of any significance would be realized from making selective certain cash payments which are presently of the demogrant type: Family Allowances, Youth Allowances, and Old Age Security. It is anticipated that these three programs can be eliminated under a G.A.I. program. The only real savings from those demogrant programs, however, would be those payments going to individuals and families whose income would still be above the Senate Committee's 1967 poverty lines even if such demogrant payments were eliminated. Estimates of expenditures under each of these programs during calendar year 1967, and the savings that could be realized from them, are shown in Table 39.

It is estimated that about \$788 million of payments under these programs could have been redirected to offset G.A.I. program costs.

Data recently published by Statistics Canada (*Statistics on Low Income in Canada, 1967*) provide information on the amount of transfer and non-transfer income received by families and unattached individuals during the calendar year 1967. Using this information, we estimated the amount of government transfers families and individuals of low income received during 1967. The estimate was compared to the amount they would have received