

3. They must be dynamic—with an automatic, built-in adjustment mechanism which ensures sensitivity to changing levels of income and standards of living.

4. They must provide a basis for the Guaranteed Annual Income which is the Committee's major recommendation.

5. Finally they must be acceptable to the people and governments of Canada.

It was felt that the Committee's goals would be best achieved through a compromise solution, based on an initial level of adequacy which is capable of yearly revision in terms of average standard of living.

The first question that arises is, of course, what "initial level of adequacy" is to be used. The review presented above indicates that there is no single "correct" answer to such a question. One such answer is implicit in Statistics Canada's poverty lines. In 1969, for instance, the Statistics Canada low-income (poverty) line for a family of four was \$4,420. This figure, however, represents the income level at which a family of four would be spending at least 70 per cent of its income on the basic necessities of food, clothing, and shelter, and thus suffering undue hardship. In other words, Statistics Canada's estimate of expenditures on *basic necessities* was actually 70 per cent of this low-income cut-off point, or about \$3,094. If the family's income was *less than* \$4,420, then the \$3,094 required for necessities would represent an even greater proportion than 70 per cent of income, and the degree of hardship endured would be that much more severe.

Another answer to the question of what constitutes a "level of adequacy" in Canada is the benefit levels provided by Canada's various provinces to cover "items of basic need." In its brief to the Committee, the Department of National Health and Welfare presented tables detailing "Monthly Budget Standards for Items of Basic Need, by Type of Family, December, 1969."²³

Using these figures as a starting point, the Committee projected them to a yearly average for a typical family of four consisting of two adults, a girl of eight, and a boy of thirteen. Because most provinces specifically exclude Family Allowance payments in the calculation of benefit levels, \$168 was added to each budget. Also, allowances were made for heat and utilities in provinces where these are paid on a cost basis. With the exception of Alberta, it was found that the provincial budget standards on a yearly basis ranged from a low of about \$2,250 to a high of about \$3,350. The hardships imposed on "welfare" families in many provinces, however, are well known and have been documented in other sections of this report. The only conclusion warranted is that a province or municipality where welfare income is \$3,350 comes much closer to providing adequate benefit levels for items of basic need than does a province or municipality where the level is only \$2,250. In fact, in 1969, most provinces provided benefit levels lower than the \$3,094 level which Statistics Canada set as the starting point of "undue hardship."