

have not paid premiums, they should be reconstructed as true insurance schemes and withdrawn from the welfare field entirely. Where Unemployment Insurance or Workmen's Compensation payments are below the level of the G.A.I. basic allowance rate for the appropriate family size, such income will be supplemented by the G.A.I. and will be treated as other income for purposes of the G.A.I. program.

3. *The Canada Assistance Plan* would be retained and up-dated to provide a vehicle for federal-provincial co-operation in the *delivery* of services. With few exceptions, all allowances paid through C.A.P. on a federal-provincial, cost-shared basis would be stopped and incorporated under the G.A.I. The Canada Assistance Plan would be used to provide, on a needs basis, for those not covered initially under the G.A.I.—that is, single unattached individuals under forty years of age and those who are not Canadian citizens.

4. *Federal Contractual Programs*. There are a number of "contractual" programs through which the Federal Government now pays allowances or welfare payments to particular groups of Canadians. Of particular importance to a G.A.I. plan are Veteran's Allowances paid to needy war veterans by the Department of Veterans Affairs and certain programs administered by the Department of Indian Affairs and Northern Development on the basis of long standing treaty agreements. These programs would presumably continue at least for the immediate future because of their contractual nature. These allowances would be considered as "other income" under the G.A.I. plan and supplemented up to the same level and in the same way as earned income.

5. *Income Tax Legislation*. One of the serious anomalies of present policies is the fact that many Canadians with incomes below the poverty line pay direct income taxes on their already inadequate income. It is essential that income-tax-exemption levels be raised to the level of the appropriate "poverty line" for family units. Certain recommendations of the Carter Commission on Taxation, if implemented, would facilitate the operation of a G.A.I. For example, a change from the individual to the economic family as the taxation unit would greatly simplify the operation of the G.A.I. The more comprehensive definitions of income for tax purposes recommended by the Carter Commission would not only increase the equity of the income tax system but would provide a more accurate basis for determining "need" for allowances under the G.A.I. Finally, the use of the income tax system operated by the Department of National Revenue as a mechanism for the payment of G.A.I. allowances and the recovery of allowances through the allowance reduction rate appears to offer a number of obvious advantages.

#### ADMINISTRATIVE REQUIREMENTS

1. *Universality*. The proposed Guaranteed Annual Income plan should provide for uniform allowances, standards of eligibility, and administrative