

For these reasons the Task Force believes that fiscal arrangements for social assistance must be up-dated. This problem was underlined by the Hon. Monique Bégin, Minister of National Health and Welfare, in her submission to the Task Force:

I am also very concerned about the hardship suffered by the working poor, those whose take-home pay is not sufficient to allow them and their families to live above the poverty line. CAP has not been overly helpful in overcoming their problems, and we must give further attention to their situation.⁴

The federal government has, of course, provided significant assistance to the working poor through the universal Family Allowance and, more recently, the income-tested Child Tax Credit. Moreover, since neither of these programs is needs-tested, they do not create a welfare trap. But it is clear that these two programs are not in themselves sufficient for the purposes discussed above.

In recent years, provinces have introduced work incentives into their social assistance schemes, to allow recipients to retain part of their benefits rather than losing them all if they find employment. As well, some provinces have introduced major income supplementation programs to assist the working poor. Limitations in the CAP have restricted the extent to which the federal government can participate with the provinces in these positive developments. There are also anomalies in the administration of CAP throughout Canada. For example, according to the National Council of Welfare:

The Canada Assistance Plan is not well designed to share the costs of the provincial income supplement programs for the working poor. Since CAP legislation demands a needs-test and the provincial income supplements have eliminated the standard needs-test, the federal government cannot share costs directly. A compromise was worked out in the case of Saskatchewan's Family Income Plan (FIP); the federal government shares the cost of that portion of FIP that would have been paid under social assistance, and the province administers the conventional needs and assets tests to determine shareable costs, even though such tests are ignored in determining the actual benefit paid to the applicant. In other words, the federal government shares a significant portion (around 75%) but not 100% of FIP benefits. Quebec, on the other hand, refuses to "shadow test" its Work Income Supplement scheme and so receives no federal contribution at all.⁵

The Task Force understands that Ontario's recently-introduced Work Incentive Plan is also not fully cost-shared.

The federal government's role in cost sharing social assistance programs can no longer be limited to needs-tested provincial programs. However, the Task Force has neither the mandate nor the time to explore adequately the alternatives available in this area. *We therefore recommend that*

the Minister of National Health and Welfare pursue attempts to resolve the issue of work incentives and income supplementation for the working poor, either through new fiscal arrangements for programs of social assistance and supplementation, through direct federal initiatives (such as, for example, tax credits), or through amendments to the existing Canada Assistance Plan.

Finally, the Task Force notes that financial incentives by themselves are not necessarily sufficient to encourage employment. Jobs must be available and many assistance recipients require special training and social service support to become independently employed. The CAP Part III (Work Activity Projects) was designed to allow provinces to undertake some activities in this area with federal assistance. As the Canadian Council for Rehabilitation of the Disabled pointed out:

This portion of CAP [Part III] is underutilized. In fact, only 50 projects are now operating across Canada under this program, and few involve disabled people.⁶

The Task Force understands that the Minister of National Health and Welfare is now studying ways to allow Part III to be expanded and improved. As well, the Canada Employment and Immigration Commission and social assistance personnel in many provinces have established good working relationships for purposes of employment referral, job creation and training. These ties could be further strengthened. *The Task Force recommends that*

positive action by both orders of government on improving training and employment opportunities as an alternative to social assistance be undertaken in the near future.