

choices on the future we wish for our country. They are about the level of wealth redistribution that our society is willing to achieve.

Moreover, the AFB has allowed the progressive movement to attack one enduring myth: that it always complains, but never proposes anything in response to government decisions. The AFB proposes detailed policy changes which specifically address the issues that Canadians have repeatedly identified as being priorities for action: job creation, a strengthening of our social safety net, a fairer taxation system and a reduced deficit level.

Since the AFB will probably come up again and again, it is critical for those interested in these issues to familiarize themselves with its content and see where they agree and where they don't. All related documents can be obtained by phoning the Canadian Centre for Policy Alternatives at (613) 563-1341 or by consulting the following web site:

<http://infoweb.magi.com/~ccpa/ccpa.html>

• • •

Canada Health and Social Transfer: What Was Lost?

Allan Moscovitch
School of Social Work
Carleton University

1. Introduction

On 1 April 1996 the Canada Health and Social Transfer came into effect.⁹ It replaced the Established Programs Financing under which the federal government previously funded post-secondary education and health care. It also replaced the Canada Assistance Plan (CAP) through which the federal government had been sharing 50% of the cost of social assistance and social services with the provinces and territories since 1966.

The 1995 budget and the subsequent implementation legislation which enacted the Canada Health and Social Transfer made clear that the federal government, through the Minister of Human Resources Development, would take the lead in discussing with the provinces and territories the "principles and objectives" of administration of social welfare programs formerly financed by the Canada Assistance Plan:

the Minister of Human Resources Development will be inviting all provincial governments to work together on developing, through mutual consent, a set of shared principles and objectives that could underlie the new Canada Social Transfer.¹⁰

Since the 1995 announcement, there has been little progress towards the identification of this list of shared principles and objectives. Representatives of the provincial governments met in the fall of 1995 to discuss the future of federal-provincial social programs. In December of 1995 they released a document¹¹ which they intend will be a part of a larger process of reform of federal-provincial relations in social policy. The document has two key elements: a Statement of Principles, and a Framework and Agenda for Change and Renewal. Neither element is specifically meant to address the issue of principles and objectives for the social transfer component of the CHST. Instead, the purpose of the document is to provide a basis for review of the federal-provincial division of authority and funding for social welfare policy.

The implementation legislation does establish one standard of administration related to social assistance but not to the other programs formerly financed under the Canada Assistance Plan. Provinces are not to limit eligibility for social assistance by introducing residence requirements.

The now terminated Canada Assistance Plan¹² resulted in the transformation of the administration of social assistance and social services in Canada, providing a carrot in the form of 50-50 financing and a stick in the form of a set of standards for administration. Undoubtedly CAP was in need of some reform and renewal. Nonetheless, it provided a broad national regulatory framework for provincial administration of social assistance and social services. What follows here is a brief outline of the structure of CAP and of this framework for the administration of social assistance and social services which was provided by and through the Canada Assistance Plan. Unless the framework established by CAP, outlined here, is replaced by federal-provincial agreement or by federal legislation, then the national system of social assistance and services which has existed for the last 30 years, will likely disappear. Without the national framework, Canada's minimum income system will be replaced by a patchwork of provincial programs with increasingly widely varying conditions of access and benefits.

2. The Structure of the Canada Assistance Plan

The Canada Assistance Plan Act, 1966-67, provided for federal cost-sharing of provincial "programs for the provision of assistance and welfare services to and in respect of persons in need." The Preamble to the Act explained that the purpose of the legislation was to encourage "the further development and extension of assistance and welfare services programs throughout Canada

by sharing more fully with the provinces in the cost," based on a concern for "the provision of adequate assistance to and in respect of persons in need," and for "the prevention and removal of the causes of poverty and dependence on public assistance."

Part I of the Canada Assistance Plan contained the key federal-provincial cost-sharing arrangements for social assistance and social services. Most of the funds paid under the Plan were disbursed through Part I agreements. Under Part I provinces and territories receiving funds agreed to five basic conditions of administration:

- provide social assistance to any person in the province who is in need;
- not require a period of residence in the province as a condition of eligibility;
- establish a social assistance appeals procedure within one year of the signing of the agreement;
- account for all spending on social assistance and welfare services in the province;
- supply copies of all relevant provincial Acts and Regulations to the federal government.

The federal government agreed on its side to pay 50% of the cost of shareable assistance and welfare services in each province /territory, whether expended by the province, a municipality or a provincially approved agency. The federal government would not share the cost of services which could be shared in some way under any other legislation, nor the cost of capital equipment.

Other parts of the Act allowed for federal-provincial agreements to extend welfare and social services in each province to Indians as defined under the Indian Act, to establish work activity projects which would provide training and/or rehabilitation aimed at returning recipients to the labour force, and to extend cost-sharing to provincial Mother's Allowances.

3. What did the Canada Assistance Plan Accomplish?

This brief outline of the structure of the Canada Assistance Plan is not enough to understand its significance as a framework for a national social assistance program. Below I have presented the key features of CAP which, taken together, constituted the essentials of the national framework for social assistance.

3.1 Federal-Provincial Cost-Sharing

Over most of the period of its existence CAP has provided open-ended 50-50 federal-provincial cost-sharing, an arrangement in which the cost to the federal government has been close to 50% of total provincial and

territorial social assistance and social service expenditures. The advantage of cost-sharing was that the federal government matched the funds that the provinces were prepared to spend subject to meeting CAP standards. This arrangement promoted the modernisation and expansion of both social assistance and social service programs in each province. It appears to have made possible for poorer provinces to deliver a comparable level of benefits and services. It also ensured that the cost of high unemployment would be shared between levels of government. Under the new fiscal arrangements, unemployment levels will not trigger increased funding to the provinces to help cover the costs. The federal government has insulated itself from the consequences of its own approach to economic management.

With a block grant in place and declining over the next several years the poorer provinces will find it increasingly difficult to support the numbers of people currently receiving assistance. If economic conditions further decline as a result of public and private sector layoffs and government spending reductions, then the poorer provinces will be hard pressed to support additional applicants without reducing social assistance rates or restricting access. Differential access or benefits may also promote greater out-migration.

3.2 Minimum Income for All Persons in Need

A major advance of CAP was the inclusion of the principle that social assistance be available to everyone who is demonstrably in need. Provinces had an obligation to assess the application of anyone who declares that they are in need. As a result of CAP, the method of assessment changed from the older test of resources (the means test) to a more complex test of need. Provinces have had to take into account each applicant's "budgetary requirements and the income and resources available . . . to meet them."

Until the introduction of the need principle, social assistance administration remained rooted in the principle of deservedness. Rather than need social assistance was available on the basis of the characteristics of the person which determined the level of deservedness. An elderly person was considered deserving because he or she is no longer physically as capable of work. A single healthy person was not considered to be deserving because he or she is capable of working. Without need as a standard of administration provincial governments could decide to significantly reduce or terminate financial assistance for some categories of person. While this may seem far-fetched it has occurred in some American states greatly admired by some provincial premiers.

3.3 Consolidated Funding

CAP consolidated funding for social assistance for all persons in need. Before CAP there were programs for federal-provincial cost-sharing of assistance for disabled, blind and employable but unemployed persons. These were replaced by an inclusive Canada Assistance Plan. Provincial mothers allowances programs were also funded under CAP. Lastly, funding for social services, later extended to include child care, was introduced into federal legislation.

While the block grant is no less inclusive, a concern remains that with less funds some areas will be reduced more than others. In provinces which cannot or do not want to add to the CHST block grant the most likely occurrence is a substantial reduction in funds for social services and child care for people "in need and those likely to be in need," i.e. people on welfare or people living on or close to minimum wages. The advances in the range and extent of social services as a result of CAP could be lost as social service budgets are reduced to pay social assistance benefits. For provincial governments which want to eliminate public child care or promote for-profit child care (or social services) for ideological reasons the block grant without conditions will facilitate their approach. It is an area in which the widest range of difference is likely to be generated as a result of the lack of conditions.

3.4 Work and Welfare

CAP has prohibited provincial administrations from requiring social assistance applicants to accept employment as a condition of receiving assistance. This interpretation is not stated explicitly in the Act or the Regulations but it is the understanding on which the administration of CAP was based. The rule arrived at in the 1960s was that a person's survival should not be dependent on whether they take up a job as directed by a social assistance administrator. Neither should he/she suffer a penalty for not accepting employment. However, CAP did not restrict the provinces from requiring employable recipients to undertake a job search.

The purpose of the CAP prohibition against work and welfare was to change social assistance into a program of support for people in need rather than a punishment for people whose character was regarded as in need. Rather than forcing someone into work as a punishment for their supposed laziness, social assistance was meant to provide support to them while they needed it. Administrators would not be judges of character but assessors of need. It was the combination of the need principle and the prohibition on work for welfare that fundamentally transformed the character of public social assistance from its roots in the Poor Law to a modern system of administration.

Workfare has been presented as a more efficient alternative to the CAP separation of work and welfare. But we are impelled to ask "efficient at doing what?" If the purpose is to cut off more recipients from receiving assistance then workfare can be more efficient. But such compulsion will not be efficient at reducing poverty. Neither will workfare be efficient at putting more recipients into paid work. If unemployment is low then the numbers of welfare recipients will fall. If unemployment is high workfare will not appreciably reduce the numbers of welfare recipients without a cost.

Without the CAP prohibition against linking welfare and work as a condition of administration we will be witness to the introduction of workfare programs, the compulsory linking of the receipt of welfare to the acceptance of employment, which will eventually lead to a replication of the abuses of the past.

3.5 Welfare Services

CAP introduced cost-sharing for welfare services on the basis that these services would assist in the "prevention and removal of the causes of poverty."¹³ Later in the Act welfare services are defined to include services to lessen, remove or prevent "the causes of poverty, child neglect, or dependence on public assistance." The list in the Act includes rehabilitation, casework, counselling, assessment and referral, adoption, homemaker, day-care, community development services for "persons in need or persons likely to become persons in need." This was the first federal funding for social services and was a key reason for their expansion in the 1960s.

In the present conjuncture with the change to block funding, social services will be under increased funding pressure and there is a likelihood that social service funding will suffer with considerably less federal money available and the same pressures on the provinces for the payment of social assistance.

3.6 Residency

The prohibition against a residency requirement as a condition of receipt of social assistance, first introduced in the Unemployment Assistance Act, was continued in the Canada Assistance Plan. Some provinces and municipalities had regularly enforced such restrictions previously, requiring applicants to return to their previous city of residence, and supplying only enough assistance to allow for the return journey. The CHST will at least require that recipient provinces continue this prohibition.

The recent dispute between the federal government and the government of the province of British Columbia has highlighted the need for cost-sharing arrangements between the provinces as well. A nation must permit its people to move freely and to access benefits wherever they are and are in

need. However, to discourage provinces from encouraging migration simply to cut social assistance costs, a sharing of the social assistance expenses of people who move should be introduced. Provinces would pay for the cost of social assistance for a transitional period of up to one year for citizens who move from one province to another.

3.7 Appeal Procedures

Under CAP each province had to establish a procedure which permitted appeal from decisions in regard to social assistance within one year of the signing of the agreement. Until recently too many of the provinces used the appeal bodies as an opportunity to place government supporters in positions of public trust. Appeal bodies have often not been regarded as having either legal or administrative competence.

A matter of right, the CHST should require each province and territory to continue an independent appeal tribunal to ensure that citizens in need do have access to a second opinion if they are denied benefits.

3.8 Accountability

CAP required each province to maintain accounts in relation to the provision of social assistance and welfare services. Provinces have been reluctant to see data published on their programs because they do not want to see comparisons made with other provinces, for example on social assistance rates or on rates of sexual abuse of children.

Under the block grant arrangements of the CHST, the provinces will not have to account for the funds expended. Consequently they will not be obligated to report on the programs they operate. Neither will the federal government departments be obligated to report on how the CHST funds are spent. Under section 23.1 of the legislation either or both of the Minister of Finance and the Minister of Human Resources Development may prepare a report on the operation of the CHST; neither will be obligated to. While many provinces now have freedom of information legislation, this is not enough to guarantee that the huge sums involved will be subject to sufficient public scrutiny. The CHST should require full provincial and federal accountability for the funds expended.

3.9 Income and Assets of Applicants and Recipients

The CAP administrative guidelines placed limits on the earned income which could be retained by social assistance recipients without the loss of some social assistance benefits. They also limited the assets which could be held by applicants or acquired by recipients without losing eligibility for assistance. It is these guidelines that created what some called the "welfare trap."

The consequence of these guidelines is that recipients could earn small amounts of income without penalty but had to find employment with a wage sufficient to cover all their living and employment costs in order to leave social assistance. An applicant's assets had to be reduced to very low levels before eligibility for assistance thereby also ensuring he and she would exit welfare with few resources.

The move to CHST block funding has terminated the limits on assets and earned incomes of recipients. Provinces can now implement less restrictive measures and some may. In the current climate of cost cutting and anti-welfare sentiment more restrictive guidelines are more likely. Such measures will be counter-productive. They will ensure the development of a larger and more permanent underclass of people in poverty.

3.10 Adequacy

The term "provision of adequate assistance" used in the preamble was not defined or explained in the Canada Assistance Plan or its regulations. As a consequence, the adequacy of social assistance has been determined exclusively by provincial governments. No provincial government has had a public process for determining, or for consulting on, the adequacy of social assistance rates. The CHST offers no help in this respect. The likelihood of a transparent system of benefit determination has been significantly reduced. Recently some provinces have engaged in cutting social assistance benefit levels. Block funding is likely to push levels of benefit to lower levels as provinces argue that they do not have the resources to pay.

3.11 Aboriginal Social Welfare

By pre-confederation legislation, by treaty, and by confederation itself, the federal government is acknowledged to have responsibility for relations with Aboriginal peoples. At the same time the provinces have been held to have responsibility for the provision of minimum income and social services within their boundaries. Debate over the last 30 years has focused on which level of government has authority and responsibility for administration of minimum income and social services for Aboriginal people residing within provincial boundaries.

Minimum income and social services for Canada's Aboriginal peoples were the subject of a separate section of the Canada Assistance Plan. Part II provided provinces with the opportunity to sign an agreement with the Minister of Indian Affairs to cost-share provincial welfare programs for Indians in the province but provincial governments did not take advantage of this part of CAP.

The present division has the federal government holding full responsibility for on-reserve Indians while the provinces and territories pay for

off-reserve Indians, Métis and Inuit. On-reserve social assistance and services are paid in accordance with the rates offered in the individual province. If as a result of the switch to block funding provinces radically reduce social assistance benefits then these reductions will be reflected on-reserve. Since the level of on-reserve social assistance dependency is close to 44% reductions will have a profound effect on the economy and well being of many reserves. It will be up to the federal government to take action to unlink the reserves from provincial rates if they wish to avert a widening of the gap between the mainstream and the reserve standard of living.

Conclusion

The Canada Assistance Plan continued in place for close to 30 years not only because it offered open-ended cost-shared funding; it also expressed the consensus of the 1960s to put an end to the demeaning and fragmented legislation that preceded it. It did much to transform disparate provincial and municipal welfare provisions into a national program, available to all citizens who were demonstrably in need. This short piece of legislation has proved to be a subtle and flexible document; it has set the framework within which has evolved a more secure, and more equitable Canadian society.¹⁴

Now it is argued that the consensus has changed. Social programs have grown too expensive and too expansive. Reducing government expenditures and deficits does appear to have become a part of the popular ethos. But, it is not clear that Canadians want a return to the conditions that preceded CAP. Whatever the merits of substantial reductions in the funding of social programs, there is nothing in this agenda that requires the dismantling of the Canada Assistance Plan and the national framework it provided.

This paper has focused on the "national standards" which were explicit and implicit in the Canada Assistance Plan. In order to ensure that the framework for social citizenship which they constituted are not lost the federal government should be enshrining them in legislation in precisely the same way that they have made the five conditions of the Canada Health Act the foundation of the health portion of the Canada Health and Social Transfer. Anything less does not represent the achievement of greater provincial flexibility. It represents an abdication of a national responsibility to protect the poor and the vulnerable wherever they live in the country.

NOTES

1. Canada. House of Commons. *Bill C-76, An Act to Implement Certain Provisions of the Budget*, June 6, 1995, 13c.
2. The Hon. Paul Martin, M.P., Minister of Finance, *Budget Speech*, Ottawa, February 27, 1995, 17-19.

3. Ministerial Council on Social Policy Reform and Renewal. *Report to Premiers*, December 1995, 1.
4. Canada. Canada Assistance Plan. *Statutes of Canada*, 1966-1967, c.45.
5. Canada, *Evaluation of the Canada Assistance Plan*, Program Audit and Review Directorate, Health and Welfare Canada, January 1991. National Council on Welfare, *The Tangled Safety Net*, Ottawa, 1987. A. Moscovitch, "The Canada Assistance Plan: A Twenty Year Assessment," in Katherine Graham (ed.), *How Ottawa Spends* (Ottawa: Carleton University Press, 1990).
6. See sources in n. 5, above.



Dismantling Unemployment Insurance: The Changes, The Impacts, The Reasons

Cindy Wiggins
Canadian Labour Congress

In the 1995 Budget, the federal government continued its systematic attack on Canada's Unemployment Insurance system by calling for a 10% cut in UI expenditures, the fourth cut in the 1990s alone. Under the guise of cuts, the government proposed a complete overhaul to "better reflect the realities of the current and future labour market and to return UI to its original purpose." This in no way meant that the government intended to improve the UI system to ensure greater economic security for the unemployed in a labour market where unemployment remains persistently high and where jobs are increasingly unstable and insecure. The sweeping changes to UI in the *Employment Insurance Act*, Bill C-111, were designed to weaken the income security of unemployed people at the very time when the economy has failed to create enough jobs for people who want and need to work.

The Employment Insurance Act, Bill C-111

The new *Employment Insurance Act* will replace the *Unemployment Insurance Act* and the *National Training Act*. Expenditures will be reduced by \$1.9 billion. The government's intent is to target workers in seasonal industries who receive UI more frequently because of the nature of seasonal work. Workers in Atlantic Canada will bear the brunt of the cuts. Overall, the impact of the proposed changes will hurt the working poor, women,