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National Council
of Welfare

Conseil national
du bien-être social

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**FIX WELFARE FINANCING AND END THE “CLAWBACK”
OF CHILD BENEFITS!**

Governments need to provide adequate financing for welfare programs and end the “clawback” of child benefits from families on welfare, the National Council of Welfare said in a report published today.

Welfare Incomes 2004 shows many welfare recipients eking out a living on incomes well below the poverty line. After adjusting for inflation, many of the incomes were significantly lower in 2004 than they were ten or 15 years ago.

“Governments have an ethical responsibility to protect the well-being of all their constituents, not just their well-to-do constituents,” said Council Chairperson John Murphy of Canning, Nova Scotia. “It’s high time governments took their responsibilities seriously and fixed the problems connected with welfare.”

Miserly income supports have been the biggest problem with the welfare system for many years. As in previous years, the report for 2004 shows that typical welfare incomes in Canada - without exception - were thousands of dollars below the poverty line. Single employable recipients in New Brunswick were the worst off, with total incomes that amounted to only 19 percent of the poverty line. Single parents in Newfoundland and Labrador were in the “best” circumstances relatively speaking, but their total welfare incomes were still only 70 percent of the poverty line.

“Welfare has long been neglected in Canada, and *Welfare Incomes 2004* shows that the neglect is continuing,” the report said.

Another huge problem has been the “clawback” of federal child benefits from families with children on welfare in Prince Edward Island, Ontario, Saskatchewan, British Columbia and all three territories.

The federal government pays the Canada Child Tax Benefit and National Child Benefit Supplement to low-income families everywhere in Canada, but it has encouraged provinces and territories to claw back the supplement from welfare families by reducing their welfare or related benefits. The result has been a significant drop in purchasing power among some of Canada’s poorest families.

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“Many provinces have recognized the great harm done by the clawback,” Murphy said. “Now it’s time for the rest of the provinces and territories to follow their lead and to stop penalizing welfare families.”

The report urges governments to come up with new fiscal arrangements for welfare, calling current arrangements “complex, unintelligible, unaccountable and totally divorced from the real needs of welfare recipients.” An acceptable new deal would include more realistic federal support earmarked specifically for welfare and minimal standards for provincial and territorial welfare and related programs. Among other things, welfare incomes should be based on the actual cost of a basket of goods and services rather than being set arbitrarily by government decree.

The National Council of Welfare is a citizens’ advisory group to the Minister of Social Development on matters of concern to low-income people in Canada.

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Copies of the report are also available at www.ncwcnbes.net