

CANADA:

STOP THE NATIONAL CHILD TAX BENEFIT SUPPLEMENT

CLAWBACK

PRESENTED TO:

**Standing Committee on Economic, Social & Cultural Rights on the
occasion of the 4th & 5th Periodic Review of Canada**

May 2006

March 27, 2006

Foreward:

This report was originally prepared by Alternatives North, a social justice group based in Yellowknife, NWT, Canada, and presented to the Minister of Education, Culture and Employment of the Government of the Northwest Territories in February 2004.

To date there has been no indication from our government (or most other jurisdictions) that this clawback will end.

Copies of this report were distributed to all the Members of our Legislative Assembly as well as distributed across networks throughout Canada.

The people of the North are not the only Canadians demanding the end of the clawback. We hope that our well researched report will provide the Committee with ground level insight on how our people's lives have been negatively impacted. We also hope that the report illustrates why, because of the complexities of the construction of this National Benefit, we will not see this practice end unless significant pressure is put on our government, at all levels.

Sincerely,

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STOP THE NWT NATIONAL CHILD TAX BENEFIT SUPPLEMENT

CLAWBACK

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Stop the NWT National Child Benefit Supplement Clawback

DISCUSSION PAPER

Prepared for: **MINISTER OF EDUCATION CULTURE & EMPLOYMENT**

Background on the National Child Benefit and current Income Support program.

- The provinces and territories were given the “**option**” to allow families to keep the Supplement or to claw it back and use it to reinvest in programs for children and low income families. In 1998, the Federal Government enacted budget measures to allow this to happen. These measures included the authority to reduce the Social Assistance families received by the amount of the NCBS resulting in the net position of the family remaining unchanged.
- There are no binding standards or legal protocols attached to the Federal Supplement- it has been left up to each province/territory.
- Provinces/Territories did agree that families would not “lose” as a result of the implementation of the NCBS. For many reasons this has not worked in reality, and cannot work, as no matter which way you cut it, social assistance has been affected by the clawback.
- Reinvestments funded through the NCBS are neither mandatory nor subject to uniform standards by the Federal Gov’t. The Reinvestments can be funded directly by the provinces/territories.
- It is our position that people relying on Income Support do not have sufficient income to support themselves or their families. **(Appendix I)**
- The amount of NCBS a person can access is based on the most current completed tax year. ie. In February 2004, the NCBS would be based on 2002 Tax Return.
- Increases in the NCBS for the current year are not captured by the feed provided by Revenue Canada to the Income Support workers. For example, if the GNWT chose to stop any future increases to the clawback, they would not be able to do so without the use of a complicated computer program. The only way to do this would be to increase Income Support rates across the board that would sufficiently offset the increase.

Comment: The NCBS was legislated through the Income Tax Act- would the provinces/territories really have an option?

Comment: If the net position of the family remains unchanged, then how can they expect to reduce the depth of poverty.

Comment: This is a problem. What is going to happen when the Social Transfer hits? This will end up being the same issue.

- The level of the Supplement received is greatly impacted by a person's employment status- as a person moves in and out of the workforce the amount of the Supplement they can access also changes- but the changes are only made at the time the individual files their income tax return. Before Revenue Canada adjusts the Supplement, the individual would continue to receive the same NCBS amount. By the time the change flows through, they could be unemployed again, their employment status could have changed again. This creates hardship for recipients that move continually off and on Income Support because of their employment status.
- Because the NCBS is counted as income, the applicant could be in a position where the month following the termination of their employment, they are not eligible for assistance and therefore have no means to support themselves.
- The GNWT is aware of the inadequacy of the level of assistance because the **philosophy of the Income Support program is that the person on the program should always be better off in the wage economy.**
- Education Culture & Employment has to be aware that poverty in Canada has increased and the **depth of child poverty has increased from 14.4% in 1999 to 16% in 2000.**¹
- Looking at the statistics issued by the NWT Bureau of Statistics, the case load across the NWT has changed immaterially over the past four years, despite a growing economy and the NCBS. The greatest decline in Recipients/dependents was from 2000-2001- only in the Yellowknife & Inuvik Regions- where both regions dropped by approx 300 recipients/dependents. The overall cases had no material change at all.
- Young families are more likely to be poor. The NWT has the highest rate of teen pregnancy and equally high rate of lone parent families. The vulnerability of children and lone parent families (to poverty) remains high.
- Children under the age of 18 who could be parents are not eligible for Income Support assistance. They can keep their NCBS but have nothing else to sustain their family unless they are working at, most likely, minimum wage.
- We also understand that many provinces & perhaps even the NWT believe that by stopping the clawback there will be

Comment: Unfortunately our whole planet has an economic system that just does not work for humanity. Comment by: H&SS Social Worker.

¹ Poverty In Canada: An Overview (2003), National Anti Poverty Organization, page 3

insufficient funds to restructure the Income Support Program and there will be unfunded programs (Healthy Children's Initiative for example) that the GNWT will be left with to "foot the bill".

- We want to be clear that we see the NCBS issue as very separate from a review or restructuring of the Income Support program as it is a separate, Federally funded program. "Funding welfare reform is a separate issue from providing adequate benefits for children especially as welfare is not the answer to adequate child benefits."²

Opponents to the Clawback of the National Child Benefit.

- The United Nations reviewed Canada's compliance with the International Covenant on Economic, Social & Cultural Rights and stated in its December 1998 report & recommendations that the clawback should be prohibited. What is stopping the NWT in taking a leadership role in abiding by the International Covenant?
- Jane Stewart, then Federal Minister of Human Resource Development Canada, at the Yellowknife meeting of provincial/territorial ministers, in August 2003, stated the NCB should not be clawed back.³
- "Given differences in social assistance and child benefit programs and a post CAP (Canadian Assistance Plan) world of few restrictions on welfare rules:
 - There were five different models that provinces and territories chose for their social assistance offset. The following chart (**Appendix II**) oversimplifies these models but provides a useful sketch of the differences.
 - The models are **not transparent or clear** and have lead many to think both rightly and wrongly, that the NCBS is clawed back in a small minority of jurisdictions.
 - **Rightly:** as this is technically true.
 - **Wrongly:** as all jurisdictions except New Brunswick and (now Manitoba) have an offset of some description."⁴

Comment: 18. The Committee is concerned that differences in the way in which the National Child Benefit Supplement for low-income families is implemented in some provinces may result in a denial of this benefit to some children. This may lead to non-compliance with article 24 of the Covenant. 44. The Committee recommends that the National Child Benefit Scheme be amended so as to prohibit provinces from deducting the benefit from social assistance entitlements. (Concluding Observations, United Nations, Standing Committee on Economic, Social & Cultural Rights 1998)

² A Primer on the National Child Benefit Supplement "Clawback". St Christopher House July 2003 page 32

³ north.cbc.ca Full Story " Stop Clawback, Minister urges N.W.T Aug 23, 2003

⁴ A Primer on the National Child Benefit Supplement "Clawback". St Christopher House July 2003 page 18, 19

- Advocacy Groups & NGO's from the community level to the national level, including social planning, social justice, and anti-poverty groups have not seen any positive gains from the clawback and all are fighting to stop it as they see at the grassroots the negative impacts and ineffectiveness.

The entrenchment of poverty.

- "The **repeal of the CAP- Canada Assistance Program**- eliminated important national guarantees for poor people. Provinces were required to respect and protect certain rights as a condition of receiving federal funds to share the cost of social assistance, legal aid for family law matters, and designated social services. These rights included the right of any person in need to receive welfare, the right to an amount of welfare sufficient to meet basic needs, the right to appeal when social assistance is denied and the right not to have to work for welfare. Of the national guarantees imposed under CAP, only the prohibition against provincial residency requirements remains in force under the CHST (Canada Health Social Transfer). These were essential rights that women relied on because of their vulnerability to poverty."⁵
- Statistics Canada is showing that those who are living in poverty are becoming more and more entrenched in poverty. Using the 2001 Census, **there are now 4.7 million people in Canada that are poor. The total number of children living in poverty increased 40,000 since 1990 and is now at 1.3 million;** the depth of poverty for children in low income two-parent families is 61.8% using the Market Basket Measure; the percentage of children living in low income two parent families is 12.6% while 43.3% are lone parent families headed by women.⁶
- One of the stated goals of the National Child Benefit is to decrease the number of children living in poverty. However, since the money is not going directly to those on Income Support, this actually creates dependency, and in some cases, long term dependency, as the longer a parent or other

⁵ National Association of Women & the Law: Canadian Women & the Social Deficit: A Presentation to the International Committee on Economic, Social & Cultural Rights 1998, V (b) (i) 38

⁶ National Anti Poverty Organization- Market Basket Measure Sandra Bender, Researcher

person stays on Income Support, the greater the erosion and depletion of their assets.

- Those that **benefit the least from the NCBS are women** who are both in receipt of Income Support and members of those groups most marginalized from and underpaid within the labour force.⁷
- The statement that the programs funded through the clawback “ induce behavioral changes that result in less poverty” place the responsibility for poverty solely on the back of the individual and do not consider the societal factors such as poor wages, lack of availability of jobs and lack of access to childcare
- **Lower income people have less control over their work hours and greater need for income.**
- The NCB may assist low income workers in meeting child care costs, if they were allowed to keep it. Depending on the level of income, students and workers may or may not be eligible for a childcare subsidy. They would be doubly penalized if on Income Support and working, because the NCBS is included in their Income Assistance benefit calculation and then again in their childcare subsidy calculation. The inclusion of the National Child Benefit Supplement in the calculation of income is not provided in the ‘Information for Applicants booklets- NWT Income Support Programs- Children’ that ECE provides to the public.
- The clawback of the NCBS intensifies” the **stigma of being on social assistance** and portrays recipients as being less deserving than others. Particular features of the NCB that reinforce stigma include the emphasis on “work” incentives, the presentation of the Benefit as a child benefit in response to child poverty, the visibility and effect of the clawback, and the notion of taking children off welfare... Further, the fact that recipients of social assistance benefit only through early child hood development programs rather than direct income supports reflects (and potentially reinforces) **negative stereotypes and assumptions regarding their ability to parent and manage resources responsibly.**”⁷ Even then, systemic barriers such as lack of transportation and user fees prevent recipients of social assistance from participating in these programs. “The construction of deviance, while believed

⁷ “The Framing of Poverty as “Child Poverty” and its Implications for Women.” Status of Women Canada 2002

to deter reliance on social assistance has several adverse consequences. **The stigma of social assistance can be internalized, contributing to low self-esteem, which in turn affects the individual's ability to obtain employment. Because of negative stereotypes, employers often view receipt of social assistance as a reason not to hire the individual. Further, stigma divides the welfare poor from the working poor and obscures the fact that they share common ground and interests.**"⁸

- Poverty creates burdens and costs to the whole social system. The well-being and health of the individual and families are greatly impacted which costs larger dollars to an already strained system.
- **The poorest families cannot meet basic needs.** The surest way to reduce the long-term impacts of child poverty is to leave enough income in the hands of parents so that they can provide a basic standard of living for their children. However, because of the NCBS clawback, families on Income Support **cannot afford the basics for their family.**
- "Basics" includes **basic nutrition, essential personal care and household items, children's necessary school expenses, and essential transportation costs in larger communities – to access appointments, productive choices, health care and so on.**
- The current NWT food allowance calculations *do not meet* the essential food needs of a family, let alone cover the cost of essential non-food items also. Families on Income Support are the poorest of the poor. **(Appendix I)**
- There appears to be **no information on the cost of a basic nutritious diet for a family in NWT communities.** One can arrive at an estimate, however, based on such information compiled elsewhere. In Edmonton four years ago, the cost of a basic nutritious basket of food (no non-food items) for a family of two adults and two children was calculated to be \$522 for one month⁹. Factoring in the increase in food price index since then, and the cost of living differential between Edmonton and Yellowknife, that food basket would cost over \$700 in Yellowknife today. Adding in

⁸ The Framing of Poverty as "Child Poverty" and its Implications for Women." Status of Women Canada 2002

⁹ Human Resources Development Canada. Understanding the 2000 Low Income Statistics Based on the Market Basket Measure. Ottawa, Ont., May 2003, Appendix G.

costs for essential personal care, household, school and transportation items would likely bring the basic amount needed to **over \$1,100 a month for that family of four**. The basic food (and non-food) allowance for a **family of four under Income Support is \$567 in Yellowknife**. (Add CCTB and NWTCTB for two children, and the total they receive is **\$817/month**).

- In January 2002, the Income Support program indicated that they recognized there were costs related to personal care, household and other items, and that they were looking at these non-food items, along with a new food basket survey.
Was this research ever completed?
- The Income Support food allowance is said to “provide a basic level of support”. If the Department of Education, Culture & Employment has no NWT information on basic nutritional costs, or other basic household and personal care costs, **how do they know what a “basic level of support” entails? How can programs ethically provide a food allowance that does not allow for an adequate level of nutrition?**
- NWT families on Income Support have empty fridges for part of the month and children going to school without lunches. Parents **fear allegations of child neglect** when they can’t provide a school lunch for their child, when the real problem is lack of money. Families relying on Income Support usually can only afford fresh fruit for half of the month.
- Lack of money to cover basic needs keeps families in a **constant state of crisis and impedes** their ability to transition to employment through productive choices. Many also go further and further into debt.
- Being able to retain the NCBS would have a major beneficial impact on the lives of the poorest families and on long-term outcomes for their children. To quote from the National Council of Welfare regarding the claw back: “(We) cannot see how making poor people poorer is good public policy, and it is absolutely impossible for us to understand in the case of poor families with children.”¹⁰
- Parents of **children in care** (with Social Services) are adversely affected by the clawback. Parents with children in care for over 30 days have their clawback deposited into a general revenue account with the Department of Health & Social Services. In the past, the Social Workers could access

¹⁰ National Council of Welfare. Another Look at Welfare Reform. Ottawa, Ont. Autumn 1997, p. 114.

these funds and use them to engage the parents in a plan of care with their children. Typically parents of children in care are living in poverty and dealing with all the issues of poverty. They do not have the funds to pay for transportation to visit their child(ren) or to pay for other activities designed to bring about change to the parent/child relationship which are essential for putting the child back into the parent's care. The Social Workers would also use these funds to purchase clothing for the children (etc.) The Social Workers are not aware if the clawback funds are filtered back to the local authority or if they stay in the general fund. The Social Workers were never consulted about this change and the impact it has on the families they are working with. Choice as to how their benefits are used has been taken away from the parents.

Subsidizing the funding of programs from income aimed at social assistance recipients.

- The following argument is not a critique of the programs currently funded by the clawback of the NCB but rather a critique of the use of this money as a funding source at all.
- Currently, the GNWT is taking **cash away from those living in the deepest poverty, with the lowest income, to fund programs that a variety of people can benefit from and to provide cash benefits to working families**. In so doing however, it does not guarantee that Income Support recipients have access to these programs.
- A Petition: "Children Living in Poverty"¹¹ and the personal testimonial of a single parent "Falling Through the Cracks, A Single Mother's Personal Account of Accessing GNWT Social Programs"¹², both tabled in the Legislative Assembly on March 6 & 13, 2002 respectively, described graphically the impact of the GNWT social programs, including the NCBS clawback. **These mothers could not access for their children, the very programs they were funding, nor did they have a choice in how their clawback funds were used.**
- Indeed, there are significant barriers that prevent many people on social assistance from accessing these very

¹¹ Tabled document #

¹² Tabled document # 25-14-5

programs including transportation costs, annual fees, participation costs, difficulty communicating with the program because of lack of access to a telephone and other forms of isolation born by recipients.

- Programs that the NWT is reinvesting in do not address the core goal set out by the Federal Government- preventing and reducing child poverty. Though worthwhile, the programs do not put food on the table, or bring the level of income that a family needs to meet the basic necessities up to any of the poverty lines that Canada now has (LICO- low income cutoff, MBM market basket measure etc)
- **Because the National Child Benefit supplement is included in the "income" calculation, many women are no longer eligible for Income Support.** This distorts the statistics for GNWT as to the number of cases (recipients and dependents), and, it appears that Income Support was successful in moving another family off assistance.
- We recognize that in reality, a family can be deeper in poverty after moving off of social assistance because they have lost all other special benefits- dental, health, seasonal clothing allowances, furniture allowances etc.
- We are concerned that there is inadequate collection of data on these families in the NWT.
- The GNWT provides a *Territorial Working Supplement* to low income working families but it does not provide the same benefit to families on Income Support. The working supplement is funded by the NCBS clawback. Staying at home and raising your family is a productive choice under the Income Support policy, therefore **it stands to reason that recipients who are performing this productive choice should be entitled to this benefit.**
- The GNWT has downgraded the problem of inadequate provision of basic needs to the communities and the under resourced, under funded grassroots organizations as well as volunteers. The **NWT with the hottest economy in Canada has two Food Banks**- this should not be. However, if families are not given sufficient funds to support their family and no place left to go are their neighbours going to let them starve?

Comment: There is no current tool of poverty measurement in the NWT. They were part of the MBM consultations but the NWT was not included in the collection of data.

Work Incentives and Attachment to the Workforce

- The ruling theory that paying lower social assistance will force families into the workforce works in theory but not in reality because the reasons why people are on Income Support are so individual and so personal. **This theory does not consider that there are parents or children with disabilities or parents with children of preschool age.** All of these scenarios will place families on long-term Income Support. Because their basic needs are not being met, they are pushed further into poverty and their ability to get out, once they are able to work (if ever) is eroded.
- This rule is a violation of **human rights** and is especially discriminatory towards women as it is usually women who stay home and raise the young children. No value is placed on **women's domestic labour** or the value of a mother forgoing an ongoing education or wage labour to raise her family.
- This rule creates **different classes of poor people** and some of these groups become invisible because they are no longer captured in the Income Support program.
- This rule ignores the **cost of participation in the workforce** and how that impacts the family.
- This rule perpetuates the belief that **poor people do not want to work** and ignores the **real causes of poverty**.
- Education Culture & Employment's work incentive policy is a discriminatory policy and a **violation of human rights**. Our human rights include the right to a quality of life and guaranteed adequate income.
- Parents who have to stay home are knowingly kept below the poverty line.
- **Definition of work:** " The emphasis on labour force participation is also problematic because it implicitly defines work as wage labour and obscures the need for and the value and **costs of domestic labour**. For women receiving social assistance, the emphasis obscures the social value of the work performed by them including child care, shopping, economizing, volunteer activities, the socialization of children and community group activity. It reinforces the dominant view of employment as the normative measure of autonomy and membership. The current application of the NCB encourages the economic dependency of women on men both directly and indirectly. The clawback of the Supplement, while on Social Assistance, directly encourages attachment to

Comment: One of the difficulties with measuring the cost of poverty, as well as other matters related to human well-being and quality of life, is that economic and social policy have historically developed on different tracks, without recognizing how interdependent they are. In very basic terms, economic policy has concerned itself with money and social policy with people. The way our economy has traditionally been measured provides an illustration. Economic performance, as determined by a country's Gross Domestic Product, measures the size of the market where money is exchanged. It does not consider what the money is used for. Per capita GDP may tell us how wealthy a country is compared to others but it does not tell us much about how people live in that country. At similar levels of per capita GDP, some countries have a few very wealthy people and massive poverty, while other societies have greater equality. Many activities may contribute to economic growth but not to well-being. Many other activities contribute to well-being but do not show up as valuable to the economy. For example, the market economy grows when people buy illegal drugs or guns or when we have to clean up after human-caused disasters that result in permanent damage to the environment. But are we better off? **On the other hand, socially valuable activities such as raising children, caring for relatives and friends when they are sick and keeping homes and communities clean and safe do not count in GDP if they are not done for pay. This is an enormous problem because the market cannot survive with** ... [1]

a typically male breadwinner as a way of qualifying for the Supplement, regardless of the healthiness of this attachment.
" 13

- There is a conflict in the policy and in the definition of "productive choice". First, there is an implication that people are on Income Support by choice, therefore have a choice to not be on it. This definition is self-serving to the program and implies that the state has the authority to define what constitutes a productive choice for an individual. Productive choice does not support or value stay at home parents.
- If a parent goes out to work, they receive a \$400 income exemption. If the parent must stay at home to raise their children or wish to stay home to raise their children, they are not allowed to have this exemption. If parents were allowed to have this exemption, for many, they would be able to keep all or most of their NCBS.
- In fact, what the policy has done is **create new pockets of poverty** in which some of the groups become invisible because they are no longer connected to the program. The idea that there is only one route off the program and that is to the wage economy, is erroneous. Families moved off the program if their child support payments or other non-earned income sources, such as the NCBS take them even a fraction above the maximum assistance rates. This leaves families worse off as they are no longer eligible for special benefits, clothing, dental, health etc. Young people between the ages of 16-18 are even worse off as they are not eligible for Income Support.
- The **non-financial costs of employment** are ignored (e.g. less time to perform domestic labour, care for and nurture children).
- The NCB does not **address conditions of paid work for parents**. "low wage jobs available for most recipients of social assistance offer few benefits and little prospect of getting more workers out of poverty in the longer run. Moreover, women who manage to leave social assistance still face contradictions between the ongoing demands of paid and unpaid labour. While employment may increase their ability to meet the material needs of their children, it will also reduce the time available for childcare and for building networks of emotional support. The costs of double work days and

¹³ The Framing of Poverty as "Child Poverty" and its Implications for Women." Status of Women Canada 2002

increased stress may be especially acute in the case of single mothers.” There are still substantial issues related to the costs of childcare and even more importantly the availability (convenience) and reliability (trust) of child care that are as critical to employment decisions.¹⁴

- **Keeping jobs is more problematic than finding jobs for welfare recipients.** “Frequently job loss has been a result of the nature of the job (short term, casual, seasonal, low wages relative to the costs of employment including child care costs, inherently unpleasant jobs, inflexible or irregular hours) a lack of social or technical skill on the part of the recipient and health problems, wife abuse, family crisis, child care breakdown, insecure housing arrangements, transportation costs, particularly where a commute involves dropping a child off at school or at a care giver. Many of these concerns were substantiated in a self sufficiency project undertaken in New Brunswick and British Columbia.”¹⁵
- **Attachment to the workforce** is given priority over the goal of relieving poverty- child poverty. “ This philosophy generalizes and perpetuates a poor bashing **myth that people do not want to work.** In order for people – especially women to work- **there have to be jobs, the wages have to be sufficient enough to allow a person to afford the cost of going to work- the highest being child care costs and there has to be a supply of affordable, quality child care. Without the fulfillment of all three, there is a welfare wall.** Discussions on the welfare wall tend to focus attention on the individual behaviour in relation to welfare and, together with the emphasis on child benefits, link the source of work disincentives to benefits offered by the welfare system. Welfare benefits, as such, are determined to be the problem rather than the external factors such as inadequate wages or the lack of social supports for parenting. Wages, unlike social assistance, cannot be readily adjusted to the number of children in a market economy... It obscures the fact that a minimum wage full time job can no longer

¹⁴ The Framing of Poverty as “Child Poverty” and its Implications for Women.” Status of Women Canada 2002

¹⁵ The Framing of Poverty as “Child Poverty” and its Implications for Women.” Status of Women Canada 2002

support even an individual labourer at low income cut off levels.¹⁶

- Work incentive and training programs **will only affect the distribution of poverty** if the economy is expanding. Though the NWT economy is described as booming, there is unequal access to the opportunities presented. The NWT continues to have some communities that are highly dependent on Income Support.
- "The **emphasis on work incentives reinforces an individualistic view of poverty as a matter of individual effort and consent**. It obscures domestic labour and implies that jobs are available (Why else would incentives be offered) and that a failure to respond to the incentives is the result of a lack of motivation or work effort... The presentation of a wage supplement as a child benefit also tends to deflect attention away from unequal power relations in the labour market. **It obscures the extent to which the current labour market and the unequal distribution of wealth generate low wages, unemployment, poor working conditions, and the extent to which employers benefit from having a subsidized flexible pool of low wage labour.**"¹⁷
- The question is often raised- what value do you attach to domestic labour or parents who stay home to raise their children? M. Goulbourne & D. Embuldeniya of The Canadian Centre for Philanthropy, developed a paper "*Assigning Economic Value to Volunteer Activity: Eight Tools for Efficient Program Management*". If value can be attributed to volunteer activities (which include domestic labour and care activities at their volunteer placement), then why can't the same approach be used to develop a value system for stay at home parents/care givers. Even a step towards this type of value system is better than none at all. It is rather ironic that we now have national programs and initiatives honouring and valuing our volunteers but none for our families.

¹⁶ The Framing of Poverty as "Child Poverty" and its Implications for Women." Status of Women Canada 2002

¹⁷ The Framing of Poverty as "Child Poverty" and its Implications for Women." Status of Women Canada 2002

Other sources of funding.

- It is important to return to the point that the GNWT is using money aimed at the lowest income earners to subsidize programs that it claims are universally accessible.
- The reality is that children living in poverty are in this state because their parents are also living in poverty. This idea of taking children off welfare creates this fictitious separation between the child and parent- it clearly undermines children's respect for their parents.
- While we have argued that indeed there are significant barriers to participation in these programs by social assistance recipients, we must note that in the last legislative assembly, the GNWT cut **the personal income tax levels resulting in a decrease in its funding levels by some \$7.5 million per year**. In addition, it continues to maintain one of the lowest corporate taxation regimes in the country. Any system of progressive taxation would support the principal that those who are better off are asked to pay more. Instead, we impose what amounts to a significant tax grab on those least able to pay. We do not want to see funding for early intervention programs cut but rather call of the GNWT to reallocate spending or determine new sources of revenue
- The GNWT should demand additional funds from the Canada Social Transfer to enable it to stop the clawback and to continue funding the beneficial early childhood and early intervention programs.
- Another option is to fund these programs through the Canada's National Plan of Action for Children initiatives. Although, at this time, it is our understanding that currently, no dollar amounts have been attached to this initiative.

In conclusion:

We would like to add our support for a full review of the Income Support program that includes the voices of the poor, the advocates, the organizations (NGO's, non-profit) that work directly with those affected by poverty, including the Income Support Workers and Social Workers.

We also strongly encourage the Government of the NWT to institute a Family Policy or enact Standards equal to the Canadian Assistance program, which encompasses all of our constitutional and human rights; places economic value on domestic labour ; attaches value to women, and parents at home raising and caring for their families.

**PAYMENTS TO LOW INCOME FAMILIES
NORTHWEST TERRITORIES**

NATIONAL CHILD BENEFIT SUPPLEMENT- NWT
ESTIMATED ANNUAL SOCIAL ASSISTANCE INCOME BY FAMILY SIZE

MONTHLY PAYMENTS- Federal Child Benefit Program	Single parent → 1 CHILD	2 CHILDREN	3 CHILDREN	4 CHILDREN	5 CHILDREN	FAMILY OF 5, NOT ON INCOME SUPPORT
NAT. CHILD BENEFIT						
Basic CCTB	97.41	194.82	292.23	389.64	487.05	389.64
3+ children	--	--	6.83	13.66	20.49	13.66
NCBS	121.91	226.41	324.41	422.41	520.41	422.41
NWTChB Has not changed in at least 2 years, although the NCBS has increased by almost 17%	27.50	55.00	82.50	110.00	137.50	110.00
TOTALS	246.82	476.23	705.97	935.71	1165.45	935.71
Add to the Above Totals 19.33/month/child	Family would receive adjusted total of ↓	Family would receive adjusted total of ↓	Family would receive adjusted total of ↓	Family would receive adjusted total of ↓	Family would receive adjusted total of ↓	Family would receive adjusted total of ↓
1 under 7 yr*	266.15	495.56	725.30	955.04	1184.78	
2 under 7 yr *	--	514.89	744.63	974.37	1204.11	
3 under 7 yr *	--	--	763.46	993.70	1223.44	993.70
4 under 7 yr *	--	--	--	1013.03	1242.77	
5 under 7 yr *	--	--	--	--	1262.10	
INCOME SUPPORT RATES 2004↓						
Yellowknife FOOD etc **	323.00	456.00	567.00	669.00	749.00	0
CLOTHING	50.00	75.00	100.00	125.00	150.00	0
TOTAL FOOD & CLOTHING	373.00	531.00	667.00	794.00	899.00	0
TOTAL CLAWBACK	121.91	226.41	324.41	422.41	520.41	0
TOTAL FD & CLOTHING AFTER NCBS CLAWBACK	251.09	304.59	342.59	371.59	378.59	0

Scenario: Single Parent, 4 Children, 3 under 7; Monthly Child Support Payments \$500.

Rent- Housing				32		0
Utilities				200.00		0
Adj Income- I/S				603.59		993.70
Support Payment				0		500.00
Total Monthly				1,597.29		1,493.70
Total Annual				19,167.48		17,924.40
		Diff A-B	103.59	A		B

If A keeps NCBS				2,039.70		1,493.70
Annual Amounts				24,476.40		17,924.40

Amounts as of February, 2004

NOTES TO SCHEDULE

1. Difference of **\$6,552** annually between parent A on Income Support & parent B, not on Income Support. **Parent B is** not eligible for dental, health, other benefits.
Parent A, even with the NCBS, is still living below the poverty line no matter which poverty measure is used. For example, thresholds using the Market Basket Measure, and 4 member family, are at \$24,000.
2. * add \$19.33/month for each child under 7 years of age
3. **see attached rate table for each NWT community and family size. Families use this amount for all their basic needs, not only food: cleaning and laundry supplies, personal care items, telephone, ... (N.B. for a single parent with one child in a lower Income Support rate community like Yellowknife, NCBS clawback reduces food/clothing by approx. 1/3. The clawback proportion slowly increases, until for a single parent with 5 children, the clawback reduces food/clothing amount by more than 50%.)
4. Families with earned income of more than \$3,750/year receive the Territorial Workers' Supplement, of \$22.91 if they have only one child under 18 and a flat \$29.16 if they have more than one child under 18.
5. In the past two years, the NCBS has been increased by 16.6% but the NWT Child Benefit has remained the same. Have **all** of the savings gone to the Healthy Children Initiative, at the expense of low-income families?
6. The Income Support program is today spending less on a family with children than it did two years ago, after NCBS is deducted from the assessment. This is because the Income Support basic food and clothing amounts increased at a much lower rate than the National Child Benefit. For example, two years ago a single parent with two young children in Yellowknife would have received \$319.51 in basic food/clothing after the NCBS deduction; today, a family that size would receive \$304.59. So the GNWT is actually spending less, as the

federal contribution increases. Where is this savings going, and why is it not used for a greater increase in Income Support rates?

7. September 2001, earning exemptions rose from \$50/month (for Singles) to \$200/month; Family earnings exemption rose from \$100/month to \$400.00 per month.
8. It is unclear what research and surveys have been done by the Government of the NWT to establish the basis for the food allowance amounts and what other research, if any, may have been done regarding basic personal care and household expenses.

SCHEDULE A

AMEND with revised Food Allowance Table

- 1 (1) Assistance in the form of a food allowance shall be provided to persons in need in accordance with the Table set out at the end of this Schedule that shows maximum scales in force in various settlements of the Territories.

Food Allowance Table

	Household Size							
	1	2	3	4	5	6	7	8
Aklavik	320	591	834	1,038	1,224	1,371	1,508	1,599
Colville Lake	359	666	940	1,109	1,307	1,473	1,620	1,716
Deline	303	559	788	981	1,157	1,296	1,426	1,512
Detah	175	323	456	567	669	749	824	874
Enterprise	182	331	467	590	695	778	856	907
Fort Good Hope	291	541	763	941	1,110	1,243	1,368	1,450
Fort Liard	225	415	586	729	860	963	1,060	1,124
Fort McPherson	263	484	683	851	1,003	1,124	1,236	1,311
Fort Providence	199	369	521	641	756	846	931	987
Fort Resolution	231	429	605	726	856	959	1,055	1,118
Fort Simpson	224	414	584	726	856	959	1,055	1,118
Fort Smith	192	357	503	612	722	809	890	944
Hay River	198	367	518	624	736	824	907	961
Hay River Reserve	198	367	518	624	736	824	907	961
Holman	319	588	829	1,032	1,217	1,363	1,500	1,590
Inuvik	257	475	670	833	983	1,101	1,211	1,284
Jean Marie River	250	462	651	811	956	1,071	1,178	1,249
Kakisa Lake	193	355	501	624	736	824	907	961
Lutsel k'e	292	542	764	924	1,090	1,221	1,343	1,424
Nahanni Butte	284	527	743	879	1,037	1,164	1,280	1,356
Norman Wells	280	519	732	907	1,070	1,198	1,319	1,398
Paulatuk	338	623	879	1,094	1,291	1,446	1,590	1,686
Rae	222	412	581	720	849	951	1,047	1,110
Rae Lakes	232	426	601	749	884	990	1,089	1,155
Sachs Harbour	335	621	876	1,066	1,257	1,408	1,549	1,643
Trout Lake	301	556	783	975	1,150	1,288	1,417	1,503
Tsiigehtchic	265	483	680	856	1,011	1,132	1,246	1,320
Tuktoyaktuk	315	585	825	973	1,148	1,293	1,422	1,507
Tulita	301	556	783	975	1,150	1,288	1,417	1,503
Wekweti	278	517	729	859	1,013	1,142	1,256	1,331
Wha Ti	281	512	721	911	1,074	1,203	1,323	1,403
Wrigley	305	562	793	987	1,164	1,303	1,434	1,520
Yellowknife	175	323	456	567	669	749	824	874

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NCBS IN OTHER JURISDICTIONS

NCBS IN OTHER JURISDICTIONS

Model	Description	Provinces and Territories
Clawback on social assistance	NCBS reduces assistance as an income charge	Ontario, PEI, three territories
Rate Reduction	Yearly reduction in statutory rate for children	Alberta ¹⁸
Offset against a Provincial Child Benefit	Province pays a Child benefit but offsets the NCBS against that benefit	Saskatchewan, BC, (Saskatchewan Child Benefit, BC Family Bonus.)
Mature System	Province pays a child benefit standalone and NCBS pays out standalone. Province reduced child benefits in welfare	Nova Scotia, Newfoundland Quebec (Quebec Family Allowance)
No Offset	No interaction/change	New Brunswick, Manitoba ¹⁹

Note:

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Primer Report on the National Child Benefit Supplement (NCBS) Clawback for Advocates Prepared By: John Stapleton, St. Christopher House July 2003

¹⁸ The NCB Progress Report includes Alberta in the clawback model. Rate reductions are different than income charges and this is the reason for the distinction made here.

¹⁹ Manitoba has declared its intent to end the clawback but is in the process of phasing it out. Manitoba stopped recovering the NCBS for children age six or under in 2001-02. In 2003, recovery is stopping for children aged 7-11

OTHER SOURCES OF INFORMATION

Telephone conversations with :

- John Stapleton, St. Christopher House
- Richard Shillington, Tristat Resources
- Pedro Barata, Campaign 2000
- Social Workers
- Citizens of the NWT

GROUPS PARTICIPATING IN THIS ACTION

- * National Anti Poverty Organization, NWT Board Member, Fort Smith
- * Alternatives North, Yellowknife
- * NWT Status of Women Council, Yellowknife
- * NWT Federation of Labour, Yellowknife
- * Salvation Army of Yellowknife
- * YWCA of Yellowknife
- * Centre for Northern Families, Yellowknife

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One of the difficulties with measuring the cost of poverty, as well as other matters related to human well-being and quality of life, *is that economic and social policy have historically developed on different tracks, without recognizing how interdependent they are. In very basic terms, economic policy has concerned itself with money and social policy with people. The way our economy has traditionally been measured provides an illustration. Economic performance, as determined by a country's Gross Domestic Product, measures the size of the market where money is exchanged. It does not consider what the money is used for. Per capita GDP may tell us how wealthy a country is compared to others but it does not tell us much about how people live in that country. At similar levels of per capita GDP, some countries have a few very wealthy people and massive poverty, while other societies have greater equality.*

*Many activities may contribute to economic growth but not to well-being. Many other activities contribute to well-being but do not show up as valuable to the economy. For example, the market economy grows when people buy illegal drugs or guns or when we have to clean up after human-caused disasters that result in permanent damage to the environment. But are we better off? **On the other hand, socially valuable activities such as raising children, caring for relatives and friends when they are sick and keeping homes and communities clean and safe do not count in GDP if they are not done for pay. This is an enormous problem because the market cannot survive without household and volunteer work. In fact Canadians spend more time in unpaid than paid work. The household economy contributed the equivalent of about 12.8 million full-time jobs in 1992 at an estimated value of between \$235 and \$374 billion. This represents between 34% and 54.2% of GDP⁽²⁾.** [In 1998 Women spent 15.2 hours per week on unpaid housework- twice as much as men. Parenthood mothers aged 25-44 working full time, contributed 35 hours a week of unpaid labour. StatsCan The Canada e-Book]*

GDP can also seem to grow when production shifts from the non-market to the market sector of the economy. The steady increase in women's participation in the labour market over the last 30 years, for example, has led to an overstatement of economic growth⁽³⁾. In the extreme case, we could increase GDP by paying someone else for practically everything except eating and sleeping but what would be the point if society falls apart for lack of human connections? Societies are built around human relationships and values, not market signals. We do not abandon our children the way factories or fields are disposed of when they fail to be profitable or if a better deal comes along. (Taken from The Cost of Poverty- National Council of Welfare www.nwcncbes.net/htmldocument/reportcostpoverty/Costpoverty.html)