

Evaluation of the Repayment of the Family Allowances

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Table of Contents

List of Tables	i
I INTRODUCTION	1
II HISTORICAL BACKGROUND	3
i. Family Allowances - from 1945 to present	3
ii A Perspective of Canada's Changing Economy and Population	10
1. The Evolution of the Canadian Economy and of Government Expenditures	11
2. Changing Canadian Population	14
iv. The 1984-85 debate over universality or selectivity	16
v. Proposal for Changes to the Canadian Social Security System	21
III EVALUATION OF THE FAMILY ALLOWANCES 'CLAW-BACK' LEGISLATION	24
i. 1989 Income Tax Reform	24
ii. Data and Their Quality	27
iii. Incidence of reported Family Allowance benefits . .	29
iv. Impact of the Claw-Back Based on Individual Net Income	39
v. Claw-back Based on Husband and Wife Net Income . .	41
IV CONSEQUENCES	
i. Consequences of having the claw-back based on Husband and Wife Net Income	45
V CONCLUSION	47

References	49
APPENDIX I	52
APPENDIX II	54
APPENDIX III	76

List of Tables

Family Allowances from the Beginning	7 and 8
Canada - Husband-Wife and Common Law Families31
Canada - Single Parent Families32
Percentage Distribution and Total Count of Families Reporting Family Allowances - Husband-Wife and Common Law Families by Provinces	34 and 35
Percentage Distribution and Total Count of Families Reporting Family Allowances - Single Parent Families by Provinces	36 and 37
Canada - Husband-Wife and Common Law Families by Individual Net Income and Husband and Wife Net Income Groups	42
Number of Family Allowances Recipients by Husband and Wife Net Income Groups	46

I INTRODUCTION

Government policies of the 1980s were aimed at controlling and reducing the federal deficit. Privatization of crown corporations, reduction in the size of the public service, cut-backs in social programs were all unpopular measures adopted by the government to achieve its goals.

The 1989 federal budget included measures to reduce spending on three major social programs, that of the Family Allowances, the Old Age Security pensions and the Unemployment Insurance program.

The cut-backs were channelled through the personal income tax system (beginning in the 1989 taxation year) where high income recipients of any or all of the three social programs were required to repay, to the federal government, a portion (maximum of 1/3) of their received benefits. For purpose of the repayment, high income recipients were defined as those having a net income greater than \$50,000. In a husband-wife and common law family, the net income of only one spouse was considered for the repayment, that of the spouse with the higher net income.

This method used to identify social benefit recipients needing to repay a portion of their received benefits brought concerns of an injustice in the treatment of single parent and two parent families. Critics argued that for the purpose of the repayment, high income recipients should be measured on a husband and wife net income base and not on an

individual net income base. In a single parent family, individual net income always equals husband and wife net income¹ whereas in a two parent family, this is not always the case. A dual earner husband and wife or common law family could have two individual net income of \$50,000 or less but have a combined husband and wife net income greater than \$50,000, such a family was not required to repay any of its received benefits in 1989.

This paper will look more specifically at the claw-back by the federal government of the Family Allowance benefits.

The purpose of the paper is to estimate the count of families who under a husband and wife net income base would have needed to repay a portion of their Allowances in 1989 but while under the present rule, were not required to. Based on these results, the injustice of the present rule will then be evaluated.

In the first section of the paper, an overview of the Family Allowances plan since it was first introduced in 1945 to the present plan will be presented. This will be followed with a review of the changes in the socio-economic conditions from the post-war period to the 1980s, a decade where the reduction in deficits was the major objective of the government. The section will also cover the 1984-85 debate over universally distributed social benefits and will end with an examination of the method adopted in 1989 by the federal government to reduce spending on social programs.

¹See Appendix I - Notes and Definitions for definition of individual net income and of husband and wife net income.

The second section of the paper will estimate the impact the social benefits repayment legislation has had on Family Allowance recipients in 1989. This will be followed by an evaluation of the count of recipients who under the present rule are not required to repay any of their benefits but who under a husband and wife net income rule would have needed to.

The last section of the paper will examine some consequences of having the claw-back based on a husband and wife net income base rather than on an individual net income base.

II HISTORICAL BACKGROUND

i. Family Allowances - from 1945 to present

Following is a brief review of the Family Allowances plan since when it was first introduced to 1989. Firstly, it will be shown how over the years benefits have been distributed to an increasing number of Canadian families and secondly, the measure adopted by the federal government in 1989 to cut-down spending on the Family Allowances plan to help reduce the deficit will be examined.

As early as 1939, the Liberal government of Mackenzie King had set up a cabinet committee to prepare for the reconstruction of Canadian economic and social life following

the conclusion of the war. A study was undertaken which looked at the problems of income maintenance during peacetime periods.

Following the Second World War, the federal government created a wide range of social security programs. In 1945, the Family Allowances plan (commonly known as the "Baby bonus") was set-up and 1952 saw the beginning of the Old Age Security pensions. The Family Allowances were universally distributed to all families in Canada with children under the age of 16 while the Old Age Security Pensions went to all persons aged 70 or over.

Both the Federal government and the provinces agreed on creating universal social programs which all Canadians, without distinction, could benefit. It was thought to be essential that all citizens have the right to basic services. For most social programs that were being set-up in the postwar period, the government was not providing for an admissibility test; the concept of the "means test" social programs (selective benefits) was being abandoned to universally distributed benefits.

When setting-up the Family Allowances plan, the government elaborated many economic and social reasons for distributing the Allowances universally to families across the country. Of the reasons, one was "to stimulate consumer spending and so help prevent a downturn when the war time economy returned to peacetime production." (National Council of Welfare on Federal Child Benefits, p. 28). In addition, founders of the program argued that the Allowances were necessary to help compensate for the fact that the wage system did not make adjustment for the extra financial responsibilities borne by all earners with

dependent children.

Under the Family Allowances Act of 1944, cash payments commenced in July 1945. In a two parent family, the Allowances were usually paid to the mother. Benefits were paid for children who were resident in Canada and maintained by parents or guardians, at least one of whom was a Canadian citizen, or legally resident in Canada under the terms of the Immigration Act.

The main requirement for eligibility, until January 1974, was that the child be under sixteen years of age. Payments were universally distributed to parents, independent of their income, for these children. Until August 1957, there were four brackets of benefits, in September 1957, the brackets were reduced to two. This change gave an extra dollar per month for children 0-5 years of age and 10-12 years of age. These were the only significant alterations in the first twenty-eight years of the Family Allowances plan. Indexation of the plan only came about in 1973 when several other changes were made.

In 1973, as a result of an overall examination of the Family Allowances program, drastic changes were made. As illustrated on Table 1, between 1946 and 1972, the number of families receiving Allowances practically doubled (from 1,593,000 to 3,110,000) as had the number of children for whom they were paid (from 3,633,000 to 6,757,000). The monthly average payment per child rose only from \$5.95 to \$6.75 and the average monthly payment per family, from \$13.62 to \$14.66, despite an inflation of over 100 percent between the two years. As a result of rising incomes and inflation, the importance of Family Allowances

dropped drastically, from close to 5 percent of total family income in the 1950s to 1.4 percent in 1972. Hence, the existing program was thought to be outdated and ineffective.

The new plan adopted was presented in the so-called Orange Paper, "Working Paper on Social Security in Canada," put forward in 1973 by a later Minister of National Health and Welfare. The paper proposed that Family Allowances be kept universal, that the benefits be increased from the then present average of \$7.21 per child to \$20.00, that the Allowances be made taxable and that the age limit be increased to 18 from the existing limit of 16. Further, that the level of Allowances be indexed in accordance to the consumer price index. Also, at the wish of the provinces, a supplementary proposal was added allowing them to vary the benefits to suit their particular needs or philosophy².

The Family Allowances Act was passed in 1973 and the revised plan came into effect in January 1974.

The financial impact of the new rates was drastic. The increase in government payments more than tripled from 1972 to 1974. In 1976, as part of budget restraints, indexation of benefits was dropped, however, total costs still increased.

²Provinces could vary the federal Allowances according to the ages or number of children in a family or both provided that the minimum monthly payment was no less than 60 percent of the monthly federal rate and that the average payments correspond to the federal rate. Two provinces, Québec and Alberta, took advantage of this provision.

Table 1

Family Allowances from the Beginning

Total	Number of families	Percent of total	Number of children	Total payments	Average monthly payment		Percent of family income
					Per child	Per family	
(000)	(000)	%	(000)	\$ million	\$	\$	%
1945-46	1,406	-	3,299	172.6	-	-	-
1946-47	1,593	52.4	3,633	245.1	5.95	13.62	-
1947-48	1,670	54.1	3,755	263.2	5.92	13.31	-
1948-49	1,729	54.3	3,889	270.9	5.89	13.25	-
1949-50	1,852	54.3	4,202	297.5	6.01	13.64	-
1950-51	1,910	58.1	4,367	309.5	6.00	13.72	4.6
1951-52	1,967	57.6	4,530	320.5	6.00	13.82	-
1952-53	2,041	58.7	4,729	334.2	6.02	13.94	-
1953-54	2,117	58.9	4,942	350.1	6.03	14.08	4.1
1954-55	2,195	59.6	5,169	366.5	6.03	14.20	-
1955-56	2,263	61.1	5,377	382.5	6.04	14.35	-
1956-57	2,327	60.4	5,571	397.5	6.05	14.49	3.7
1957-58	2,407	60.9	5,796	437.9	6.68	16.08	3.9
1958-59	2,493	61.7	6,035	474.8	6.67	16.15	3.9
1959-60	2,551	61.7	6,220	491.2	6.67	16.27	-
1960-61	2,603	62.7	6,397	506.5	6.68	16.42	3.7
1961-62	2,649	62.5	6,562	520.8	6.69	16.58	-
1962-63	2,681	62.1	6,660	531.6	6.69	16.63	3.4
1963-64	2,711	61.6	6,736	538.3	6.71	16.67	-
1964-65	2,747	61.7	6,817	545.8	6.72	16.68	3.1
1965-66	2,786	61.5	6,865	551.7	6.73	16.59	-
1966-67	2,834	61.5	6,883	555.8	6.76	16.42	2.6
1967-68	2,888	61.5	6,901	558.8	6.77	16.19	-
1968-69	2,937	61.1	6,883	560.2	6.80	15.93	2.1
1969-70	2,978	60.7	6,865	560.0	6.80	15.68	-

Table 1 Continued

Total	Number of families (000)	Percent of total	Number of children (000)	Total payments \$ million	Average monthly payment		Percent of family income
					Per child	Per family	
1970-71	3,024	59.6	6,824	557.9	6.81	15.37	1.8
1971-72	3,063	59.4	6,783	554.4	6.79	15.04	1.6
1972-73	3,110	59.6	6,757	548.6	6.75	14.66	1.4
1973-74	3,344	62.2	7,249	946.2	20.00	43.74	3.5
1974-75	3,446	61.7	7,344	1,824.0	22.08	47.70	3.5
1975-76	3,510	61.2	7,312	1,957.5	22.08	46.50	2.9
1976-77	3,561	61.1	7,244	1,979.9	23.89	49.31	2.9
1977-78	3,595	60.8	7,139	2,122.4	25.68	52.06	2.8
1978-79	3,611	60.3	7,001	2,093.0	20.00	39.45	2.0
1979-80	3,631	59.8	6,916	1,725.8	21.80	41.89	1.8
1980-81	3,645	57.8	6,826	1,850.9	23.96	45.08	1.8
1981-82	3,642	56.7	6,733	2,019.5	26.91	50.78	1.8
1982-83	3,642	55.8	6,672	2,230.6	28.52	53.00	1.8
1983-84	3,637	54.9	6,622	2,326.6	29.95	55.07	1.8
1984-85	3,635	54.0	6,585	2,416.0	31.27	57.16	-
1985-86	3,645	-	6,585	2,500.6	21.58	57.88	-
1986-87	3,659	-	6,592	2,534.4	31.93	58.22	-
1987-88	3,666	-	6,597	2,562.0	32.38	59.05	-

Source: Canadian Tax Foundation No. 85, Perry (1989)

In 1979, through amendments to the Family Allowances Act and the Income Tax Act, the Child Tax credit program became effective. Along with the Family Allowances, the Child Tax credit became part of the federal child benefit program. This refundable tax credit was payable in full to persons with income below a set threshold (benefits were distributed to lower income families). Concurrently, with the introduction of the tax credit, the Family Allowance was cut back to \$20.

Again in 1983 and 1984, ceilings on indexation of the Family Allowances were applied.

In 1987, the program payed families an average of \$31.93 a month on behalf of each dependent child (with no taxable income of his/her own) under the age of 18.

The Canadian Family Allowances were taxable³ (they have remained taxable since 1974). This income had to be reported by the parent claiming the dependent children credit (i.e. the spouse with the higher income). Hence, due to the progressive marginal rate of federal-provincial taxation, the after tax value of the benefits varied inversely with income, leaving higher income families with lower benefits.

In 1989, Family Allowances were still universally distributed to all Canadian parent(s) of dependent children under the age of 18. However, as a result of an income tax reform, starting in the 1989 taxation year, one-third or less of the Allowances received by higher

³Québec also had its own provincial Family Allowance plan. The Québec provincial Family Allowances was financed and administered provincially and closely followed the federal program in terms of its eligibility criteria. In 1987, these benefits became exempt from federal and provincial income taxes.

income families needed to be repaid to the government via the tax system.

This new measure was the outcome of the open debate held in 1984-85, by the conservative government over the choice of universally or selectively distributed social benefits (highlights of the debate are covered later in the paper). Given the social, economic and political conditions of the eighties, the measure was thought to be the best solution to reduce government expenditure.

In order to understand the social, economic and political conditions of the eighties that obliged the government to apply restraints, the paper will now cover the history of the socio-economic conditions of Canada from the Postwar period to the present.

ii A Perspective of Canada's Changing Economy and Population

Since the Postwar period, the government of Canada has made many changes in relation with its citizens, especially with social policy. Hardship from old age, retirement, unemployment, family raising and illness, met by citizens became a government matter under the Canadian constitution. Throughout the years, help has been given in many ways by transfer of financial resources through taxation and social services.

In 1987, government "social" expenditures (health, social services and education) constituted nearly one half of total expenditures, the largest outlay. How have these expenditures

become such a large part of government spending? Why has the government continued to heavily fund social benefit programs, since the 1940s, given the high debt accumulated during World War II and the Great Depression? (developing a "Welfare State" as is commonly known).

In order to get a clearer understanding of the reasons why over the last 40 years government expenditures on social programs have continued to grow, the following section will examine two of the important factors that have influenced this growth, that of the evolution of the Canadian economy and of government expenditures since the Second World War and the changing characteristics of the country's population.

1. The Evolution of the Canadian Economy and of Government Expenditures

Immediately following the Second World War, Canada adopted a new role for the government. The country's economy needed to be re-built and the government played a growing role in doing so. There were fears of a repetition of the Great Depression of the thirties. There was also the general feeling that the brutal depression and war were the product of a system that fell far short of the ideal. Changes had to be made.

From the end of World War II up to the mid-sixties the Canadian economy witnessed high growth with relatively stable prices. The period was spurred by high personal expenditure and exceptional capital investment in resources development, housing, hospitals, highways,

etc. Government revenues were abundant, hence, spending was unrestricted. It was during this period that the major social benefit programs were created.

However, over the years, economic and social conditions in Canada changed, especially in the late 1970s and throughout the 1980s.

Canada's strong economy of the 1960s was, by the mid-seventies, showing signs of slower growth. After a considerable increase in economic activities from 1971 to 1974, Canada was struck in 1975 by an energy crisis which caused an important economic slow-down. Inflation, accompanied by rising unemployment, was quickly reaching levels that were becoming of concern to the government.

This economic slow-down completely changed the pace of a strong growing economy to one with high inflation and low productivity (a problem of stagnation). Energy, inflation and unemployment became the unhappy themes of the late seventies and early eighties.

The stagnant economy of the mid-seventies had serious repercussions on the government's balancing between expenditures and revenues. Unfortunately, at a time when most needed, the government did not sufficiently cut its spending, leading to a continuous increase in the federal deficit from 1975 to 1980.

At the beginning of the seventies, government social expenditures represented 30 percent of total expenditure. By the end of the seventies, this percentage increased to 35. Total

government revenue increased by 72 percent from 1974 to 1979 while total government social expenditures increased by 85 percent.

The government was entering the 1980s in a different way it had entered the 1970s. This time, its financial situation was not as strong; government expenditures were high while its revenues were limited.

In addition to the relatively weak economy of the early eighties, the 1981 recession, the most serious since World War II, came unanticipated by both the government and Canadian citizens. In 1981, interest rates increased at levels that affected all investments in the country. Inflation was increasing which prompted the monetary policy authorities to apply restrictive measures. This recession completely disrupted the economic activities and more specifically, disrupted the government's balancing between its expenditures and revenues.

From 1981 to 1984, period where the Canadian economy was relatively weak, social expenditures increased by 37 percent whereas government revenues remained basically unchanged. Such expenditures needed to be evaluated. In the mid-eighties, the Conservative government headed by Brian Mulroney faced Canadians with unpopular talks of social spending cuts. All Canadians were asked to face reality: the government was accumulating high deficits which were affecting the country's economy on both the national and the international markets. These deficits were said to be in part responsible for the high interest rates and for the large fiscal burden imposed on all Canadians through the 1980s.

With the concerns over the ever growing federal deficit, pressure was increasing for the government to re-think the structure of its social programs. More and more talks on the costs and the fairness of universally distributed social benefits were being heard from all sectors of the economy.

It was then that a study was undertaken by the former Minister of National Health and Welfare, Jake Epp in 1985 "Child and Elderly Benefits: Consultation Paper." In this paper, Epp notes that (p. 5) "The government agrees that a frank and open discussion is timely, and that there is considerable scope for improving and redesigning social programs based on the twin tests of social and fiscal responsibility."

2. Changing Canadian Population

Along with the relatively strong economic growth, the creation of the Canadian social programs was also influenced by the growth of the Canadian population.

Between 1946 and 1986, the population of Canada more than doubled, rising from 12.3 million to 25.4 million. This increase was explained by both an increase in the number of births and in the number of immigrants. Between 1946-85, some 15.5 million babies were born and there was some 5.8 million death (people of all ages). The net natural increase in the Canadian population was of 9.7 million. During the same period, 5.3 million immigrants arrived whereas 2.2 million emigrants left the country, the net increase from

abroad was of 3.1 million. The net total increase between 1946-85 was 12.8 million where 75 percent were a resultant of Canadian-births and 25 percent from immigrants.

During the years 1946-62, the birth rate remained above 25 per thousand of population, one of the highest among industrialized countries. During the 1950s, the high birth rate was combined with a high immigration rate; foreigners were attracted to Canada by the strong economy.

The "Babyboom" period, the high birth rates of the fifties brought the addition of 6 1/4 million babies in Canada after 1945. By 1960, over 40 percent of the population was under 20 years of age and over one-third was under 15.

Population growth during the 1940s to the 1970s kept the economy productive and strong. Canada experienced nearly full employment, cities and towns were renewed and revitalized, new homes, hospitals, universities, schools, super highways and airports were built. On the production side, resources were developed and Canadian products were exported in volume to the rest of the world. Furthermore, Canadian culture was strengthened and the rising living standards could be seen by the increase of two-car families, radios, TV, travel and advanced education.

It was during this period that the government of Canada introduced a range of social measures designed to maintain economic growth.

The 1960s however witnessed a fall in the growth rate of Canada's population. This rate peaked in the early sixties and by 1963, the annual birth rate fell below 25 per thousand and has been falling ever since, reaching 15 per thousand in the early eighties. Fertility rates (number of children per female) dropped from 3.9 in 1959 to below 2.0 in the seventies. The replacement level that will maintain total population is 2.1 children per women. The actual rate fell below this level in 1971 and has remained below ever since. As well, immigration has fallen to half that of the mid-fifties. Therefore, population growth has declined from the 2.7 percent per annum level in the 1950s to 0.7 - 1.2 percent in the mid-eighties.

Both the decreasing growth rate of the Canadian population since the late sixties and the forward passage of the baby boom "wave" have had profound effects on government expenditures in the 1980s. On the one hand, demands for proper housings, for a better and expanded educational system, for better and more health services have forever been increasing creating a heavy strain on the economy. On the other hand, with the decreasing proportion of working age Canadians (and therefore of taxpayers), revenues of government had not been sufficient to meet its ever increasing expenditures. The government faced a problem and a solution was needed quickly.

It was at this time, in the mid-eighties, that the government publicly debated the foundation of social programs. Highlights of this debate follow as does a review of the new measure adopted by the Canadian government in 1989.

iv. The 1984-85 debate over universality or selectivity

Income security programs for which the gross amount paid is adjusted according to the income or wealth of the recipient are usually called "selective" while programs for which the gross amount paid (before taxes) does not decrease as the income or wealth of the recipient increases are called "universal."

Since social programs were first introduced by the Canadian federal government, controversies over the choice of universally or selectively distributed benefits have existed.

In the earliest days of the income security system, virtually all programs were selective. Following the 1942 Beveridge report, "Report on Social Insurance and Allied Services," universality became the favoured approach.

However, economic and social conditions have changed from the mid-forties to the mid-eighties. In the 1980s, it was questioned whether government programs established in the previous 40 years were still necessary or were appropriate in their actual form.

Faced with a growing deficit and hence, a need to reduce spending, the government held an open debate in 1984-85 over the issue of universally distributed social benefits. In his statement to the House of Commons in November 1984, the federal Minister of Finance, Michael Wilson, announced that a full frontal assault on the country's deficit would be central to the new government's policies. The federal government was undoubtedly under

pressure to moderate its expenditures and an important component of expenditure restraint, and one related to tax reform⁴ were moves to alter or limit social security spending.

At this time, Canadians questioned whether it was possible to achieve restraint through universality or if the whole concept of universality needed to be dropped. There were conflicting prescriptions about what should be done.

Arguments for and against universally distributed Family Allowances were heard from different social groups, lobby groups, policy analysts and Canadian citizens.

Universalists argued that a retreat from universality could harm low-income families since selective programs targeted to the poor tend to stigmatize their recipients setting them apart from the rest of society. Universal benefits were said to be non-stigmatizing because it is not possible to know who is a net beneficiary. For recipients of the Family Allowance benefits, there was no negative connotation to membership in the particular demographic group (that of families with children under the age of 18.)

⁴ A study was underway by the federal department of finance for a major income tax reform to be effective in 1988. It is important to note that there exists a link between social programs and the personal income tax system since the tax system plays a significant role in adjusting the net benefit that individuals and families receive from these programs and in delivering social programs more generally. That is, given government revenues collected through our progressive income tax system is later distributed in social benefits, high income individuals, faced with higher marginal tax rates, receive lower net benefits. Furthermore, given that Family Allowances are considered as income for tax purpose, as a result, high income parent(s) are recipients of lower net benefits.

Therefore any attempts to reform the way income transfers to individuals are delivered should not ignore the personal income tax system.

In addition, if universal Family Allowances were to become selective (the benefits distributed to the poor only) universalists questioned how one would define the appropriate level of income at which assistance should cease. Finding the answer to such a question could very easily become a serious philosophical and political problem.

In order to avoid such stigmatization, selectivists had proposed that the income tax system be used to determine beneficiaries of a selective program based on income. Opposed to this measure, universalists identified the problem of the tax system recording income from the previous year and, if the income of a family remained relatively stable from one year to another, this method for determining beneficiaries would be fine. However, if a family experienced substantial raise or fall in their income from one year to another, some well-off families might benefit or worse still, a family who suffered an income loss (unemployment, disability or death of a bread winner) would not get the Family Allowances it needed because last year's income was too high.

Arguments were also often heard that selective programs were costly to administer because of their complex eligibility regulations and greater management needs; that the established universal Family Allowances did not have such administrative problems. The overhead costs of the program were low, and being universal, there were no need for complex eligibility tests.

Furthermore, universal Family Allowances was defended on the grounds that they 'belong to women,' that they were the only source of income to which all Canadian mothers were

entitled as a right.

Finally, there also existed very important political reasons for maintaining the distributed Family Allowances universal. The popular baby bonus benefits had become a 'social contract' between Canadians and the federal government. A government which tampered with principles of universal payment could risk alienating a large segment of the electorate, and an opposition party which added the repeal of universal Family Allowances to its platform might lose more votes than it would gain from the proposal.

Overall, universalists argued that the Family Allowances was popular with Canadians. Its ease of administration, lack of stigma, public acceptance, and universal nature were the very features most valued by the proponents of universal programs. Furthermore, because Family Allowances was based upon the presence of children, it was argued that there were virtually no incentive to modify behaviour in order to qualify for benefits, as was sometimes alleged with unemployment insurance.

Selectivists on the other hand, defended their interests with the argument that social benefits should be targeted only to those in need rather than being universally available. That the principal objective of social assistance was to reduce (or eliminate) the amount of poverty and the universal Family Allowance plan was not succeeding.

Opponents of the universal Family Allowances argued that upper-income parents did not need government financial assistance to raise their children. Mailing monthly cheques to

all families regardless of their income was seen as a costly waste of public funds, especially during the tough economic climate of the 1980s.

By these criteria, as a means of evaluation, selectivists argued that income-tested programs are superior since nearly all funds are directed to the lower income individuals.

These were important arguments that could not be ignored. However, government questioned to what extent the selectivists objective of cost effectiveness could be pursued at the expense of individual dignity and social cohesion and whether there existed less costly alternatives.

The following section will briefly review some proposals for changes submitted by particular social advocates and policy analysts to the federal government of Canada for its review of social security system.

v. Proposal for Changes to the Canadian Social Security System

The 1984-85 debate over the choice between universal or selective social programs became a major concern among many social advocates and policy analysts in Canada. Most seem to favour the retention of universality however, some opposed it.

A task force study released by the Canadian Council on Social Development in June 1984 stressed that universality in income maintenance and social programs had to be maintained. The Council proposed that reforms to social benefits be made through the income tax system, that with increased tax rates, those with more income would have lower or negative net benefits. The Council argued that by using the income tax system, the stigma and administrative costs normally associated with welfare programs would be avoided. (McKenzie 1987)

A spokesman for the National Anti-Poverty Organization was reported to favour retention of universality with increased taxation of the rich. (McKenzie 1987)

An earlier report, that of Québec's "Report of the Commission of Inquiry on Health and Social Welfare" (Castonguay-Nepveu Report) which recommended that the government maintain universality but that it recuperates a fraction of Family Allowances through income tax by means of a distinct scale of taxation of Family Allowances, that eventually, families with higher income would have to reimburse their Family Allowances fully was again reviewed.

In a report by the CD Howe Institute, it was noted that improved targeting of social transfers need not require the abandonment of universal programs, that the net benefits could be reduced for upper-income recipients by a higher tax-back rate (surtax). A surtax was believed to be necessary because the positive tax system was not progressive enough and because it was politically inexpedient to increase positive taxes. The report indicated

that the surtax would stack with the positive tax system and other programs in exactly the same way as would a more direct selective program. (McKenzie 1987)

Groups who did not favour the retention of universality suggested that the Family Allowances be eliminated and that the benefits, to low income families only, be distributed through an expanded Child Tax Credit (CTC)⁵. The argument was that since the credit was already in place, the marginal administrative cost of expanding it would be minimal.

Critics of this proposal argued that while Family Allowances were paid on a monthly basis, the CTC was a lump sum payable at the end of the year (in 1985, the CTC was payable while filing an income tax return only, this was changed in 1986 where a prepayment was made available to families in November). This means that, under the CTC scheme, families would have to wait a whole year before receiving any benefits; families would have to budget the benefits over the entire year, something that is particularly difficult among poor families.

In addition, the proposal was contested on the basis that the CTC, like any other income-tested program, suffers from the problem of incomplete take-up. Some families either because they are not aware of the program or are not familiar with the filing of tax forms, do not apply although they are eligible for the benefits.

⁵The Federal Child Tax Credit program became effective in January 1978. It was designed to provide additional assistance in meeting the costs of raising children for low income families. The benefit is in addition to the monthly Family Allowances and is normally paid to the mother. The program is administered through the Income Tax system.

It was a few years later, in 1989, that Canadians witnessed the outcome of the mid-eighties debate over universal or selective distributed social benefits. The Conservative government of Brian Mulroney retained the universality of social programs, however, through changes to the income tax system, claw-back of Allowances paid to high income families was implemented.

III EVALUATION OF THE FAMILY ALLOWANCES 'CLAW-BACK' LEGISLATION

i. 1989 Income Tax Reform

In his 1989 Federal Budget, Finance Minister Michael Wilson proposed that the government of Canada 'claw back', through the personal income tax system, the Family Allowances, the Old Age Security pensions and the Unemployment Insurance benefits paid to higher-income Canadians. Faced with a growing federal deficit, Wilson said that the cuts were necessary to cutdown government spending.

Under this measure, the Allowances would continue to be paid to all eligible families, and hence, remain 'universal'. Given the outcome of the 1985 debate over universality and given that, due to the economic condition of the mid-eighties expenditure cuts were urgent, the government concluded that it was an inappropriate time to completely re-design the Family Allowances plan.

Hence, the proposed measure, which was later accepted in Parliament and became effective in the 1989 tax year, was to have Ottawa continue to pay Old Age Security pensions and Family Allowances to all eligible Canadians, but those with higher income would need to repay the benefits through the personal income tax system.

Consequently, one of the original purposes of the universally distributed benefits, that of compensating all families with children due to the extra financial responsibilities, was altered and the benefits became more of a financial program aimed to help low to middle income families with dependant children.

The measure was set to be phased in over three years; in 1989, each taxpayer with an individual net income - total income minus retirement savings and certain other expenses - above \$50,000 a year have had to repay one-third of the benefits received. In 1990, repayments will be of two-thirds of the benefits received and the full amount will be repayable in 1991 and subsequent years.

The \$50,000 income threshold will also be indexed, starting in 1990, based on the same basis as other indexed brackets and thresholds in the tax system, that is, will be escalated by the excess of inflation over 3 percent. Wilson has also provided for the possibility of reviewing the threshold periodically and adjusting it appropriately.

According to M. Wilson, with this new measure, "only benefits received by higher-income Canadians will be subject to repayment. Lower- and middle-income Canadians in receipt

of the benefits will not be affected." (Wilson, p.9)

Based on estimates, Wilson has projected that under the mature system, a total of 368,000 high-income families would repay all of their Family Allowance benefit and 167,000 would repay part; a total of 14 percent of Family Allowance recipients would be affected. In addition, that a total gross amount of \$318 million of Family Allowances would be repaid.

This claw-back of both the Family Allowances and the Old Age Security pensions was seen by many as "the beginning of the end of universality in national programs." (Tedesco 1989) That without admitting it, Wilson was ending universality.

Others criticized the fairness of the new measure vis-à-vis single parent, two parent single earner and two parent double earner families. Concerns were raised on the fact that dual income husband and wife families, each having a net income of \$50,000 or less but having a combined net income greater than \$50,000 would not be required to repay any of their benefits whereas a single earner family, having a net income larger than \$50,000 would be required to repay.

The following section of the paper is an evaluation of the number of families who under the present measure are not required to repay their Allowances but who under a husband and wife income base would be required to do so.

The section begins with a description of the data source used for the analysis and is followed by a profile of Family Allowance recipients. The paper then examines the impact of the claw-back by the federal government in 1989. Finally, an estimation of the number of families who would have needed to repay part of their Allowances if the measure was based on a husband and wife net income basis and who under the present basis, were not required too is derived.

ii. Data and Their Quality

The data source file for this study is from Statistics Canada, Small Area and Administrative Data Division. The 100% tax family data file for 1987 was used throughout the analysis.

A tax family is created by linking T1 personal income tax data to form husband-wife families, common law families, single parent families and non-family persons.⁶ Non-taxfiling spouses and children are imputed on the basis of exemptions and other information reported on the personal income tax return of the filing family member(s).

⁶ Husband-wife families and common-law families can be with or without children. The couples may be matched (2 filers) or a married person not matched may be allocated to an imputed spouse (1 filer). Children in the Tax Family file are defined as single individuals with no children of their own, under the age of 30 and living with parent(s).

Single parent families consists of widowed, divorced, separated or single persons with matched or imputed children.

Non-family persons are individuals with neither a matched nor an imputed spouse or children.

There are a number of advantages and disadvantages associated with the utilization of the tax file for analysis.

One strong advantage is that the tax file provides detailed information on income by source (taxable source of income)⁷. In addition, demographic information, such as age, sex and marital status are available.

On the other hand, a shortcoming of the income tax file that cannot be ignored is that low income individuals with no tax liability may not file a return creating a bias in the tax family population.

For the purpose of this analysis, we are particularly interested in the tax coverage of reported Family Allowances. The comparison to Canada Health and Welfare data for 1987 indicates that 95 per cent of distributed Family Allowance benefits were reported on tax returns in the 1987 tax year. Hence, the author is confident that the tax coverage of distributed benefits is sufficiently high to make conclusions drawn from the tax data file reliable.

⁷Note that not all sources of income are taxable. The non-taxable sources of income include social assistance payments, Guaranteed Income Supplements and workers' compensation payments.

iii. Incidence of reported Family Allowance benefits

This section will attempt to profile families who reported some Family Allowance income on their tax returns in 1987. This will be done with the help of Tables 2 and 3. The same tables for all provinces are attached in Appendix II. On these Tables, family characteristics for husband and wife/common law (Table 2) and single parent families (Table 3) are shown by seven different individual net income ranges. These ranges were selected to separate families with individual net income equal to or less than \$50,000 and families with individual net income greater than \$50,000.

From Tables 2 and 3, it can be seen that in 1987, there was a total of 6,711,550 tax families (sum of total husband and wife/common law and single parent families). Of this total 5,748,500 (85.65%) were husband-wife/common law families and 963,050 (14.35%) were single parent families.

Among the husband-wife/common law families, a total of 2,865,575 (49.85%) reported having received some Family Allowance benefits in 1987 (Table 2 column 3). Among single parent families, this incidence was notably higher with 686,350 (71.27%) (Table 3 column 3). From the set of Tables for the provinces and the territories, the observation of higher incidence of reported Family Allowances among single parent families than among two parent families is observed throughout.

From column 2, the percentage distribution of all families, it can be seen that the bulk of the population was concentrated in the lower individual net income ranges, hence most of the Family Allowance beneficiaries (and income benefits) were also concentrated at these levels. This observation was particularly notable among single parent families. For Canada, it can be seen that 85.52 percent of single parent Family Allowance recipients were in the individual net income range of \$30,000 or less and for two parent families, this incidence was 46.71 percent.

Tables 4 and 5 show selected characteristics from the set of provincial Tables in Appendix II. As can be seen from Tables 4 and 5, throughout the Atlantic provinces, more than 90 percent of single parent families reporting the Allowances were in the lowest individual net income range whereas, for husband-wife/common law families, this incidence was less than 70 percent. In Québec, 85.44 percent of single parent families had individual net income of \$30,000 or less whereas a lower percentage of husband-wife/common law families, reporting some Allowances, 51.96 percent, were in the same individual net income group.

In Ontario, the percentage of single parent families and of husband-wife/common law families reporting Family Allowance benefits and in the lowest individual net income group was lower than all other provinces in Canada (38.20% and 82.58% respectively). In turn, the province also had the lowest percentage of its husband-wife/common law families in the lowest individual net income group who had reported Family Allowances (38.20% and 82.58% respectively).

Table 2

Canada
Husband-Wife and Common Law Families

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	54.98	1,338,475	46.71	2,560,400	1.91	2.64
>30.0 - 40.0	20.77	688,050	24.01	1,339,700	1.95	1.52
>40.0 - 50.0	12.32	440,925	15.39	882,175	2.00	1.29
>50.0 - 60.0	5.48	196,225	6.85	398,225	2.03	1.11
>60.0 - 75.0	3.11	103,175	3.60	209,700	2.03	0.92
>75.0 - 100.0	1.70	52,325	1.83	106,850	2.04	0.71
> 100.0	1.64	46,375	1.62	96,950	2.09	0.35
Total	100.00 %	2,865,575	100.00	5,594,000	1.95	1.58

Total count of families: 5,748,500

Table 3

Canada
Single Parent Families

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	84.69	586,925	85.52	939,000	1.60	5.32
>30.0 - 40.0	8.68	57,975	8.45	88,650	1.53	1.50
>40.0 - 50.0	3.77	24,600	3.58	37,925	1.54	1.21
>50.0 - 60.0	1.42	8,900	1.30	13,900	1.56	1.01
>60.0 - 75.0	0.72	4,225	0.62	6,600	1.56	0.81
>75.0 - 100.0	0.38	2,075	0.30	3,300	1.59	0.65
> 100.0	0.33	1,600	0.23	2,500	1.55	0.30
Total	100.00 %	686,350	100.00	1,091,850	1.59	3.60

Total count of families: 963,050

Throughout the remaining provinces, the percentage of single parent families reporting Family Allowance benefits and being in the lowest individual net income range remained higher than the percentage of two parent families with the same characteristics.

Along with having a relatively high percentage of Family Allowance beneficiaries in the lowest individual net income group, single parent families consequently had a relatively low percentage of beneficiaries in the higher individual net income groups. As can be seen from the percentage distribution column (4) of Tables 2 and 3, across Canada the percentages of families reporting Family Allowances with individual net income greater than \$50,000 was larger among two parent families (13.98%) than among single parent families (2.45%).

Columns 5 and 6 of Tables 2 and 3 show the total count of children for whom Family Allowance benefits were received (FA Kids) as well as an average number of children per family (families recipients of Family Allowance benefits only) by individual net income range. In Canada, two parent families had, on average, more children (1.95) than did single parent families (1.59). Between income groups, the average number of children varied by little and the lower average of children among single parent families than among two parent families remained. This relationship was consistent throughout all provinces.

Table 4

**Percentage Distribution and Total Count of Families
Reporting Family Allowances
Husband-Wife and Common Law Families
By Provinces**

Taxfiler Net Income (\$000)	Newfound Land	Prince Edward Island	Nova Scotia	New Brunswick
<= 30.0	66.96	69.47	53.90	61.37
>30.0 - 40.0	18.48	17.66	24.25	20.92
>40.0 - 50.0	8.69	6.77	12.42	10.56
>50.0 - 60.0	3.13	2.97	4.68	3.91
>60.0 - 75.0	1.45	1.65	2.38	1.71
>75.0 - 100.0	0.74	0.83	1.26	0.87
> 100.0	0.55	0.66	1.11	0.67
Total Count	77,425	15,150	101,000	86,400

Taxfiler Net Income (\$000)	Québec	Ontario
<= 30.0	51.96	38.20
>30.0 - 40.0	23.70	25.52
>40.0 - 50.0	13.51	18.16
>50.0 - 60.0	5.37	8.93
>60.0 - 75.0	2.85	4.62
>75.0 - 100.0	1.49	2.30
> 100.0	1.12	2.27
Total Count	721,575	1,029,450

Table 4 - Continued

Taxfiler Net Income (\$000)	Manitoba	Saskatchewan	Alberta	British Columbia
<= 30.0	56.57	57.55	46.35	42.81
>30.0 - 40.0	22.33	21.77	22.24	25.36
>40.0 - 50.0	12.42	11.95	15.60	17.27
>50.0 - 60.0	4.44	4.37	7.18	7.37
>70.0 - 75.0	2.22	2.33	4.36	3.69
>75.0 - 100.0	1.10	1.17	2.42	1.76
> 100.0	0.91	0.85	1.85	1.74
Total Count	120,400	117,100	227,250	305,475

Taxfiler Net Income (\$000)	Yukon and North West Territories
<= 30.0	39.18
>30.0 - 40.0	16.96
>40.0 - 50.0	17.25
>50.0 - 60.0	14.04
>60.0 - 75.0	8.77
>75.0 - 100.0	2.92
> 100.0	0.88
Total Count	8,550

Table 5

**Percentage Distribution and Total Count of Families
Reporting Family Allowances
Single Parent Families
By Provinces**

Taxfiler Net Income (\$000)	Newfound Land	Prince Edward Island	Nova Scotia	New Brunswick
<= 30.0	94.04	93.60	91.01	92.45
>30.0 - 40.0	3.81	4.00	5.62	4.75
>40.0 - 50.0	1.32	1.60	2.15	1.83
(>50.0)	0.83	X		0.97
>50.0 - 60.0			0.61	
>60.0 - 75.0			0.31	
>75.0 - 100.0			0.10	
> 100.0			0.20	
Total Count	15,125	3,100	24,475	20,525

Taxfiler Net Income (\$000)	Québec	Ontario
<= 30.0	85.44	82.58
>30.0 - 40.0	8.54	9.86
>40.0 - 50.0	3.59	4.39
(>50.0)		
>50.0 - 60.0	1.28	1.66
>60.0 - 75.0	0.63	0.79
>75.0 - 100.0	0.31	0.39
> 100.0	0.22	0.33
Total Count	195,500	222,475

Table 5 - Continued

Taxfiler Net Income (\$000)	Manitoba	Saskatchewan	Alberta	British Columbia
<= 30.0	90.29	91.07	86.48	84.47
>30.0 - 40.0	6.33	5.98	7.76	9.23
>40.0 - 50.0	2.36	1.80	3.48	3.73
(>50.0)				
>50.0 - 60.0	0.59	0.57	1.16	1.40
>70.0 - 75.0	0.25	0.38	0.62	0.62
>75.0 - 100.0	0.08	0.09	0.31	0.31
> 100.0	0.08	0.09	0.19	0.25
Total Count	29,625	26,325	64,750	80,475

Taxfiler Net Income (\$000)	Yukon and North West Territories
<= 30.0	77.85
>30.0 - 40.0	10.74
>40.0 - 50.0	6.04
(>50.0)	5.37
>50.0 - 60.0	
>60.0 - 75.0	
>75.0 - 100.0	
> 100.0	
Total Count	3,725

The last column of Tables 2 and 3 is an indication of the importance of reported Family Allowance benefits to total family income by individual net income ranges. This percentage will be higher as the Allowances account for a larger part of total family income and the percentage will be lower as the Allowances contribute a relatively small proportion of total family income.

In 1987, the benefits paid out to single parent families were on average a relatively larger component of their family income (3.60%) than they were for two parent families (1.58%).

By individual net income ranges, for both two parent and single parent families, the Allowances accounted for a larger part of family total income for families in the lowest income group (individual net income of \$30,000 or less) than for families in all other income groups. As individual net income increased (increased ranges), the contribution of reported Family Allowance to family total income decreased. This drop in relative importance was especially notable between single parent families earning \$30,000 or less (5.32%) and those earning 31.0-40.0 thousand dollars (1.50%). For two parent families, the drop in relative importance of the Allowances to total family net income was not as significant as it was for single parent families but was still notable with 2.64% for families with individual net income of \$30,000 or less and 1.52 percent for families with individual net income from \$31,000 to \$40,000.

Given that the average number of children, and hence the benefits paid out, were not higher among single parent families in the lowest individual net income group than for two

parent families, these observations lead one to believe that family total income was on average lower for single parent families with individual net income of \$30,000 or less than it was for two parent families. Furthermore, it can lead one to believe that for husband-wife/common law families, a second parent contributed to family total income and hence, increased family income.

iv. Impact of the Claw-Back Based on Individual Net Income

From Tables 2 and 3, it can be seen that an estimated total of 414,900 (14.48%) Canadian Family Allowance recipients needed to repay one-third or less of their received Allowances in the 1989 income tax year since their individual net income was greater than \$50,000. Of these families, 398,100 (95.95%) were two parent families and 16,800 (4.05%) were single parent families.

The 398,100 husband-wife/common law families that needed to repay represented 13.98 percent of all husband-wife/common law families receiving the Allowances. For single parent families, where their representation in high individual net income groups was relatively low, the count of 16,800 represented only 2.45 percent of the total single parent families.

With these numbers and the help of Tables 2 and 3, it is possible to estimate the total dollars of Family Allowance benefits that were repaid to the government in 1989. More

precisely, by calculating the average number of children for families who have needed to repay the 1989 benefits (2.0)⁸ and assuming that these families repaid all their received benefits (average of \$32.74 per month for 1989), an estimated \$326 million was repaid to the government in 1989.

By province (Tables in Appendix II), the two territories (combined into one group) had the highest percentage of their two parent and single parent families who had needed to repay a portion of their Allowances (26.32% and 5.37% respectively) to the government in 1989. Ontario had the second highest incidence of both family types affected by the law; for this province, 18.12 percent of two parent families and 3.17 percent of single parent families needed to repay one-third or less of their Allowances in 1989. To the other extreme, the Atlantic provinces, which had the lowest representation of families in high individual net income groups, also had the lowest percentage of Family Allowance recipients (both two parent and single parent families) who had needed to repay their Allowances.

Consequently, this new tax legislation, which aims the Family Allowance benefits to 'poorer' families has the effect of redistributing income from what is known to be the 'richer' provinces (Ontario, for example) to the 'poorer' provinces (the Atlantic provinces).

⁸The average number of children for families who have needed to repay their benefits is calculated by summing the count of children of families needing to repay and dividing this count by the total number of families who needed to repay their benefits in 1989.

v. **Claw-back Based on Husband and Wife Net Income**

In Table 6 husband-wife/common law families are ordered by individual net income groups and by husband and wife net income groups. Since for single parent families, their individual net income equals their husband and wife net income, the Table has not been produced for this group.

Table 6 is fairly simple to read. For example, when ranked by individual net income, a total of 1,338,475 husband-wife/common law families were in the income group of \$30,000 or less. For this same group, when ranked by their husband and wife net income, a total of 848,275 (63.38%) families remained in the income group of \$30,000 or less. The other families moved to a higher income group. Of these other families, 297,100 (22.20%) had a husband and wife net income greater than \$30,000 to \$40,000, 158,475 (11.84%) had a husband and wife net income greater than \$40,000 to \$50,000 and 34,625 (2.59%) had a husband and wife net income greater than \$50,000 to \$60,000.

Through this exercise, we are particularly interested in families who have an individual net income of \$50,000 or less and a husband and wife net income above \$50,000.

Table 6

Canada
Husband-Wife and Common Law Families

Count Row Percent	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	848,275 63.38	297,100 22.20	158,475 * 11.84 *	34,625 2.59	X	X	X	1,338,475 46.71
>30.- 40.	1,050 0.15	271,800 39.50	190,575 * 27.70 *	149,675 21.75	72,550 10.54	2,400 0.35	X	688,050 24.01
>40.- 50.	100 0.02	525 0.11	190,300 * 43.16 *	108,425 24.59	103,175 23.40	38,400 8.71	X	440,900 15.39
>50.- 60.	X	X	250 0.13	89,725 45.72	61,650 31.41	39,750 20.25	4,825 2.46	196,225 6.85
>60.- 75.	X	X	X	100 0.10	53,075 51.44	37,725 36.56	12,250 11.87	103,175 3.60
>75.-100.	X	X	X	X	50 0.10	30,350 58.00	21,925 41.90	52,325 1.83
>100.0	X	X	X	X	X	X	46,350 99.95	46,375 1.62
Count Row %	849,475 29.64	569,425 19.87	539,625 18.83	382,575 13.35	290,500 10.14	148,625 5.19	85,350 2.98	2,865,575 100.00%

As previously seen, Table 6 shows that the present legislation by the Finance Minister M. Wilson (based on individual net income) had obliged 398,100 (13.89%) husband-wife/common law families across Canada to repay some portion (maximum of one-third) of the Allowances received in the 1989 tax year. The Table also shows the count of families that would have been obliged to repay a portion of their Allowances if the rule was based on a husband and wife net income (columns). By applying the husband and wife income rule instead of the individual income rule, the number of husband-wife/common law families needing to repay some of their benefits increases considerably to 907,050 (31.65%). The number of affected families would more than double the number of affected families under an individual income base.

The upper righthand quadrant Table 6 contains the families who, based on the existing claw-back rule did not need to repay any of their received Allowances since their individual net income was \$50,000 or less, however, when adding the net income of both spouses, the husband and wife net income amount was above \$50,000. From the righthand corner, it can be seen that if the repayment of the Family Allowances legislation had been based on family net income, and extra 508,925 (17.76%) of husband-wife/common law families would have needed to repay some of their benefits received during 1989.

Furthermore, it can be calculated that under this husband and wife net income base, government expenditures would further have been reduced by an estimated \$399.9 million

in 1989⁹ due to the increased number of families needing to repay.

This redistribution of husband-wife/common law families ranked by individual net income and by husband and wife net income for each province and the Territories is shown on the Tables in Appendix III.

It can be seen from these Tables in Appendix III that within all provinces the total count of two parent families needing to repay their benefits to the government would have been more than double under a husband and wife net income base than under the individual net income base.

In addition, the increase of husband-wife and common law families needing to repay their benefits (21.72%) is relatively higher in Ontario than in all other provinces. Consequently, under a husband and wife net income base, the redistribution of income effect from the richer province to the poorer ones would have been more significant.

For single parent families on the other hand, the number of Family Allowance recipients needing to repay a portion of their benefits in 1989 under a husband and wife income base would remain the same as under the individual income base.

⁹This amount was estimated using an average number of children of 2.0 and average monthly benefits of \$32.74, as was done under the individual net income base calculation.

IV CONSEQUENCES

i. Consequences of having the claw-back based on Husband and Wife Net Income

There are some serious consequences arising given that the repayment of the Family Allowances had been based on a husband and wife net income rule.

Firstly, the use of husband and wife net income as the base for the calculation of the Family Allowance benefits claw-back would measure single parent, two parent single earner and two parent double earner families equally; all would be measured on their husband and wife net income.

Secondly, such reforms would limit or eliminate by a larger portion the benefits going to high income families and hence, government expenditures would be reduced by a larger amount; money that could always be used for other child benefit programs.

Thirdly, the income redistribution effect from the relatively poorer families and provinces to the relatively richer ones would have been more significant under a husband and wife net income base than under the individual net income base.

Fourthly, the claw-back rule would become compatible with the use of family as the unit for the child tax credit, the federal sales tax credit and the goods and service tax¹⁰.

Fifthly, if the federal government has as its objective to claw-back the distributed benefits from a specific number of Family Allowance recipients or if it wishes to claw-back a fixed amount of distributed benefits, then to meet either objectives under a husband and wife net income base, the government could easily review the income limit. In 1989, an estimated number of 414,900 Family Allowance recipients needed to repay a portion of their benefits due to having an individual net income greater than \$50,000. With the help of Table 7, it can be seen that under a husband and wife income base, the income limit required to keep the number of recipients who would have needed to repay a portion of their benefits in 1989 near 414,900 is between \$60,000 and \$75,000.

Table 7 **Number of Family Allowances Recipients
by Husband and Wife Net Income Groups**

Family Net Income (\$000)	Husband-Wife and Common Law	Single Parent	Canada Total	% of Total
<= 30.0	849,475	586,925	1,436,400	40.4
>30.0 - 40.0	569,425	57,975	627,400	17.7
>40.0 - 50.0	539,625	24,600	564,225	15.9
>50.0 - 60.0	382,575	8,900	391,475	11.0
>60.0 - 75.0	290,500	4,225	294,725	8.3
>75.0 - 100.0	148,625	2,075	150,700	4.2
> 100.0	85,350	1,600	86,950	2.4
Total	2,865,575	686,350	3,551,925	100.0

¹⁰The eligibility of the Child Tax credit, the Federal Sales Tax credit and the Goods and Services Tax credit is based on annual net family income.

V CONCLUSION

Since the end of the second world war, social programs in Canada have become an intrinsic part of the economy. Either it be for disabilities, for unemployment, for old age or for having children, government redistributes public funds through transfer payments to many Canadian families. From the end of the war to the mid-seventies, period when the Canadian economy was strong and prosperous, government funds were sufficient to meet the costs of the social programs. In the 1980s however, due to a slower economy and hence fewer public funds, social programs were questioned on the basis of their necessity.

In 1984-85, the federal government held an open debate on the reforms of social programs in Canada. The foundation as well as the exitance of many programs were questioned. In particular, the universally distributed Old Age Security pensions (OASP) and the Family Allowances (FA) were thoroughly reviewed.

In 1989, Finance Minister Michael Wilson introduced a measure to cut down expenditures on the two universally distributed social benefits (OASP and FA). The measure was a claw-back of the benefits distributed to high income families. It was channelled through the income tax system where recipients with an individual net income above \$50,000 needed to repay a portion of their benefits.

This measure was criticized by many on the basis that single parent, two parents one earner and two parents two earners families are not equally measured. That for the purpose of

the repayment, a family income base rather than an individual income base should be the determinant of recipients needing to repay part of their benefits.

The purpose of this paper was to look at the differences in the number of families who, in 1989, needed to repay a portion of Family Allowance benefits based on the existing claw-back rule and the number of families who would have needed to repay if the measure was based on a husband and wife net income rule. As was seen from the analysis, this difference is considerably large. Had the claw-back been based on a husband and wife income basis, an extra 508,925 families (17.76%), recipients of the Family Allowances, would have needed to repay a portion of their received benefits in the 1989 tax year, more than doubling the number of families affected by the existing rule.

Can this be called an injustice towards single earner families? Can it be said that single and dual earner families are not measures equally? Both these questions raise controversial issues which the government should be aware; consequently, the federal government of Canada should re-consider the present claw-back legislation.

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APPENDIX I

Notes and Definitions

Total Income: refers to the sum of a taxfiler's income from taxable sources. These sources include the following:

- a) gross income from employment less the employment expense deduction and other allowable expenses;
- b) gross pension income (e.g. Old Age Security Pension, Canada Pension Plan/Québec Pension Plan and other pension and superannuation);
- c) net income from self-employment (business income, professional income, farming income, fishing income and commission income) and,
- d) any income from other sources (e.g. net rental income, investment income, Unemployment Insurance benefits).

Net Income is equal to the difference between Total Income from taxable sources minus all deductions from Total Income allowed by Revenue Canada. Such deductions include contributions to a CPP/QPP, to an RRSP, tuition fees, child care expenses.

Since the analysis used 1987 dollars to evaluate an income tax legislation effective in 1989, Net Income has been inflated by the Consumer Price Index (CPI)¹¹ to reflect 1989 dollars.

Individual Net Income in a husband and wife/common law family refers to net income of the spouse with the highest reported amount. In a single parent family, individual net income refers

¹¹This analysis used the CPI because it is widely known and commonly used to adjust income. Other measures of price changes are also available; for example, the consumer expenditure implicit price index from the income and expenditure accounts, and the overall gross domestic product implicit price index.

to the amount reported by the taxfiling parent.

Husband and Wife Net Income refers to the sum of net income reported by both spouses; hence, in the case of single parent families, husband and wife net income equals individual net income.

Family Allowance Kids (FA Kids) is defined as a child 18 years of age or younger on December 31, 1987 and where the parent(s) had reported Family Allowance income in the 1987 tax year.

Average Number of Family Allowances Kids is an average number of children for families who have reported Family Allowances.

Family Total Income refers to the sum of reported income by both spouses. Note that reported total income of children are not included.

Husband-wife and common law families have been combined in a single group since both family types receive the same treatment by Revenue Canada in determining who needs to repay part or all of the received Family Allowance benefits.

APPENDIX II

**Newfoundland
Husband-Wife and Common Law Families**

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA \$ as a % of Family Total Income
<= 30.0	71.59	51,825	66.96	102,925	1.99	3.12
>30.0 - 40.0	15.82	14,300	18.48	29,000	2.03	1.63
>40.0 - 50.0	7.30	6,725	8.69	14,250	2.12	1.40
>50.0 - 60.0	2.69	2,425	3.13	5,100	2.11	1.19
>60.0 - 75.0	1.35	1,125	1.45	2,375	2.10	0.97
>75.0 - 100.0	0.67	575	0.74	1,200	2.07	0.76
> 100.0	0.57	425	0.55	950	2.23	0.42
Total	100.0 %	77,425	100.00	155,825	2.01	2.18

Total count of families: 122,600

**Newfoundland
Single Parent Families**

1	2	3	4	5	6	7
Total count of families:	22,725					
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	93.84	14,200	94.04	22,025	1.55	5.65
>30.0 - 40.0	3.96	575	3.81	925	1.62	1.60
>40.0 - 50.0	1.32	200	1.32	350	1.73	1.31
>50.0	0.88	125	0.83	225	1.65	0.76
Total	100.0 %	15,125	100.00	23,500	1.56	4.69

Prince Edward Island
Single Parent Families

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	92.78	2,925	93.60	4,625	1.58	5.31
>30.0 - 40.0	4.44	125	4.00	200	1.65	0.17
>40.0 - 50.0	1.67	50	1.60	50	1.53	1.05
>50.0	1.11	X	X	X	X	X
Total	100.00 %	3,100	100.00	4,925	1.58	2.32

Total count of families: 4,500

Nova Scotia
Husband-Wife and Common Law Families

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	61.21	54,450	53.90	102,150	1.88	2.64
>30.0 - 40.0	20.28	24,500	24.25	48,225	1.97	1.62
>40.0 - 50.0	10.04	12,550	12.42	25,975	2.07	1.36
>50.0 - 60.0	3.97	4,725	4.68	9,875	2.09	1.16
>60.0 - 75.0	2.16	2,400	2.38	4,975	2.08	0.95
>75.0 - 100.0	1.22	1,275	1.26	2,725	2.13	0.75
> 100.0	1.11	1,125	1.11	2,450	2.17	0.41
Total	100.00 %	101,000	100.00	196,350	1.94	1.77

Total count of families: 190,725

**Nova Scotia
Single Parent Families**

	1	2	3	4	5	6	7
	Total count of families: 36,075						
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income	
<= 30.0	90.44	22,275	91.01	34,875	1.57	5.58	
>30.0 - 40.0	5.82	1,375	5.62	2,125	1.54	1.56	
>40.0 - 50.0	2.29	1,525	2.15	825	1.56	1.21	
>50.0 - 60.0	0.76	150	0.61	275	1.69	1.02	
>60.0 - 75.0	0.35	75	0.31	100	1.39	0.77	
>75.0 - 100.0	0.14	25	0.10	50	1.57	0.56	
> 100.0	0.21	50	0.20	75	1.83	0.39	
Total	100.00 %	24,475	100.00	38,300	1.56	4.30	

**New Brunswick
Husband-Wife and Common Law Families**

1	2	3	4	5	6	7
Total count of families:	156,900					
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	67.38	53,025	61.37	100,050	1.89	2.75
>30.0 - 40.0	17.72	18,075	20.92	36,050	1.99	1.59
>40.0 - 50.0	8.49	9,125	10.56	18,850	2.07	1.38
>50.0 - 60.0	3.22	3,375	3.91	7,050	2.10	1.17
>60.0 - 75.0	1.63	1,475	1.71	3,075	2.08	0.95
>76.0 - 100.0	0.84	750	0.87	1,550	2.08	0.72
> 100.0	0.72	575	0.67	1,250	2.13	0.01
Total	100.00 %	86,400	100.00	167,875	1.94	1.92

**New Brunswick
Single Parent Families**

1	2	3	4	5	6	7
Total count of families:	29,925					
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	92.39	18,975	92.45	29,550	1.56	6.25
>30.0 - 40.0	4.77	975	4.75	1,525	1.55	1.55
>40.0 - 50.0	1.84	375	1.83	600	1.59	1.29
>50.0	1.00	200	0.97	300	1.62	0.71
Total	100.00 %	20,525	100.00	31,975	1.56	4.84

Québec
Husband-Wife and Common Law Families

Total count of families: 1,421,850

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	60.11	374,950	51.96	684,100	1.82	2.58
>30.0 - 40.0	19.93	171,025	23.70	323,600	1.89	1.51
>40.0 - 50.0	10.63	97,450	13.51	189,950	1.95	1.29
>50.0 - 60.0	4.29	38,725	5.37	76,775	1.98	1.12
>60.0 - 75.0	2.47	20,600	2.85	40,950	1.99	0.91
>75.0 - 100.0	1.39	10,725	1.49	21,500	2.00	0.70
> 100.0	1.17	8,100	1.12	16,325	2.01	0.39
Total	100.00 %	721,575	100.00	1,353,175	1.88	1.66

**Québec
Single Parent Families**

Total count of families: 272,900

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	85.35	167,050	85.44	252,025	1.51	4.85
>30.0 - 40.0	8.40	16,700	8.54	24,700	1.48	1.37
>40.0 - 50.0	3.58	7,025	3.59	10,375	1.48	1.09
>50.0 - 60.0	1.33	2,500	1.28	3,800	1.53	0.92
>60.0 - 75.0	0.69	1,225	0.63	1,825	1.49	0.73
>75.0 - 100.0	0.37	600	0.31	900	1.50	0.57
> 100.0	0.28	425	0.22	600	1.44	0.30
Total	100.00 %	195,500	100.00	294,225	1.51	3.27

**Ontario
Husband-Wife and Common Law Families**

Total count of families: 2,150,950

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	48.17	393,275	38.20	742,125	1.89	2.42
>30.0 - 40.0	22.28	262,700	25.52	506,825	1.93	1.48
>40.0 - 50.0	14.42	186,975	18.16	369,525	1.98	1.25
>50.0 - 60.0	6.92	91,925	8.93	185,575	2.02	1.08
>60.0 - 75.0	3.87	47,525	4.62	96,250	2.03	0.90
>75.0 - 100.0	2.11	23,725	2.30	48,000	2.02	0.69
> 100.0	2.22	23,350	2.27	48,800	2.09	0.33
Total	100.00 %	1,029,450	100.00	1,997,125	1.94	1.39

**Ontario
Single Parent Families**

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % Of Family Total Income
<= 30.0	81.17	183,725	82.58	292,825	1.59	5.03
>30.0 - 40.0	10.34	21,925	9.86	33,750	1.54	1.57
>40.0 - 50.0	4.68	9,775	4.39	15,150	1.55	1.22
>50.0 - 60.0	1.87	3,700	1.66	5,800	1.56	1.01
>60.0 - 75.0	0.96	1,750	0.79	2,775	1.59	0.82
>75.0 - 100.0	0.51	875	0.39	1,425	1.64	0.69
> 100.0	0.47	725	0.33	1,125	1.55	0.28
Total	100.00 %	222,475	100.00	352,850	1.59	3.29

Total count of families: 325,750

Manitoba
Husband-Wife and Common Law Families

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	63.88	68,100	56.57	141,250	2.07	2.99
>30.0 - 40.0	18.84	26,875	22.33	53,750	2.00	1.57
>40.0 - 50.0	9.62	14,950	12.42	30,725	2.06	1.31
>50.0 - 60.0	3.66	5,350	4.44	10,900	2.04	1.08
>60.0 - 75.0	1.99	2,675	2.22	5,475	2.04	0.90
>76.0 - 100.0	1.07	1,325	1.10	2,750	2.06	0.68
> 100.0	0.94	1,100	0.91	2,325	2.11	0.37
Total	100.00 %	120,400	100.00	247,150	2.05	1.89

Total count of families: 243,500

**Manitoba
Single Parent Families**

1	2	3	4	5	6	7
Total count of families:	39,6750					
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	89.34	26,725	90.29	46,225	1.73	6.33
>30.0 - 40.0	6.68	1,875	6.33	2,950	1.58	1.60
>40.0 - 50.0	2.59	1,700	2.36	1,150	1.64	1.33
>50.0 - 60.0	0.69	175	0.59	300	1.62	1.01
>60.0 - 75.0	0.38	75	0.25	150	1.72	0.90
>75.0 - 100.0	0.19	25	0.08	50	1.66	0.58
> 100.0	0.13	25	0.08	50	1.71	0.20
Total	100.00 %	29,625	100.00	50,875	1.72	4.70

**Saskatchewan
Husband-Wife and Common Law Families**

Total count of families: 222,100

Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	¢	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	62.81	67,425	57.55	143,975	2.14	3.22
>30.0 - 40.0	18.93	25,500	21.77	53,600	2.10	1.66
>40.0 - 50.0	9.88	14,000	11.95	30,450	2.18	1.42
>50.0 - 60.0	3.89	5,125	4.37	11,025	2.15	1.16
>60.0 - 75.0	2.29	2,725	2.33	5,675	2.08	0.92
>75.0 - 100.0	1.24	1,375	1.17	3,025	2.20	0.76
> 100.0	0.96	1,000	0.85	2,100	2.12	0.39
Total	100.00 %	117,100	100.00	249,850	2.13	2.03

**Saskatchewan
Single Parent Families**

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	89.87	23,975	91.07	44,425	1.85	7.45
>30.0 - 40.0	6.33	1,575	5.98	2,525	1.62	1.66
>40.0 - 50.0	2.23	1,475	1.80	800	1.66	1.32
>50.0 - 60.0	0.74	150	0.57	250	1.57	0.98
>60.0 - 75.0	0.45	100	0.38	125	1.53	0.76
>75.0 - 100.0	0.22	25	0.09	50	1.60	0.68
> 100.0	0.15	25	0.09	50	1.58	0.38
Total	100.00 %	26,325	100.00	48,250	1.83	5.52

Total count of families: 33,575

**Alberta
Husband-Wife and Common Law Families**

	1	2	3	4	5	6	7
	Total count of families: 520,375						
	1	2	3	4	5	6	7
Individual Net Income (\$000)	Count of Families Reporting FA	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	128,525	53.28	128,525	46.35	260,225	2.02	2.82
>30.0 - 40.0	61,675	20.21	61,675	22.24	123,800	2.01	1.54
>40.0 - 50.0	43,250	12.92	43,250	15.60	89,175	2.06	1.32
>50.0 - 60.0	19,900	5.87	19,900	7.18	41,525	2.09	1.17
>60.0 - 75.0	12,100	3.70	12,100	4.36	25,275	2.09	0.98
>75.0 - 100.0	6,700	2.15	6,700	2.42	14,075	2.10	0.79
> 100.0	5,125	1.87	5,125	1.85	11,050	2.15	0.43
Total	277,250	100.00 %	277,250	100.00	48,250	2.04	1.62

**Alberta
Single Parent Families**

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	85.38	55,975	86.48	97,050	1.73	5.89
>30.0 - 40.0	8.10	5,025	7.76	8,000	1.60	1.77
>40.0 - 50.0	3.77	2,250	3.48	3,600	1.59	1.39
>50.0 - 60.0	1.33	750	1.16	1,225	1.64	1.20
>60.0 - 75.0	0.71	400	0.62	625	1.64	1.00
>75.0 - 100.0	0.38	200	0.31	350	1.67	0.81
> 100.0	0.32	125	0.19	225	1.58	0.40
Total	100.00 %	64,750	100.00	111,075	1.72	4.15

Total count of families: 84,850

**British Columbia
Husband-Wife and Common Law Families**

Total count of families: 663,975

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	53.13	130,775	42.81	250,075	1.91	2.63
>30.0 - 40.0	21.54	77,450	25.36	152,225	1.97	1.54
>40.0 - 50.0	13.25	52,750	17.27	106,450	2.02	1.34
>50.0 - 60.0	5.70	22,525	7.37	45,700	2.03	1.14
>60.0 - 75.0	3.11	11,275	3.69	22,825	2.03	0.92
>75.0 - 100.0	1.62	5,375	1.76	10,875	2.02	0.70
> 100.0	1.66	5,300	1.74	11,150	2.10	0.36
Total	100.00 %	305,475	100.00	599,300	1.96	1.56

**British Columbia
Single Parent Families**

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	83.78	67,975	84.47	110,125	1.62	5.47
>30.0 - 40.0	9.45	7,425	9.23	11,250	1.52	1.51
>40.0 - 50.0	3.92	3,000	3.73	4,600	1.53	1.21
>50.0 - 60.0	1.46	1,125	1.40	1,700	1.52	1.02
>60.0 - 75.0	0.70	500	0.62	775	1.56	0.81
>75.0 - 100.0	0.37	250	0.31	375	1.51	0.60
> 100.0	0.32	200	0.25	325	1.66	0.32
Total	100.00 %	80,475	100.00	129,150	1.60	3.63

Total count of families: 107,925

**Yukon and Northwest Territories
Husband-Wife and Common Law Families**

	1	2	3	4	5	6	7
	Total count of families: 12,900						
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	†	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income	
<= 30.0	40.50	3,350	39.18	8,475	2.53	4.88	
>30.0 - 40.0	17.44	1,450	16.96	3,425	2.34	1.83	
>40.0 - 50.0	17.44	1,475	17.25	3,400	2.29	1.41	
>50.0 - 60.0	12.79	1,200	14.04	2,600	2.17	1.13	
>60.0 - 75.0	8.14	750	8.77	1,675	2.23	0.99	
>75.0 - 100.0	2.91	250	2.92	550	2.28	0.78	
> 100.0	0.78	75	0.88	150	2.26	0.48	
Total	100.00 %	8,550	100.00	20,250	2.37	1.86	

**Yukon and Northwest Territories
Single Parent Families**

1	2	3	4	5	6	7
Individual Net Income (\$000)	Percentage Distribution all Families	Count of Families Reporting FA	%	Count of FA Kids	Average # of FA Kids	FA as a % of Family Total Income
<= 30.0	78.84	2,900	77.85	4,975	1.71	5.91
>30.0 - 40.0	9.52	400	10.74	625	1.61	1.64
>40.0 - 50.0	5.82	225	6.04	400	1.76	1.38
>50.0	5.82	200	5.37	325	1.63	0.99
Total	100.00 %	3,725	100.00	6,325	1.70	3.42

Total count of families: 4,725

APPENDIX III

Newfoundland
Husband-Wife and Common Law Families

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)						Count Column %	
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.		>100.0
<= 30.0	38,475 74.28	9,725 18.77	3,100 * 5.98	500 0.97	X	X	X	51,825 66.96
>30.- 40.	X	6,275 43.80	4,075 * 28.45	2,600 18.15	1,300 9.08	50 0.35	X	14,300 18.48
>40.- 50.	X	X	3,400 * 50.56	1,600 23.79	1,250 18.59	475 7.06	X	6,725 8.69
>50.- 60.	X	X	X	1,275 53.13	675 28.13	425 17.71	25 1.04	2,425 3.13
>60.- 75.	X	X	X	X	650 57.78	375 33.33	100 8.89	1,125 1.45
>75.-100.	X	X	X	X	X	400 66.67	200 33.33	575 0.74
>100.0	X	X	X	X	X	X	425 100.00	425 0.55
Count	38,475	16,000	10,575	6,000	3,900	1,700	750	77,425
Row %	49.71	20.67	13.66	7.75	5.04	2.20	0.97	100.00%

**Prince Edward Island
Husband-Wife and Common Law Families**

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	7,000 66.35	2,525 23.93	875 * 8.29 *	150 1.42	X	X	X	10,525 69.47
>30.- 40.	X	1,050 38.89	900 * 33.33 *	525 19.44	225 8.33	X	X	2,675 17.66
>40.- 50.	X	X	425 * 41.46 *	275 26.83	250 24.39	75 7.32	X	1,025 6.77
>50.- 60.	X	X	X	200 47.06	150 35.29	75 17.65	X	450 2.97
>60.- 75.	X	X	X	X	125 50.00	100 40.00	X	250 1.65
>75.-100.	X	X	X	X	X	100 66.67	50 33.33	125 0.83
>100.0	X	X	X	X	X	X	100 100.00	100 0.66
Count Row %	7,000 46.20	3,550 23.43	2,200 14.52	1,150 7.59	725 4.79	350 2.31	175 1.16	15,150 100.00%

**Nova Scotia
Husband-Wife and Common Law Families**

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	36,950 67.86	11,625 21.35	4,975 * 9.14 *	900 1.65	X	X	X	54,450 53.90
>30.- 40.	25 0.10	12,100 49.39	6,375 * 26.02 *	4,050 16.53	1,875 7.65	75 0.31	X	24,500 24.25
>40.- 50.	X	X	6,300 * 49.90 *	2,875 22.77	2,325 18.42	1,025 8.12	X	12,550 12.42
>50.- 60.	X	X	X	2,550 53.97	1,350 28.57	750 15.87	75 1.59	4,725 4.68
>60.- 75.	X	X	X	X	1,450 61.05	775 32.63	150 6.32	2,400 2.38
>75.-100.	X	X	X	X	X	850 66.67	425 33.33	1,275 1.26
>100.0	X	X	X	X	X	X	1,125 100.00	1,125 1.11
Count Row %	36,975 36.62	23,750 23.52	17,650 17.48	10,350 10.25	7,025 9.96	3,450 3.42	1,775 1.76	101,000 100.00%

**New Brunswick
Husband-Wife and Common Law Families**

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	36,600 69.95	11,550 22.07	4,175 * 7.98 *	725 1.37	X	X	X	53,025 61.37
>30.- 40.	X	8,075 44.67	5,050 * 27.94 *	3,350 18.53	1,525 8.44	50 0.28	X	18,075 20.92
>40.- 50.	X	X	4,700 * 51.79 *	2,225 24.52	1,550 17.08	600 6.61	X	9,125 10.56
>50.- 60.	X	X	X	1,825 54.48	1,025 30.60	450 13.43	50 1.49	3,375 3.91
>60.- 75.	X	X	X	X	850 57.63	500 33.90	125 8.47	1,475 1.71
>75.-100.	X	X	X	X	X	475 63033	275 36.67	750 0.87
>100.0	X	X	X	X	X	X	575 100.00	575 0.67
Count Row %	36,625 42.39	19,625 22.71	13,925 16.12	8,150 9.43	4,975 5.76	2,075 2.40	1,025 1.19	86,000 100.00%

Québec
Husband-Wife and Common Law Families

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	242,675 64.72	81,650 21.78	42,150 * 11.24 *	8,475 2.26	X	X	X	374,950 51.96
>30.- 40.	225 0.13	75,950 44.41	44,200 * 25.84 *	34,100 19.94	16,075 9.40	475 0.28	X	171,025 23.70
>40.- 50.	X	100 0.10	45,750 * 46.95 *	22,075 22.65	21,750 22.32	7,750 7.95	X	97,450 13.51
>50.- 60.	X	X	50 0.13	18,700 48.29	11,425 29.50	7,825 20.21	725 1.87	38,725 5.37
>60.- 75.	X	X	X	X	10,600 51.46	7,700 37.48	2,275 11.04	20,600 2.85
>75.-100.	X	X	X	X	X	6,150 57.48	4,550 42.52	10,725 1.49
>100.0	X	X	X	X	X	X	8,100 100.00	8,100 1.12
Count Row %	242,925 33.67	157,700 21.85	132,150 18.31	83,375 11.55	59,850 8.29	29,925 4.15	15,650 2.17	721,575 100.00%

**Ontario
Husband-Wife and Common Law Families**

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	225,300 57.29	95,025 24.16	58,800 * 14.95 *	14,125 3.59	X	X	X	393,275 38.20
>30.- 40.	400 0.15	91,650 34.89	74,000 * 28.17 *	63,400 24.14	32,200 12.26	1,025 0.39	X	262,700 25.52
>40.- 50.	50 0.03	225 0.12	73,775 * 39.46 *	46,700 24.98	47,625 25.47	18,575 9.94	X	186,975 18.16
>50.- 60.	X	X	100 0.11	39,400 42.86	29,300 31.87	20,350 22.14	2,750 2.99	91,925 8.93
>60.- 75.	X	X	X	50 0.11	23,525 49.53	17,550 36.95	6,375 13.42	47,525 4.62
>75.-100.	X	X	X	X	X	13,225 55.80	10,450 44.09	23,725 2.30
>100.0	X	X	X	X	X	X	23,350 99.89	23,350 2.27

Count	225,775	186,925	206,700	163,700	132,700	70,750	42,925	1,029,450
Row %	21.93	18.16	20.08	15.90	12.89	6.87	4.17	100.00%

**Manitoba
Husband-Wife and Common Law Families**

Count
Row Percent

**Husband and Wife Net Income
(\$000)**

Count
Column %

<=30.0 >30.-40. >40.-50. >50.-60. >60.-75. >75.-100. >100.0

<= 30.0	44,600 65.49	14,725 21.62	7,350 * 10.79 *	1,425 2.09	X	X	X	X
>30.- 40.	50 0.19	10,600 39.41	8,150 * 30.30 *	5,625 20.91	2,375 8.83	100 0.37	X	X
>40.- 50.	X	X	6,375 * 42.71 *	4,025 26.97	3,300 22.11	1,200 8.04	X	X
>50.- 60.	X	X	X	2,325 43.46	1,850 34.58	1,050 19.63	125 2.34	5,350 4.44
>60.- 75.	X	X	X	X	1,400 52.34	975 36.45	300 11.21	2,675 2.22
>75.-100.	X	X	X	X	X	725 54.72	600 45.28	1,325 1.10
>100.0	X	X	X	X	X	X	1,100 100.00	1,100 0.91

Count	44,650	25,325	21,900	13,425	8,950	4,050	2,100	120,400
Row %	37.08	21.03	18.19	11.15	7.43	3.36	1.74	100.00%

**Saskatchewan
Husband-Wife and Common Law Families**

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	46,700 69.26	12,975 19.24	6,475 * 9.60 *	1,275 1.89	X	X	X	67,425 57.55
>30.- 40.	50 0.20	10,100 39.61	7,525 * 29.51 *	5,325 20.88	2,375 9.31	125 0.49	X	25,500 21.77
>40.- 50.	X	X	6,225 * 44.43 *	3,750 26.88	3,050 21.75	950 6.81	X	14,000 11.95
>50.- 60.	X	X	X	2,300 44.88	1,775 34.63	950 18.54	100 1.95	5,125 4.37
>60.- 75.	X	X	X	X	1,325 48.62	1,100 40.37	300 11.01	2,725 2.33
>75.-100.	X	X	X	X	X	800 58.18	575 41.82	1,375 1.17
>100.0	X	X	X	X	X	X	975 100.00	1,000 0.85
Count Row %	46,775 39.94	23,075 19.71	20,225 17.27	12,650 10.80	8,525 7.28	3,925 3.35	1,925 1.64	117,100 100.00%

Alberta
Husband-Wife and Common Law Families

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	82,325 64.07	27,775 21.61	14,950 * 11.63 *	3,450 2.68	X	X	X	128,525 46.35
>30.- 40.	125 0.20	22,450 36.39	18,100 * 29.34 *	14,175 22.97	6,600 10.70	250 0.41	X	61,675 22.24
>40.- 50.	X	50 0.12	17,225 * 39.83 *	11,350 26.24	10,575 24.45	4,025 9.31	X	43,250 15.60
>50.- 60.	X	X	X	8,800 44.22	6,650 33.42	3,950 19.85	475 2.39	19,900 7.18
>60.- 75.	X	X	X	X	6,300 52.07	4,500 37.19	1,300 10.74	12,100 4.36
>75.-100.	X	X	X	X	X	4,250 63.43	2,450 36.57	6,700 2.42
>100.0	X	X	X	X	X	X	5,125 100.00	5,125 1.85
Count Row %	82,475 29.75	50,300 18.14	50,300 18.14	37,775 13.62	30,125 10.87	16,925 6.10	9,350 3.37	277,250 100.00%

**British Columbia
Husband-Wife and Common Law Families**

Count
Row Percent

Individual Net Income (\$000)	Husband and Wife Net Income (\$000)							Count Column %
	<=30.0	>30.-40.	>40.-50.	>50.-60.	>60.-75.	>75.-100.	>100.0	
<= 30.0	83,400 63.76	28,675 21.92	15,200 * 11.62 *	3,525 2.69	X	X	X	130,775 42.81
>30.- 40.	125 0.16	31,800 41.06	21,575 * 27.86 *	16,025 20.69	7,675 9.91	250 0.32	X	77,450 25.36
>40.- 50.	X	75 0.14	25,175 * 47.73 *	13,075 24.79	10,975 20.81	3,450 6.54	X	52,750 17.27
>50.- 60.	X	X	50 0.22	11,550 51.22	6,950 30.82	3,550 15.74	450 2.00	22,525 7.37
>60.- 75.	X	X	X	X	6,275 55.78	3,825 34.00	1,150 10.22	11,275 3.69
>75.-100.	X	X	X	X	X	3,150 58.60	2,225 41.40	5,375 1.76
>100.0	X	X	X	X	X	X	5,300 100.00	5,300 1.74
Count Row %	83,550 27.35	60,550 19.82	61,975 20.29	44,150 14.45	31,900 10.44	14,200 4.65	9,125 2.99	305,475 100.00%

**Yukon and Northwest Territories
Husband-Wife and Common Law Families**

Count
Row Percent

**Husband and Wife Net Income
(\$000)**

Individual
Net Income
(\$000)

Count
Column %

<=30.0 >30.-40. >40.-50. >50.-60. >60.-75. >75.-100. >100.0

<= 30.0	2,550 76.12	475 14.18	250 * 7.46	75 2.24	X	X	X	X
>30.- 40.	X	550 37.93	350 * 24.14	300 20.69	250 17.24	X	X	X
>40.- 50.	X	X	525 * 35.00	300 20.00	400 26.67	275 18.33	X	X
>50.- 60.	X	X	X	400 33.33	375 31.25	375 31.25	50 4.17	1,200 14.04
>60.- 75.	X	X	X	X	325 41.94	300 38.71	150 19.35	750 8.77
>75.-100.	X	X	X	X	X	125 50.00	125 50.00	250 2.92
>100.0	X	X	X	X	X	X	75 100.00	75 0.88

Count	2,550	1,025	1,125	1,050	1,350	1,050	375	8,550
Row %	29.91	12.02	13.20	12.32	15.84	12.32	4.40	100.00%