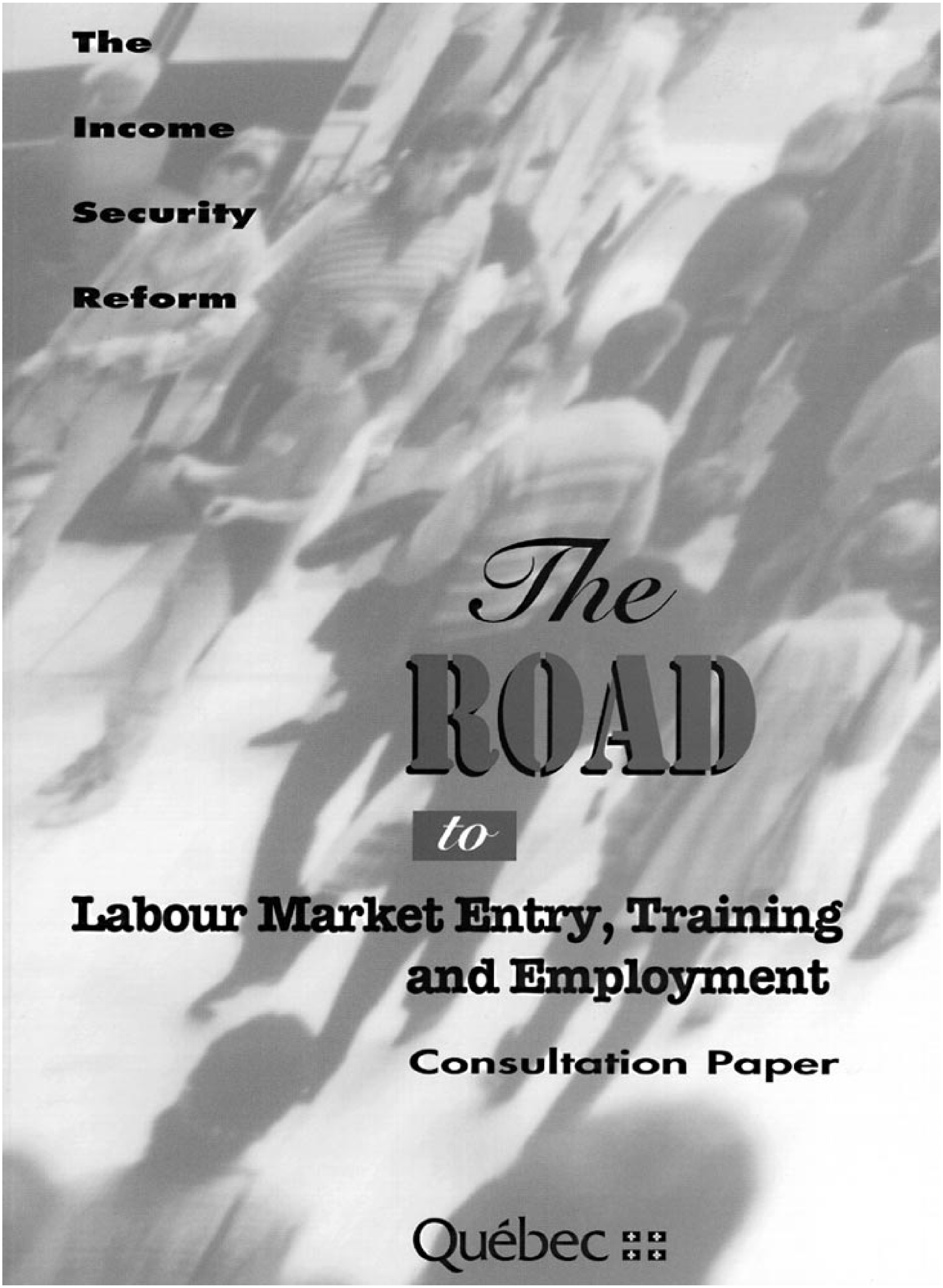


The Income Security Reform

The ROAD *to* Labour Market Entry, Training and Employment

Consultation Paper

Québec

This document is available in French on the Internet
under the title «La réforme de la sécurité du revenu,
Un parcours vers l’insertion, la formation et l’emploi»

http://www.msr.gouv.qc.ca/

Legal deposit - 4th quarter 1996
Bibliothèque nationale du Québec
ISBN 2-550-30849-2

The situation of the poor and low-income earners will improve if they can live in a society that is less concerned about isolating them from other citizens and forever applying special measures, and more concerned about providing them, through general and concrete policies, with the means they currently lack to become, like everyone else, responsible citizens able to help themselves.

[...] *The organization of social security, particularly public assistance and labour mobility, must be tightly coordinated and administered so as to get the greatest number of people on social assistance into a working life.* [Translation]

> *René LÉVESQUE, Brief submitted by Québec at the conference on poverty held in Ottawa, December 7-10, 1965.*

TABLE OF CONTENTS

FOREWORD

These are hard economic times to be redefining Québec's income security system: public expectations regarding the social safety net remain high, while the government's financial capacity is shrinking.

The focus of the income security reform must be on providing financial assistance to those in need, decompartmentalizing assistance programs, implementing active measures promoting job access, sharing responsibilities between the public, private and community sectors, utilizing local forces, and making optimum use of resources, as was proposed in the Bouchard and Fortin reports.[1]

At the Conference on the Social and Economic Future of Québec, participants agreed on two major priorities: job recovery and cleaning up public finances by the end of the millennium. The income security reform must occur within the government's financial framework, which provides for spending cuts in 1997-1998, followed by a freeze until 1999-2000, the target year for its zero deficit goal.

The current reform also takes the new social and labour market realities into account. Lastly, it reflects the federal government's decision to substantially cut its social program funding and the restrictions it has placed on unemployment insurance.

1. Camille Bouchard, Vivian Labrie and Alain Noël, *Chacun sa part*, a report by three members of the Comité externe de réforme de la sécurité du revenu, 1996.

   Pierre Fortin and Francine Séguin, *Pour un régime équitable axé sur l'emploi*, a report by two members of the Comité externe de réforme de la sécurité du revenu, 1996.

Introduction

The income security system is a perfect barometer for measuring the major upheavals in the labour market during recent years as well as the changes in both family and social structures.

Whereas barely 33% of households receiving social assistance in the early 1970s were employable, in 1996 over 80% of recipients are fit for work. The current income security system must adapt to changing social and economic climates and a far more precarious socioeconomic context characterized, as will be seen in Chapter 1, by:

- chronically high unemployment, job insecurity, new requirements in terms of job skills, and extensive black market labour and consumption;
- changes in our social and family structures, which have led to a considerable increase in the number of single-parent families, more child poverty, greater hardship for young adults and a larger number of adults living alone.

In addition, the changes made by the federal government to its rules for funding social programs, the replacement of the Canada Assistance Plan by the Canada Health and Social Transfer and the successive restrictions placed on unemployment insurance have created major imbalances.

All of this has had serious consequences for our social safety net and, as stated by the authors of the Bouchard report:

> *Social assistance has gone from a system directed primarily at those who were unable to work to a system whose recipients are for the most part jobless workers who, for whatever reason, are not eligible for unemployment insurance.*[2] [Translation]

Since 1975, the cost of Québec's income security system has increased more than 600%, primarily as a result of the significant increase in the number of recipient households and not, as some would have it, as a result of an ill-considered increase in scales.

Breakdown of overall increase
in income security expenditures between
1975-1976 and 1995-1996

Source	1975-1976	1995-1996	Increase
Cost of living (CPI Canada, 1986 = 100)	44.2	133.5	202.0%
Average benefits (1995 $)	623	628	0.8%
Number of households (monthly average)	206,647	480,357	132.5%
Total expenditure[1] (million $)	511.5	3,619.6	607.6%

1. A 607.6% increase in expenditure represents an index value of 707.6, i.e. the initial value (100) plus 607.6. This index is equal to the amount obtained by multiplying the initial value (100) by the three increase factors: 707.6 = 100 x 3.02 x 1.008 x 2.325.

2. Camil Bouchard, Vivian Labrie and Alain Noël, *op. cit.*, p. 104.

> *Apart from the normal indexing to the cost of living increase, the average basic benefits paid to a Québec household have not gone up in 25 years. They have remained the same, and are moderate, being neither among the highest nor the lowest paid by Canadian provinces. Unlike in Ontario, the recent rise in income security expenditures in Québec has nothing to do with a sudden and uncontrolled increase in scales.*[3, 4] [Translation]

While maintaining the principles of solidarity, equity and social justice that underlie the current system, the new income security system seeks a reciprocity agreement based on open, democratic relations and solidarity between individuals, the government, labour partners and communities.

Until now, the services provided to jobless income security recipients were different from those provided to workers. The new system does away with this discrepancy, no longer categorizing people according to whether or not they receive income security. With a view to an active labour market policy, the organization of services, the awarding of financial assistance and program management will be revised and directed at all job seekers. In return, individuals will be required to make an honest effort at labour market entry, training and employment.

The proposed reform is part of a broader active labour market policy with five components: job preparation, labour market integration, job maintenance, job stability and job creation. Labour market programs will be built around local development and partnerships at every level. Local Employment Centres (LECs) will form the basis of Québec's new employment services network and each centre will have a Local Council of Partners from the labour market and local community. These councils will be responsible for devising a Joint Employment Action Plan defining the strategies and courses of action for achieving the five components of the active labour market policy at the local level. Furthermore, the councils will attempt to identify, as much to help individuals as communities, ways of using income security budgets more efficiently by allocating a greater portion of these sums to employment measures.

The new system also recognizes the special needs and situation of individuals who are unable to work due to temporary or severe limitations. Financial assistance will be geared towards two types of measures: social security measures for those who are unable to enter the labour force and socioeconomic integration measures for those who are fit for work. In keeping with the aims of Québec's new family policy, which were announced at the Summit on the Economy and Employment, the income security reform proposes to meet the needs of children via an integrated child allowance that is separate from income security, with income security being henceforth reserved for adults. Finally, various other measures are designed to ensure greater equity, particularly as regards the treatment of child support payments and the tax treatment of income security benefits.

3. See Appendix 1.

4. Pierre Fortin and Francine Séguin, *op. cit.*, p. 32.

CHAPTER 1
INCOME SECURITY, THE BAROMETER FOR A CHANGING SOCIETY

1.1 A LABOUR MARKET IN UPHEAVAL

More people unemployed for a longer time

Throughout the 1960s, the average unemployment rate in Québec was 6.6%. Since the early 1980s, it has hovered around 11.5%, peaking at 16.5% in 1995,[5] when underemployed workers (those who work part time because they cannot find a full-time job) and discouraged workers (people who have stopped searching and, therefore, are no longer officially unemployed) were factored in. One percentage point of unemployment represents a $3.5 billion shortfall in Québec's GDP.[6]

The other factor that must be considered is the marked increase over the past 20 years in the average length of unemployment, from 16 weeks in 1976 to 28 weeks in 1996. The longer a person is unemployed, the less employable he/she becomes.

It is also important to note that while growth in the GDP still spurs job creation, the ratio of growth in GDP to the number of jobs created has dropped. In the mid-1980s, a 1% growth in the GDP of industrialized nations translated into a 0.5-0.6% growth in employment, compared with only 0.2-0.3% today.[7] Between 1990 and 1995, Québec's GDP rose an average of 1.1% a year, while employment was up only 0.2%.[8]

Consequences for income security

- The recession in the early 1980s resulted in a massive entry of people into the income security system, particularly individuals under 30. The total number of recipient households rose from 302,435 in March 1981 to 402,671 in April 1983 and 424,977 in April 1985. As the economy became healthier, the number of households receiving income security fell to 329,349 in September 1989, only to rise again with the 1990-1991 recession. By September 1992, the number of recipient households was back at 1985 levels and by February 1996, a record 485,519 households were receiving social assistance.
- Between 1989 and 1995, the number of households fit for work climbed 52.5%, while the "assistance rate"[9] grew from 9.4%

5. Gouvernement du Québec, Ministère des Finances, L'économie du Québec : *revue des principales tendances, Fiscalité et financement des services publics*, Les Publications du Québec, 1996, p. 70.
6. The calculation method is similar to that used by the Forum on Employment. The principal assumption is that a 1% increase in cyclical unemployment corresponds to a 2% loss in GDP. Taken from: Gouvernement du Québec, Ministère des Finances, *L'économie du Québec: revue des principales tendances, Fiscalité et financement des services publics,* Les Publications du Québec, 1996, p. 71.
7. International Labour Office, *Employment Policies in a Globalized Economy*, International Labour Conference, Geneva, 1996.
8. Gouvernement du Québec, Ministère des Finances, *op. cit.*, p. 51.
9. The social assistance rate represents the percentage of people under 65 years of age who are dependent on income security.

to 12.6%. Studies show that this increase is directly related to the economic situation.

- The increase in the level of unemployment since 1990 has led to an additional 95,000 or so households totalling 205,000 people on social assistance, representing additional expenditure of $760 million.[10]

Job insecurity

The shift away from full-time to part-time and from permanent to short-term employment is common throughout the Western Hemisphere. In 1995, regular full-time jobs represented only 68.2% of employment in Québec, compared with 80.7% in 1976. Over 700 000 Quebeckers have temporary jobs, i.e. employment that lasts less than a year. Short-term jobs, which can be either full-time or part-time, are the lot of 22% of workers.[11]

There has been a marked increase in the number of part-time workers over the past 20 years—from 230,000 in 1976 to 548,000 in 1995. Seventeen percent (17%) of the active population currently works part time and, for four out of ten people, it is not by choice, but rather because they could not find full-time employment. The number of self-employed workers doubled between 1976 and 1995, rising from 229,000 to 466,000. Today, 14% of the labour force is self-employed. Non standard employment, i.e. jobs that do not constitute regular full-time employment, are generally lower paid and come with less generous benefit packages and less security.[12]

Finally, the female participation rate more than doubled between 1961 and 1995,[13] although there continues to be an over-concentration of women in minimum-wage jobs: 66% of minimum-wage earners are women.[14]

Consequences for income security

- By the end of 1996, an average of 16,000 adults a month will have gone through the income security system.
- In 1994-1995, 42.5% of the 103,990 entrant households cited job loss as the reason for applying for income security; 28.9% of these households were not entitled to unemployment insurance (Appendix 3).
- A significant portion of entrants stay on social assistance for a relatively short time: 56% of employable households get off income security within a year and a third, within six months.[15]

10. Pierre Fortin and Francine Séguin, *op. cit.*, p. 29. Appendix 2 shows the change in the unemployment rate among income security recipients and the average length of time benefits were received for the period 1975-1995, as well as the change in the unemployment rate in Québec for the age groups 15-24 years and 25 years and older for the period 1976-1994.
11. Statistics Canada, *Labour Force Survey*, 1995.
12. Gouvernement du Québec, Ministère des Finances, *L'économie du Québec : revue des changements structurels, Fiscalité et financement des services publics*, Les Publications du Québec, 1996, p. 42.
13. The participation rate for women between the ages of 15 and 64 rose from 31.5% to 64%: Gouvernement du Québec, Ministère des Finances, *L'économie du Québec; revue des principales tendances, Fiscalité et financement des services publics*, Les Publications du Québec, 1996, p. 62.
14. Statistics Canada, *Survey of Work Arrangements*, November 1991.
15. Bernard Fortin *et. al.*, *La dynamique de la participation à l'aide sociale au Québec : 1979-1993*, Université Laval, March 1996, pp. 12 and 18.

A job market that requires reskilling

Today, when an estimated one out of every two jobs requires qualifications akin to those of skilled trades,[16] over 50% of income security recipients who are fit for work, i.e. 56.4% of young recipients and 53.4% of recipients over 30, do not even have a high school education.

Consequences for income security

- Employable persons with 5 years or less of schooling spend an average of 37 consecutive months on income security, compared with 17 months for persons with 14 years or more of schooling.[17] Among those with limited education, some have been the victims of mass layoffs in traditional sectors such as the clothing, textile, leather and footwear industries, and more recently, in heavy industry, after working for the same employer for years.

Growing black market consumption and labour

The black market economy, i.e. legal productive economic activity not declared to the government, currently accounts for 4.2% of Québec's GDP, or $7 billion. For the Québec government and society in general, this means $1.9 billion less revenue each year.[18] It is estimated that over 900,000 consumers purchase goods and services on the black market and approximately 210,000 workers are paid under the table. Some 13.4% of black market workers are aged 18 to 24 and 8.2% of them receive unemployment insurance, while 7.2% receive income security benefits.[19]

Consequences for income security

- Black market consumption translates into thousands less jobs in the formal economy. Society as a whole suffers, since there is less money to cover the costs of the social safety net.

1.2 CHANGES IN OUR SOCIAL AND FAMILY STRUCTURES

Profound changes are affecting not only the labour market, but also the organization of Québec society and the family in general, and these changes, too, have a direct impact on income security.

More single-parent families

Over 22% of Québec families with children have one parent, and 82% of those single parents are women. While over 54% of single-parent families are poor, this rate is 60% for female single-parent families.[20] Where the head of a single-parent family is under 25, the poverty rate jumps to 97%.

16. Groupe de travail sur la relance de la formation professionnelle des jeunes au secondaire et de la formation technique, *La formation professionnelle chez les jeunes : un défi à relever,* Groupe Pagé, Ministère de l'Éducation, August 13, 1995.
17. Bernard Fortin *et. al., op. cit.*
18. Gouvernement du Québec, Ministère des Finances, *L'économie souterraine, le travail au noir et l'évasion fiscale, Fiscalité et financement des services publics,* Les Publications du Québec, 1996.
19. Survey conducted by CIRANO, cited in "Le chômage et le travail au noir", Thomas Lemieux, *Options politiques*, July-August 1996.
20. 1994 data: for single-parent families with children under 18 years of age and according to the Statistic Canada definition of low-income cutoff (before tax) for 1992.

During the year following a divorce, the standard of living of women drops 37% on average, but then rises slightly starting the second year. Men, on the other hand, see their standard of living go up slightly (4%) immediately following a divorce, although it subsequently falls after three years.[21]

Consequences for income security

- Currently, 100,301 single-parent families (158,572 children) are on social assistance. In fact, 45% of single-parent families and 74% of those with children under age 6 are dependent on income security. Furthermore, adults in a single-parent family stay on social assistance twice as long on average as adults in a two-parent family.

More child poverty

A growing percentage of Québec children live below the poverty line, with this figure rising from 18.4% in 1980 to 20.1% in 1994. In the past year, 338,000 children under 18 lived in poverty.[22]

Consequences for income security

- In 1996, 254,710 children live in families in which the parents receive income security. In other words, nearly one third of people dependent on social assistance are children.
- In 1995, 82,600 children under age 4 lived in families dependent on income security. Since 1985, the number of children in this age group is up 41%, with the corresponding assistance rate rising from 13% to 17.5% over the same ten-year period.
- Over 58.7% of children under age 4 whose parents receive income security live in single-parent families, while 41.3% live in two-parent families.

Hard times for young adults

Young people aged 15 to 29 are showing an increasing degree of psychological distress (35% compared with 23% in 1987).[23] This age group is the most vulnerable to the changing social and family structures and the difficult economic conditions. Whereas the average work income of people 30 and over rose 7.8% between 1989 and 1993, that of young people aged 18 to 29 remained constant.[24]

Consequences for income security

- In June 1996, 43,594 income security recipients aged 18 to 24 and 37,459 aged 25 to 29 were fit for and available to work. Together, these two age groups represent 28% of adults who are fit for and available to work. Of this group, 58.6% do not have

---

21. Finnie Ross, *Women, Men, and the Economic Consequences of Divorce: Evidence From Canadian Longitudinal Data*, Québec, Université Laval, Département d'économique, Faculté des sciences sociales, Groupe de recherche en politique économique, December 1992, 26 p. (cahier 9219).
22. National Council of Welfare, *Poverty Profile 1994*, Canada, spring 1996.
23. Santé Québec, *Enquête sociale et de santé 1992-1993. Faits saillants*, Gouvernement du Québec, 1994, p. 34-35. Among the 25-44 age group, 27% of people suffer from a high degree of psychological distress, compared with 24% of 45-64 year-olds and 15% of people 65 years of age and older.
24. Régie des rentes du Québec data.

a secondary school education, while 21% have at least that, having enroled in a secondary school vocational program. Finally, 8.6% of young people have at least one year of college and 4%, at least one year of university

- Of the under-21 age group who were receiving income security in 1983, ten years later, 49% had stopped receiving it, 33% were receiving it periodically, and 18% were still dependent on it. Poor health and minimum education are the principal reasons these young people stay on income security for long periods of time.

More independent adults

In 1991, one in four Québec households was composed of an independent adult (one in 10 in 1971).[25] Although the overall poverty rate among independent adults dipped to 45% in 1993 from 51.8% in 1973, the percentage of independent adults aged 15 to 24 living in poverty situations rose substantially, from 51.1% to 72.9%, over the same period, whereas that of people 24 to 44 was up slightly from 28.9% to 34.3%.[26]

Consequences for income security

- The number of independent adults receiving income security nearly tripled from 106,546 in March 1975 to 307,214 in January 1996. During this same period, the percentage of single-person households climbed from 53.8% to 63.6%.
- Of all adults on social assistance, independent adults post the greatest number of permanent obstacles to employability. In January 1996, 29.5% of them were affected by such hindrances compared with 19.7% for all adults on social assistance.

Special situation of people not born in Canada

Between 1982 and 1992, an average of nearly 10,000 people a year claimed refugee status in Québec, compared with only a few hundred in previous years. From 1987-1992, families claiming refugee status accounted for almost 40% of the growth in the number of families born outside Canada. Note that responsibility for the management of the refugee claimant movement falls to the federal government. Studies on new immigrants to Québec show that those who have entered in the past decade take a lot longer and have a much harder time integrating the labour market than their predecessors.[27] The increase over the past decade in the relative share of humanitarian movements, coupled with economic decline, particularly in the Metropolitan Montréal area, are largely to blame. In

25. Régie des rentes du Québec data.
26. Poverty levels calculated using Statistics Canada's low-income cutoff figures (1986 = base year). Statistics Canada, *Economic Families, 1993 Income* (micro-data file), 1995 Edition, Ottawa, Ontario: Household Surveys Division.
27. Conseil des communautés culturelles et de l'immigration, *La capacité du Québec d'accueillir de nouveaux immigrants en 1995, 1996 et 1997*, Opinion, 1994

    Gabriel Laroche, *L'intégration économique des immigrants : état de la question et mesures pour l'améliorer*, Ministère des Communautés culturelles et de l'Immigration du Québec, Direction des politiques et programmes d'intégration socio-économique, unpublished document, January 1990, 39 p.

    Jean-François Manègre, *La situation économique des hommes d'origine haïtienne de la région de Montréal*, Conseil des communautés culturelles et de l'immigration, February 1995, 111 p.

1993, 23.8% of people who had immigrated to Québec since 1986 were jobless, more than all immigrants together (15.5%) and even higher still than the unemployment rate for Québec as a whole (13.2%). Note that the percentage of independent immigrants (i.e. immigrants over whom the Ministère des Relations avec les citoyens et de l'Immigration has real selection power) receiving income security is comparable to that of the host society, i.e. 9% for immigrants who arrived between 1980 and 1995.

Between 1991 and 1995, 29,000 sponsorships were undertaken in Québec. Since each undertaking of sponsorship can include more than one person (e.g. spouse and children), it is estimated that between one fifth and one third of immigrants entering Québec between 1991 and 1995 were admitted as a result of sponsorship.[28]

Consequences for income security

- The number of foreign-born households on social assistance almost tripled between 1984 and 1996, when it reached 71,129. These households are composed of 87,530 adults, of which 14,145 are refugee claimants, and represent 14.7% of all recipient households. Employable foreign-born adults account for 18.5% of recipients who are fit for work.
- Recipients born outside Canada are concentrated in the Greater Montréal area: 82.4% live on the Island of Montréal, while 73.7% live in the City of Montréal itself.
- Nearly half of recipient adults from another country, particularly refugee claimants, did not arrive in Canada until after 1989. These people do not stay on social assistance as long as adults born in Canada: 37.6% of adults born outside Canada received income security benefits for less than 24 months, compared with 17.1% of adults born in Canada.

28. Canada is responsible for the admission of immigrants and the determination of immigration categories, while Québec is responsible for selection. Ottawa establishes the selection criteria for “family” immigrants on its own, and then Québec must apply them. Refugee sponsorship rules stipulate that the assisting relative must agree to provide for the person being sponsored for a period of 10 years. However, for undertakings signed since October 31, 1994, the duration of the sponsorship is three years for a spouse and 10 years or until age 18, whichever is longer, for a child under 18. Finally, corporate sponsorships of persons in crisis extend for a year. Furthermore, the assisting relative does not have to meet the financial standards when it is a spouse or dependent children being sponsored. The first 12 months of income security benefits paid to refugees are paid for out of compensation received pursuant to the Canada-Québec Agreement.

People living on the Island of Montréal especially hard-hit

Worse employment and unemployment situation

- During 1990-1995, full-time employment was down 9% on the Island of Montréal, compared with a 1% increase across the province.
- Higher unemployment: in 1995, the unemployment rate for the Island of Montréal was 13.3%, compared with 11.3% across the province.
- Longer average length of unemployment: in 1995, a jobless worker in Montréal spent an average of 31.8 weeks unemployed, compared with 27.5 weeks across the province. Between 1990 and 1995, the average length of unemployment rose 43% for Island of Montréal residents, compared with 35% for Québec as a whole.
- Lower Employment-Population ratio for ages 15 and over: between 1990 and 1995, the E-P ratio for Island of Montréal residents aged 15 and over was down from 56.5% to 51.7%, compared with a decline of from 58.2% to 55.2% across the province.

Higher social assistance rate and greater increase in employable recipients

- Higher social assistance rate: between 1990 and 1995, the social assistance rate for people under 65 living on the Island of Montréal grew from 11.2% to 17.3%, compared with an increase of from 8.7% to 12.3% for Québec as a whole.
- Greater increase in employable recipients: the adult population living on the Island of Montréal grew 53% between August 1990 and August 1995, compared with a 45% rise across the province.
- Concentration of foreign-born recipients fit for work: 42.9% of employable recipients living on the Island of Montréal were born outside Canada, compared with 4.9% for the other regions of Québec. People born in another country have a particularly hard time finding a job for a number of reasons: their work experience and skills are not recognized, they have little knowledge of French or English, they know little about the Québec labour market.

CHAPTER 2
TAILORING THE QUÉBEC SYSTEM TO TODAY'S WORLD

The current income security system operates outside the active labour market policy such that recipients are not treated as part of the Québec labour force. The Act respecting the Société québécoise de développement de la main-d'œuvre, passed in 1991, reinforced this situation by making the Société responsible for labour force development, essentially excluding income security recipients from the definition of labour force. None of Québec's employment measures cover unemployment insurance claimants, and only a handful of measures apply to job seekers who receive neither unemployment insurance nor income security. Yet, labour market programs are closely interrelated and even indissociable. This compartmentalization and patchwork of federal and provincial employment networks has only contributed to further marginalizing income security recipients.

The difficulty resides in the multiple points of entry (SQDM, MSR and HRDC) and priorities, as well as the complex nature and existence of multiple programs, not to mention overlapping and duplication. Power-sharing between the federal and Québec governments is the main obstacle to developing effective strategies.

2.1 FEDERALLY IMPOSED PRESSURES

The Canada Assistance Plan (CAP) came into force in 1967, replacing the previous legislation governing Ottawa's financial contribution to provincial programs. Over the years, the plan has put a considerable strain on Québec's income security system, limiting its overall capacity to integrate the new social and economic realities. Unable to adapt to the new forms of poverty created by chronic unemployment, job insecurity and the low wages paid by a portion of new jobs, the CAP helped limit the capacity of provincial programs to provide assistance through labour market integration measures. Until the CAP was replaced by the Canada Health and Social Transfer (CHST) in April 1996, the federal government paid fifty percent of the province's income security costs, subject of course, to compliance with national standards which had the notable effect of confining Québec to providing passive assistance. Consequently, unless it assumed the full cost of programs, which it did with the Work Income Supplement Program in 1979, the Parental Wage Assistance Program in 1988 and the Job Re-Entry Program in 1989, the Québec government had to abandon the idea of converting benefits into work income supplements or wage subsidies. Even if the new federal mechanism gives Québec more leeway to design and administer its income security system, the fact remains that federal funding has been substantially cut and does not take changing needs into account. Primarily because of these pressures, Québec's safety net has been unable to cope with economic and social change.

The Québec government currently spends some $9 billion a year on labour force and social support programs, including income security, unemployment insurance, federal employability programs, employability measures of the Ministère de la Sécurité du revenu du Québec and the programs of the Société québécoise de développement de la main-d'oeuvre. The lion's share of these sums is allocated to passive measures, i.e. income support. In fact, income security and unemployment insurance benefits together account for 85% of all manpower spending, while active measures represent only 15%.[29]

A significant shortfall for Québec

The federal government's withdrawal from transfer programs directly affects the state of Québec's public finances. Whereas in 1996-1997 Government of Canada transfers make up $6.6 billion, or 17.6%, of Québec's budgetary revenues of $37.6 billion, they will represent only 13.2% in 1999-2000.[30]

The Canada Health and Social Transfer (CHST) changed the rules of the game, giving the provinces the operating room needed to implement job entry programs. However, the CHST, which replaces the CAP and previous funding of existing health and post-secondary education programs, translates into a $636 million shortfall in revenue in 1996-1997 and $1.2 billion in 1997-1998.[31]

Impact of restrictions to unemployment insurance

Between 1990 and 1994, the proportion of Quebeckers under age 65 dependent on income security climbed from 9.2% to 12.4%. A quarter of this increase was attributable to cuts to the unemployment insurance program,[32] while the other three-quarters mirrored the worsening employment situation. As a result of the successive tightening of restrictions under the Unemployment Insurance Act, 30,000 new households entered the income security system over this four-year period.

In 1994-1995, 46.4% of entrants aged 30 or over went on social assistance either because they did not qualify for unemployment insurance, their UI had expired, or because they would receive more on income security than on UI.

The question now is whether the restrictions recently introduced under the federal Employment Insurance Act will also have a direct effect on the number of income security claimants. Under the new EI system, jobless Quebeckers will receive $316 million less in

29. Active measures include placement services and job preparation, job entry, labour market stabilization and job creation programs.
30. Gouvernement du Québec, Ministère des Finances, *Les finances publiques du Québec, Fiscalité et financement des services publics, Les Publications du Québec, 1996*, p. 22.
31. Gouvernement du Québec, Ministère des Finances, *op. cit.*, p. 22.
32. Pierre Fortin and Francine Séguin, *op. cit.*, p. 28.

benefits in 1997-1998 and $534 million less in 2001-2002.

The eligibility rules have also changed. To be eligible for employment insurance benefits, a person must now have worked a minimum number of hours during the year preceding the claim, as opposed to a minimum number of weeks. Not only is it harder to obtain EI, but parental and maternity benefits are farther out of reach as well. A person must have accumulated 420 or 700 hours of work[33] depending on regional unemployment rates. This means that the new program will impact more on women than on men, since far more women work part-time.[34]

2.2 AIMS OF THE INCOME SECURITY REFORM

The situations described in Chapter 1, coupled with the difficulty under the current income security system in getting people back into the workforce, demands that Québec revamp the system and reorganize its employment services based on the following principles:

33. This corresponds to between 12 and 20 weeks of work at 35 hours a week.

34. See Appendix 4, which provides a chart illustrating the decrease in the percentage of Quebeckers receiving unemployment insurance and a table showing the cut in federal transfers as a result of the CHST.

Treating income security recipients as unemployed workers

Employable income security recipients will henceforth be treated as part of the Québec labour force, thereby eliminating the existing compartmentalization and classification according to whether or not a person receives income security. As a result, the active labour market policy will apply to the entire Québec labour force.

Giving priority to active measures

The income security system must foster social and economic integration. It must shift from the traditional assistance approach to an approach based on the mobilization of funds, primarily by making it possible, subject to certain conditions, to convert a portion of passive measures into training, integration and wage subsidy measures.

Helping individuals become workers

The new income security system must provide solutions to the current problems arising primarily from the compensation for employment-related costs and the inclusion of work income in the calculation of income security benefits.

Stepping up preventive measures

Numerous studies show that long-term poverty is passed on from one generation to the next. The new system must include measures targeting young children, adolescents, young adults and families in particular. Early intervention is especially important for poor children in order to prepare them for school. Quality day care services is one means that has been shown to prevent school dropout and the attendant failure to acquire the skills needed to get a job. Parents and children of single-parent families must be given special attention.

Treating recipients on the same footing as low-income earners

It is not a matter of denying recipients the social security to which they are entitled, but rather, where possible, of separating this security from the status of recipient and instead linking it to household revenue. Otherwise, all we are doing is perpetuating the stigmatization of recipients and making it much harder for them to re-enter the workforce.

Redefining community obligations with regard to recipient re-employment

Income security recipients must be treated as full-fledged citizens, with all the attendant rights and obligations. In other words, needy households will still be entitled to financial assistance and the government will be responsible for fostering their financial independence and enabling them to realize their full potential by holding down a job. In return, households will be responsible for using every reasonable means at their disposal to achieve, maintain or regain their financial independence. Communities and labour partners will also have an important role to play in terms of job stimulation and the integration of recipients into the labour market.

Empowering local services

In past years, analysis of employment issues and the establishment of action plans have essentially been carried out by the central government. Given the newly recognized importance of local governments in matters of the economy and employment, the new income security system will give local players considerable operating room.

CHAPTER 3
AN INDIVIDUAL AND COLLECTIVE EFFORT TO FOSTER EMPLOYMENT

Twenty-five years ago, most people on income security were permanently unable to work. The reverse is now the case since the unemployed currently comprise the majority of income security recipients. How is it possible to reduce the current rate of social assistance in a context of consistently high unemployment?

The lessons learned from public employment initiatives in Québec and elsewhere indicate that individual solutions are not enough. New labour market realities, social change and new family structures demand collective solutions to more adequately match labour market entry and economic development. It seems rather clear that the exclusive emphasis on employability prevailing in the existing income security system is unproductive. New avenues must be explored to promote labour market entry for income security recipients.

3.1 OVERVIEW OF GOVERNMENT EMPLOYMENT SERVICES

A general observation can be made with respect to Québec government action regarding employment and labour force development: employment assistance is fragmented and produces minimum results.

Fragmented and compartmentalized employment services

There are currently three employment networks in Québec, i.e. Human Resources Development Canada (HRDC), the Ministère de la Sécurité du revenu (MSR) and the Société québécoise de développement de la main-d'oeuvre (SQDM). This makes it impossible, for all practical purposes, to implement a client-centred approach incorporating employment services and meeting the needs of individuals more effectively.[35]

There are currently 117 assistance measures divided between the two levels of government and the dozen Québec government departments and agencies involved in administering them. The plethora of players involved in employment issues and disjointed public, private and community labour market initiatives have resulted in the fragmentation of employment services in Québec. The fact that labour market initiatives in Québec are disconnected, and employment services fragmented are major reasons why labour force expenditures are complex, administratively unwieldy and ineffective in meeting public needs.

This dissipation leads to costly administrative overlapping. Costly for users of labour force and employment services who face the problem of finding the right point of entry for the right need. Costly for taxpayers since labour force and employment services spending is almost double that of our main trading partners. In Québec, 15% of funds allocated to

35. HRDC administers the unemployment insurance fund and measures designed for the unemployed, the MSR administers the Travail-Québec centres, and the Société québécoise de développement de la main-d'œuvre is responsible for certain employment assistance and training measures.

the labour market are devoted to active measures compared to 35% on average for member countries of the Organization for Economic Cooperation and Development (OECD).

The problem is not a lack of resources. Rather, the incoherence of initiatives hampers the quality of employment assistance measures. In accordance with the oft-expressed wishes of labour market partners who, for years, have demanded that labour force and employment services be concentrated in one entity, Québec must develop a network of integrated employment services.

Employment assistance measures must be flexible and adapted to user needs. Standardized Québec-wide assistance measures designed to apply to all labour market problems would produce only limited results.

In a recent brief, the Conseil de la santé et du bien-être recently noted:

> *Since needs often differ from one setting to another and change over time, it is important that the management of public initiatives and the rules applicable to them make allowance for the necessary adaptations.*[36] [Translation]

The existing system leans heavily toward classifying individuals not on the basis of their needs but rather on their eligibility for benefits under either federal unemployment insurance system or the provincial income security system. One result of this situation is that it is almost impossible to bring together, for training or entrepreneurship purposes, individuals who are working or those receiving employment insurance benefits with income security recipients, even if their needs are often identical. This confusion of programs and assistance measures designed for different groups of recipients also leads to wasted effort by employers.

The need to look beyond employability

The measures to develop employability set up during the 1980s have had a relatively modest impact on labour market entry, according to assessments by the Ministère de la Sécurité du revenu.[37] Only about 15% of recipients fit for and available to work benefit from employability measures under the current system.

Many recipients are directed to training in an educational institution although they have significant problems in the traditional school system and would benefit more from other forms of learning. The existing system does not provide a genuine labour market entry plan and offers little in the way of job placement services. In short, it operates alongside the active labour market policy and treats income security recipients and the unemployed differently.

Studies done in Québec, Canada, Europe and the United States indicate that employability programs are especially useful for persons facing significant obstacles on the labour market but actually help very few unemployed persons find jobs.

36. Conseil de la santé et du bien-être, *L'harmonisation des politiques de lutte contre l'exclusion*, Brief for the Minister of Health and Social Services, 1996, p. 43 and 65.

37. Gouvernement du Québec, Ministère de la Sécurité du revenu, *Synthèse des évaluations des programmes et des mesures*, 1996.

OECD studies
Success and failure

Studies by the OECD[38] constantly point to the positive results of targeted job search assistance and counselling measures. On the other hand, training programs for the unemployed produce unimpressive results. Targeted programs for relatively uniform groups of unemployed with specially adapted content and training methods give positive results. On-the-job training and work-study programs may be among the most promising options for disadvantaged adults, while exclusively theoretical training produces insignificant results.

The OECD's studies[39] also point out that programs for young people who have left school and, in general, disadvantaged youth, are not particularly successful. There are some success stories, such as the Australian Traineeship program and programs specifically designed for difficult groups. The net impact of hiring subsidies for private sector jobs is generally minor since many of these jobs would have been created in any event. However, the social benefits are not insignificant since these subsidies enable long-term unemployed to recover work habits and return to working life.

The solution to labour market exclusion involves reconciling social and economic objectives, i.e.:

- an active labour market policy that includes unemployed individuals on income security;
- a strategy supporting local development;
- recognition of particular social protection needs;
- economic and social entry measures.

3.2 LABOUR FORCE PARTICIPATION: AN INDIVIDUAL AND COLLECTIVE RESPONSIBILITY

Like other western societies, Québec faces the dilemma of either dealing with the problem of exclusion and poverty as something separate from employment, or making employment the key instrument in fighting poverty. Not only would the first alternative be catastrophic in terms of public finances, it would also perpetuate the exclusion of those concerned, and involve significant social costs.

Promote community involvement

To combat poverty and the dearth of jobs, it is important to promote public mobilization, implement local employment initiatives and support individual and collective entrepreneurship.

> [...] *The eminently collective and social dimension of the problem must be acknowledged and realistic options must be offered, options that are part of an Individual Employment Plan and not an employability enhancement process. The individual must once again become*

38. OECD, Direction de l'éducation, de l'emploi, du travail et des affaires municipales, *Renforcer l'efficacité des politiques actives du marché du travail*, interim report, May 1995.

the centre of the process and must be able to define a personal, coherent employment path, consistent with his/her experience, interests and projects [...] A project must be developed that emphasizes solidarity, coherence, involvement and representation.[40] [Translation]

The Québec government's budget constraints and the scope of the needs to be met are major challenges. A different organization is needed, existing practices need to be questioned and the conditions for the success of an entry process must be put in place, while bearing in mind the enormous potential of the overall effort of communities for employment. That is why the social safety net set up in the wake of the major reforms of the 1960s must not be abandoned, but rather made more productive by incorporating it into a local communities development strategy, within an integrated and decentralized active labour market policy.

There is no magic wand or simple administrative solution to poverty and job scarcity. Were that the case, they would have been found long ago. However, from the outset, the road to labour market entry, training and employment must be an essential new dimension of our income security system. By recognizing that everyone is responsible for determining his/her own path to employment, job entry becomes the core of our social safety net. The government is not called upon to create an array of programs and measures, but rather to change the rules of the game by clearly defining the role of recipients, government and the community. To do so:

– the training of adults receiving income security must be incorporated into that of the workforce as a whole by making public employment services accessible to everyone, whether they are working, unemployed, receiving income security or UI benefits or not;

– strategies designed to fight labour market exclusion must centre, within a given region, on local communities and labour market partners, and hinge on partnerships between the public, private and community sectors.

Rely on local development

As the current situation indicates, the usual types of initiatives are no longer enough. Greater reliance must be placed on the substantial contribution of local development which is based essentially on mobilizing and enhancing local potential, and on dynamic individual and collective action to find solutions to the crisis in employment and development.[41]

If the primary objective is to keep the chronically unemployed active, even when there is no prospect of a job, the immediate local community alone is capable of developing the necessary networks. Local agencies, because the problems are so close, are the first to be con-

40. Alain Noël, "La contrepartie dans l'aide sociale au Québec", text submitted to the *Revue française des affaires sociales*, July 17, 1996.

41. Bernard Vachon, *Trois clés d'une stratégie pour l'emploi: performance globale, développement local, partage du travail*, February 1994.

cerned by the potential fraying of the social fabric caused by long-term unemployment. They develop the social "entrepreneurship" necessary to pinpoint innovative solutions.[42] [Translation]

OECD studies show that local development contributes to socioeconomic innovation in many ways and, as a lever in an active labour market policy, can help deal with rising unemployment and develop employment more effectively.

An OECD study in thirteen countries came up with ten objectives that must be targeted if local initiatives are to create jobs and revitalize local labour markets:

- use partnerships and involve local players;
- carefully assess the economy and local potential (strengths and weaknesses);
- decentralize the responsibilities and powers required to carry out local initiatives;
- improve scientific infrastructures;
- support local education initiatives to develop positive attitudes to entrepreneurship among young people and develop manpower skills;
- encourage new private sector investment;
- increase the supply of venture capital;
- create "industrial advisory services" to encourage the industrial modernization of existing companies;
- provide for information, orientation and technological monitoring mechanisms;
- develop conditions conducive to entrepreneurship.

Source: OECD, *Le marché du travail : quelles politiques pour les années 90 ?*, Paris, 1990.

42. Ginette Dussault and Lise Poulin-Simon, *Recherche sur le concept des services intégrés d'aide à l'emploi*, final report, March 1994.

The local development approach is not concerned solely with job creation. More generally, it seeks to develop useful companies and activities that contribute to economic, social, cultural and community development.

This applies to the social economy, which is a sector whose development should be supported by labour market partners. Although relatively new to public discourse, the social economy does pinpoint a reality that has existed for a long time in Québec. The social economy seeks to meet social needs expressed by the community, by offering goods and services while encouraging stable jobs protected by labour legislation. The social economy calls on the potential of every individual, is part of a job creation strategy and is one possible approach to combatting unemployment and exclusion.

The social economy could be further sustained through the consolidation of existing jobs in non-profit organizations, many of which are currently funded by employability programs. This consolidation could be secured by improved channelling of government financial support through offers of service and contractual agreements, greater participation by other public or private enterprises, and increased revenue from the production of goods and services.[43]

3.3 MEANS

Turning income security into a path to labour market entry, training and employment requires a set of means selected according to the needs and abilities of all involved and to what the socioeconomic setting can contribute. These means are:

Local joint employment action plan

Local development hinges on the capacity of local human resources, in cooperation with government personnel, to take themselves in hand to participate fully in their development. One principle of this approach is that needs and services will be more adequately matched if each local community participates directly in setting its priorities, carrying out the action plan and achieving results.

The chief tool for a local development, employment development and job entry strategy is the local joint employment action plan. This plan is devised by a Local Council of Partners composed of labour, social and community partners for a given area that generally corresponds to a regional county municipality (RCM), a district or a group of urban neighbourhoods.

The action plan incorporates the priority objectives and courses of action for achieving the aims of the labour force and employment development strategy with a view to local development. These objectives are:

- to define the local community's socioeconomic context;
- to evaluate the collective capacity for development (local strengths and resources);
- to draft action strategies and priority objectives fostering employment;
- to identify possible action and the active measures finally selected;
- to propose budget objectives for developing and implementing local employment strategies and courses of action leading to active job support measures.

The plan is essentially based on the five components of the active labour market policy (Appendix 5) and on the local development strategy. The plan identifies (on an annual basis) initiatives for job preparation, labour market integration, job maintenance, job stability and job creation. It is aimed at creating

43. Société québécoise de développement de la main-d'œuvre, *Une stratégie québécoise pour l'économie et l'emploi*, September 1996.

conditions conducive to economic and social entrepreneurship, local economic development and the identification of funding sources, etc. This makes it the perfect vehicle for integrating local labour force and employment development priorities.

More useful support tailored to the local context

The proposed aims, which will be largely applied at the local level in the annual plan, will be based on activities involving training, job entry, job search assistance and placement. In order to act on employment development, they will also be based on the possibility of converting, in some circumstances, passive measures into active measures and on the implementation of an institutional setting that enables local initiatives. This new approach, based on the notion of employment assistance, means:

- tailoring assistance to the local job market in consultation with local partners;
- supporting local initiatives and making active measures the vehicle for individual and collective development;
- reinforcing interdepartmental coordination and consultation between partners;
- seeing that passive and active measures become as productive as possible.

Integration of active and passive measures in local employment centres

Analysis of OECD studies and assessment of labour force and employment development practices in Québec lead to the proposal that passive income security measures and active employment assistance measures be integrated in local employment centres in order to better assist individuals working their way to labour market entry, training and employment.

It should be pointed out that during the 1960s and early 1970s, the OECD maintained a different point of view. The economic context at the time required that public employment services find additional workers, and create placement centres providing services to employers and job seekers, including employees who wanted to change jobs and advance in their career. The principle of separation of activities relating to the administration and control of allowances from those concerning placement was widely accepted at the time.[44]

Since then, the persistent rise in unemployment and the substantial amounts allocated to replace employment income have led to a reassessment of this approach. In most OECD countries, there is an urgent need to:

> [...] *monitor and assist recipients' job search activities and incorporate activities relating to placement and allowances within the same services.*[45] [Translation]

As the Forum pour l'emploi points out, drawing on work done by the OECD:

> *Effective public employment services should be able to incorporate both placement services, benefits payment and access to active mea-*

44. OECD, *Renforcer l'efficacité des politiques actives du marché du travail*, interim report, May 1995, p. 10.
45. OECD, *ibidem*, p. 10.

sures. This objective is not made any easier by the existence of several networks of services in Québec.[46][Translation]

To do otherwise would eliminate the link between benefits and job search, and could contribute to the problem of chronic unemployment. Integrating functions within a single administration promotes better coordination between placement and assistance-counselling activities and those relating to the granting of benefits, and accordingly better coordination between active and passive measures.

However, there must be no ambiguity: guidance, preparation and job integration services will be offered differently from income adjustment and control services. While the incorporation of these functions within a single administration is essential to improving their productivity, the services must be provided by different modules.

Turning passive measures into active measures

Assessments by the Ministère de la Sécurité du revenu and OECD studies show that the job integration measure that produces the best results is paid work. Entry via economic activity allows contact with the labour market to be renewed by giving the chronically unemployed access to a real production situation and worker status.

46. Forum pour l'emploi, *L'harmonisation des programmes de main-d'oeuvre et la politique active du marché de travail*, Reaction of the Forum pour l'emploi to the Québec government proposal, "L'emploi, travaillons-y ensemble", November 1995, p. 11.

A substantial portion of the annual income security budget could, under certain conditions, be put to more productive use to develop individual skills and local economies. It is imperative, while being realistic in this regard and giving certain guarantees, that more considered use be made, for employment purposes, of a larger portion of temporary income support measures (passive measures).

Such a policy might make it possible to structure various business and employment projects in a variety of economic sectors. Eventually, the integration of Québec's active measures with those of the federal government should make it significantly easier to implement such projects.

However, this policy must be implemented very carefully to avoid upsetting the budget framework. It must be borne in mind that individuals are constantly entering and leaving income security. In this context, it is appropriate to target persons for whom, because of particular characteristics (personal or labour market-related), leaving income security is not realistic in the short term, leaving them faced with a situation of long-term unemployment.

Definition of individual labour market, training and employment plans

Studies by the Ministère de la Sécurité du revenu and those of the OECD show that the essential conditions for enhancing socioeconomic integration are, first, assessing recipients' needs and matching them with available assistance and, second, providing adequate monitoring and support to minimize the chance of a recipient abandoning his/her plan.

The individual plan places the person at the centre of an extremely important process. The individual must decide on the course that will lead to his/her integration goal. The chief tool is the *individual labour market, training and employment plan*, which sets out the steps of one's personal itinerary according to one's interests and choices. The individual is assisted by an employment counsellor.

Employment services will assist individuals in establishing and acting on their personal employment plan, taking into account the *local joint employment action plan* as well as the situation in the region and sector concerned. In addition, every individual will receive appropriate supervision and guidance throughout his/her itinerary.

The importance of the quality of the assistance received as part of the individual plan cannot be overstated. The individual must be able to clarify his/her interests, target his/her aptitudes and make the best choices to advance towards financial and occupational independence. In this regard, local employment centre counsellors will be prepared to provide appropriate assistance, notably through mechanisms to enable them to upgrade their knowledge of the labour market and acquire appropriate training.

The improved assistance for individuals must also be based on close relations between the local centres and community organizations working in the region so that services complementing those of the centres become more widely accessible.

The individual labour market entry, training and employment plan

The individual plan becomes effective once the local employment centre and the person receiving income security benefits agree on a plan. The person, assisted by his employment counsellor, identifies his/her needs and difficulties regarding the labour market, specifies the steps to be taken and how he/she will carry out the plan: assessment of needs, vocational guidance, access to training chosen on the initiative of the person concerned and deemed relevant in relation to his/her abilities and the labour market situation, entry into training, internship or apprenticeship, the job-search plan and contacts with employers, a self-employment proposal, etc.

The principle of reciprocity underlies this process. The unemployed person is encouraged to take the initiative and work out a plan with his/her counsellor. This leads to a signed agreement. The individual plan will last for a time that depends on the individual's needs, abilities and aspirations. The local employment centre is responsible for seeing that the choice of options offered is genuine and realistic. Refusal to follow a labour market entry, training and employment plan, when offered, or refusal to carry out compulsory steps result in a financial penalty. As the Conseil de la santé et du bien-être indicates,[47] "*this position is justified because a refusal to participate, despite reasonable offers, severs the relation tying these individuals to their community*". [Translation]

France

The *Avant-projet de loi d'orientation relatif au renforcement de la cohésion sociale* (draft policy bill on stronger social cohesion) submitted on September 30, 1996 by the Minister of Labour and Social Affairs and the Secretary of State for Emergency Humanitarian Action makes the following proposals regarding employment and labour market entry:

- activation of passive measures by converting the assistance allowance into activity wages;
- implementation of a local initiative contract for recipients of minimum social benefits that would consist of a job with a minimum work week of 30 hours, funded by the government;
- creation of individual labour market entry plans for troubled youth that would consist of an apprenticeship or training contract conferring occupational training intern status.

Individual action plan: the Danish experience

In 1994, the Danish government carried out a reform of the labour market in which it specified the details of the individual action plan (IHP - individuel handlingsplan).

After six months of unemployment, a person can request an individual action plan. The plan becomes compulsory once the Public Employment Service (PES) offers the unemployed individual an employment-training internship or structured training.

The proposed plan must be realistic and the individual concerned must cooperate to find a solution compatible with the needs of the labour market and his/her own interests. Should the worker refuse to cooperate in formulating or revising an individual action plan, he/she is considered to be voluntarily unemployed, with significant financial consequences.

47. Conseil de la santé et du bien-être, *op. cit.*, p. 55.

Diversified training measures

Perseverance in studies, academic success and higher graduation rates are imperative to meet the need for new skills required on the labour market. Vocational training, apprenticeship and work-study programs are particularly motivating options for income security recipients, notably because they hold out the prospect of faster access to the labour market. In addition, those with the ability and, especially, the interest should be encouraged to pursue a general education.

Some recipients have experienced failure and abandoned studies in the regular school system, sometimes repeatedly. Since a diploma is a major plus for entering the labour market and subsequent advancement, many recipients hope for a second chance to acquire recognized qualifications. That is why partners in education and employment services will focus on developing training that allows participants to alternate between work and studies, on the apprenticeship program and on training activity diversification strategies, to become more effective in turning out graduates with qualifications. These activities must culminate in the recognition of acquired skills through a record of competency, diploma, apprenticeship booklet, high school equivalency certificate, or vocational attestation/certificate.

It must also be borne in mind that apart from improving recipients' training, their ability to successfully return to the labour market depends on the willingness of employers to hire them. This willingness is sometimes attenuated by persistent prejudices against income security recipients. It must also be admitted that some recipients, particularly those who have been absent from the labour market for a long time, lack certain work habits and productive abilities. Even if these individuals are unable to quickly acquire the aptitudes needed to return to the labour market, they must not be excluded. Instead, activities to encourage their social integration must be developed.

Psychosocial intervention may be required in some cases

The socioprofessional integration of some people may be compromised because of serious family or psychosocial problems, drug addiction, alcoholism, etc. These individuals often suffer incapacities that can be serious and persistent or temporary though still significant, and require a different kind of support. Before even thinking of job entry, steps must be taken to ensure the socioeconomic integration of these individuals.

Child care and early childhood services promote job entry and support the family

Education is a crucial factor for equalizing opportunity in society and breaking the vicious circle of transmission of poverty from one generation to the next. Preventing difficulties at school and social adaptation problems begins at a very young age. In disadvantaged settings, free access to daycare focusing on the psychosocial development of the child and preparation for school learning goes a long way to reducing future problems in school and the many social problems of poor children (delinquency, behavioral problems, etc.). This is an investment which, in the medium to long term, yields substantial dividends. According to a study done in the United States, for every dollar invested in the Head Start educational daycare program for young children in disadvantaged neighbourhoods, society gains from five to seven dollars over a period of twenty years.[48]

Day care and early childhood services are extremely important in reconciling work and family responsibilities. They meet the needs of children and of parents, particularly for single-parent families. That is why the government intends to implement special measures in this regard. These measures will be part of the new family policy which will be submitted for consultation as part of a green paper.

Specific measures in support of young people entering the labour market

Young people will be given priority in drawing up individual labour market entry, training and employment plans. This will require consultation by the public employment network and local partners. The development of specific action plans for young people will have to be part of the Department's overall policy directions. These plans could stipulate, for instance, a contribution from all partners and, in particular, the Carrefours jeunesse-emploi, to provide young people with adequate assistance in their labour market entry plans.

In view of the tragic consequences of entering adult life on income security, action will be taken at an early stage so that, as soon as a young person applies for financial assistance, alternative solutions to income security are examined. For those with the potential and the interest, special efforts will be made to encourage a return to school. To that end, local alliances and agreements will be set up to ensure that bridges are not burned between young people and the institutions that can help them.

Studies by the Ministère de la Sécurité du revenu show a worrisome problem of intergenerational dependence: 62% of young people under 21 receiving income security benefits in 1993 came from recipient families. Within recipient families, more than 9000 16-17-year-olds left school and were inactive. Unfortunately, a good proportion of these young people may rely on income security when they turn 18. To prevent this situation, the action plan for young people should stipulate targeted labour market entry measures, together with family support.

Joint projects will be further developed with schools so that quick action can be taken regarding young drop-outs. The more time elapses between the moment a young person

48. Lawrence Schweinhart, J. Lawrence *et. al.* (1993), *Significant Benefits: The High/Scope Perry Preschool Study through Age 17*, Monographs of the High/Scope Educational Research Foundation, No. Ten. CS: High/Scope Educational Research Foundation, Ypsilanti, Michigan, 272 p.

drops out of school and his enrolment in a labour market entry initiative, the more difficult it will be to successfully enter the work force. Tests done in France in local centres for the social and vocational integration of young people show it is preferable to enrol young drop-outs quickly into a job market entry plan.

Greater support for single mothers undertaking a labour market entry, training and employment plan

Of all household categories, single mothers spend the longest time on income assistance and their risk of long-term dependence is the highest.

Many studies, both in Québec and the United States, confirm that action taken with recipient mothers is effective. The impact on labour market entry is high, particularly when care is taken to assess and pinpoint the action to be taken with these families, and adequate support is provided throughout the process.

In general, their employability development, training and employment integration needs seem more acute than other recipients who are fit for work. These needs include guidance, support and monitoring during participation. In addition, these women and their families face constraints requiring counteractive mechanisms to discourage these women from giving up prematurely.

Measures in addition to those already available will be offered to mothers of preschoolers. A series of measures adapted to individuals' needs must be provided to gradually promote entry into the labour market. These measures can be developed with and offered by local organizations such as women's centres, LCSCs, external manpower services. These measures could take various forms: labour market information, encounter and follow-up groups focusing on an integration initiative, placement clubs, sponsorship in a business, monitoring following job entry, and drop-out prevention among teenage mothers.

Each Local Employment Centre will be encouraged to foster concerted action by organizations working with this population, to analyze existing resources and, if necessary, consolidate services where shortcomings are observed. In addition, the Department's policy directions will stipulate that the initiatives of joint local plans give priority to single mothers and that persons enroled in an individual plan receive ongoing assistance.

Adapted services and support for the socioeconomic integration of landed immigrants

Because new immigrants have a particularly hard time finding a job, more of them usually end up on income security. This is mainly the case in the Montréal region, since the immigrant community accounts for over 42% of recipients fit for work on the Island of Montréal.

Special strategies will be devised to help new immigrants overcome the hurdles to job entry: language problems and culture shock, lack of skills, and problems having skills recognized.

3.4 ORGANIZATION OF THE LOCAL EMPLOYMENT CENTRE (LEC)

Territory

The local employment centre will serve as the cornerstone of a system of integrated services built around regional county municipalities (RCMs) or, in urban centres, districts or groups of neighbourhoods. The new system will replace the existing 130 Travail-Québec centres and 48 SQDM service outlets. In addition, it will receive federal funds and human resources allocated to active employment measures, including placement services. Given the interdependence of the economic situation and labour force mobility in the Montréal region, a metropolitan approach will be developed to apply the reform and pinpoint the priorities of the activities of these local employment centres.

Users

Henceforth, all Quebeckers will have access to a Québec-wide public employment network, with each LEC offering integrated employment services. The LEC will provide services to the employed, the unemployed, income security recipients who are fit for work and participate in labour market entry programs, persons without a job or source of income, and students looking for work. It will also serve businesses and employers looking for workers and in need of technical support for training. In short, it will be an integrated local centre available to everyone.

Services

The local employment centre will offer financial assistance and employment assistance. It will provide services to improve the labour supply (information, guidance, placement, training) and services affecting demand. To do so, it may foster job maintenance through reorganization and reduction of work time, reclassification of workers directly affected by a mass lay-off, development of labour skills, etc. Services will be delegated to an integrated local entrepreneurship services centre to support individual and collective entrepreneurship.

The Council of Local Partners

The Council of Local Partners will formulate a local joint employment action plan, as part of the active labour market policy. It will coordinate efforts to achieve the annual objectives set under the policy.

The Council will consist of representatives of the business community and the labour movement, as well as community, institutional and local agents.

It will seek agreement with other local economic and employment stakeholders on matching actions relating to the active labour market policy to local development initiatives.

Essential cooperation

The local employment centre must seek to rally community and local development organizations. It will work with them on certain employment initiatives. The local employment centre's services must be organized in concert with local organizations, taking their areas of expertise into account. Other preferred partners are community employment services working with specific groups (young people, women, handicapped persons, immigrants and others) and involved in developing employability and employment.

It is essential that the LEC maintain close links with local organizations working to promote the integration or reintegration of young people into the labour market so that initiatives complement each other.

The inclusion of income security recipients in the active labour market policy requires a redefinition of the roles of labour market partners and the government. Unlike active employment insurance measures which are financed by employer/employee contributions, the active and passive measures of the income security system are funded out of the public purse, for which the government is directly accountable to Quebeckers. Consequently, the new organization of services should help reinforce this partnership while ensuring that the government fully assumes its responsibilities.

An individual and collective effort to foster employment means:

- *treating recipient manpower as part of the Québec labour force;*
- *setting up a decentralized system of public employment services accessible to all, regardless of whether they are employed or unemployed, or receiving income security or employment insurance benefits;*
- *implementing an active labour market policy with five components: job preparation, labour market integration, job maintenance, job stability and job creation.*
- *recognizing that strategies designed to fight labour market exclusion must centre on local communities and labour partners, and hinge on partnership between the public, private and community sectors;*
- *creating local employment centres to serve as the cornerstone of Québec's employment services system, with each centre having a Council of Partners from the labour market and local community;*
- *mandating the Councils of Partners to devise a local joint employment action plan identifying local strategies and courses of action needed to achieve each of the five components of the active labour market policy;*
- *giving concrete expression to the individual employment plan in order to expand the notion of employability;*
- *endorsing the local development and social economy support strategy implemented by the multi-service centre for entrepreneurship and business support;*
- *subject to certain conditions, changing benefits into active measures, particularly in the form of income supplements or wage subsidies, under the individual labour market entry, training and employment plan.*

Chapter 4
Social Protection and Labour Market Entry Measures

To fully grasp the logic of the proposed assistance system, it is critical to bear in mind the main facts described in preceding chapters: over 80% of the people currently receiving income security benefits are fit for work; and, an ever-growing number of them are “excluded”, either from the labour force or from unemployment insurance. Furthermore, a large number of them are obliged to cope with difficult family and social situations which put them at a disadvantage.

The basic rationale of the system and its general goals hinge on the refusal to believe that exclusion is inevitable in our socioeconomic system and that the situation is irreversible. The income security system should not be seen exclusively as a means for redistributing the public wealth, but also as a system which promotes social integration and job market entry for people who are fit to work. Clearly, the system should be aimed at meeting basic needs and preserving fundamental social relationships, but should concentrate even more on supporting individuals in their journey towards labour market entry, training and employment.

The new system will therefore focus on the following two types of assistance measures:

- social protection measures aimed at persons aged 60 or over eligible for a supplement allowance for seniors, persons with disabilities eligible for a disability allowance, and persons claiming refugee status;
- measures aimed at labour market entry and social integration for persons fit for work and persons presenting limitations in their capacity for employment but who nonetheless wish to enter the labour market. Reforms to the employment services system proposed in the preceding chapter were drafted with these particular measures in mind.

The government is responsible for providing social assistance to all persons living in Québec, and for ensuring the proper management thereof. As a result, to be eligible, persons must meet certain requirements as to needs, income, assets and, where applicable, parental contribution. Benefits are designed to meet basic needs established on the basis of the money spent on them by the first 10% of low-income households.[49]

Of the 800,000 persons who received income security benefits in June 1996, nearly 255,000 were children under age 18. Close to another 290,000 were jobless adults considered fit for work who needed personalized measures aimed at facilitating and accelerating their social integration and access to the labour market. Nearly 150,000 were adults presenting temporary limitations to employability, while over 110,000 were included in the Financial Support Program category.

49. The method used to establish scales will be explained shortly.

While some of the recipients under the Financial Support Program remain actively engaged in seeking entrance to the labour market, largely due to benefits that recognize the limitations to their employability, the fact remains that most of them will need the protection of the social safety net for the rest of their lives. The respective needs of both groups must therefore be taken into account.

4.1 SOCIAL SAFETY MEASURES

The new system makes the employability development of income security recipients part of the overall process of promoting employment for all citizens. It thus recognizes the fact that income security is not simply a matter of providing financial assistance, but of paving paths towards labour market entry, training and employment.

However, certain recipients, due to their age, health status, or serious physical disabilities or psychological impairments, are hard pressed to participate in measures aimed at employment integration. This is why the new system will institute two new types of benefit, one for senior citizens and another for persons with disabilities, both of which will be managed by the Régie des rentes du Québec.[50] In addition, a measure to protect persons claiming refugee status is also planned.

50. Contrary to the pensions issued by the Régie des rentes du Québec, which are financed through contributions by employees and employers, these new benefits will be taken directly from the consolidated fund, as currently is the case with income security benefits.

Supplement for seniors

Under the current system, recipients aged 55 or over are eligible for benefits under the scale based on unavailability, which are $100 more than those awarded under the scale based on non-participation.

The current economic situation has triggered widespread job loss, including massive layoffs, which often have more serious repercussions for older workers, causing the ranks of the unemployed to swell and, by extension, the number of income security recipients. Given the special age-related problems that limit the access of older recipients to the labour market, traditionally this segment of the population has been less of a priority for employment integration programs. These older recipients have instead been given voluntary access to financial assistance slightly higher than that granted to most other recipients who are fit for work, but which does not cover their long-term needs, as is the case with Financial Support Program recipients.

At which point in a person's productive life can it be said that he/she has very little chance of re-entering the labour market because of his/her age? Public opinion in Québec tends to favour 60 as the age that entitles a person to additional benefits due to age. A person becomes eligible for an early retirement pension under the Québec Pension Plan starting at age 60. A federal allowance is also granted to the 60- to 64-year-old spouse of a person receiving the old age security pension.

Barring any health restrictions, in which case the recipient receives an additional allowance based on unavailability, a person aged 55 can supplement income security with work income.

Under the new system, persons aged 60 or over who are eligible for income security benefits based on current standards for needs, income and assets, will receive an equivalent allowance called the supplement for seniors.

This allowance will be managed by the Régie des rentes du Québec. As these people are already obliged to apply to the Régie for an early retirement allowance, we can avoid duplication of services. Where applicable, the supplement for seniors will be issued alongside the early retirement allowance. To facilitate accessibility, the local employment centres will define eligibility criteria.

Disability allowance

Persons presenting severe limitations to their capacity for employment due to an intellectual impairment or a physical or mental problem are currently entitled to scaled benefits covering all their needs through the Financial Support Program. In June 1996, they numbered 111,219. The government wishes to recognize the willingness and ability of these people to develop their employability, while enabling those who apply for permanent disability status to receive benefits from the Régie des rentes du Québec rather than under income security programs.

Eligible individuals have a choice: receive either a special benefit called a disability allowance, managed by the Régie des rentes du Québec, consistent with Financial Support Program scales and including the same requirements as to needs, income and assets; or receive income security benefits in the form of a monthly supplement which includes access to active measures. As with the supplement for seniors, eligibility criteria for the disability allowance will be determined by the local employment centres.

Protection for persons claiming refugee status

Since November 1, 1996, special provisions exist for people temporarily domiciled in Québec who are receiving income security benefits while awaiting refugee status. Their benefits correspond to those granted to non-participation scale recipients under the Work and Employment Incentives Program or to recipients under the Financial Support Program. These provisions will be adapted as required and incorporated into the new system.

4.2 SOCIOECONOMIC INTEGRATION MEASURES

These measures are aimed at persons fit for work who are receiving income security benefits. They entail obligations for the government as well as for recipients.

Recipients: establishing customized measures leading to labour market entry, training and employment

As explained in the preceding chapter, persons receiving employment assistance, except those presenting temporary limitations to employability, will have the obligation and responsibility to take concrete steps towards social integration and entry into the labour market. To do this, they must agree to a customized package of employability measures put together with help from the local employment centres. Recipients will then receive a basic employment assistance allowance. The cost of the customized measures aimed at labour market entry, training and employment will be covered by the local employment centres and established on a real-cost basis.

The customized measures will be introduced gradually, in keeping with real employment opportunities provided by local action plans. As soon as the new system is adopted, these customized courses of action will become compulsory for persons aged 18 to 24. The next group targeted for compulsory measures are heads of single-parent families. The measures, introduced gradually and coordinated with the extension of child care services provided for in the new family policy, will then be extended to other recipients on a voluntary basis. The rate at which customized measures are introduced will depend on the government's financial means and will have to comply with a pre-established financial framework. During the initial phases of implementation, the required funds could be funnelled from amounts currently allocated for employability measures, conceivably maintained for certain recipients. Québec's repatriation of active employment measures will accelerate implementation of the customized measures. Before extending the customized measures to all income security recipients, the strengths and weaknesses of the new system will be evaluated, the costs and benefits assessed, and the necessary improvements made.

Recipients for whom customized measures are compulsory but who refuse to undertake or complete the prescribed measures will be liable to a penalty of $150 per month for 12 months. A back-to-back penalty could be imposed if the same adult refuses a second time within 12 months or if another adult from the household refuses to undertake such measures.[51]

Benefits cannot, however, be reduced by more than $150 per month for a family comprising one adult (single-parent family or independent adult) or by more than $300 in other cases.[52] Penalties are automatically lifted when the recipient decides to participate in or complete customized labour market entry, training and employment measures.

51. Currently, the same penalties apply to recipients fit for work who refuse or quit a job or who deliberately provoke firing, and to non-participation recipients who refuse to take concrete steps to find a job or to comply with the terms of a program such as AGIR. The penalty for failing to complete an employability measure is loss of entitlement to the scale based on participation.

52. The maximum reduction is $100 for persons placed in shelters or foster homes, students' spouses and persons institutionalized as part of the social re-integration process.

Government: taking severe limitations to employability into account by means of an allowance

Persons presenting severe limitations to employability who do not wish to avail themselves of a disability pension will receive, in addition to the basic allowance, a monthly supplement of $189 for an independent adult and $252 for a couple, consistent with amounts currently awarded under the Financial Support Program. The allowance recognizes the scope of the difficulties experienced by these people in attempting to enter the labour market as well as their skills and desire to develop their employability by maintaining their access to active measures.

Government: taking temporary limitations to employability into account by means of an allowance

Under the current system, persons presenting temporary limitations to employability are granted an additional $100 per month. Persons currently entitled to the scale based on unavailability are:

– those with custody of a child with a disability who does not attend school or is under age 6;

– those with temporary health problems;

– those aged 55 or over;

– women at least 20 weeks pregnant;

– those who live with a person whose autonomy is significantly reduced;

– those placed in a foster family;

– those in charge of a foster family or reception centre;

– those sheltered in a home for victims of violence for at least three consecutive months.

The supplement for persons with temporary limitations to employability will be maintained for this category of recipient since the situations they must cope with drastically affect their ability to work, except in the following cases, which will be dealt with through various changes.

Persons with custody of young children

Both the Bouchard and the Fortin reports conclude that it is not fitting or fair to low-income parents that recipients with custody of children under age 6 be eligible for the current scale based on unavailability. Statistics tend to indicate that young mothers who have made no effort to improve their employment skills in the six years following the birth of their child tend to stay on income security for a long time.

Under the new system, the supplement for temporary limitations to employability will be awarded to persons with custody of a child with a disability who does not attend school or a child under age 2; the lowering of the cut-off age from 6 to 2 will be implemented gradually and be coordinated with the institution of a family policy which includes the gradual extension of child care services and the possibility of full-day kindergarten for 5-year-olds as early as next year

Persons with temporary health problems

Persons with a medical condition attested to by a medical certificate and which has lasted less than 12 months will continue to receive the $100 supplement.

Persons aged 55 years or over

The supplement for seniors, granted to persons aged 60 or over by the Régie des rentes, will replace the equivalent amount granted by virtue of age according to the current scale based on unavailability. Only recipients aged 55 to 59 who are already receiving an allowance on the basis of unavailability due to age will continue to so.

A mutual obligation to provide information

The new system maintains the obligation and responsibility to keep users of local centres informed about the various financial assistance measures available, the employment services offered and the option to appeal. In addition, a users committee will be formed to act as an advisory body to the Local Council of Partners.

Recipients, for their part, will continue to be required to provide any information or documents needed to determine their eligibility.

4.3 A SIMPLIFIED SYSTEM

Number of scales slashed from 70 to fewer than 12

The situations of the people currently entitled to income security are as different as the people themselves. In attempting to take this heterogeneity into account, the present system has become extremely complicated. Over 70 distinct scale combinations exist,[53] given the range of eligibility categories, adjustments made on the basis of household size and scale increases. Furthermore, legal provisions and regulations make the income security system extremely difficult to understand. This means that socioeconomic aid officers spend most of their time managing financial assistance rather than supporting recipients in their trajectory towards the labour market.

The over-70 combinations of scales currently applied will be slashed to fewer than 12. The creation of an integrated child allowance accounts in large part for simplification of the system. The scales that will come into effect under the new system are indicated in the table on the next page.

A basic allowance for persons fit for work, and allowable work income

Persons fit for work will receive benefits consistent with those for this category of recipient under the Work and Employment Incentives Program scale based on non-participation. Basic needs not covered by the standard allowance could be supplemented by work income not calculated in establishing the allowance, as is the case under the current system. The new system recommends that allowable work income be increased to take into account the fact that the most recent indexation dates back to January 1993.

53. See Appendix 6 for the table of current scales.

New system scales and allowable work income upon full implementation

Number of adults in the household	Type of limitation to employability	Integrated monthly scale ($)	Eventual allowable work income ($)	Distribution of households (in June 1996) (%)
1 adult	Severe	689	100	18.6
1 adult	Temporary	600	102	20.7
1 adult	None	500	202	43.4
2 adults	Severe	1,027	100	2.9
2 adults	Temporary	950	102	1.3
2 adults	Mixed (temporary/none)	863	178	6.7
2 adults	None	775	254	4.7
1 adult (in a shelter or obliged to be institutionalized as part of the social integration process)	NA	143	100	1.5
1 adult (spouse of a student)	None	150	202	0.1
1 adult (spouse of a student)	Temporary	250	102	0.1
1 adult (spouse of a student)	Severe	312	100	0.0

Through progressive indexation of benefits, allowable work income for persons fit for work who have no limitations to their employability or those with temporary ones will gradually be increased. The allowable work income of persons with severe limitations will not be indexed, as their benefits have already been indexed.

Method for determining income security scales

The method for determining income security scales, based on a 1985 study,[54] consists mainly in identifying basic needs and then allocating amounts on the basis of a specific reference group's expenditures for these needs. The standard method contains three steps: drafting a scale of needs, choosing a reference group and estimating the reference group's average expenditures for the basic needs.

The needs selected are food, housing, household cleaning products, hygiene products, means of communication,

54. Denis Fugère and P. Lanctôt, *Méthodologie de détermination des seuils de revenu minimum au Québec*, Ministère de la Main-d'œuvre et de la Sécurité du revenu, November 1985.

Allowable work income under the current system and under the new system upon full implementation

Number of adults in the household	Type of limitation to employability	Current allowable income ($)	Eventual allowable work income ($)	Difference ($)
1 adult	Severe	100	100	0
1 adult	Temporary	74	102	+28
1 adult	None	174	202	+28
2 adults	Severe	100	100	0
2 adults	Temporary	59	102	+43
2 adults	Mixed (temporary/none)	135	178	+43
2 adults	None	211	254	+43
1 adult (in a shelter or obliged to be institutionalized as part of his/her social integration)	NA	100	100	0
1 adult (spouse of a student)	None	174	202	+28
1 adult (spouse of a student)	Temporary	74	102	+28
1 adult (spouse of a student)	Severe	100	100	0

clothing, household items and furniture, transportation, leisure activities, and reading material.

The reference group comprises the first 10% of Québec households with only one breadwinner whose main source of income (over 50%) is from work, in other words, low-income earners. The decision to use households where there is only one breadwinner reflects the fact that over 80% of the households receiving income security are composed of independent adults or are single-parent families.

The thresholds established are then adjusted to the size of the household. Needs increase with household size, but not proportionally, since there are economies of scale as the number of persons in a household increases, especially for housing, furniture and means of communication. Once the minimum income thresholds for meeting basic needs have been estimated, income security scales are defined so as to fill the gap between minimum income thresholds and other transfer income such as the federal government's child tax credit and Québec's basic family allowance.

The system provides for the inclusion of allowable work income in the evaluation of recipients' available resources, defined as the income recipients are allowed to earn before benefits are reduced. Currently, every household is entitled to earn between $47 and $225 per month, depending on the category, without benefits being decreased. As it now stands, any amounts earned above these cut-off levels are deducted from benefits dollar for dollar.

This method was used to establish the income security scales currently in use. The most recent annual indexation dates back to January 1993 for scales applicable to persons fit for work and January 1996 for those applicable to recipients presenting severe limitations to their employability.

Coverage of special needs

In addition to the benefits granted under the Work and Employment Incentives Program scale for basic needs, special benefits for certain needs are also available. They are tacked on to the basic benefit if the need is ongoing, or on request if the need is occasional. Special benefits are most often paid to people who are already receiving income security, but may also be granted to people who can prove that the special need is such that their income is lowered to the point where they become eligible for income security.

The most common special benefits are those granted to preserve health. The benefits, which will continue to be based on the criteria currently in use, are granted mainly as follows:

- monthly supplements for pregnancy, breast feeding or diabetes;
- for the purchase of formula for children under age 1;
- for the purchase or replacement of dental prostheses, eyeglasses, contact lenses, protheses or ortheses (crutches, canes, etc.);
- to cover the cost of certain dental services.

4.4 INTEGRATED CHILD ALLOWANCE

In 1994, there were 338,000 poor children in Québec, 236,000 of whom came from families on income security.

Behind these telling figures is the real face of poverty which has inestimable consequences for children and families. We know for a fact that underprivileged children are at greater risk of performing poorly in school and of experiencing social integration problems. Clearly, poverty is not the only obstacle to a child's development, but it operates insidiously to, at best, exacerbate, and at worst, spawn these risk factors.

While these children and their families are the first to bear the brunt of poverty, this affliction has repercussions for society as a whole. Poverty has a definite impact on health, crime and the drop-out rate, to name but a few examples.

If parents are poor, it stands to reason that their children will be poor. The proposed reform therefore focuses special attention on families and the financial assistance available to them.

A renewed commitment to families

The government's course of action is aimed primarily at:

- increasing financial assistance to low-income families who are not income security recipients. To achieve this, the integrated child allowance will enable all low-income families, whether income security recipients or not, to have access to the most aid possible for children. Under the current system, only families receiving income security are awarded maximum assistance. The following examples illustrate the discrepancies under the current system:
  - a two-parent family with two children, one 7 and the other 11, entitled to income security, receives a total of $4,800 for both children. If this family were to quit income security to earn an annual income of $16,000, the amount of assistance would plummet to $2,174, a drop of $2,626;
  - in the case of an income security recipient who is a single parent with one child, total assistance is $3,900. If this person leaves the system to earn an annual salary of $13,000, assistance will be a meagre $1,000, which constitutes a decrease of $2,900.

Financial assistance for children under the current system

The following three Québec programs are targeted by the new integrated child allowance:

Income security: Scales are established mainly on the basis of family size. The child portion of the scale represents a monthly supplement of $250 for the first child in a single-parent family, $125 for the second child in such a family or the first child in a two-parent family, and $100 for the second child in a two-parent family.

Family allowance program : Family allowances are issued monthly to all Québec families with children under age 18, most often to the mother. Amounts are $10.91 for the first child, $14.54 for the second, $18.18 for the third, and $21.78 for the fourth and subsequent children.

Parental Wage Assistance Program (PWA): This form of assistance can reach as much as $3,103 per year for a single-parent family with one child, $3,501 for a single-parent family with two children, $3,859 for a two-parent family with one child, and $4,232 for a two-parent family with two children. This does not include the housing supplement, to which Parental Wage Assistance recipients are entitled under the same conditions as those applied to income security recipients. (Appendix 6 shows current financial assistance to families.)

Features of the integrated child allowance

The new allowance features two components:

- a basic maximum amount for low-income families, reduced gradually commensurate with family income, to a minimum equivalent to current family allowance amounts;

- a supplement for single-parent families, used to compensate for their extra needs.

Amounts will be established on the basis of income from the previous year, as defined for personal income tax purposes. The benefit will be adjusted during the year should any major changes occur in family situation or income.

The Parental Wage Assistance Program will continue to exist as a separate entity, but with certain amendments. As regards tax breaks for families with children, the child tax credit will remain unchanged as to conditions and amounts.

Advantages of the integrated child allowance

The new integrated child allowance has the following advantages:

- the gap between recipients and low-income earners will be narrowed, as the amount of coverage for children's needs will be based solely on family income, regardless of the parents' status;
- it will provide incentives for parent recipients to work, which is not the case now, as children's needs will continue to be covered. The discrepancy between the financial support granted to recipients with dependent children and that paid to low-income families will be adjusted, thus encouraging the latter to stay in the labour market;
- it will be easier for parents to estimate the total amount of financial assistance granted for their children;
- the scales now in effect will be radically simplified, as the fact of having a child and the number of children will no longer be factored in when determining eligibility for income security. The number of scales will be pruned from 70 to less than a dozen, making it easier to keep recipients informed;
- eligibility requirements will be harmonized and any major changes in situation will require only one declaration to be filed in order to process adjustments to benefit amounts;
- the decrease in the number of government departments and agencies involved in managing financial assistance to families should lead to lower administrative costs.

Proposed scenario

The proposed scenario (Appendix 7) features the following elements:

- a maximum integrated child allowance of $1,731 for the first child, $1,400 for the second, and $728 for the third child and any subsequent children. An additional $1,300 is granted to single-parent families. These figures are consistent with those recognized by Québec tax legislation as regards children's basic needs, given the federal tax credit. As the federal contribution increases, the Québec contribution will be downscaled proportionately;
- the allowance is reduced by 50 cents for every dollar of income above $19,339 for couples and $13,628 for single-parent families, to a minimum of $131 for one child

and $305 for two children. For example, a single-parent family with one child would be entitled to $131 if the family income is higher than $19,428, while a couple with two children whose family income is $26,991 or over would receive $305. This is consistent with the amounts currently awarded under the Québec family allowance system;

The supplement to work income under the Parental Wage Assistance Program is 25 cents per dollar earned above the annual threshold of $1,200. The maximum supplement is $2,843 for couples and $1,948 for single-parent families. Over a certain threshold, the supplement is decreased by 42 cents per dollar, i.e. $8,990 for single-parent families and $12,570 for a couple with children. Single-parent families become ineligible when their annual income reaches $13,628 or more; for couples with children, this cut-off figure is $19,339.

The structure of the new integrated child allowance is such that the available income of two-parent families who would be eligible for the Parental Wage Assistance Program but who choose not to avail themselves of it is improved, while those already receiving Parental Wage Assistance benefits are not penalized. For single-parent families with one or two children, provisions will be made for children's basic needs[55] covered by income security to continue to be included for families in the system or those entering it the year following the date the integrated child allowance comes into effect. After this period, coverage will be maintained for recipient families until they leave the system.

The integrated child allowance will be determined on the basis of the net family income from the previous year (gross income minus union or professional membership dues, contributions to retirement funds, tuition, moving expenses, etc.). Family income for a two-parent or blended family combines income from both spouses, while the income for a single-parent family includes only that of the parent with custody. In the event of the break-up of the couple or death of one of the partners, resulting in a substantial decrease in income, families can request an adjustment to benefits.

Appendix 8 compares the monthly amounts granted to various types of integrated child allowance recipients under the proposed system with those granted under the current system.

4.5 AN EQUITABLE SYSTEM

The amounts of financial assistance, including basic benefits, allowances for limitations to employability, the supplement for seniors and the disability allowance, will be determined by the government. To ensure equity and social justice, amounts will be the same in every region.

The government must also ensure that the social safety net is designed so that income security recipients and low-income earners are treated on an equal footing. Several measures converge to achieve this goal.

55. For single-parent families with one or two children, amounts needed to cover basic needs recognized by tax laws are lower than those used to calculate income security.

In addition to entitling children of low-income earners to benefits similar to those granted to recipients, the new system promotes fairness through various other means.

Child support

The obligation of parents to support their children, enshrined in the Civil Code of Québec, includes their responsibility to ensure that the basic needs of their children are met. Parents with custody, those without, and the government share in this legal responsibility.

In May 1995, the Québec government adopted the Act to facilitate the payment of support, which instituted a universal system of automatic collection of child support. Its purpose is to reduce instances of default of payment and to increase the standard of living of the women and children entitled to support.

Among other changes, the government modified taxation of child support and established guidelines for setting child support amounts. This new grid enables the allocation of more appropriate amounts for covering children's needs, while taking into account the ability of parents to make payments. As well as increasing the amounts granted, the new legislation also encourages single parents entitled to support to seek recourse if necessary. It is often felt that one of the main causes of poverty in single-parent families is precisely the inadequacy of child support amounts.

When the new measures come fully into effect in 1999-2000, the spin-offs are expected to be in the order of $71 million, i.e. $56 million more in government revenues from the exemption of child support payments and $15 million in reduced costs for the Ministère de la Sécurité du revenu. These savings are mainly due to the new child support amount scales.

As is the case now, recipients will continue to be entitled to a certain amount of work income without having their benefits decreased. What is new, however, is the fact that a portion of child support will not be included in the calculation of income security benefit amounts. Furthermore, it will become possible to combine income from child support with work income, as long as the total does not exceed maximum levels for allowable work income.

The allowable child support amounts which are not subtracted from the allowance will decrease as the child ages in order to provide incentives for the parent with custody to enter the labour market when the child's age is no longer an obstacle.

Allowable income from child support will increase gradually until it reaches the following amounts:

– Child under age 2	$100 per month
– 2-year-old	$80 per month
– 3-year-old	$70 per month
– 4-year-old	$60 per month
– Child aged 5 or over	$50 per month

The purpose of this measure is to promote access to and payment of child support. This exemption will encourage parents with custody to ensure that their right to child support is respected, as they will know that they are entitled to keep a portion. Those owing child support will be more inclined to assume their responsibilities if they feel that their payments are in fact being used to improve their children's financial situation.

Solutions to the problem of defaulting on rent payment

In recent years building owners have complained that some income security recipients, while only a minority, default on rent payment. A 1994 study showed that of the $123 million in lost revenues from rent payment default, nearly 70% of the cases, representing $87 million in losses, involved income security recipients.

As of January 1, 1997, it will be possible to directly deposit benefits into bank accounts, thereby enabling recipients to arrange for preauthorized debit for rent payments with building owners, which would be conducive to more regular payment. Direct deposit will be optional for recipients. The Civil Code of Québec prohibits building owners from demanding more than one month's rent at a time, any sum of money for purposes other than apartment rental, whether a deposit or any other arrangement regarding rental, or a post-dated cheque or any other post-dated item.

To encourage recipients to make their payments and to promote their access to housing, the following solution is being considered for the problem of rent default: the possibility of granting power of order to the Régie du logement du Québec, as a joint undertaking with the Minister of Municipal Affairs, in order to empower the Ministère de la sécurité du revenu to directly issue the housing component of the benefit to building owners for rental amounts owing.

Taxation of benefits

In Québec, income security benefits are included in calculating total income. However, a special deduction excludes benefits from taxable income. This provision is unfair to persons not receiving income security benefits but with equally low incomes.

In order to promote greater parity in the treatment of recipients and low-income earners, income security benefits will henceforth be considered taxable income. A similar change is being made in old age security benefits, the minimum income threshold for seniors.

Recovery and monitoring measures

Recovery is essential to ensure sound management of public funds. The recovery of benefits issued to ineligible persons is based on the principles of social justice, equality and efficiency. Recovery of benefits wrongfully issued[56] allows better distribution to the truly deserving, and could contribute to improving certain aspects of the system.

---

56. This excludes amounts issued through administrative errors by the Ministère, which do not have to be reimbursed.

Increases in the three major debt categories —income security, child support and immigration sponsorships—have prompted the Department to step up its recovery activities, notably through the creation of the Centre de recouvrement en sécurité de revenu. The centre's action plan for 1997-1998 includes a number of specific measures, especially regarding sponsors who fail to comply and parents who default on child support payments.

Section 42 of the Regulation respecting the selection of foreign nationals stipulates that a sponsor must agree to repay the Québec government any income security benefits granted to the foreign nationals and their dependents whom he/she has sponsored. The government plans to step up this type of recovery.

Statistics from recent years show that an increasing number of people fail to pay proper child support to former spouses who depend on income security to meet the basic needs of their children. The accumulated arrears in child support as at March 31, 1996, were approximately $138 million. Further analyses of these figures will enable the drafting of measures reconciling budgetary objectives with the needs of the spouses in question. However, care must be taken to ensure that the former spouses do not wreak vengeance on ex-wives who were victims of domestic violence.

Furthermore, pressure will be increased to force repayments by persons who have deliberately falsified statements in order to receive allowances to which they are not entitled or to avoid making child support payments. The new system includes the following measures aimed at these individuals:

- debtors will have to pay charges in addition to fully reimbursing amounts obtained under false pretences;
- capitalized interest will be charged at all times;
- for repeat offenses, compensatory payments withheld directly from income security benefits will be increased.

For parents defaulting on child support payments, charges will be levied if payment commences only after the Department has had to intervene on behalf of the parent with custody.

Interest paid by third parties with respect to retroactive payments to recipients who have received conditional assistance will also be claimed.

Monitoring measures also help achieve budgetary objectives insofar as they ensure that only people who are truly eligible receive benefits. They are also needed to verify whether the monies granted are used for the purposes for which they were intended. The rate of compliance for 1994-1995, 93%, is eloquent proof of the effectiveness of the measures. This rate should be maintained, if not improved. Information exchange agreements are monitoring mechanisms which are gaining popularity. Such agreements have been reached with the Commission de la santé et de la sécurité au travail, the Régie des rentes du Québec, the Ministère de l'Éducation, the Ministère du Revenu, Human Resources Development Canada and the Société de l'assurance automobile du Québec.

CONCLUSION

Up until now, jobless income security recipients have not been treated as part of the labour force. The new system eliminates the discrepancy between these individuals and other unemployed persons, and abolishes distinctions based on whether or not a person is eligible for income security. Our active labour market policy, as well as programs and services, must be restructured to meet the needs of those seeking employment. These persons, in turn, must make a genuine effort to enter the labour market.

The new income security system establishes a reciprocity agreement based on open, democratic relations and solidarity between individuals, the government, labour partners and communities. It recognizes the social repercussions of excluding individuals who are not part of the labour force, by offering income security recipients assistance in the form of measures designed to help them enter the labour market, receive training and find jobs. The new system also recognizes the special needs and situation of individuals who are unable to work due to temporary or severe limitations to their employability. Ultimately, the income security reform is based on the principles of equity, equal opportunity, accessibility, reciprocity, subsidiarity and effectiveness.

EMPLOYMENT COMPONENT	FINANCIAL ASSISTANCE COMPONENT
Responsibility	
Individuals, the government, labour market partners, the community, institutions and society as a whole are responsible for social insertion, job market entry and manpower/employment development.	The government is responsible for providing financial assistance to those in need and for managing this assistance.
Reciprocity	
A local plan identifies priorities and means in the form of active employment assistance measures for local communities.	When an individual employment plan is offered, the individual has no choice but to accept it. This plan details the route to take to achieve one's project, i.e. employment preparation, employment and financial autonomy. The individual is offered services and measures promoting job market entry.
A Council of Partners, composed of labour market, community and local representatives defines priorities and means in the form of active employment assistance measures.	A users council, on which income security recipients are represented, allows income support services to be improved.
Accessibility	
All income security recipients have access to employment assistance. Workers receiving income security benefits are an integral part of the Québec labour force. They are entitled to services and measures promoting their social integration and labour market entry.	Financial assistance is available: • for persons interested in an active approach to job seeking, social insertion and labour market entry; • for persons who are unable to work due to severe or temporary limitations to their employability due to their health or their personal or family situation.
Subsidiarity	
The local employment centre manages one file per client. This file includes: financial assistance complete with income adjustment and monitoring, employment counselling and assistance, employment support complete with income adjustment and monitoring.	
Equity	
The active labour market policy must target persons who are at a disadvantage on the job market (long-term unemployed people, individuals belonging to target groups).	The system must be simplified and fair to income earners; financial assistance must be uniform throughout Québec.

EMPLOYMENT COMPONENT	FINANCIAL ASSISTANCE COMPONENT
Efficiency	
Financial resource allocation to local employment centres must reflect: • the number of income security recipients, their sociodemographic characteristics, the unemployement rate; • the results of manpower and employment development measures and existing resources.	Financial resource allocation must: • reflect Québec society's ability to pay; • not overburden the social safety net; • in some cases, convert financial assistance into productive measures.
Counselling	
The employment assistance counsellor is responsible for offering active measures and for referring individuals.	The employment assistance counsellor delivers, adjusts and monitors financial assistance.

Change in average income security benefits by province, 1980-1981 to 1994-1995 (in $ per year)

	New-Found-land	Prince Edward Island	Nova Scotia	New Bruns-wick	Québec	Ontario	Manitoba	Saskat-chewan	Alberta	British Colombia	Canadian average
1980-1981	3,364	3,502	2,995	4,223	3,478	3,629	3,029	4,167	5,378	4,930	**3,747**
1981-1982	3,240	3,803	3,274	4,621	3,688	3,932	3,327	4,722	5,937	4,916	**4,002**
1982-1983	3,484	4,349	3,498	4,709	3,827	4,114	3,487	5,259	6,505	4,763	**4,211**
1983-1984	3,998	4,555	3,805	4,849	4,422	4,709	4,125	5,569	7,380	5,353	**4,774**
1984-1985	4,096	4,680	3,969	5,254	4,737	5,155	4,390	5,946	7,053	5,575	**5,080**
1985-1986	4,570	4,922	4,193	5,390	5,231	5,577	4,828	6,381	7,690	5,986	**5,536**
1986-1987	4,703	5,153	4,472	5,560	5,526	5,877	5,033	6,691	7,443	6,094	**5,791**
1987-1988	5,169	5,574	4,705	5,940	6,423	6,621	5,439	6,665	8,347	6,275	**6,454**
1988-1989	5,311	6,087	5,056	6,542	6,213	6,975	5,783	7,030	8,802	6,525	**6,625**
1989-1990	5,399	6,374	5,277	6,583	6,468	7,489	5,941	7,059	9,414	7,051	**7,000**
1990-1991	5,685	6,631	5,462	6,401	5,989	7,629	6,277	7,151	9,537	6,801	**6,945**
1991-1992	5,923	6,675	6,039	6,557	6,654	8,699	6,483	6,866	9,541	7,149	**7,685**
1992-1993	5,594	6,896	6,431	6,697	7,076	9,623	7,329	7,175	10,213	7,642	**8,308**
1993-1994	5,593	7,116	6,609	6,624	7,329	9,744	7,361	7,544	9,856	7,957	**8,449**
1994-1995	6,394	7,035	6,901	6,944	7,423	10,124	7,438	7,862	8,779	8,127	**8,626**
Growth rates											
80-81 to 89-90	60.5%	82.0%	76.2%	55.9%	86.0%	106.4%	96.1%	69.4%	75.1%	43.0%	86.8%
89-90 to 94-95	18.4%	10.4%	30.8%	5.5%	14.8%	35.2%	25.2%	11.4%	-6.7%	15.3%	23.2%

Source: Human Resources Development Canada.

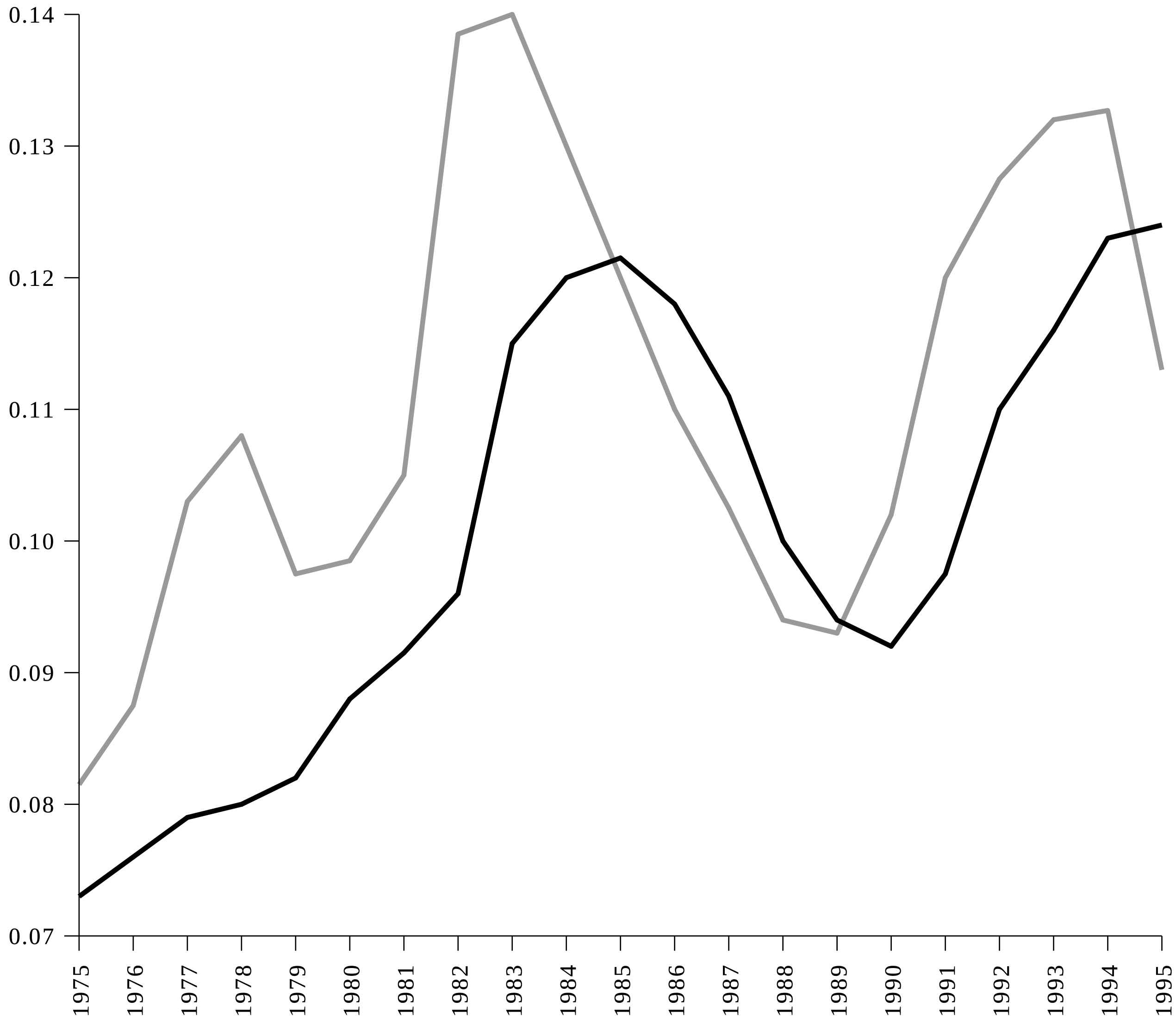
APPENDIX 2

Change in the unemployment rate of people receiving income security and average duration on income security, 1975 - 1995

	Unemployment rate %	Number of households eligible for income security	Number of households not eligible for income security	Average duration of one period on income security (in months)
1975	8.1	81,853	116,366	n/a
1976	8.7	89,616	129,158	n/a
1977	10.3	105,337	129,817	n/a
1978	10.9	118,024	128,804	n/a
1979	9.7	185,274	73,334	22.1
1980	9.9	203,607	81,567	21.9
1981	10.5	210,304	92,131	22.9
1982	13.9	230,898	94,558	23.3
1983	14.0	291,320	105,677	21.6
1984	12.9	303,981	111,473	22.0
1985	11.9	309,080	115,483	20.7
1986	11.0	306,354	109,704	20.3
1987	10.3	286,442	103,697	21.8
1988	9.4	260,083	97,785	23.9
1989	9.3	245,230	95,449	30.8
1990	10.2	251,982	91,891	32.5
1991	12.0	277,986	88,229	29.1
1992	12.8	317,211	96,176	25.3
1993	13.2	349,930	100,745	n/a
1994	12.2	369,106	103,833	n/a
1995	11.3	371,696	107,685	n/a

Sources: Unemployment rate: Cansim, matrix 2069.
Number of households receiving income security: Income security files - J42.
Average duration on income security: Bernard FORTIN et al., *La dynamique de la participation à l'aide sociale au Québec: 1979-1983*, March 1996, p. 70.

Change in the social assistance rate and unemployment rate in Québec, 1975-1995



Legend: Social assistance rate

Unemployment rate

Unemployment rates for young people aged 15 to 24 and 25 and over, 1976-1994

Annual number of new households receiving income security
by household category and reason for request for annual entries,
1994-1995

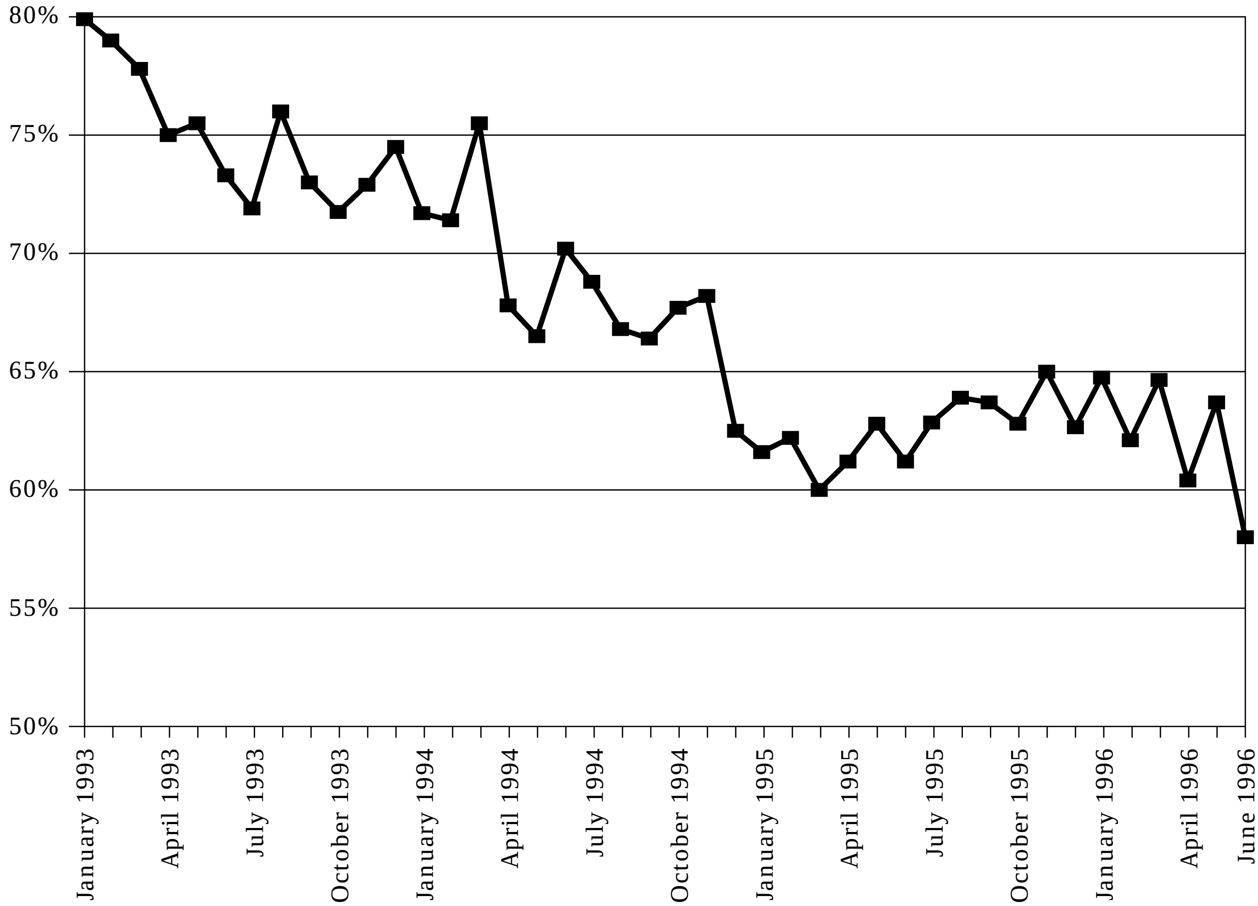
	HOUSEHOLD CATEGORY								TOTAL	
	Couple with children		Couple without children		Single-parent family		Independent adult			
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
REASON FOR REQUEST										
Other reason[1]	5,009	47.36	2,344	47.35	5,674	31.79	29,492	41.71	42,492	40.86
Studies completed	147	1.39	74	1.49	543	3.06	5,564	7.87	6,328	6.09
UI benefits terminated	2,884	27.27	1,576	31.84	2,826	15.91	18,073	25.56	25,359	24.39
Unknown	0	0	10	0.20	3	0.02	39	0.06	52	0.05
Job loss (with UI)	1,211	11.45	353	7.13	1,331	7.49	3,188	4.51	6,083	5.85
Job loss (without UI)	1,169	11.05	553	11.17	1,099	6.19	9,937	14.06	12,758	12.27
Loss of spouse	156	1.48	40	0.81	6,316	35.55	4,406	6.23	10,918	10.50
TOTAL	**10,576**	**100.00**	**4,950**	**100.00**	**17,765**	**100.00**	**70,699**	**100.00**	**103,990**	**100.00**

1. The category “Other reasons” comprises mainly those recipients who did not detail the reasons for requesting income security.

Source: Income security files – J40, MSR, Direction de la recherche, de l’évaluation et de la statistique, September 1996.

APPENDIX 4

Percentage of unemployed persons in Québec receiving unemployment insurance benefits, January 1993 - June 1996



Decrease in federal transfers due to the implementation of the CHST

	1996-1997	1997-1998
Total decrease	$636,000,000	$1,200,000,000
Per capita decrease	$86	$161
Decrease per household	$218	$404
Decrease per taxpayer:		
• taxable and non-taxable	$136	$256
• taxable	$207	$390

APPENDIX 5

Active labour market policy reference framework

The active, decentralized labour market policy includes all microeconomic selective measures which combat the disparities and inequality not targeted by general macroeconomic monetary, fiscal and budgetary measures. These measures entail flexible, rapid action aimed at helping persons better adjust to the job market and reducing the duration and incidence of unemployment.

Generally, the active labour market policy refers to various job preparation, labour market entry, job maintenance, job stability and job creation measures. It differs from the so-called passive policy, which essentially refers to the financial support awarded jobless individuals.

In June 1995, in the document *L'emploi, travaillons-y ensemble*, the Québec government set out its active labour market policy and proposed a reference framework for harmonizing manpower programs and measures. Active labour market measures are fivefold:

1 *Job preparation assistance*

This component includes measures designed to prepare individuals to enter the labour market and offers academic and careers information services, guidance services, employment and training counselling, job preparation and literacy training.

2 *Labour market entry assistance*

This component includes specific job market entry assistance designed to integrate or re-integrate into the workforce persons who are fit for work by offering various services and forms of assistance such as placement services, mobility assistance, on-the-job training, apprenticeships, work-study programs, training and reclassification.

3 *Job maintenance assistance*

This third active labour market policy component entails assistance measures for workers and businesses wishing to consolidate jobs. It includes assistance designed to keep people working, advance, and develop their skills.

4 *Job stability assistance*

The fourth component consists of the assistance measure designed to protect existing jobs through economic initiatives in a given sector or region via sector-based measures, manpower adjustment committees, business recovery, and work time reduction/reorganization.

5 *Job creation assistance*

This fifth active policy component has three parts: 1) assistance for job creation in community organizations in areas of “social”utility; 2) wage subsidies awarded private-sector employers who hire the chronically unemployed and members of other target groups experiencing particular problems finding employment; and 3) assistance for the development of a work culture and self-employment for unemployed workers wishing to start their own business.

This type of assistance includes all job creation measures, i.e. self-employment/entrepreneurship development and support, hiring subsidies, local development assistance and job creation in the social economy.

The following table compares the active employment measures available within the Ministère de la Sécurité du revenu, Société québécoise de développement de la main-d'œuvre and Human Resources Development Canada networks. Grouping these types of assistance according to the five active labour market policy components illustrates the three entities' areas of specialization and shows possibility for integrating employment assistance measures and services.

Table comparing employment assistance services and measures

ALMP components[1]	Objectives	Federal	Comparable measures (Québec)	Comments
Job preparation	Includes all measures designed to prepare individuals to enter the labour market, i.e. pre-training activities, general education, initial occupational training for young people and adults, activities involving academic and careers information, training counselling, and training, guidance and employment counselling.	Labour market information service (HRDC)	Job market information service (SQDM)	The SQDM and its regional affiliates also provide this service.
		Screening and employment counselling (HRDC)	*Idem* (MSR, SQDM)	Each organization provides services to a specific clientele. HRDC: unemployment insurance beneficiaries MSR: income security recipients SQDM: unemployed persons and workers
		Employment services for the unemployed (HRDC)	*Idem* (MSR, SQDM)	The federal government offers action plan preparation assistance to meet the needs of clients with limited work experience. In Québec, the SQDM and the MSR offer this type of service directly of through community groups.
		General and vocational training assistance (HRDC)	Individual assistance program (SQDM) Apprenticeship system (SQDM) Remedial education (MSR)	

(continued)

1. Active labour market policy

Table comparing employment assistance services and measures (cont'd)

ALMP components	Objectives	Federal measures	Comparable measures (Québec)	Comments
Labour market entry	Includes all measures designed to reduce the duration of unemployment and help persons fit for work to re-enter the labour market via initiatives targeting individuals and businesses. These measures include placement services, job search services, employability assistance, manpower mobility assistance, on-the-job training, and work sessions	Job matching (Placement) (HRDC)	None	The federal government alone currently offers this service in Québec.
		Targeted remuneration supplement (HRDC)	PWA program (MSR)	The PWA program targets low-income earners to encourage them to remain in the work force. The federal measure is designed more as a wage supplement when an unemployment insurance beneficiary agrees to take a lower paying job.
		Targeted wage subsidies (HRDC)	Job Re-Entry Program (MSR) EXTRA (MSR)	There are differences in the duration, subsidy amount and eligible employers. Income security recipients are targeted by the Job Re-Entry Program and EXTRA. The HRDC's measures target workers insured under UI.
			Other job entry assistance: • reclassification PAPL - (SQDM) • Volunteer Youth Action, PAI (SQDM) • On-the-job training, work experiences and work sessions (MSR)	

(continued)

Table comparing employment assistance services and measures (cont'd)

ALMP components	Objectives	Federal measures	Comparable measures (Québec)	Comments
Job maintenance	Includes all measures designed to keep people working, advance and develop their skills; protect jobs through activities involving individuals and businesses, i.e. continuing eduction, human resources development, reclassification, etc.	Development loan and grant (HRDC)	SPRINT (SQDM) REPS (MSR) Remedial Education (MSR) Other job maintenance assistance: • Advice to businesses regarding human resources development, total quality, sponsorship, networking, young entrepreneurs monitoring (SQDM)	SPRINT is complementary to the federal "fee payer trainee" measure. The federal measure targets UI beneficiaries. These individuals are eligible for SPRINT.
Job stability	Includes all measures designed to stabilize job levels through economic initiatives in a given sector or region via economic programs or measures, i.e. job stabilization funds, business assistance during hard economic times, real estate programs, etc.	POWA (HRDC)	Stabilization fund, ARTT, POWA, sector-based initiatives and measures targeting specific groups (SQDM)	The Program for Older Workers Adjustment (POWA) terminated on April 1, 1996.

(continued)

Table comparing employment assistance services and measures (cont'd)

ALMP components	Objectives	Federal measures	Comparable measures (Québec)	Comments
Job creation	Includes all measures designed to create jobs through initiatives targeting existing businesses and businesses in the start-up stage, individuals interested in self-employment, and intermediate businesses seeking to promote job development.	Self-employment assistance (HRDC)	SSE (MSR, SQDM) ROFAINE (SQDM)	There are differences in the way programs are run and in the duration of assistance depending on the clientele. The HRDC'S target clientele is annual beneficiaries. The SSE measure targets both income security recipients and low-income earners.
		Job creation partnerships	Social economy CIT and PAIE MSR FDCE (SDR)	There are differences in eligible partners and financing terms. Practices are different in the HRDC's job creation support and the MSR's social economy support. The HRDC makes no distinction between private-sector support and support for non-profit organizations, but the MSR does.
		Local labour market partnerships (HRDC)	None	This program has no Québec equivalent. The federal measure is designed to support local efforts at concerted job market development.
		Research and innovation (HRDC)	FRAIE and FAIE (MSR) FIL (SQDM)	The two MSR measures target innovative initiatives which complement the work of the Travail-Québec centres. The SQDM's FIL supports local initiatives aimed at bolstering entrepreneurship.

Appendix 6

USER'S GUIDE
- See KEY for explanation of amounts
- Take the total number of children into account

Integrated basic scale (as of April 1, 1996)

		Dependent children: 0	1	2	3	4	5 and +	Adult in shelter
1 ADULT	SOFI FINANCIAL SUPPORT	*689 685* 100 689 **685**	*925 921* 100 925 **921**	*1052 1048* 113 1052 **1048**	*1055 1051* 113 1055 **1051**	*1058 1054* 113 1058 **1054**	*1061 1057* 113 1061 **1057**	100 143
	APTE NON-PARTICIPANT	*490 386* 174 500 **396**	*739 635* 159 750 **646**	*863 759* 168 875 **771**	*866 762* 168 879 **775**	*869 765* 168 883 **779**	*872 768* 168 887 **783**	
	APTE UNAVAILABLE	*590 486* 74 600 **496**	*839 735* 60 850 **746**	*963 859* 68 975 **871**	*966 862* 68 979 **875**	*969 865* 68 983 **879**	*972 868* 68 987 **883**	
	APTE PARTICIPANT	*610 506* 100 620 **516**	*859 755* 86 870 **766**	*983 879* 95 995 **891**	*986 882* 95 999 **895**	*989 885* 95 1003 **899**	*992 888* 95 1007 **903**	**Student's spouse**
2 ADULTS	SOFI FINANCIAL SUPPORT	*1027 1027* 100 1027 **1027**	*1155 1155* 100 1155 **1155**	*1256 1256* 113 1256 **1256**	*1259 1259* 113 1259 **1259**	*1262 1262* 113 1262 **1262**	*1265 1265* 113 1265 **1265**	*312 312* 100 312 **312**
	APTE NON-PARTICIPANT	*755 655* 211 775 **675**	*879 779* 221 900 **800**	*978 878* 225 1000 **900**	*981 881* 225 1004 **904**	*984 884* 225 1008 **908**	*987 887* 225 1012 **912**	*140 40* 174 150 **50**
	APTE UNAVAILABLE	*930 830* 59 950 **850**	*1054 954* 47 1075 **975**	*1153 1053* 51 1175 **1075**	*1156 1056* 51 1179 **1079**	*1159 1059* 51 1183 **1083**	*1162 1062* 51 1187 **1087**	*240 140* 74 250 **150**
	APTE-PARTICIPANT	*950 850* 110 970 **870**	*1074 974* 120 1095 **995**	*1173 1073* 125 1195 **1095**	*1176 1076* 125 1199 **1099**	*1179 1079* 125 1203 **1103**	*1182 1082* 125 1207 **1107**	*260 160* 100 270 **170**
MIXED	APTE NON PARTICIPANT-UNAVAILABLE	*843 743* 135 863 **763**	*967 867* 134 988 **888**	*1066 966* 138 1088 **988**	*1069 969* 138 1092 **992**	*1072 972* 138 1096 **996**	*1075 975* 138 1100 **1000**	
	APTE-NON-PARTICIPANT-PARTICIPANT	*853 753* 161 873 **773**	*977 877* 171 998 **898**	*1076 976* 175 1098 **998**	*1079 979* 175 1102 **1002**	*1082 982* 175 1106 **1006**	*1085 985* 175 1110 **1010**	**Key**[1]
	APTE UNAVAILABLE-PARTICIPANT	*940 840* 85 960 **860**	*1064 964* 84 1085 **985**	*1163 1063* 88 1185 **1085**	*1166 1066* 88 1189 **1089**	*1169 1069* 88 1193 **1093**	*1172 1072* 88 1197 **1097**	*RS RS-PL* EX $max **PL**

Additional children	APTE	SOFI
For the 6th and subsequent dependent child, add:	*+$3 +$3* +$4 **+$4**	*+$3 +$3* +$3 **+$3**

1. Legend
   RS: Lives in low-income housing, a foster family, with parents, grandparents or children
   EX: Exemption for work income, vocational training allowances, and UI benefits
   PL: Shares a dwelling

In 1995, the Québec government devoted $1 billion 112 million to its three main family financial assistance programs, in addition to tax assistance, in the form of a child tax credit for dependent children and a family income tax reduction, which totalled $1 billion 100 million that same year.

Consequently, Québec provided total financial and tax assistance to families in the amount of $2 billion 212 million in 1995, distributed among programs as shown in the table below. This amount does not include other, more specific programs, like financial and tax assistance for child care services. In 1995, the federal government devoted $1 billion 326 million in assistance to families with children in Québec, through the child tax benefit.

Federal assistance for children was directed solely at low-income and middle-income families. For instance, a single-parent family with one child was no longer entitled to the federal benefit over and above annual earnings of $61,000. No other form of assistance was paid to these families, either in the form of benefits or tax assistance[1] (tax reduction).

The Québec system recognizes maintenance of children regardless of family income. For instance, for the first child, a minimum amount of $651 is awarded, i.e. $131 in family allowances and $520 in tax reductions. The amount of the tax reduction (tax credit) for dependent children, or its equivalent, is preserved in the integrated allowance scenario.

Québec and federal family financial assistance measures (children under 18), 1995

Québec measures	**(in millions of dollars)**
Family assistance allowances:	
• Family allowance	226
• Allowance for young children	136
• Allowance at birth	190
PWA program	61
Child component of social aid	499
TOTAL QUÉBEC TRANSFERS	**1,112**
Québec tax assistance	
• Tax credits for dependent children and single-parent families	730
• Family-related tax reduction	370
TOTAL QUÉBEC TAX ASSISTANCE	**1,100**
QUÉBEC TOTAL	2,212
Federal measures	
Child tax benefit	
• Base amount	1,253
• Work income supplement	73
FEDERAL TOTAL	**1,326**
TOTAL	3,538

1. Except for single-parent families, who, for the first dependent child, can claim the equivalent of the exemption of a dependent spouse.

Financial assistance awarded to Québec families under the current system (in $ monthly)

	QUÉBEC ASSISTANCE											FEDERAL ASSISTANCE	TOTAL ASSISTANCE	
Examples	"Child" and "single-parent" component of income security	Family allowances	Allowances for young children[1]	Allowance at birth[2]	Tax credit for dependent children	Tax credit for single-parent family	Family related tax reduction	PWA Program	"Child" portion of the QST credit	Total including PWA program	Total excluding PWA program	Child tax benefit	Including PWA program	Excluding PWA program
Single-parent family with 1 child aged 7 and work income of $0	246	11	n/a	n/a	0	0	0	0	4	261	261	72	333	333
Single-parent family with 1 child aged 7 and work income of $11,000	45	11	n/a	n/a	16	0	0	244	4	320	76	156	476	232
Single-parent family with 1 child aged 5 and work income of $20,000	0	11	10	n/a	43	22	97	0	15	198	198	174	372	372
Single-parent family with 1 child aged 6 month and work income of $50,000	0	11	10	42	43	22	5	0	0	133	133	40	173	173
Couple with 2 children aged 7 and 10 and work income of $0	219	25	n/a	n/a	0	n/a	0	0	5	249	249	156	405	405
Couple with 2 children aged 7 and 10 and work income of $14,000[3]	137	25	n/a	n/a	0	n/a	0	314	9	485	171	239	724	410
Couple with 2 children aged 5 and 7 and work income of $25,000[3]	0	25	10	n/a	83	n/a	85	55	23	281	226	189	470	415
Couple withc 2 children aged 6 month and 4 years and work income of $50,000[3]	0	25	29	42	83	n/a	60	0	0	239	239	91	330	330

n/a: not applicable

1. Allowances for young children are paid to families with children under 6 years.
2. An amount of $500 is awarded to the first-born child the year of his/her birth. The second-born child receives $500 the year of his/her birth and another $500 at the beginning of the following year. For third and subsequent children a total $8,000 allowance is distributed over the five years following their birth in instalments of $400 per quarter.
3. Only one of the spouses works.

APPENDIX 7

Details of the proposed scenario

Elements	**Proposed scenario**
1. Allowance for essential needs Integration of federal tax benefit	No[1]
Maximum allowance	first child: $1,731 second child: $1,400 third child and subsequent children: $728 each
Family-income threshold over which allowance is decreased	couple with children: $19,339 single-parent family: $13,628
Reduction rate	50% between the preceding income threhold and $20,921, 30% between $20,921 and $25,921 and 50% between $25,921 and the cut-off threshold
Minimum allowance	current level of family allowances
Family income over which minimum allowance applies	couple with 1 child: $23,618 couple with 2 children: $26,991 single-parent family with 1 child: $19,428 single-parent family with 2 children: $22,519
2. Allowance for single-parent family	$1,300 (this allowance is added to the allowance for essential needs before the reduction is applied)
Change to the PWA program Integration of the federal income supplement	No[2]
Work income over which supplement applies	$1,200
Supplement rate	$0.25 per dollar over $1,200
Maximum supplement	couple with children: $2,843 single-parent family: $1,948
Income for which maximum supplement applies	couple with children: $12,570 single-parent family: $8,990
Family income over which supplement is reduced	couple with children: $12,570 single-parent family: $8,990
Reduction rate	couple with children: $0.42 per dollar over $12,570 single-parent family: $0.42 per dollar over $8,990
Family income over which supplement is zero	couple with children: $19,339 single-parent family: $13,628

1. The federal child tax benefit remains at its current level, i.e. $869 for the 1st child, $1,000 for the 2nd child and $1,597 for the 3rd child and subsequent children.
2. The federal work income supplement, integrated into the federal child tax benefit, will rise from the current $500 to $750 in 1997, and $1,000 in 1998. This amount is not integrated into the Integrated Child Allowance.

APPENDIX 8

Monthly amount of financial assistance awarded families under the Integrated Child Allowance (ICA) scenario

Examples	Integrated child allowance			
	Proposed scenario			
	Including the work income supplement	Excluding the work income supplement	Fiscal component added to the ICA[1]	Federal assistance added to the ICA[1]
Single-parent family with 1 child aged 7 and work income of $0	253	253	0	72
Single-parent family with 1 child aged 7 and work income of $11,000	345	253	16	156
Single-parent family with 1 child aged 7 and work income of $20,000	11	11	163	156
Single-parent family with 1 child aged 7 and work income of $50,000	11	11	70	22
Couple with 2 children aged 7 and work income of $0	261	261	0	156
Couple with 2 children aged 7 and 10 and work income of $14,000	448	261	0	239
Couple with 2 children aged 7 and 10 and work income of $25,000	93	93	168	171
Couple with 2 children aged 7 and 10 and work income of $50,000	25	25	103	55

1. Tax assistance and federal assistance are not added to the Integrated Child Allowance in the proposed scenario.

Monthly amount of financial assistance awarded families
under the ICA scenario compared to the current system

Examples	Comparison of the current system and the proposed scenario (proposed scenario - current system)	
	including work income supplement	**excluding work income supplement**
Single-parent family with 1 child aged 7 and work income of $0	-8[1]	-8[1]
Single-parent family with 1 child aged 7 and work income of $11,000	83	234
Single-parent family with 1 child aged 7 and work income of $20,000	38	38
Single-parent family with 1 child aged 7 and work income of $50,000	-1	0
Couple with 2 children aged 7 and 10 and work income of $0	12	11
Couple with 2 children aged 7 and 10 and work income of $14,000	8	135
Couple with 2 children aged 7 and 10 and work income of $25,000	16	70
Couple with 2 children aged 7 and 10 and work income of $50,000	-40	-40

1. Provisions will be made to ensure that single-parent families receiving income security are not at a disadvantage.

APPENDIX 9

Breakdown by Travail-Québec centre of income security recipients aged 18-24 who are fit for work and not unable to work due to temporary limitations, May 1996

Travail-Québec Centres	Work and Employment Incentives Program (persons not unable to work due to temporary limitations)
CENTRE D'AHUNTSIC	321
CENTRE D'ALMA	386
CENTRE D'AMOS	194
CENTRE D'AMQUI	230
CENTRE D'ASBESTOS	91
CENTRE D'EAST ANGUS	137
CENTRE D'IBERVILLE	492
CENTRE D'AYLMER	236
CENTRE DE BAIE-SAINT-PAUL	58
CENTRE DE BAIE-COMEAU	220
CENTRE DE BEAUPORT	429
CENTRE DE BÉCANCOUR	80
CENTRE DE BERTHIERVILLE	206
CENTRE DE BONAVENTURE	308
CENTRE DE BROSSARD	450
CENTRE DE BUCKINGHAM	387
CENTRE DE CABANO	171
CENTRE DE CAMPBELL'S BAY	125
CENTRE DE CAP-AUX-MEULES	123
CENTRE DE CHANDLER	361
CENTRE DE CHARLESBOURG	579
CENTRE DE CHARLEVOIX	124
CENTRE DE CHÂTEAUGUAY	474
CENTRE DE CHIBOUGAMAU	83
CENTRE DE CHICOUTIMI	573
CENTRE DE CÔTE-DES-NEIGES	453
CENTRE DE COWANSVILLE	227
CENTRE DE CRÉMAZIE	477
CENTRE DE DOLBEAU	192
CENTRE DE DONNACONA	180
CENTRE DE DRUMMONDVILLE	554

Travail-Québec Centres	Work and Employment Incentives Program (persons not unable to work due to temporary limitations)
CENTRE DE FLEURY	503
CENTRE DE FORESTVILLE	149
CENTRE DE GASPÉ	261
CENTRE DE GATINEAU	683
CENTRE DE GRANBY	415
CENTRE DE GRAND-MÈRE	295
CENTRE DE HAVRE-SAINT-PIERRE	65
CENTRE DE HOCHELAGA	581
CENTRE DE HULL	611
CENTRE DE HUNTINGDON	127
CENTRE DE JOLIETTE	594
CENTRE DE JONQUIÈRE	574
CENTRE DE KUUJJUAQ	52
CENTRE DE KUUJJUARAAPIK	159
CENTRE DE L'ISLET	61
CENTRE DE L'OUEST-DE-L'ÎLE	358
CENTRE DE LA BAIE	184
CENTRE DE LA POCATIÈRE	130
CENTRE DE LA SARRE	158
CENTRE DE LA TUQUE	83
CENTRE DE LAC-MÉGANTIC	59
CENTRE DE LACHUTE	238
CENTRE DE LASALLE	385
CENTRE DE LAVAL-EST	570
CENTRE DE LAVAL-OUEST	607
CENTRE DE LÉVIS	445
CENTRE DE LONGUEUIL-EST	539
CENTRE DE LONGUEUIL-MONTVAL	361
CENTRE DE LORIMIER	450
CENTRE DE LOUISEVILLE	127
CENTRE DE MAGOG	241
CENTRE DE MAISONNEUVE	578
CENTRE DE MANIWAKI	197
CENTRE DE MARIE-VICTORIN	402
CENTRE DE MATANE	230

Travail-Québec Centres	Work and Employment Incentives Program (persons not unable to work due to temporary limitations)
CENTRE DE MERCIER	365
CENTRE DE MONT-JOLI	178
CENTRE DE MONT-LAURIER	272
CENTRE DE MONTMAGNY	121
CENTRE DE MONTRÉAL-NORD	771
CENTRE DE NICOLET	128
CENTRE DE NOTRE-DAME-DE-GRÂCE	448
CENTRE DE PARC EXTENSION	338
CENTRE DE POINTE-AUX-TREMBLES	348
CENTRE DE POINTE-SAINT-CHARLES	368
CENTRE DE REPENTIGNY	298
CENTRE DE RIMOUSKI	323
CENTRE DE RIVIÈRE-DES-PRAIRIES	246
CENTRE DE RIVIÈRE-DU-LOUP	161
CENTRE DE ROBERVAL	170
CENTRE DE ROUYN	308
CENTRE DE SAINT-LAZARE	76
CENTRE DE SAINTE-CROIX	97
CENTRE DE SENNETERRE	45
CENTRE DE SEPT-ÎLES	354
CENTRE DE SHAWINIGAN	493
CENTRE DE SHERBROOKE-EST	671
CENTRE DE SHERBROOKE-OUEST	619
CENTRE DE SOREL	491
CENTRE DE SAINT-ALEXANDRE	425
CENTRE DE SAINT-EUSTACHE	383
CENTRE DE SAINT-GEORGES	141
CENTRE DE SAINT-HYACINTHE	575
CENTRE DE SAINT-JEAN	569
CENTRE DE SAINT-JÉRÔME	641
CENTRE DE SAINT-JOSEPH	95
CENTRE DE SAINT-LAURENT	709
CENTRE DE SAINT-LÉONARD/ANJOU	689
CENTRE DE SAINT-LOUIS	443
CENTRE DE SAINT-MICHEL	421
CENTRE DE SAINTE-AGATHE	349
CENTRE DE SAINTE-ANNE-DES-MONTS	222
CENTRE DE SAINTE-FOY	349
CENTRE DE SAINTE-MARIE	552
CENTRE DE SAINTE-THÉRÈSE	419
CENTRE DE TAILLON	373
CENTRE DE TERREBONNE	408
CENTRE DE THETFORD MINES	218
CENTRE DE TROIS-RIVIÈRES	752
CENTRE DE TROIS-PISTOLES	61
CENTRE DE VAL-D'OR	306
CENTRE DE VALLEYFIELD	524
CENTRE DE VAUDREUIL	206
CENTRE DE VERDUN	594
CENTRE DE VICTORIAVILLE	448
CENTRE DE VILLE-ÉMARD	550
CENTRE DE VILLE-MARIE	89
CENTRE DE VILLERAY	422
CENTRE DE WINDSOR	143
CENTRE DU CAP-DE-LA-MADELEINE	434
CENTRE DU LAC-ETCHEMIN	44
CENTRE DUBERGER	702
CENTRE JACQUES-CARTIER	553
CENTRE LIMOILOU	535
CENTRE NOUVEAUX ARRIVANTS	1,574
CENTRE SALABERRY	287
CENTRE SAINTE-JULIENNE	323
CENTRE DE LACHINE	282
TOTAL	**44,892**

Source: Income security files-RAP11b(0)
MSR, Direction de la recherche, de l'évaluation et de la statistique, August 1996 (s-1222).

Distribution by administrative region of income security recipients aged 18 to 24 who are fit for work and are not unable to work due to temporary limitations, May 1996

Administrative regions	Work and Employment Incentives Program (persons who are not unable to work due to temporary limitations)
Gaspésie	1,275
Bas-Saint-Laurent	1,484
Saguenay–Lac-Saint-Jean	2,162
Québec	3,796
Chaudière-Appalaches	1,298
Mauricie–Bois-Francs	3,394
Estrie	1,961
Montréal-Banlieue	3,448
Laurentides	2,302
Montérégie	5,671
Lanaudière	1,829
Laval	1,177
Ville de Montréal	10,757
Outaouais	2,239
Abitibi-Témiscamingue	1,100
Côte-Nord	788
Nouveau-Québec	211
TOTAL	**44,892**

Source: Income security files - RAP11b(0), MSR, Direction de la recherche, de l'évaluation et de la statistique, August 1996 (S-1222).

APPENDIX 10

Change in income security expenditures
(in millions of dollars),
1975-1976 to 1995-1996

1975-1976	511.5
1976-1977	618.6
1977-1978	700.9
1978-1979	778.3
1979-1980	899.2
1980-1981	1,051.4
1981-1982	1,200.0
1982-1983	1,518.6
1983-1984	1,836.3
1984-1985	2,010.6
1985-1986	2,176.8
1986-1987	2,155.8
1987-1988	2,116.9
1988-1989	2,116.6
1989-1990	2,224.2
1990-1991	2,374.0
1991-1992	2,750.8
1992-1993	3,189.4
1993-1994	3,468.9
1994-1995	3,560.9
1995-1996	3,619.6

Source: 1994-1995 statistical report (excluding 1995-1996: MSR, Direction du budget et des prix de revient), September 1996.

APPENDIX 11

Unemployment rate among young people and percentage of persons receiving unemployment insurance (UI) and income security (IS) by age group, 1976-1994

	Age group						
	15-24 yrs Unemploy-ment rate	18-24 yrs		20-24 yrs		25-64 yrs	
		UI	IS	UI	IS	UI	IS
1976	15.3	11.3	4.4	10.1	4.5	5.6	7.0
1977	17.7	11.8	5.1	10.6	5.1	5.8	7.3
1978	18.3	12.4	5.6	11.3	5.5	6.3	7.4
1979	16.3	11.2	6.0	10.6	6.0	6.0	7.6
1980	17.0	9.2	7.2	9.1	7.0	5.2	8.0
1981	17.3	9.3	7.9	9.4	7.6	5.3	8.3
1982	23.0	12.6	9.0	12.9	8.6	7.1	8.6
1983	22.6	12.7	12.7	13.5	12.0	8.1	10.0
1984	19.7	11.5	12.6	12.4	12.0	7.3	10.6
1985	18.0	11.3	12.6	12.0	12.2	7.2	10.7
1986	16.7	10.3	12.0	11.0	11.8	6.5	10.5
1987	14.7	9.6	10.3	10.2	10.3	6.1	9.9
1988	13.3	9.6	8.3	10.2	8.5	6.1	9.2
1989	13.1	9.9	6.4	10.5	6.7	6.4	7.7
1990	14.9	9.7	7.3	10.2	7.8	6.5	8.6
1991	18.3	11.4	8.4	12.0	9.0	8.0	9.1
1992	18.2	9.4	10.3	10.2	11.0	7.6	10.0
1993	19.3	8.4	11.4	9.3	12.4	7.4	10.8
1994	17.7	6.8	11.6	7.9	12.9	6.6	11.4

APPENDIX 12

Essential needs recognized in 1996

	Independent adult	Couple without children	Single-parent, 1 child	Single-parent 2 children or +	Couple with 1 child	Couple with 2 children or +
Short term						
Food	161	268	268	361	361	446
Housing	325	396	396	446	446	484
Household maintenance	25	35	35	43	43	52
Personal care	25	39	39	50	50	60
Communications	20	21	21	21	21	21
Medium term						
Clothing	50	101	101	129	129	152
Long term						
Furniture	22	45	45	54	54	62
Transportation	21	42	42	50	50	57
Leisure activities	19	37	37	47	47	53
Total	**667**	**984**	**984**	**1,202**	**1,202**	**1,387**