

Tax credits and rebates. It was only in the 1970s that negative income tax became a component of the social security system. Now nearly all provinces are providing tax credit programs and the federal government introduced a child tax credit in 1979.

8.8.1 Elements of change

Developments in programs and new initiatives produced some interim shifts in responsibilities of the federal and provincial governments for social security funding but over the period 1957 to 1979 the relative share of the federal government remained unchanged at 65%. However, on the health side the federal share increased from 20.9% to 49.3%. The provinces and municipalities funded the balance, but the financial role of the municipalities increasingly declined to 1.5% by 1978-79. (See Table 8.18.)

Cost in relation to personal income. Social security expenditures include both cash transfers and transfers in kind (services). They all have an impact on the consumer market in direct cash benefits or payments for health and social services. Over the period 1956-57 to 1978-79 the ratio of social security expenditures to every \$100 of personal income more than doubled from 9.0 to 18.8. For welfare the increase was from 6.9 to 12.0; for health the corresponding rise was from 2.1 to 6.8. In recent years the health ratio has shown little change while the welfare component continued to rise. This reflects some stability in the demand for health services, but on the welfare side the rapid increase in the population of elderly persons may be expected to exert continuing pressures on income maintenance and social services components of social security (Table 8.19).

Provincial differences. The level of total expenditures on social security in each province is affected by its age distribution, labour force involvement, disruptions in employment and regional differences in the cost of living and earnings. Based on total social security expenditures, the Atlantic provinces, Quebec and British Columbia have overall per capita constant dollar expenditures above the national average. In the health field only Quebec, Alberta and British Columbia have per capita expenditures above the national average (Table 8.20).

Recent growth of social security expenditures. The real growth in social security programs may be examined in relation to the growth in the economy, the shifting needs of the population and the capacity of governments at all levels to meet their responsibilities in this field and at the same time to exploit these initiatives to buoy up and maintain the domestic economy through periods of stress. From 1964-65 to 1974-75 the average annual increase in the per capita constant dollar expenditures on social security was 9.6%; during the same period the gross national expenditure in per capita constant dollars increased by about 5%. Since then the average annual increase in per capita constant dollar expenditures on social security has been 4.1%, much closer to the growth rate in the total economy.

Source

8.1 - 8.8 Information Systems Directorate, Policy, Planning and Information Branch, Department of National Health and Welfare.