

Budget 2007: A Lot for Those over \$100,000 Income, Little for Welfare

With the dust settled on Campbell's 2007 budget, it is possible to do a few calculations on who benefits the most. The most recent data [Revenue Canada](#) publishes on income tax returns are for 2004. That data indicates that 3,029,690 British Columbians filed income tax returns in 2004, and they paid a total of \$5.005 billion in provincial income taxes. Fortunately, Revenue Canada breaks the data down by level of income which allows us to see that 53% of BC tax filers reported income of less than \$25,000. That 53% will get 4.9% of the benefits from the tax cut announced in the "housing budget".

The announcement of a 10% income tax cut on incomes under \$100,000 produced a little confusion. [The cut actually applies to everyone regardless of income](#), but those making over \$100,000 will only benefit from the cut on their first \$100,000 in income. Even with that lower percentage tax cut, those making over \$100,000 represented 3.3% of those who filed taxes in 2004; they will get 20.7% of the benefits from the 2008 tax cut. Only half the cut is seen in 2007; 2008 is the first full year of the cut.

If the Ministry's estimate of the full year cost of the tax cut is correct ([\\$515 million](#)), the tax filers with incomes over \$100,000 will get an estimated collective benefit of \$107 million. (A freedom of information request has been submitted [for the Ministry's estimate](#) of the benefit going to those with incomes over \$100,000.) **The budget reported that the cost of increasing the shelter allowance is estimated at \$33 million so more than three times more money will go to those making over \$100,000 than goes to fund higher shelter allowances for welfare.** If the tax cuts are for housing, the six figure set seem to have the best housing plan.

It is easy to misunderstand the adjustments to income assistance rates; they are actually less generous than suggested by Ministry fact sheets and Ministry of Finance graphs which aggregate the shelter and support portion of the rates. Basic payments to income assistance clients are separated into those components, and the entire shelter portion is not paid to 40% of the clients.

The shelter portion, increased by \$50 per month, is paid based on receipts to a maximum of the allowed limit; in February 2007 (prior to the April increase) those maximums range from \$325 per month for employable singles, couples and two parent families to \$695 for one parent families with six children and persistent multiple barriers to employment (there aren't many in that category).

Some might say "so what, if they don't need it they shouldn't receive it", but consider what kind of housing can be found for \$325 per month, or even for the new rate of \$375 per month. It is no wonder that some clients crash in places most people would never consider for accommodation. (A freedom of information request has been submitted to the Ministry for any recent [internal studies on rents](#) paid by its clients.)

The 2007 Budget did not increase the support portion of the income assistance rates for most clients.

Based on the Ministry's caseload statistics for December 2006, over 55,000 cases classified as disabled will receive no increase in their support allowance; they are part of the 62,638 cases who will receive no increase in support payments.

The Campbell government deserves a little credit for increasing the support allowance for single employable clients, and for adjusting rates for children, but no one should think that all clients are receiving an increase - **40% receive no increase in shelter allowances and 64% receive no increase in support allowances.** The government has the gall to complain that they aren't receiving praise for their increase in welfare rates; perhaps that is because welfare rights advocates understand the truth.

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