

**PRE-BUDGET SUBMISSION TO THE STANDING  
COMMITTEE ON FINANCE AND ECONOMIC  
AFFAIRS**

*presented by*

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## **I. The Income Security Advocacy Centre**

The Income Security Advocacy Centre (ISAC) is a provincial test case and law reform clinic that is part of the legal clinic system funded through Legal Aid Ontario. Our focus is on improving the income security of people living in Ontario.

## **II. Poverty in Ontario**

The McGuinty government has made some improvements to income security programs in Ontario such as implementing a 5% increase to social assistance rates, allowing the flow through of increases to the National Child Benefit Supplement to families on social assistance, providing a 6-month extension of drug and dental benefits to people leaving social assistance and establishing an Emergency Energy Fund. However, low-income people still live in sub-standard conditions and our communities are still adversely affected by the consequences of poverty.

In fact, one in seven people in Ontario lives in poverty<sup>1</sup>. Many Ontarians are shocked when they hear this number. Once they recover from the shock, they often wonder what living in poverty in Ontario means. Surely, many insist, living in poverty in this rich province couldn't be too bad.

But it is, as many of MPPs know from their own constituents. Living in poverty in Ontario means, for some, searching for dinner in the grocery store dumpster after the rations from the food bank run out. Poverty means skipping meals in order to pay the electricity bill. Poverty means hungry kids are distracted in school and suffer poor academic performance. Poverty means more illness and lousy health. Poverty means parents working numerous jobs and rarely getting to spend meaningful time with their children. Poverty means kids enduring the stress of being in a homeless shelter. Poverty means women are trapped in violent relationships with few possibilities for escape.

Make no mistake about it. Poverty in Ontario is not about going without fashionable clothes or the newest electronic device. Poverty in Ontario is about deprivation and isolation.

Most people in Ontario would agree that no one in our rich province should be deprived of adequate nutrition, safe housing or a decent standard of living. But more than 1.6 million people are.

Growing understanding of poverty in Ontario is leading to increasing calls for government action. The *Toronto Star* has been running a campaign calling for the end of the clawback of the National Child Benefit Supplement and better supports for the working poor. And they just announced another year-long campaign focused on poverty in Canada.

Health practioners are bringing attention to the social determinants of health. For example, across the province, medical officers of health have been speaking about the need to address poverty. Dr. David McKeown, Toronto's Medical Officer of Health, recently stated, "Income has

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<sup>1</sup> Statistics Canada, 2001 Census. This is the number of people living at or below the pre-tax Low Income Cut-Off.

a profound effect on health and well-being and, unless we address these large inequalities, the health of the entire city is undermined. Toronto has some of the healthiest and some of the least healthy communities in Canada. The incidence of common health problems can vary twofold from one neighbourhood to another as a result of differences in basic determiners of health, such as income, housing, employment and education."

Teachers are also raising their concerns about poverty and its impact in the classroom. Every teacher federation in Ontario has expressed concern that low-income children are coming to school hungry and not being able to fully participate in school. They've expressed concern about the social isolation and the low self-esteem of low-income children and are deeply worried about these students' futures.

Indeed, there is a growing recognition that dollars we don't spend alleviating poverty, we spend many times over in the areas of health, education, justice and child protective services.

Poverty is not inevitable. Significant causes of poverty include inadequate social assistance rates and low wages. That said, there are numerous factors that lead to people to require social assistance or work for low wages. These factors include level of education, minimal employable skills, disability, family status, access to affordable childcare and discrimination. With appropriate policy and programmes, low-income people could be ensured a decent standard of living and the causes of poverty could be effectively addressed.

However, establishing such policy and programmes requires political leadership to explode the powerful myths and stereotypes that currently provide politicians and the public with permission to not only neglect low-income people in Ontario, but to sentence them to dangerous deprivation and devastating exclusion.

What are needed are a vision and a coherent poverty alleviation strategy that can begin to be implemented in the 2007 budget. With this budget, the government has an opportunity to demonstrate the kind of leadership that few have had the courage to exercise.

### **III. Social assistance in Ontario**

#### **i) Adequacy of income**

Social assistance in Ontario is delivered through two separate programs: Ontario Works (OW) and the Ontario Disability Support Program (ODSP). People relying on these programs are living far below the poverty line, no matter what poverty line you refer to, and do not have sufficient income to ensure a decent standard of living.

For example, a single person on OW receives \$548/month. A single mother with one child on OW receives \$1008/month. A single disabled person receives \$979/month. A single disabled person with one child receives \$1498/month.

Since coming to power, the McGuinty Liberals have increased social assistance rates by 5%. Given that the previous Conservative government slashed the OW rates by 21.6% in 1995 and the ODSP rates have been frozen since 1993 and given that people on social assistance do not have adequate income to meet their needs, the 5% increase is insufficient. In fact, when inflation is factored in, the social assistance rates are now lower, in real terms, than when the current government took office nearly four years ago.

<b>Comparison of existing social assistance rates to Low Income Cut Off</b>			
<b>Family size*</b>	<b>Current monthly OW rate</b>	<b>Current monthly ODSP rate**</b>	<b>Low-Income Cut-Off*** (monthly)</b>
single	\$ 548.00	\$ 979.00	\$ 1,489.00
single + 1	\$ 1,008.00	\$ 1,498.00	\$ 1,856.00
single + 2	\$ 1,142.00	\$ 1,673.00	\$ 2,282.00
single + 3	\$ 1,299.00	\$ 1,870.00	\$ 2,771.00
single + 4	\$ 1,454.00	\$ 2,067.00	\$ 3,143.00
single + 5	\$ 1,585.00	\$ 2,233.00	\$ 3,544.00
couple	\$ 949.00	\$ 1,490.00	\$ 1,856.00
couple + 1	\$ 1,084.00	\$ 1,665.00	\$ 2,282.00
couple + 2	\$ 1,240.00	\$ 1,862.00	\$ 2,771.00
couple + 3	\$ 1,395.00	\$ 2,059.00	\$ 3,143.00
couple + 4	\$ 1,526.00	\$ 2,225.00	\$ 3,544.00
*all children under 12 years			
** couple on ODSP assumes one disabled spouse			
***2005 pre-tax LICO for a community of 100 000-499 999			

As far as we know, the social assistance rates have been set arbitrarily. Clear, reasonable criteria needs to be established by which adequate rates can be set. This budget should announce a consultative process by which a measure of adequacy will be determined and should also announce, as a first step in this direction, a substantial increase to both OW and ODSP rates, with promises of annual increases until the rates meet the measure of adequacy to be determined.

## **ii) Clawback of the National Child Benefit Supplement**

The depth of poverty experienced by families on social assistance is also impacted by the clawback of the National Child Benefit Supplement (NCBS). In 1998, the NCBS was introduced to alleviate poverty. Despite this goal, the NCBS is deducted from families on social assistance, some of the poorest people in our communities. Every month, families on social assistance lose \$122 for the first child, \$105 for the second child and \$98 for each additional child.

While the current government has allowed the annual increases since 2004 to flow through to families on social assistance, this results in only approximately \$40/month for each child. The bulk of the NCBS is still clawed back.

The clawback of the NCBS is a cruel and discriminatory practice that is literally taking food from the mouths of babes – hungry babes.

We join hundreds of other organizations who are asking the government to end the clawback of the National Child Benefit Supplement from families on social assistance. If the government only does one thing for low-income families in this budget, it should be to announce the immediate end of the clawback and the continuation of the valuable programs it currently funds.

### **iii) Ontario Child Benefit**

A coalition of anti-poverty advocates, including the Income Security Advocacy Centre, recently submitted a proposal to the government regarding the creation of an Ontario Child Benefit that improves the living standards of all low-income families. In our view, the creation of an Ontario Child Benefit provides an excellent opportunity to end the clawback and ensure the families on social assistance, as well as those whose primary income is from low-wage work, receive a much-needed increase in their income. An Ontario Child Benefit could be a critical component of a comprehensive poverty reduction strategy.

## **IV. Minimum wage**

The minimum wage often comes up in discussions related to social assistance, and in particular the so-called welfare wall. Those concerned with the ‘welfare wall’ insist that a family should be better off working minimum wage than on social assistance. The underlying assumption is that people on social assistance are able to work, but choose not to and therefore require strong financial incentives to find paid work.

Our experience in the legal clinic system, however, is that most people on assistance are not able to work as a result of barriers such as disability, childcare responsibilities without access to affordable childcare, discrimination and low skill and education. To assume people on assistance need adequate financial incentive rather than to address the barriers they face, is to punish people on social assistance in an unjust and discriminatory manner.

That said, we accept that many will still argue that a family has to be financially better working than on assistance. We urge the Committee to consider that raising the minimum wage is a more just and humane way to address the income discrepancy than to keep social assistance rates so dangerously low. Raising the minimum wage would not only allow social assistance rates to be raised and the clawback of the National Child Benefit Supplement ended without fear of raising the so-called welfare wall, it would also benefit all low-wage workers as the increase is likely to have a ripple effect.

I remind the Committee that a study done by Canadian Policy and Research Network reviewed existing data on minimum wage and concluded that increases to the minimum wage results in little or no effect on employment levels.<sup>2</sup>

We ask the Committee to consider raising the minimum wage to \$10/h and indexing it annually.

## **V. Energy poverty**

In Ontario, electricity and heat are basic necessities and universal, non-discriminatory access to these services must be ensured for all Ontarians, including low-income consumers. The needs of low-income consumers requires special attention because low-income residential consumers face a disproportionate energy burden as well as barriers to taking full advantage of energy conservation possibilities.

In the next budget, there should be a comprehensive plan to address energy poverty in Ontario which includes rate assistance for low-income consumers, emergency assistance and sufficient funding for programs to ensure energy conservation programs are accessible to low-income consumers.

## **VI. Conclusion**

Poverty is not an issue that is well understood by the public. Years of stereotyping and misinformation have created an environment in which it is difficult to implement progressive poverty policy. But the tide is turning. Not only is there growing understanding of the causes of poverty and its complexity, there is also growing concern regarding the consequences of poverty to our communities and to the public purse.

We urge the government to put poverty alleviation at the core of the next budget and include:

- Substantial increases to social assistance rates
- End the clawback of the National Child Benefit Supplement
- Create an Ontario Child Benefit
- Increase the minimum wage to \$10/h
- Increase funding for programs to address energy poverty.

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<sup>2</sup> Ron Saunders, "Lifting the Boats: Policies to Make Work Pay." Canadian Policy Research Network, June 2005.