

**SUBMISSION TO THE
ONTARIO STANDING COMMITTEE
ON FINANCE AND ECONOMIC AFFAIRS
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SPEAKING NOTES
Income Security Advocacy Centre
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The Income Security Advocacy Centre is a community legal clinic funded by Legal Aid Ontario. We have a provincial mandate to improve the income security of people living in Ontario through test case litigation, policy advocacy and community organizing.

We are governed by an elected Board of Directors that includes members of the low-income community from across the province. We work closely with 60 local legal clinics who work everyday with low-income people.

Introduction

We are very pleased that this government, and the opposition parties, have brought the issue of poverty back onto the political agenda. We applaud the government's commitment to a comprehensive Poverty Reduction Strategy. The Premier's establishment of a Cabinet Committee on Poverty Reduction and the appointment of the Honourable Deb Matthews as Chair are very important first steps. But this budget is crucial.

At the Income Security Advocacy Centre we are deeply concerned that the citizens of this province who rely on social assistance not be forgotten, not in the 5 or 10 year plan that we expect will emerge from the government initiative, and not in this budget. We are concerned that a safety net that is supposed to catch the most vulnerable has developed so many holes, and has been dropped so low that it bumps into that floor of destitution it was supposed to protect us from.

This budget must do two things:

- the first is to adequately fund public consultations on the poverty reduction strategy initiative so that people’s voices and concerns are heard. This will help ensure that the strategy is one that will address the key concerns of those whose lives it is meant to improve. It will ensure that all dimensions of living in poverty are addressed – so that it includes a reform to a social assistance system that is broken in ways that have been documented time after time. Doing this properly requires consultation and that costs money. That money is a smart investment because a consultation process may find that there are some strategic changes that can be made through a reform process that are, in fact, cost neutral.
- the second thing this budget needs to do: provide some significant immediate relief with respect to social assistance rates, and protect all allowances and benefits while we develop the Poverty Reduction Strategy because **every dollar counts**. We understand that social assistance is not a popular program. We understand that previous governments have successfully stigmatized those who rely on it. But benefits have eroded to a degree that a significant increase is necessary and it is the right thing to do.

We won’t end poverty with this budget, but we must lay the ground work for the Poverty Reduction Strategy to succeed.

Who relies on social assistance?

When we talk about Social Assistance recipients who are we talking about? We have two programs: Ontario Works and the Ontario Disability Support Program, or OW and ODSP.

Ontario Disability Support Program

This is a program that is the only source of support to many people in Ontario with disabilities. These are people with long-term needs, and most will never be able to leave the program for full-time work. If you are on this program, your medical condition or disability has been verified to death. The gatekeeping for this program is so tight, (some would say dysfunctionally so) that 60 legal clinics across the province spend most of their resources successfully appealing negative decisions to get the benefits that their clients are entitled to.

Government should stop spending so much money trying to keep people off ODSP who are entitled to be there. That money could be redirected to benefits and supports. And it would also save the legal aid budget and the health care system the money that is wasted on often unnecessary tests and specialist reports.

ODSP rates remained unchanged from 1993 to 2003. The 7.16% increase since 2003 has not quite kept up with inflation.

A single person on ODSP receives an annual income of \$12,386, including all available tax credits, at 70% of the after-tax LICO. It would require a rate increase of 43% to reach the after-tax poverty line.

Largely because of child benefits, families with children fare slightly better relative to the poverty line.

In contrast, seniors receive regular cost of living increases to their income security programs. Improvement to seniors' benefits is one of the reasons national poverty rates have dropped. I would suggest that people with disabilities deserve the same treatment and respect.

Ontario Works

What about Ontario Works? As Canada's and Ontario's social safety net shrinks, more and more people have come to rely on Social Assistance. We need reform to better support those who are able and ready to re-enter the workforce, but we also need to acknowledge that many people in this program have long-term needs that require other kinds of support.

A report produced by the Honourable Deb Matthews in 2004 outlined the diverse needs that are currently being served by this program, and most are not being served well. The report documents why it matters. We need to make it easier to move into the labour market for those who can, and we have to make benefits adequate for those who can't.

OW currently includes people with disabilities whose disabilities are so great they prevent them from successfully navigating the application process for ODSP. Or people with disabilities that don't quite meet the threshold for ODSP but face multiple obstacles to employment, and have very little prospect of returning permanently to full-time employment.

It includes a large number of single mothers with dependent children. It also includes women and children fleeing domestic violence. While critics of welfare often denounce the “dependency” fostered by Social Assistance, they ignore that it can provide the necessary independence from abusive spouses who threaten the safety of women and children. Those benefits need to be adequate to restore Social Assistance as part of the exit strategy from violence.

What do their incomes look like? These Social Assistance recipients saw their benefits cut by 21.7% in 1996 where they stayed until 2003. Since then rates have received the same 7.16% increase received by ODSP recipients.

What does that mean in dollars?

Today, a single person on Ontario Works receives \$560/month. With tax credits, that income goes up to \$606/month. That’s not just below the poverty line, it’s only 44% of the after-tax poverty line.

That \$560 is supposed to cover shelter and basic needs while average rent for a bachelor apartment in Ontario is \$665. If that single person who cannot afford a bachelor apartment makes the sensible decision to share an apartment, her rates are reduced even further.

What about families?

A single parent with two children receives \$1166/month. With current tax credits and federal and provincial child benefits, that amount doubles, but remains only 76% of the after – tax low income cut-off. Increases of 27% to total income would be required to reach the after-tax poverty line.

This government must show good faith in its intention to reduce poverty in this province by bringing in an immediate double-digit percentage increase to OW and ODSP as a down-payment towards future improvements.

And it must index those rates so that low-income people don’t fall any further behind.

Ontario Child Benefit

The 2007-08 Budget brought in a very important new program in the Ontario Child Benefit. It is a step forward in that it recognizes that low-waged working families

also need support in raising their children. It matters to recipients of Social Assistance because it will be a benefit that stays with them if they are able to enter the workforce.

The monthly Ontario Child Benefit cheques begin this July, but it is being rolled out gradually and will only reach the maximum benefit of \$92/month per child in 2011.

At the same time, however, Social Assistance rates will be restructured. Beginning in July or August of 2008, just after receiving their first Ontario Child Benefit cheque, parents on Social Assistance will see their rates reduced in response to the OCB. Because of this reduction, by 2011, the net improvement for families on Social Assistance will be only \$50, not the \$92.

While no one will be worse off, not being worse off is not good enough. Parents on Social Assistance should receive the same net benefit for their children as working parents – \$92/month per child without having their assistance cheques reduced.

And low-income families should not have to wait until 2011. Implementation of this benefit should be accelerated.

Back to School and Winter Clothing Allowance

The rate restructuring triggered by the Ontario Child Benefit has also meant the elimination of two important lump-sum payments that help parents with back-to-school expenses and the purchase of winter clothing for their children. The plan is that the dollars from these two special benefits (\$71 and \$108 per child) will be used to fund \$15 of their monthly Ontario Child Benefit cheque.

This will create real hardship for families who are living on such inadequate incomes that they depend on this yearly benefit to provide their children with these important necessities. It is unrealistic to expect that families who cannot even achieve housing and food security will be able to put aside enough money to replace this lost benefit.

The planned elimination of this benefit needs to be reversed. If it is not, families already living on the edge will be pushed to crisis to provide winter clothing and school supplies this fall.

Programs delivered by municipalities

The National Child Benefit Supplement has been clawed back from Social Assistance recipients for years. Municipalities have been required to reinvest their share of the clawback savings into programs for low-income families with children. As the Ontario Child Benefit rolls out, the NCBS clawback will be reduced, but not eliminated. Municipalities will still have significant savings. It is crucial that the province continue to require municipalities to reinvest those savings in what have become key programs for low-income families.

As we head into what we all hope is a new era of positive steps towards the reduction of poverty in this province, let's be very careful that we don't cut any allowance, benefit or program, no matter how small, until people on Social Assistance receive benefits that have actually lifted them out of poverty.

Minimum Wage

For those on Ontario Works who are able to work, they need good jobs to lift their families out of poverty. This means an immediate increase to the minimum wage. Last year we recommended a \$10.00 minimum, indexed to inflation. That would mean \$10.20 in 2008.

Employment Insurance

This government needs to advocate with the federal government to restore EI to former levels of coverage, and make it responsive to changes in the labour market, recognizing the growth of part-time work and self-employment. This is important for Ontario's workers, but without reform, the efforts of the provincial government to restore Ontario's safety net are undermined. And as Ontario undergoes the loss of jobs in the manufacturing sector, access to EI training programs become increasingly important so that workers who have good jobs do not fall into low-waged employment.

Conclusion

Thank you for your attention. I will be providing the Standing Committee with a written submission which outlines all twelve of our recommendations in detail.