

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

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

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 sixty local legal clinics who work every day with low-income people.

## **II. Ontario's Poverty Reduction Strategy**

The Poverty Reduction Strategy (PRS) announced in December 2008 by the Government is not only a very important recognition of the significance of poverty and its consequences, but also provides a strong foundation on which to begin building a province in which all people have income security and opportunities to thrive.

The announcement that the PRS will include a review of social assistance is of particular importance because it signals a recognition that the existing Ontario Works and Ontario Disability Support Program are not consistent with the goal of reducing poverty.

### **a) Immediate needs**

While the significance of the PRS should not be understated, it must be acknowledged that the PRS is a long-term strategy that has very limited immediate impact on the lives of those currently living in poverty. In particular, for those currently on social assistance, the PRS does not address the very dire circumstances in which they are living because of the dangerously low benefit levels.

The Social Assistance Review will provide an important opportunity to examine the social assistance system in its entirety, including the architecture and adequacy of benefits. However, until the Social Assistance Review is complete and recommendations have been implemented, people on social assistance require an increase in their income to ensure a decent standard of living. A “stop-gap” measure is required.

Not only is such an investment the socially responsible and right thing to do, it is increasingly clear that it is the economically prudent thing to do. Economists around the world are calling on governments to commit to fiscal stimulus of the economy, to a targeted fiscal stimulus. From the International Monetary Fund, to Barak Obama's economic advisers, to the United Nations, and our own Canadian banks, the message increasingly focuses on the importance of putting money into the hands of the poor – into the hands of those who will spend that money in the local economy, helping to keep small businesses afloat. Any increases in income to people on assistance will go directly to the purchase of food, clothing and other household necessities. Stimulating demand in this way will benefit low-income Ontarians and benefit Ontario's economy.

**Recommendation #1:** ISAC recommends that the income of people on social assistance be immediately increased by a minimum of \$100/month per adult through either an increase to the basic needs allowance or through a temporary universal benefit to all low-income people.

## **b) Social Assistance Review**

Ontario Works and the Ontario Disability Support Program are seriously flawed programs that are entirely inconsistent with the goal of reducing poverty in Ontario. Indeed, both programs have been designed to deny access, penalize participants' resourcefulness and effort and maintain participants' deep levels of poverty.

The Social Assistance Review is an opportunity to examine these programs and develop recommendations that achieve the goal of reducing poverty. A more effective social assistance system that successfully lifts people out of poverty by providing adequate income as well as appropriate employment and training supports in a dignified manner would result in decreased expenditures in health and justice.

The Social Assistance Review must be broad and thorough, drawing on the expertise of policy experts, community agencies and recipients.

This review must be multi-ministerial, including senior representatives of all the ministries that can contribute to bringing a holistic, human development mandate to social assistance programs.

**Recommendation #2:** The budget must adequately fund the Social Assistance Review so that it can be conducted in an effective and thorough manner that will ensure success.

## **III. Asset levels**

Because of the economic times, increasing numbers of Ontarians will be without paid work. Until major changes are made to Employment Insurance, there will be newly unemployed workers in need of income support who will not qualify for EI. Current Ontario Works rules require recipients to strip themselves of all savings and Registered Retirement Savings Plans. This requirement of asset stripping has been identified as a key failing of Ontario Works because it not only thrusts people into a deep hole of poverty before any assistance is offered but also perpetuates that poverty while people are on the program and even after they leave.

**Recommendation #3:** The budget must fund the cost of increasing the asset level that Ontario Works recipients are allowed to keep to be and remain eligible for benefits.

## **IV. Ontario Child Benefit**

The Ontario Child Benefit is an important new benefit that will improve the lives of children living in low-income families, regardless of source of income. However, the impact of the OCB is diminished by the long implementation schedule. Speeding up the implementation and

increasing the value of the benefit would enable low-income families to better meet their needs; it would also contribute to the stimulation of local economies.

**Recommendation #4:** ISAC recommends increasing the maximum Ontario Child Benefit payment to \$92 per child per month in the 2009 budget and increasing it to \$125 per child per month in the 2010 budget. These increases should be available to all families with children regardless of source of income. The increases should not be offset by decreases to social assistance rates.

## **V. Conclusion**

The Government's commitment to reducing poverty provides Ontarians with a long-awaited opportunity to start building a more just and prosperous province. The creation and implementation of the PRS, as Government has acknowledged, is a long process. Therefore, both short and long-term strategies to address poverty in Ontario must be undertaken.

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