

2022 Economic Outlook and Fiscal Review Analysis

On November 14, 2022, the Minister of Finance, Peter Bethlenfalvy, presented the *Economic Outlook and Fiscal Review*. While the proposed changes for people who rely on the Ontario Disability Support Program (ODSP) and can work are positive, there is little for low-income workers, and nothing for people who rely on Ontario Works (OW). Low-income seniors see some gains.

To read the full 2022 Economic Outlook and Fiscal Review, please see: <https://budget.ontario.ca/2022/fallstatement/index.html>. Numbers in brackets in this analysis are from the PDF version of the document.

Ontario Disability Support Program

The biggest gain is the increase to earnings exemption for people on ODSP who can work. They will see the earnings exemption go up from \$200 to \$1000 per month (70). However, the clawback rate will also change from 50% to 75%. This will mean that ODSP clients will “earn off” the program \$224 sooner, at \$31,648 per year rather than \$31,872 per year. **People on ODSP who are near the new and lower annual earnings limit need to be aware that they could lose eligibility after the proposed changes come into effect.**

This change will benefit people on ODSP who are able to work and earn up to \$1000 per month. Based on the August 2022 caseloads and the estimate that this change will benefit 25,000 people, this means that approximately 8.5% of ODSP clients could benefit (70). For the breakdown of the impact of the proposed earned income exemption changes, please see: <https://incomesecurity.org/impact-of-proposed-changes-to-earned-income-exemptions-for-odsp-november-2022/>

Ontario Works

There is nothing in the *Economic Outlook* for people who rely on OW. People who rely on OW are being left behind in three significant ways.

- OW did not receive a 5% increase in July 2022;
- OW will not see rates adjusted to inflation in July 2023; and
- The OW earning exemption remains at \$200 per month.

This leaves people who rely on OW very far behind and trapped in poverty. There are also no major investments in the *Economic Outlook* for wraparound services to help people become job ready, including for accessible, affordable and adequate housing, mental health and addiction support or digital access.

With \$2.1 billion surplus in 2021-22 (98) and \$3.5 billion left in the contingency fund for 2022-23 (104), the Province could provide parallel improvements to OW that have been made for ODSP. Without these improvements, combined with the rising cost of living and the housing crisis, it is nearly impossible for people who rely on OW to survive.

More client scrutiny

One serious concern is that the Province “plans to enhance measures to deter and detect abuse of the system to maintain program integrity” (70). In the 2019-20 fiscal year, there were only 26 fraud convictions out of 47,000 investigations.ⁱ With a fraud rate of less than 0.055%, it is very concerning that the Province intends to increase policing of social assistance clients.

Employment Services Transformation

While the *Economic Outlook* claims that major gains have been made with the Employment Services Transformation (EST) in the first three prototype regions (Hamilton-Niagara, Peel, Muskoka-Kawarthas), the numbers cited include people who are not on social assistance (31). We do not know how many people on social assistance have found work, the retention rate or the quality of jobs. ISAC continues to wait for the findings of the third-party evaluation to be made public.

Seniors

Seniors who qualify can expect to see their Guaranteed Annual Income System (GAINS) payment doubled for 12 months, starting in January 2023 (74). Single seniors will receive \$166 per month and couples will receive \$332 per month (74). While this is welcome news, the change should be permanent.

Workers

For Ontario’s workers, the *Economic Outlook and Fiscal Review* offered little. A theme of the *Economic Outlook* is that Ontario’s job market faces a labour shortage and workers need more skills. While investments in training are welcome, the core issues facing workers are not a lack of skills, but a lack of access to strong labour protections and decent wages.

Gig workers, for instance, still lack basic workplace protections and benefits. The government’s *Working for Workers Act, 2022* legislated a minimum wage for gig workers, but it left them without access to other *ESA* protections and benefits. Importantly, it did not address the systemic misclassification that these workers face.

The government also did not indicate that it is going to increase the budget for employment standards enforcement. Workers not only need access to strong employment standards, but they also need a government committed to enforcing those standards in the workplace.

The government indicated that it is not going to change its approach on the minimum wage. The province's minimum wage of \$15.50 an hour is just not enough for low-income workers. Roughly two million workers in the province make less than \$20 an hour and there is a strong case that raising the minimum wage to \$20 an hour would not only benefit low-income workers but boost Ontario's economy.

ⁱ See: Ontario. Legislative Assembly of Ontario. Standing Committee on Public Accounts (2021). *Official Report of Debates (Hansard)*. 42nd Parliament, Retrieved from Legislative Assembly of Ontario website: <https://www.ola.org/en/legislative-business/committees/public-accounts/parliament-42/transcripts/committee-transcript-2020-nov-04>.