



# Poverty Free Ontario

*Pulling poverty out by the roots*

## ***Bulletin #1***

**June 13, 2011**

### ***Social Assistance Review Commissioners Release Discussion Paper and Workbook***

On Thursday, June 9, Social Assistance Review Commissioners Frances Lankin and Dr. Munir Sheikh released the Discussion Paper and Workbook for their summer consultation on the Social Assistance Review and notice of the web site on which further information and updates will be posted [www.socialassistancereview.ca](http://www.socialassistancereview.ca).

The Commissioners will be making visits to eleven selected communities across Ontario for conversations and consultations on the Review and are encouraging community and individual input to the process until September 1, 2011. The release includes a guide to convening and conducting community conversations for the purposes of collecting ideas and suggestions for improving the social assistance system and overall income security reform and sending same to the Commissioners.

The Commissioners plan to issue an Options Paper in November for further input and consultation before formulating their recommendations over the winter and releasing their final report in June 2012.

#### ***Poverty Free Ontario on the Social Assistance Review Commission***

Poverty Free Ontario will monitor the progress of the Commissioners' Review. This Bulletin is a preliminary assessment. Poverty Free Ontario will have more to say on the social assumptions and policy directions that are guiding the Review and their prospective impacts on poverty eradication through subsequent Bulletins and its web site ([www.povertyfreeontario.ca](http://www.povertyfreeontario.ca)).

Since March, the Social Planning Network of Ontario has taken the Poverty Free Ontario initiative to eighteen communities across the province and has received an enthusiastic response to its analysis of the issues in social assistance reform and its proposals for ending deep poverty in Ontario by upgrading the social assistance system

Poverty Free Ontario promotes a two-track approach to social assistance reform calling for a first track of immediate implementation of the \$100/month Healthy Food Supplement as the important initial step toward establishing adequate benefit levels for all adults on OW and ODSP. While this action is taken now, the second track of the longer-term review and reform process for upgrading social assistance should get underway.

Poverty Free Ontario calls on Commissioners Lankin and Sheikh to issue an interim report prior to the provincial election:

- expressing their intent to propose a comprehensive plan for ending deep poverty in Ontario by 2015 so that no individual or family on OW or ODSP must live on incomes below 80% of LIM-AT (i.e. in “deep poverty” using Ontario’s official poverty line); and
- recommending that the Ontario Government of whatever political make-up introduce the \$100/month Healthy Food Supplement without waiting for the release of the Commissioners’ final report.

An interim report by the Commissioners in early September would help the community to make poverty eradication an issue during the provincial election campaign.

### ***Applying the Poverty Free Ontario Lens to the Review’s Discussion Paper and Consultation***

The Commissioners’ Discussion Paper and related materials are encouraging and helpful to serious social assistance reform in the following ways:

- The Commissioners interpret their mandate as giving them “*freedom to examine not only all aspects of social assistance, but to consider all other aspects of the overall income security system that may impinge upon social assistance outcomes.*” (p. 2). This could be consistent with Poverty Free Ontario’s proposed two-track approach. One important aspect of the current social assistance system requiring immediate action is the intolerable inadequacy of benefit levels to recipients.
- The Commissioners express a commitment “*to provide adequate income security to those who cannot work*” (p. 2).
- The Commissioners acknowledge that a main barrier to social assistance recipients successfully moving into employment is the lack of other essential supports such as stable housing, childcare, and the costs of medical supports such as prescription drugs.
- The Commissioners address the issue of supporting employment opportunities for persons with disabilities, indicating some sensitivity to the important balance between opportunity for meaningful work and the security of adequate income support regardless of employment status.
- The Commissioners suggest that “*opportunity planning*” or “*intensive case management*” models would be more supportive to better outcomes for people on social assistance. This would indicate the prospect of workers in the system being freed of the burden of applying heavy and punitive monitoring practices, which would be beneficial both to the experience of social assistance recipients with the system and to the job satisfaction of workers in the system.
- The Commissioners show a determination to address the complexity and inconsistent application of the regulations and rules that create additional hardship, stress and frustration for people on social assistance.

There are a number of areas covered in the Commissioners’ Discussion Paper, however, that should be approached with more caution as communities start to prepare their input to the consultation process.

- **Extending the Notion of “Reasonable Expectations”.** The Commissioners are strongly suggesting an employment-focused reform of the social assistance system, which establishes “reasonable expectations” on the recipient with respect to participation in the labour market. Poverty Free Ontario contends that there should also be a “reasonable expectation” for the provincial government to provide social assistance benefits at a level that allows recipients to meet the basic costs of the necessities of life and to live with some measure of health and dignity.

With respect to expectations about employment at the low end of the labour market, Poverty Free Ontario suggests further that the Commissioners should also point to the “reasonable expectations” of:

- (a) The provincial government to ensure that the basic minimum wage enables an earner working full-year, full-time to live above the poverty line; and
  - (b) Employers to recognize that in addition to meeting the economic test of a fair return on capital for conducting a successful business, that they also have a responsibility to meet the “social test” of paying a basic minimum wage that assures an employee working full-year, full-time lives above poverty.
- **Perpetuating the Myth of the “Welfare Wall”.** Unfortunately, the Discussion Paper promotes the notion of the “welfare wall”, expressing the need to “*deliver a benefit structure that provides an adequate level of support, without creating barriers to work – barriers that discourage people from seeking work because it may not pay enough in income and benefits.*” (p. 4)

Poverty Free Ontario has challenged the legitimacy of the “welfare wall” contentions as not being founded on any empirical evidence. The Discussion Paper carefully presents the issue as “*ensuring people are better off working*” and states that this challenge suggests the need for “*difficult trade-offs*” between the interests of social assistance recipients and low wage workers – a perpetuation of the pitting of the working poor (deserving poor) against the welfare recipient (undeserving poor).

The Discussion Paper then presents three approaches to this dilemma:

- (a) Allowing the recipient to keep a portion of his/her benefits and related services and top up their income with employment earnings until the person leaves the system, judged in the Paper as unfair to low wage working people.
- (b) Setting benefit levels below the low wage job rates so that recipients will see that they are “*better off working*”, which conflicts with the notion of income adequacy.
- (c) Providing some benefits to all low income people whether on social assistance or working such as the Ontario Child Benefit (e.g. a housing benefit).

A fourth option presented by the Commissioners as “*outside the mandate of our review but within the broader context of income security – looks at questions around what work should pay, and raises issues related to ‘living wages’ and access to prescription drug and other benefits from employers.*” (p.4)

As stated earlier with respect to a basic minimum wage, Poverty Free Ontario agrees that the issue of what work should pay is critical to ending working poverty, and is unclear why the Commissioners put this limit on their income security review mandate, which they otherwise interpret fairly broadly.

With respect to the first three approaches in the Discussion Paper, Poverty Free Ontario contends that the existing social assistance system can be used now to improve adequacy significantly starting with the introduction of the \$100/month Healthy Food Supplement. Given the intolerably low current benefit levels, allowing recipients who do find work to keep their employment earnings until their earnings reach the poverty line for their family situation is the only path of decency and dignity. There need be no conflict with the interests of low income workers if a similar path toward gradually increasing the basic minimum wage to enable the full-time, full-year worker to make earnings above the poverty line (Poverty Free Ontario recommends 10% above the LIM-AT based on a \$12.50 hourly rate in 2014 achieved in three annual 75 cent increments starting in 2012).

- **The Inadequacy and Risks of a Housing Benefit Approach.** Poverty Free Ontario remains concerned that the framing of the three possible approaches to the benefit structure in the Discussion Paper favours a housing benefit over any significant increases in the direction of adequacy for social assistance rates. Poverty Free Ontario would support a full housing benefit that is available to all low income households paying more than 30% of their gross income on housing costs. Current proposals under consideration do not satisfy that requirement as far as Poverty Free Ontario can determine.

Plus, the development and implementation of a housing benefit with satisfactory coverage of the low income population in need will take some time, while social assistance recipients continue to live in deep poverty for lack of any rate increases since 1995. The Discussion Paper continues the Ontario Government's misrepresentation of the cost of living adjustments to benefits since 2004 as "*rate increases*", when in fact they were increases for inflation and not increases in the actual real income to recipients (p. 11). The 1% cost of living adjustments in social assistance in the last two budgets have not equalled the actual 2% rate of inflation in 2010-11.

Another major caution about a housing benefit as an alternative to setting adequate benefit rates is the same kind of "restructuring" that occurred when the OCB was introduced in 2008 while the rate for parents on social assistance was cut as well as their winter clothing and back-to-school allowances. Social assistance recipients will likely be subject to loss of the shelter allowance portion of their basic benefit if the housing benefit is introduced for all low income people through similar rate "restructuring". Will this be one of the "*difficult trade-offs*"?