



Poverty Free Ontario
Pulling poverty out by the roots



Bulletin #12

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Budget provisions inadequate but . . .

Community gets Government attention on single adults

After several years of community advocacy, the Ontario Government finally acknowledged in its 2013 Budget that single adults on social assistance are living in especially severe conditions of hardship and hunger. Once again, the Government adjusted social assistance rates by 1%, the current rate of inflation, but added a \$14 top-up for single adults without children on Ontario Works.

Community advocates for a poverty-free Ontario have been campaigning since 2009 for benefit increases that would begin to relieve the tremendous deprivation of single adults living in deep poverty at less than 40% of the official Ontario poverty line. They can finally claim a clear breakthrough with the Government on the plight of single adults, even if the actual rate increases this year are not at the level needed.

Contending that the Government was taking a “balanced approach” to achieving “prosperity” and “fairness,” Finance Minister Charles Sousa actually tips the balance in the direction of continuing austerity.

In March, an assembly of more than 100 Poverty Free Ontario partners from more than 20 communities across the province framed a Six-Point Plan for a social justice budget. Measuring the 2013 Budget against the PFO Plan shows some minimal gestures towards social justice, but no clear leadership or firm conviction to pursue a social justice agenda for the most vulnerable Ontarians living in deep poverty.

Measuring the Budget against the Six Point Plan for Social Justice in Ontario

1) Increase the Basic Needs Allowance by \$100/month for OW and ODSP recipients as the first step towards adequacy in social assistance rates.

Clearly, the Government has come nowhere close to the \$100/month rate increase for which PFO has been advocating especially for single adults on OW/ODSP, a group entirely neglected in the 2008 Poverty Reduction Strategy. A \$14 top-up for single adults on OW on a general overall adjustment of 1% does, at least, indicate that this part of the social assistance caseload is now on the Government’s radar.

Still, these provisions are again misrepresented in the Budget as rate “increases”, when, in fact, they are partly a cost of living adjustment to maintain the purchasing power of current rates.¹ The additional 1%

¹ The 1% cost of living adjustment takes effect in September 2013 for ODSP recipients and in October 2013 for OW beneficiaries, which is also the month that the \$14 top-up is introduced.

for 2013 in the Ontario Budget does match the year over year increase in [the Consumer Price Index at March 2013](#) and will provide \$6.06 more a month to a single adult on Ontario Works. The \$14 top-up will bring the single rate up by \$20/month to \$626.06, which for the first time since 1995 will be an increase in the real income for single adults (2.3%).

While not the \$100/month increase that PFO has been pushing for, this is at least a small step towards real rather than strictly inflationary increases.

ODSP single adults, however, do not appear to be included in the \$14/month top-up, the shocking rationale being that this will “begin to reduce the disparity in rates between ODSP and OW recipients.” (p. 91). This is an early signal that the potential future “harmonization” of the OW and ODSP caseloads would be more about reducing benefits to the lowest common denominator than moving all recipients in the direction of decent living standards.

2) Index OW and ODSP rates, starting immediately, to keep up with the annual inflation rate.

The 2013 Ontario Budget once more provides a discretionary one-year commitment to a cost of living adjustment but does not index social assistance rates to the cost of living in the same way that seniors’ benefits are adjusted annually to the rising cost of living. Especially in a year when the actual increased cost of living is low compared to previous years (1% compared to the 2%+ range in previous years), the Government missed an opportunity to show not only a strong gesture towards fairness but also a confidence in its economic recovery program to cover off cost of living adjustments for social assistance recipients in future years.

3) Ensure that all increases to social assistance or changes arising from the proposed integration of the current programs do not lead to any reductions in basic needs and housing allowances for persons currently receiving ODSP and Ontario Works, or to cuts in benefits such as the Special Diet Allowance or the Disability Worker’s Benefit.

There is nothing in the 2013 Budget that indicates any of the provisions will be implemented at the cost of existing programs such as the Special Diet Allowance or the Disability Workers’ Benefit. This is encouraging, although measuring success by what programs are saved is a comment in itself on our state of mind in an austerity climate. The community should remain vigilant that these programs are not threatened as budget provisions become implemented.

4) Introduce an earnings exemption for social assistance recipients with working hours so that a 50% clawback on earnings does not apply on at least the first \$200/month earnings, and preferably not on the first \$500.

It has been known for several months that the Government intended to allow social assistance recipients with working hours to keep the first \$200/month of earnings without a clawback on their OW/ODSP benefit. This is one of the minor recommendations of the Social Assistance Review, and will make a difference in the lives of social assistance recipients with some working hours. To its credit, the Government will clawback earnings higher than \$200 monthly at a rate of 50% and not 57% as recommended by the Social Assistance Review Commissioners. Frankly, it is unconscionable that any clawback applies to recipients who find work until their earnings begin to approach the poverty line.

5) Commit to the principle that the minimum wage should ensure a full time, full year worker earns an annual income 10% above the Ontario Income Poverty Line [LIM 50], and to an implementation plan that will achieve that goal.

The 2013 Budget makes no changes in the minimum wage and promises only to study the issue for possible future action by setting up an Advisory Panel. It is difficult to take the Government's commitment to job creation seriously if it allows minimum wage earners working full-year, full-time to still fall about \$1,000 below the poverty line annually. The Raise the Minimum Wage campaign has made the case definitively for bringing the minimum wage to 10% above the poverty line, and there is [more than enough evidence that this will stimulate the economy and not cost jobs](#).

The Government shows only timidity here when it should be showing leadership and bold action. The community should call for the terms of reference of the Minimum Wage Advisory Panel to include a plan for raising the minimum wage over a reasonable period of time to 10% above the official poverty line for full-time, full-year earners.

6) Index the minimum wage immediately to keep up with the annual inflation rate.

Without any action on point #5, there was, of course, no action on this front either.

Related Budget Provisions

The 2013 Ontario Budget contains other measures related to PFO's Six Point Plan:

- While the Budget document avoids the use of the term "adequacy" when speaking of social assistance rates, it states that the Government will follow up on the Commissioners' recommendation to develop "benchmarks to support a consistent method for setting social assistance rates in the future" (p. 91). Presumably, this will be done by setting up an independent "rates board" as previously championed by MPP Ted McMeekin, now the Minister of Community and Social Services. If this is the latest route to rate adequacy in what seems to be an interminable journey, the community should insist that the rates board report out well before the next budget cycle is complete on the rate targets necessary to achieve adequacy and a two-three year timeline for getting there, with the first significant instalment due in the 2014 Budget.
- The Budget increases liquid asset limits for single adults on OW from \$606 to \$2,500 and for couples from \$1,043 to \$5,000, a long overdue measure first proposed in the 2008 Poverty Reduction Strategy. OW recipients will be allowed to receive gifts of up to \$6,000 per year without affecting their benefits, which provides some relief from what has amounted to a tax on contributions from family and friends to the well-being of social assistance recipients.
- The Budget is picking up on its implementation schedule of staged increases to the Ontario Child Benefit after a one-year hiatus in the 2012 Budget, increasing the maximum OCB benefit to \$1,210 per eligible child this year and a final increase to \$1,310 in July 2014. This is one year later than promised in the 2008 Poverty Reduction Strategy and the 2009 Budget.

Fairness Demands Bolder Action

There was hopeful talk during the lead-up to this Budget that the Government may be considering some actual moderate increases in taxes or restoration of corporate taxes that have cost the public treasury so much in recent years. It is disappointing that the 2013 Ontario Budget promised to retain the tax cuts that have been implemented, while boasting that for yet another year its deficit is projected to come in under original projections by several billion dollars.

A truly balanced approach between prosperity and fairness would acknowledge that the Government has some fiscal room for greater fairness to the most vulnerable in Ontario by its faster than anticipated progress in reducing the deficit. Applying even less than one-third of the resources available from the ahead of schedule deficit reduction to Ontario's poorest citizens would not only improve their health and well-being but would also contribute significantly to stimulating local economies across the province.

Social assistance reform was proposed by the Government in its 2008 Poverty Reduction Strategy. After five years of study and consultations and as the Government sets up another Cabinet Committee to develop a second Poverty Reduction Strategy as required by legislation, it is a sad commentary that such minimal progress on social assistance reform has been made. The path to real improvement in the material living conditions of Ontario's poorest is proving to be long and tortuous. It demands a Government and Parliament with both the conviction and the courage to show strong leadership on a social justice agenda.

Community advocates for people living in deep and working poverty across the province can take some credit for the small gains made in the 2013 Budget. We got the Government's attention. We now need to help embolden its commitment to further serious reform.

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