

Opportunities Waterloo Region

Focus on Poverty Reduction (September 2007)

Central Position:

That the local community and government at all levels (federal, provincial and local) adopt a poverty reduction plan with set targets, timelines, a dedicated budget and ongoing monitoring.

Specific Suggested Actions for Federal and Provincial Governments:

- Raise the minimum wage in Ontario to \$10.25 more quickly than the current schedule and then index it to inflation.
- Change the Employment Insurance Benefits Program (EI) so that more workers who lose their jobs can qualify.
- Ensure that the Ontario Child Benefit (OCB) is implemented as stated.
- Raise social assistance (OW) rates to ensure families and individuals can meet their basic food and housing needs and then index these rates to inflation.
- Review the Ontario Disability Support Program rates (ODSP) to reflect current costs for basic necessities and then index those rates to inflation.

Attachments:

- 1) Background Paper
- 2) Summary of Similar Campaigns



FOCUS ON POVERTY REDUCTION BACKGROUND

Central position: That the local community and government at all levels (federal, provincial, and local) adopt a poverty reduction plan with set targets, timelines, a dedicated budget and ongoing monitoring.

1. MINIMUM WAGE

Issue Statement: Minimum wage does not pay enough to enable people to realistically meet their costs of living (food, shelter, clothing and transportation).

Background:

- Ontario's minimum wage was increased from \$6.85/hour in 2003 to \$8.00/hour by February 2007; however the raise did not make up for inflation;
- An \$8.00/hour minimum wage means a gross annual income of only \$16,640 for a full-time, 40 hour a week job – still below the Low income Cut-Off poverty line for Waterloo Region by approximately \$400.00;
- Although minimum wage has risen by 17% since 1995, the Consumer Price Index rose by 22% (excluding food which increased more sharply) and housing costs soared by more than 30%;
- Some people remain on social assistance because they are afraid to take the risk of working in low-wage jobs with no benefits, especially when they have children or have medical problems.
- Raise the minimum wage from \$8.00/hour to \$10.25/hour by 2010 (i.e., 75 cents per year from 2007 – 2010) is not enough.

Associated Issues:

- Will raising minimum wage to \$10.25/hour mean that these people will have to forfeit their other services (i.e. food bank, housing subsidies, drug cards, etc.)
- Recent changes now allow persons who leave social assistance to take a job to maintain their benefits for up to one year.

2. EMPLOYMENT INSURANCE

Issue Statement: Fewer unemployed Canadians are receiving Employment Insurance.

Background:

- Requirements for eligibility to receive EI have changed significantly over the last several years as a result, EI no longer covers the majority of the temporarily unemployed leading to the Government of Canada's EI program enjoying a significant surplus;
- Those earning low wages, part-time workers, the young and women are particularly affected though the decline in benefits has been greater for lower income persons;
- A low-income person in an area of low unemployment is especially disadvantaged Benefits and training programs are unavailable to those on Ontario Works or the Ontario Disability Support Program, as well as to those whose EI benefits have run out or who are returning to work.

Associated Issues:

- Those who would have been eligible in the past to receive EI are now reliant on Ontario Works and other municipally delivered programs;

- Ontario Works and local supports are funded in part by the municipal property tax base;
- Municipalities must redirect their limited resources to provide this support;
- The level of assistance available to an individual under Ontario Works is less than that available under EI.

3. ONTARIO CHILD BENEFIT (OCB)

Issue Statement: The Ontario government has created the OCB to help Ontario families with lower incomes provide for their children, whether the parents work or receive social assistance.

4. SOCIAL ASSISTANCE (Ontario Works)

Issue Statement: Inadequate levels of income are provided to people on social assistance. People who find themselves in the position of applying for assistance must liquidate all their assets prior to qualifying for benefits, pushing them further into deprivation.

Background:

- Some 418,558 Ontario households with 215,481 children relied on social assistance in September 2006:
- More than 11 years have passed since welfare rates were slashed by 21.6% in 1995. When inflation is factored in, the 1995 welfare cuts amount to a loss in benefit of approximately 35%.
- Welfare benefits for families with children are now only 50-60% of what is needed to reach the poverty line

Associated Issues:

- Many people fall onto Ontario Works and get trapped in a punitive system that provides insufficient income to live on and impedes achieving stable employment or meaningful community participation. The impediments to moving from assistance to working include:
 - Increased child care expenses
 - Loss of basic dental coverage for the child
 - Loss of prescription drug coverage that doesn't require payment upfront
 - Loss of back to school benefits
 - Loss of winter clothing allowance
 - Becomes ineligible for special diet allowances where required
 - Loses community start-up benefits for a medically necessary move
 - Will begin to pay net federal taxes at approx. \$1,600/month net income
 - Ontario sales tax credits could be reduced

5. ONTARIO DISABILITY SUPPORT PROGRAM (ODSP)

Issue Statement: The Ontario Disability Support Program has a complex eligibility process, provides insufficient benefits, and encourages barriers to employment.

Background:

1. Although ODSP escaped the deep cuts (21.6%) that were removed from OW recipients in 1995 there has been a steady erosion of benefits over the last 13 years
2. The provincial government just arbitrarily sets social assistance rates with no relationship to the actual cost of basic needs. A single person on ODSP currently receives \$445.00 per month as a Shelter Allowance. The average cost of a bachelor apartment two years ago was \$625.00 per month (\$744.00 for a one bedroom) in Ontario. This inevitably forces recipients to use a significant portion of their Basic Needs Allowance (\$554.00 per month) to cover this ever increasing shortfall leaving little for food, telephone, transportation and

other necessities.

3. Since 1993 ODSP rates have lost over 18% in real value due to inflation ensuring that the above listed gaps will continue to widen without an immediate remediation.

REFERENCES

"Child Poverty in Ontario Promises to Keep...," Campaign 2000, URL:

<http://www.campaign2000.ca/rc/pdf/OntarioReportCard2006.pdf>. Accessed May 7, 2007.

"Lives Still in the Balance," Interfaith Social Assistance Reform Coalition, Pandora Press, Publishers, Kitchener, Ontario, 2007.

"Ontario Child Benefit," in the Ontario Budget section of the Ontario website, URL:

<http://www.fin.gov.on.ca/english/budget/ontariobudgets/2007/ocb/>. Accessed May 5, 2007.

"SOLVING POVERTY: Four cornerstones of a workable national strategy for Canada," National Council of Welfare Reports, Volume #126, Winter 2007.

"Time for a Fair Deal," Report of the Task Force on Modernizing Income Security for Working-Age Adults, Toronto City Summit Alliance, May 2006

Summary of Similar Campaigns

1. National Council of Welfare

“Solving Poverty” Four Cornerstones of a Workable National Strategy for Canada

- A national anti-poverty strategy with a long term vision and measurable targets and timelines.
- A plan of action and budget that coordinates initiatives within and across governments and other partners.
- A government accountability structure for ensuring results and for consulting Canadians in the design, implementation and evaluation of the action that affect them.
- A set of agreed poverty indicators that will be used to plan, monitor, change and assess progress.

2. Campaign 2000 (for Ontario)

- A coordinated, long term Poverty Reduction plan with set targets and timelines, a dedicated budget and ongoing monitoring in order to achieve lasting results.
- Components of the Plan:
 - i. good jobs at living wages
 - ii. strong social safety net
 - iii. access to early learning and child care
 - iv. affordable housing
 - v. accessible education and training

3. Ontario Social Planning Network

- Make work pay (a minimum wage of \$11.25 by 2012); provincial child benefit of \$5,100 per year and an annual tax credit of \$2,400
- Dignity for the disabled (persons getting Provincial disability should get same rates as for seniors)
- Safety net for the unemployed (OW rates equal to 80% of minimum income earned by families working full-time)
- Public support for families and children(basic drug and dental benefits for all workers; more affordable housing and child care)

4. Vision to Action: A Faith-Based Movement for a Canada Without Poverty

- Implement a national poverty reduction strategy with specific targets, timelines and mechanisms of accountability to the people of Canada