



Time to get moving: Ontario's Income Security Roadmap

Maytree submission to the Ministry of
Community and Social Services regarding the
Income Security Roadmap for Change

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Maytree has been dedicated to creating solutions to poverty since 1982. We work with governments, researchers, the non-profit sector, and community organizations to build strong and vital communities.

We are pleased to provide comments and recommendations on the Income Security Reform Working Groups' Roadmap for Change.

As the detailed report from the working groups makes clear, we urgently need to do better. Our current income security system is failing to meet the needs of many Ontarians, falling short on adequacy, design, and delivery. The status quo is burdensome to governments and recipients to administer, and undermines the economic growth of the province; the costs of maintaining this status quo are far greater than the costs associated with improving the system.

In our view, the Roadmap presents a crucial opportunity to commit to public policy improvements that will transform the lives of Ontarians with low incomes and lead to better outcomes. The working groups have invested considerable time and energy in reviewing the income security system and presenting thoughtful and detailed options to move forward. We urge the government to build on this ambition and work towards our obligation, as acknowledged by the government in the preface to the Roadmap, "to ensure all individuals are treated with respect and dignity." Now is the time to live up to the core values of our society by promoting economic security and opportunity.

We cannot afford for this report to gather dust on a shelf. The working groups' analysis identified the multiple ways that our income security system, particularly social assistance, fails to support those it is intended to serve. Addressing these challenges and reforming the income security system will take time, testing, and refining. But this should not be used as an excuse to delay substantive reforms; deferring to the status quo is conceding policy failure. Rather than aiming for "low-hanging fruit," we should begin with the most complex reforms because they take the most time. To that end, we offer our advice on how government can begin to act on the recommendations.

Overall principles

The Roadmap sets out a path to achieving an income security system where “people have equitable access to a comprehensive and accountable system of income and in-kind support that provides an adequate level of financial assistance and promotes economic and social inclusion.” We welcome this view of income security as it reinforces the principle that Ontario’s income security system is central to realizing our right to live free of poverty. The path forward on reform should be guided by this vision.

The broader set of guiding principles outlined in the Roadmap is useful in giving further substance to this vision. Maytree was pleased to see the emphasis on respecting individual and collective rights in the Roadmap. In moving forward with reform, we would expand on the list highlighted by the working groups to include a recognition of Ontarians’ economic and social rights, including those protected by the Charter and the International Covenant on Economic, Social, and Cultural Rights.

In moving forward it will also be important for the government to maintain a central role for Indigenous communities in shaping the income security systems for Indigenous peoples, as reflected by the inclusion of working groups focused on First Nations and urban Indigenous perspectives. Upholding the principle of reconciliation and respect for government-to-government relationships with First Nations should remain central to policy decision-making and implementation of reform.

A change in culture

The Roadmap calls for an income security system that is based on a culture of trust, collaboration, and problem-solving. This would shift the system’s emphasis away from surveillance and sanctions towards support and autonomy. We strongly support this recommendation and the approach it represents. Realizing the right to be free of poverty means not only providing adequate support, but also treating people with dignity and respect when they navigate the systems that are intended to help.

As part of shifting the culture, the Roadmap recommends a person-centred approach. From Maytree’s perspective, a person-centred approach should

be responsive to the shifts in individuals' circumstances that take place. The current income security system is not generally responsive to fluctuations in incomes and spending, a day-to-day reality for many. For example, tax benefits tend to respond to the challenges people had a year before. A person-centred income security system should have the capacity to support individuals at the point when it is needed, not when it is convenient for governments to process payments. While the Roadmap's recommendations primarily focus on the adequacy of the income security system, we urge the government not to overlook the importance of responsiveness.

To ensure that reforms to income security are person-centred and demonstrate a culture of trust, people who work in and rely on income security programs should have input on design, implementation, and evaluation.

Addressing the adequacy gap

The Roadmap rightly highlights the need to take immediate action to address the deepest poverty through a swift increase in social assistance rates. In Ontario, social assistance levels are inadequate, particularly for working-age individuals. Single working-age adults account for over a fifth of people in poverty in the province¹ and the support available to them through social assistance in 2016 amounted to \$9,178 a year, 41 per cent of the poverty line.² The government should not delay in acting to boost the levels of support through Ontario Works (OW) and the Ontario Disability Support Program (ODSP).

Part of the reason that social assistance rates have reached these low levels is that there is no mechanism to ensure they are maintained. Changes to income security are subject to political winds; while it has been politically favourable to introduce welcome boosts to child benefits, support for working-age adults has been allowed to deteriorate. In Ontario the support available in 2016 is 27 per cent lower than it was 25 years earlier.³

1 LIM50 poverty in 2015 from CANSIM table 206-0041, Statistics Canada

2 Anne Tweddle, Ken Battle, and Sherri Torjman. "Welfare in Canada 2016," November 2017, <https://maytree.com/wp-content/uploads/1119ENG.pdf>

3 Ibid

Along with increasing the levels of OW and ODSP, we urge the government to put forward legislation that guarantees levels of OW and ODSP remain in line with need, (e.g. increase in line with inflation at a minimum). This will protect the poorest in society from further “stealth” deterioration in their incomes that may not be as evident as direct cuts.

The Roadmap also calls for the support available to people with a disability through ODSP to be an additional 30 per cent higher than for those without a disability. The incomes of people with a disability are typically lower while their living costs are higher. An additional boost to the value of ODSP is one way for public policy to respond to the additional living costs that society imposes on people living with disabilities.

But increases to ODSP and OW will not comprehensively help those in the deepest poverty. Many of the poorest in society do not claim or qualify for either of these programs under current rules. Shifting the culture of social assistance to one based on trust and autonomy should mean that fewer people fall through the gaps; fewer people will be deterred from the process of applying or ruled out because of arbitrarily prescriptive rules about how they spend their time. A person-centred design of social assistance should not only explore how it can work better for those who already claim it, but also for those who currently miss out.

In addition to the needs of Ontarians with disabilities, we would also like to draw particular attention to the needs of carers. Family carers provide a valuable unpaid service that can interfere with their ability to fully participate in the labour market, thus lowering their income. Despite the fact that this informal care work fills many gaps left by public services, the support offered to carers by the existing income security system amounts to a patchwork of programmes for those in very specific circumstances and does not systemically recognize or adequately compensate carers. The province’s income security reform is an opportunity to rectify this, building on recent federal changes to Employment Insurance special benefits. We recommend that the government consult directly with carers to review the adequacy of existing financial supports and identify how gaps can be filled.

Setting an income floor

The Roadmap recommends that the province set an income floor below which no Ontarian should fall. It calls for this floor to increase over the next ten years until it aligns with the poverty threshold. This recommendation puts us on a clear path towards an Ontario where everyone has the chance to be free of poverty. It also recognizes that the income security system needs to play a central role in achieving this.

A package of income security policies is needed to reach this goal rather than a single instrument. The Roadmap demonstrates this by including multiple recommendations across a range of social policy areas such as health and housing. We advise the government not to focus narrowly on a single policy or metric of financial wellbeing in its progress towards this goal. To reduce poverty, we need to look at how the wider system of income security interacts with other social policy areas including those delivered by federal and local governments.

While the recommendation that the government set an income floor aligned to the poverty threshold is commendable, it poses some technical challenges that need to be managed. If the income floor was pegged to the Low Income Measure (LIM) of poverty, it would fluctuate in line with median income. This means the income floor could decrease if the median did, for example during a recession. It also makes fiscal planning more difficult as the median income is hard to accurately predict.

Using the LIM as a basis for the income floor presents further challenges because the measure is affected by income security policies themselves, as, middle income families often receive modest amounts through income security programs such as child benefits, a product of gradual phase-out rates aimed at avoiding a “welfare wall” effect. Changes to income security system policies to meet the target could end up shifting the target itself, making it more challenging to set policy around.

The Roadmap’s preferred basis for income floor is a made-in-Ontario Market-Based-Measure (MBM) of poverty, based on the cost of basic goods and services rather than median income. While this would avoid the risks of a LIM measure, a made-in-Ontario MBM of poverty does not currently

exist. We advise the government to explore how the information needed to construct this measure could be attained. Alongside informing an income floor target, an Ontario-specific MBM would be a useful tool to inform poverty reduction strategies and other policies.

We advise the government to give these technical aspects thoughtful consideration before committing to a specific income floor target. But this does not justify inaction. While these technicalities are being considered, the government should pursue a swift increase in the values of OW and ODSP along with legislation to increase these values in line with inflation at a minimum.

Expanding non-OHIP health services to low-income people outside of social assistance

Maytree believes that everyone has a right to have their health needs met regardless of income. We welcome the Roadmap's vision of income security as one that meets people's essential health needs.

Essential health needs are not limited to the primary and emergency care needs currently covered by the Ontario Health Insurance Plan (OHIP). In reality, dental care, prescription drugs, vision/hearing care, paramedical services, along with connected services like assisted transit are all essential components of health care. Queen's Park already recognizes that cost is a barrier to accessing these non-OHIP health services through a patchwork of programs that provide health benefits to social assistance recipients and some other low-income Ontarians. However, the current mix of programs is far from being person-centred, and leaves many who need it without care.

These complex eligibility rules can also exacerbate the "welfare wall" where individuals entering work lose both their social assistance income and the free health services associated with it. No Ontarian should have to choose between taking a job and looking after their health.

Building on the recent introduction of OHIP+ by expanding essential health benefits to all low-income individuals as recommended by the Roadmap would help to ensure that no one is forced to forgo health services they

need because of the costs involved. However, the government should be mindful of the design of expanded schemes. If eligibility is based on income (rather than eligibility for social assistance specifically), new welfare walls can replace the old ones if health benefits are withdrawn at the point when individuals reach the qualifying income threshold. While social assistance can be gradually withdrawn as income increases, a gradual withdrawal of health services is difficult to administer.

Creating a housing benefit

The Roadmap echoes Maytree's previous calls for a portable housing benefit for low-income renters. Rent is the most substantial cost for many low-income Ontarians and restricts their ability to meet other basic needs. The existing income security system does not meaningfully recognize how the different housing costs across the province and the shortage of affordable housing options affects low-income households.

The commitment by the federal government to a new Canada Housing Benefit designed and delivered in partnership with provinces provides a potential jumpstart to the Roadmap recommendation for an Ontario housing benefit. The housing benefit model that the Roadmap suggests is broadly consistent with the policy principles in the Canada Housing Benefit and the design approach in the Portable Housing Benefit Framework created by the Ministry of Housing.

Moving the housing benefit out of social assistance as recommended by the Roadmap should make it easier to access and more effective in design. It should also allow people to access support with their housing costs swiftly when it is needed, preventing them from experiencing deep poverty.

The National Housing Strategy consultation has produced a wealth of rigorous analysis on how a portable housing benefit could be designed. The federal government's ten-year-funding pledge towards a housing benefit and the Income Security Roadmap make this the opportune time to build on that groundwork to create an actual housing benefit program.

Addressing asset poverty

Maytree welcomes the Roadmap's recommendation that the savings limits to qualify for social assistance be raised. The limits in the current system do not encourage broader financial security as they explicitly force people to get rid of nearly all of their savings to receive assistance. The income security system should not penalize low-income individuals for saving, particularly for retirement, as this will make them more able to weather economic hardships and less likely to require social assistance in the future.

However, we advise that the government be thoughtful about how to treat tax-free savings accounts. The 2016 Census showed that the vast majority (86 per cent) of people contributing to registered savings accounts had a household income of at least \$40,000.⁴ In addition as the TFSA matures, it will allow people with substantial savings to keep the vast majority of their financial assets in tax-sheltered vehicles. This could gradually undermine the ability of the income floor to target those most in need of support.

How to move forward

The analysis of the working groups makes clear that our current income security system is failing on adequacy, design and delivery. But it paves the way to an alternative future: an income security system based on the values of equity, accountability, adequacy and inclusion, where Ontarians can realise their right to be free of poverty.

Addressing these challenges and achieving this vision will take persistent effort and flexibility to learn from both implementation and evaluation. It will also require government to approach policy and delivery differently. Systems-thinking and person-centred approaches have become familiar principles of government strategies, but there remains a gap between theory and practice. Reforms should be carried out with the individual in mind; with an understanding of where their different interactions with the income security system and other policy domains work together, and where they work at cross-purposes.

⁴ 2016 Census table 98-400-X2016103, Statistics Canada

But the need for better policy approaches should not be used as an excuse to delay. The Roadmap proposes a clear path forward. Here we have highlighted where there is scope for immediate action and where the foundations can be laid for further change. It is crucial that the government not let the momentum wane before the job is complete. We urge the government to put forward its own long- term action plan for future governments to live up to. Such an opportunity is too rare and important to miss.

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