

BEHIND THE ISSUES: Ontario 2003

Whatever happened to welfare?

Welfare was *the* hot-button issue in the 1995 election that ushered Mike Harris into power. Similarly in 1999. What has been remarkable about the 2003 election so far is how entirely absent this issue is from the debate.

Where has welfare gone?

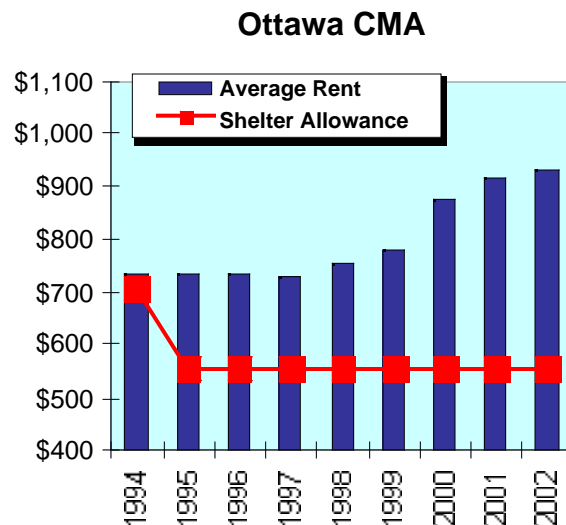
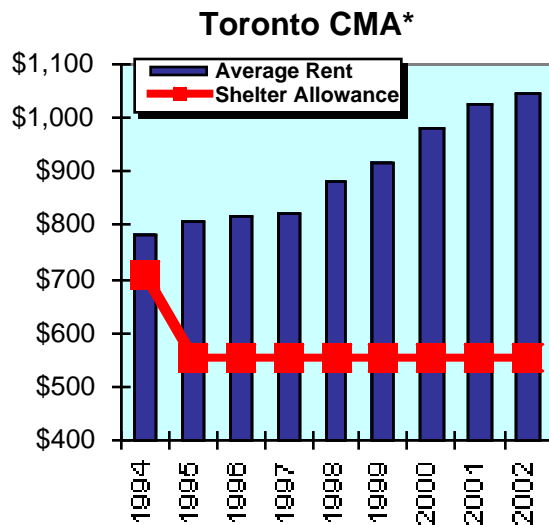
Background

It has now been over a decade since social assistance rates in Ontario were last raised (over the same period, the federally funded Old Age Security system and the Guaranteed Income Supplement (OAS/GIS) for low-income seniors was adjusted 40 times to keep pace with inflation). Prior to 1993, the longest period of time without an increase in social assistance in Ontario was just 3 years, with 23 increases in the 26 years since 1967.

In 1995, Mike Harris campaigned on the hot-button issue of cutting welfare rates by 21.6%. The combined effects of that cut and of inflation have been to lower the purchasing power of social assistance by over 37%. Meanwhile, the average rent on a two-bedroom apartment in Ontario has increased by 24% since 1995, considerably faster than 15.8% rate of inflation over the same period. In Ottawa and the Greater Toronto Area, where about 52% of Ontario's social assistance population resides, the average rent is about double the amount recipients are allocated through their shelter allowances to cover the cost of rental accommodation (see Figure 1).

With rents consuming ever greater portions of income, is it any wonder social assistance recipients experience difficulty paying the rent and feeding the kids?

Comparison of Average Rent to Shelter Allowance, 1994-2002
Family of Three; 2 Bedroom Apartment



Welfare: Background statistics & information

- Children continue to be negatively impacted by low social assistance rates.
- About 200,000 children are currently on the welfare rolls and 121,000 children go to food banks every month in Ontario.
- There has been a 41% increase in child poverty in Ontario since 1989.
- The Ontario government takes away the National Child Benefit Supplement (a federal benefit intended to help low-income families with children) from families on welfare, thereby punishing the very people the benefit is intended to help.
- Benefits for single persons (\$520/month) are only 1/3 of the poverty line. For a single parent with one child (\$957/month) and other families with children benefits are little more than about 1/2 of the poverty line.
- Reports consistently fail to show that families leaving social assistance are better off – a report from the City of Toronto, for example, shows that late payment of rent was *more* prevalent for people after leaving welfare than on welfare.
- The minimum wage, frozen at \$6.85 per hour since 1995, is so low that work is no longer necessarily a route out of poverty for many families.
- The percentage of Ontario's population on social assistance (both OW and ODSP) is 4.7% - remarkably normal compared to the post-war average of 5%.
- Caseloads are once again trickling upward – caseloads for singles, for example, are increasing in 2002/2003.

Important information you may not know...

- At a little publicized news conference in August, mere weeks before the election call, both the NDP and the Liberals made a commitment to publicly review Ontario's social assistance system after the provincial election.
- In *The Road Ahead*, the PCs have a new plan for welfare – they committed to implementing an "Ontario Child Benefit" worth up to \$1,500 per child for families with children on social assistance, *without* any details on how they will implement it.
- It is no longer just the community services sector and ant-poverty activists calling for welfare increases. Prominent members of the business community have also endorsed the idea of increasing Ontario's welfare rates:
 - In April 2003, the Toronto City Summit Alliance released a report entitled *Enough Talk: An Action Plan for the Toronto Region*. The Summit Alliance, an unprecedented coalition of civic leaders drawn from the private, labour, voluntary and public sectors, endorsed the notion of increasing shelter allowance rates to reflect the real cost of rent (p. 23).
 - Similar recommendations were made in a report on housing and homelessness released by TD Economics in June entitled *Affordable Housing in Canada: In Search of a New Paradigm* (p. 28). The report also recommended investigating new and innovative ways to "move individuals off social assistance or raise their earnings prospects" (p. 26).

Michael Olephant is a policy advocate at the Daily Bread Food Bank. For more information on social assistance in Ontario, see: "Targeting the Most Vulnerable: A Decade of Desperation for Ontario's Welfare Recipients," a technical paper from the Canadian Centre for Policy Alternatives and the Ontario Alternative Budget Working Group. It is available on the CCPA Web site at www.policyalternatives.ca.



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