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*Targeting the Most
Vulnerable:
A Decade of Desperation for
Ontario's Welfare Recipients*

*By Michael Oliphant
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Canadian Centre for Policy Alternatives

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“There is no question that this is not enough. The minister doesn't know what she's doing.”²

-Conservative MPP Cam Jackson attacking then NDP Social Services Minister Marion Boyd for her 1% welfare rate increase of April 1, 1993, the last time welfare benefits were raised in the province of Ontario.

Two years after uttering these words, Cam Jackson's Conservative party, under the leadership of Mike Harris, slashed welfare rates by 21.6%. If 1993's one percent increase was “not enough,” how did a 21.6% cut rank? Eight years later, the verdict is in:

Ontario's welfare system is broken.

It fails to meet the needs of low income Ontarians seeking assistance to get into the labour market; it stigmatizes recipients as lazy and blames them for their poverty; and it threatens the very security and health of recipients by failing to provide adequate incomes that ensure basic needs such as secure housing and food.

April 1, 2003 was the tenth anniversary of the last time welfare benefits were raised in Ontario. Not only have rates been stagnant over the past decade, but they were subjected to the above-mentioned cut in 1995. According to the Ontario Association of Food Banks

(OAFB), the impact of the cut was felt immediately: food banks across the province saw an increase of more than 30% in the number of people accessing their services from 1995 to 1996 as “those on welfare are increasingly having a difficult time coping” with meeting basic needs.³

Similarly, the cut has forced many households into unstable, decrepit homes as rising rents and the elimination of funding for the development of affordable housing have placed safe, secure homes out of welfare recipients' price range. Municipalities across the province have documented the precarious housing situation facing welfare recipients because of inadequate welfare rates and the link between low rates and increasing homelessness.⁴

The Conservative government defends this state of the system by pointing to the numbers of people who have moved off of welfare. According to Ontario's Minister of Community, Family and Children's Services, Brenda Elliott, “[The welfare system] has been entirely transformed under our government as an employment and supports opportunity that has been referenced to me personally by at least one person as being transformed into opportunities galore.”⁵ While the government claims changes made to the welfare system have benefited recipients, a sample size of more than one indicates the reality is much less rosy. No studies show that the majority of people leaving welfare have escaped pov-



erty. Indeed, the OAFB reported in 2002 a 58% increase over the previous two years in people reporting *no income* whatsoever. A City of Toronto study also found that “most people are not necessarily better off financially after leaving” and that a sizeable number cycle back onto Ontario Works (OW) within a year.⁶ For most, security remains elusive.

This is not to say that no money has been spent on the welfare system over the period of time that rates have been frozen. It is just that none of this money actually finds its way into the pockets of families who desperately need it. Consider, for example:

- The Harris-Eves government paid Accenture \$246 million (\$66 million more than budgeted) to revamp the Ontario Works computer system. The provincial Auditor has since criticized the new system as “a step backward from what had previously been available;”⁷

- The National Child Benefit Supplement is clawed back from families on Ontario Works (totalling approximately \$183 million in 2001) and “reinvested” in other programs for low income families, for example the Child Care Supplement for working families. While this is a worthwhile program, funding a program for poor working families on the backs of the poorest families (welfare recipients) is about the least logical use of money imaginable, especially considering that 121,000 children in Ontario require food banks;⁸
- Strict enforcement of zero tolerance fraud measures is still maintained, despite the fact that fraud represents less than 3% of the welfare system. Meanwhile, the provincial Auditor noted that “of the 763,000 corporations with active accounts on the Ministry’s tax roll, 355,000 corporations

Jonny lives on welfare with his partner and their 2 children. Here’s how he describes the daily insecurity his family faces:

It is such a struggle to pay the rent. Then there’s the phone bill and the diapers.

Just to feed my son, I have to come to a food bank. My daughter’s still just on milk. Diapers aren’t cheap. Food isn’t cheap. The cost is going up, but the job market, the bottom dollar is not going up. For people on welfare, or people who work, or people on welfare trying to work, it’s still going to be a struggle.

I feel we are forced into living certain ways with no choice. They don’t have the jobs. They don’t have the job creation. Pretty much if you go to welfare or ODSP or any of these other programs, you are forced into a life of poverty. No one has a vested interest in you as a human being. All they’re caring about is their numbers, the bottom dollar, and that’s it. And trying to get the people off welfare. They’re just cutting them off, forcing these people to live on the street. It’s sad. It’s sad what I see.

We’ve got to support people better. You need people who got helped out, nurtured out of the pit, to lead others out. You get used to living like that. It doesn’t become really harder, it becomes easier. Because you want less from the world. And you want more from little circles you create as you go along. It’s a hard life. It’s harder than anybody else can ever experience.



– or one in two – did not file required returns.”⁹

The Harris-Eves government’s legacy has been dismal in many areas – health care, education, environment, cities – but its record on social assistance has been the most vicious and damaging of all. While its changes to health care or education, for example, place in jeopardy the ability of all Ontarians to access and receive quality, primary social services, these changes have not been an attack on people’s basic survival. This government’s record on social assistance, however, represents a specific, targeted attack on society’s most vulnerable people, threatening their ability to meet the most basic of needs. In the case of Kimberly Rogers, the above-mentioned zero tolerance measure led to her house arrest and the reduction of already low welfare rates to unlivable levels. The resulting insecurity was fatal: the Coroner’s Inquest into the circumstances of her death recognized the roles zero tolerance and inadequate social assistance rates played in her death by recommending an immediate end to the zero tolerance policy and by recommending rates be increased to reflect the actual costs of living.¹⁰

This paper shows that current welfare rates fail to meet the cost of both rent and food as measured by the Canada Mortgage and Housing Corporation and by the Nutritious Food Basket measure calculated by public health units in each community across the province. As such, this paper proposes short-term changes to the existing welfare system through immediate rate increases as a means of providing needed relief to the financial pressures that place welfare recipients in housing insecurity and food shortages. It is proposed here that the basic needs portion of the welfare

cheque be increased to 1994¹¹ levels with inflation since that time added, and that the shelter allowance be immediately increased to cover 85% of average Canada Mortgage and Housing Corporation rents for cities across the province. This proposal would cost the province approximately \$614 million in the first year, of which \$150 million is for the shelter portion alone.

Increasing Insecurity: Setting the Policy Stage for Welfare Cuts

Prior to 1995, the federal government shared with provincial governments the costs of welfare programs across the country through funding transfers to each province. The Canada Assistance Plan (CAP) was the federal legislation that outlined the federal cost-sharing structure for all social assistance in Canada. According to a document of the United Nations Committee on Economic, Social and Cultural Rights (1998), the CAP bound provinces to the following agreement:

From its introduction in 1966 ... CAP was federal legislation which authorized cost-sharing by the Government of Canada of all social assistance expenditures by the provinces in their social assistance programs. The pre-condition which provinces had to meet in order for them to receive full federal cost-sharing, however, was that they had to establish social assistance programs which legislatively respected significant rights for all persons in need. The specific conditions, which took the form of legal rights, were contained in the CAP legislation. In particular, provinces agreed



to insert the following guarantees into their programs:

1. provide assistance to every person in need - regardless of the cause of need (CAP s.6(2)(a));
2. take into account a person's basic requirements in setting social assistance rates (CAP s.6(2)(b));
3. not require that people who were in receipt of social assistance perform work against their will as a condition of receiving assistance (CAP s.15(3)(a)).¹²

But in its 1995 budget, as a cost-cutting measure the federal government replaced the CAP with the Canada Health and Social Transfer (CHST). The CHST provided provinces with less money to pay for a number of social services, including welfare benefits. With this reduction of federal money came the elimination of the regulations ensuring that all provinces provide quality welfare programs. Gone, too, was the required guaran-

tee that provinces uphold the above-mentioned basic standards when developing welfare programs.¹³

Ontario Works: Increasing Financial Hardship

The elimination of federal standards allowed the Government of Ontario to implement a welfare program, called Ontario Works, that failed to consider the cost of people's basic needs when setting rates. In other words, it allowed the province to design a welfare program that created severe financial hardship for welfare recipients through drastic rate reductions. The Government of Ontario did just that, developing a program that was meant to be harsh: it was intended to encourage people to leave welfare and to deter new cases.¹⁴

Starting in 1995, the province cut welfare rates by 21.6%. This cut meant the primary source of income for many low income people was reduced by more than one-fifth. Wel-

Nadera's story

I am a single mother on social assistance. I have two children aged 19 and 21. Both of my children are in school. My total monthly income is \$1097.00, all of which comes from social assistance. My rent is \$1100.00 per month.

Every month I worry about paying the rent, as my rent is much higher than my income and I have no money left to buy food for the three of us. Occasionally, I have to use the food bank. However, what I get from there is not enough for the family. I always worry about having food for my family, as there is never enough.

Sometimes I don't eat; I skip meals, so that my children could have something to eat. I can barely manage to get by with the help from my son's OSAP loan assistance. That helps to buy some necessity food items. I don't buy fruits, as I can't afford to buy such nutritious food. I can't even think of buying clothes for me.

Things would be much easier if I could find cheaper or subsidized housing. I applied for subsidized housing three years ago, but they said that I might have to wait for another eight to ten years. I am an immigrant to Canada - I was a doctor in my home country. It has been extremely difficult for me to cope with all the barriers that I have been facing after I came to Canada.



fare income was then frozen at this reduced level with no regard for rising costs of living due to inflation.

The wholesale cut of welfare rates by 21.6% and the blatant disregard for rates that considered costs of living flew in the face of enlightened thinking concerning social policy at the time. Following decades of welfare programs based on outdated social assistance legislation developed in the 1950s and 60s, in 1986 the Ontario government of the time “established a Social Assistance Review Committee (SARC) to conduct a comprehensive review of the province’s social assistance programs and to identify ... the guiding principles for a desirable reform of the system.”¹⁵

Two years later, the SARC published a report called *Transitions*, which contained 274 recommendations to overhaul Ontario’s antiquated social assistance programs. The report was “a watershed in the history of social assistance in Ontario because of the scope of its aims and the progressive orientation it championed ... constituting an inevitable benchmark for all those interested in social assistance reform” in Canada.¹⁶

While the details of the *Transitions* report are beyond the scope of this paper, broadly, it sought to expand welfare recipients’ rights while re-casting social assistance programs as part of a larger anti-poverty strategy. This strategy was built upon the principle that all citizens have a basic right to income support, and that assistance be based on need.¹⁷ Accordingly, it was recommended that social assistance rates be determined according to market basket studies, pegging rates to the cost of goods and services in the market.¹⁸ In other words, according to the *Transitions* report, ensuring social assistance rates reflect the cost of living should be a basic premise for any

future program, and that not doing so was one of the failures of previous, antiquated programs.

The *Transitions* report received general support from the sitting Ontario Liberal government, and initial steps were taken to implement aspects of its recommendations. Further steps were taken when a new NDP government was elected in 1990.¹⁹ That government initiated an incremental increase of welfare rates intended to bring benefits to a level that better reflected costs of living.²⁰

But the election of Ontario’s current government in 1995, with its focus on tax cuts and large public expenditure reductions, spelled the end to increasing welfare rates and pegging them to the cost of living. Instead, the new government drastically lowered what it called the “cadillac”²¹ of social assistance rates. It argued that Ontario’s was the most generous social assistance system in North America, and that benefits would therefore have to be brought down to a level equivalent to 10% above the national level.²² As such, with no regard for the cost of living in Canada’s second most expensive province,²³ welfare rates were cut by 21.6%.

Stagnant Incomes Despite Rising Costs

Since 1995, inflation has increased by 15.8%²⁴ in Ontario, making the real value of that cut now over 37%. In Ontario, the average rent for a two-bedroom apartment has increased by 24% over that period while in Toronto, for example, the cost of food has increased by 13% since 1999.²⁵ With inflation eating into stagnant welfare rates, the real value of welfare recipients’ money is in sharp decline.



Table 1: Annual Welfare Income vs. the Sarlo/Fraser Institute Poverty Line, 2000 and the Low Income Cut-Off, 2002 (Two Adults, 2 Children)

Location	Basic Annual Welfare Income	Total Annual Welfare Income (including additional income sources)*	Sarlo/Fraser Institute Poverty Line**	Low Income Cut Off
Toronto	\$14,136	\$18,330	\$22,343	\$36,247
Ottawa	\$14,136	\$18,330	\$21,251	\$36,247
Ontario	\$14,136	\$18,330	\$21,029	\$34,572

*Source: National Council of Welfare, 2002. *Welfare Incomes, 2000 and 2001*. Volume #116.

**Source: Sarlo, Christopher 2001. "Measuring Poverty in Canada," *Critical Perspectives Bulletin*. The Fraser Institute.

According to the National Council of Welfare, the purchasing power of welfare incomes in Ontario peaked in 1992 and has been decreasing ever since.²⁶

As Table 1 indicates, current welfare incomes are significantly less than Statistics Canada's Low Income Cut Off and are well below the Sarlo-Fraser Institute's poverty line, the most conservative poverty line currently calculated in Canada. This is true even when considering other possible income sources available to welfare recipients.²⁷

The Shelter Gap

In Ontario social assistance cheques are comprised of two portions: the basic needs allowance and the shelter allowance. (Appendix A shows how much welfare recipients in Ontario currently receive per month for the basic needs and shelter allowances.) As its name implies, the shelter allowance is intended to cover the cost of shelter accommodations.²⁸ Recipients receive an amount equal to the actual rent they pay up to a set maximum, and are therefore sometimes referred to as an ARM allowance.²⁹ The recipient is responsible for meeting any dollar amount paid in rent beyond that maximum. For most recipients, this entails diverting money from

the food budget (basic needs allowance) in order to pay for the cost of rent. For example, a family of three receives a maximum shelter allowance of \$554 per month. If that family pays rent of \$500 per month, it would receive a shelter allowance equal to its rent (\$500). If that family pays a rent of \$600 per month, it would receive the full \$554 shelter allowance. However, the additional \$46 in rent must be met through other income sources.

Ontario has structured its shelter allowance as one flat rate across the province that varies only by family size. As such, the shelter allowance maxima are the same everywhere across the province, despite the vast differences in rent levels. This represents a fundamental flaw in the shelter allowance's design, as the lack of flexibility and sensitivity to local housing conditions ensures the shelter allowance will be perpetually inadequate in large urban centres such as the greater Toronto area (GTA) and Ottawa, while simultaneously tending to be overly generous by comparison in smaller urban and rural centres such as Sarnia or Owen Sound where rents are much lower (although it should be noted that rates are currently inadequate virtually everywhere; only their degree of inadequacy varies).

Any discussion about the shelter allowance must be placed firmly within the context of



the current crisis in affordable housing. The range of policy changes that have occurred at different levels of government to precipitate this crisis have been well documented in other Ontario Alternative Budget (OAB) Technical Papers and need not require further detail here.³⁰

However, we will mention 1998 as a watershed year in Ontario because of the implementation of the Tenant Protection Act (TPA) by the Harris Conservative government. The ironically named Tenant Protection Act is a developer friendly piece of legislation which deregulated the price of private market rental housing in an effort to, so the theory held, increase the supply of housing while lowering prices (much like the aborted electricity privatization scheme was supposed to). Instead of the strict rent controls which existed in the previous Landlord and Tenant Act, landlords were now free to set rents to whatever the market would bear on vacant units (vacancy decontrol), while also enjoying greater scope for cost recovery of capital expenses, and an automatic annual increase based on the rent increase guideline set by the Ministry of Municipal Affairs and Housing.³¹

The net effect of the TPA, and the vacancy decontrol provision in particular, has been less private rental market supply and higher prices

- 44,780 rental units lost in Ontario between 1996 and 2001 according to 2001 census
- CMHC reports average Ontario rent increased 17.4%, from \$712 to \$836 between 1998 and 2002; inflation for the same period was 10.3%

(again, a strikingly similar result to the electricity privatization).

For Ontario Works recipients the higher rental prices have been devastating, especially in the two largest urban centres: the GTA and Ottawa (see Figure 1).

As a result of the increasing shelter gap, the average family of four in Toronto diverts \$244.25 from the food budget (basic needs allowance) to meet the cost of rent; in Peel \$298; in Windsor \$141, in Ottawa \$158; and in London \$157.³² The Daily Bread Food Bank in Toronto reports that the average family on welfare in the GTA spends 70% of income on rent.³³

The inadequacy of the shelter allowance is an important contributing factor in both the rise in homelessness and food bank use across Ontario. Indeed, virtually every municipality in Ontario has made the link between the low shelter allowance, housing instability, and homelessness.³⁴

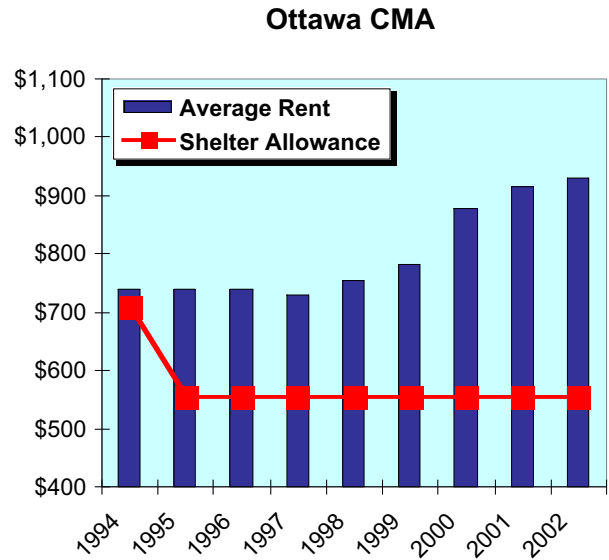
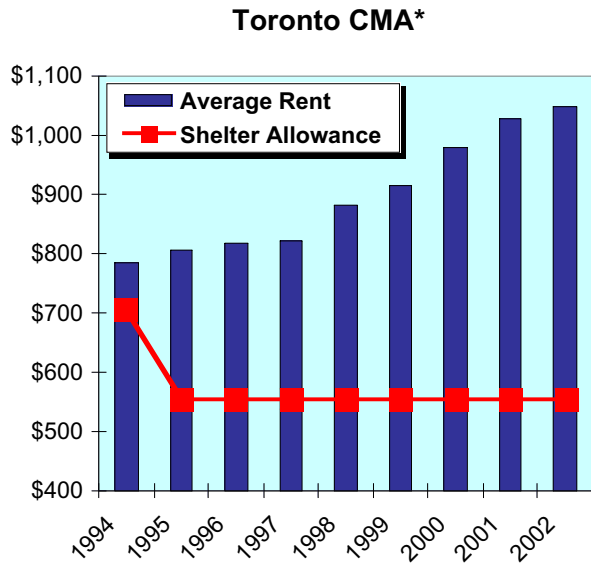
Increase in Shelter Gap*, Family of Three, Two Bedroom Apartment 1994-2002

- | | |
|---|--|
| • GTA: \$77 below average rent to \$493 below; | • Sault: \$109 above average rent to \$58 below; |
| • Ottawa: \$31 below average rent to \$376 below; | • Windsor: \$64 above average rent to \$215 below; |
| • London: \$64 above average rent to \$151 below; | • North Bay: \$104 above average rent to \$103 below |

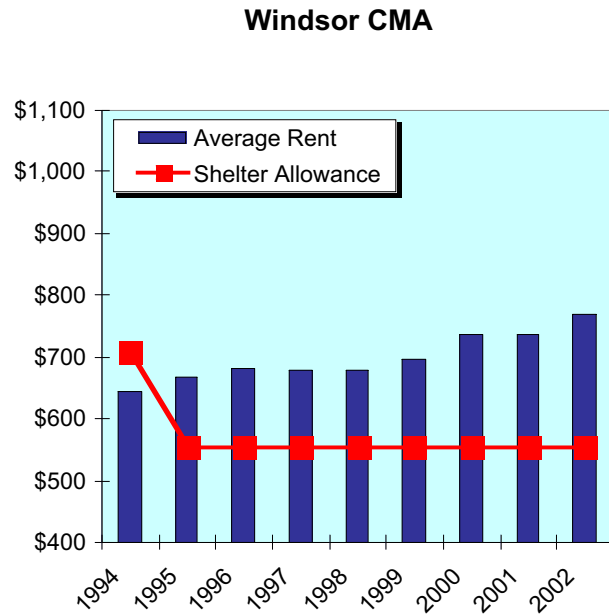
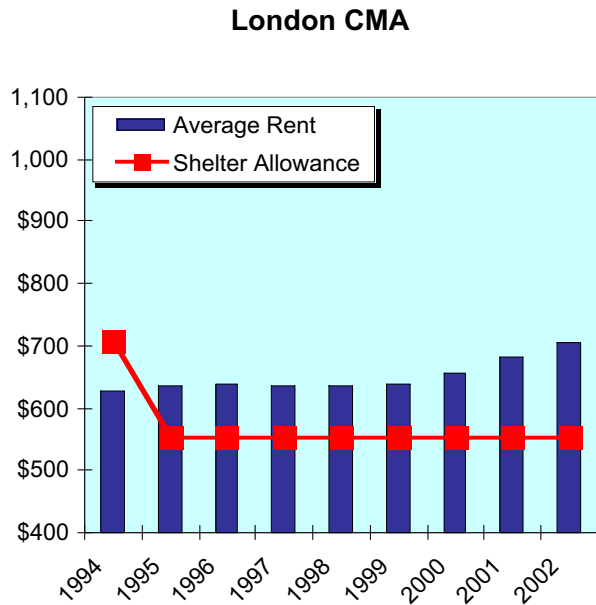
*Difference between shelter allowance and average rent



Figure 1: Comparison of Average Rent to Shelter Allowance, 1994-2002
Family of Three; 2 Bedroom Apartment

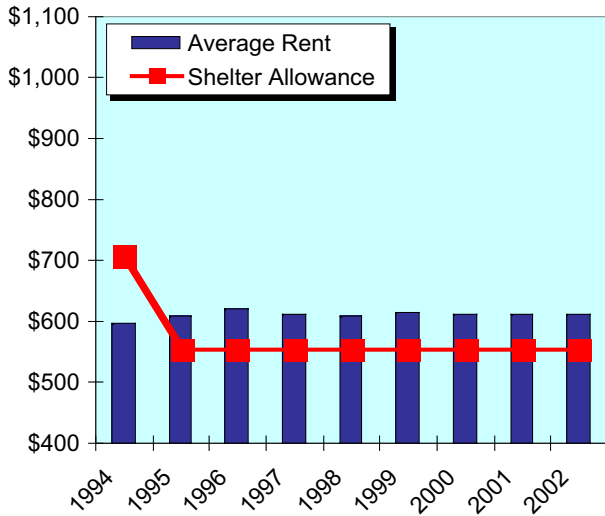


*Toronto CMA is comprised of most of the GTA, including the City of Toronto, Peel Region (Mississauga/Brampton), York Region (Richmond Hill/Vaughan/Aurora), parts of Durham Region (Pickering/Ajax) and parts of Halton Region (Oakville/Milton).

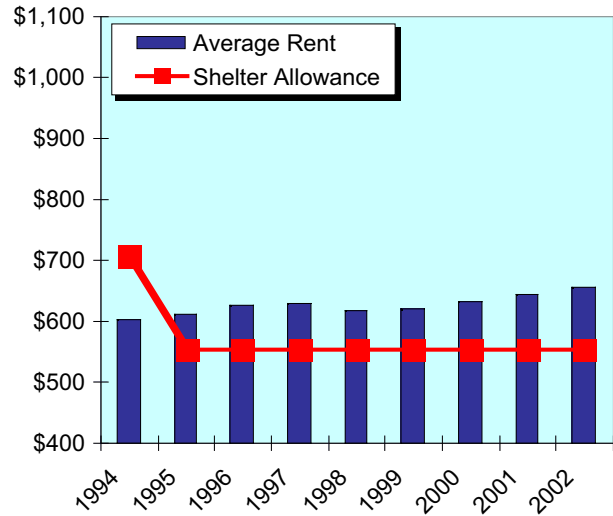




Sault Ste. Marie CA



North Bay CA



Sources: Canada Mortgage and Housing Corporation, Rental Market Survey Reports; Ontario Ministry of Community, Family and Children's Services

Shelter Allowance: 1995-2002

The shelter allowance maximum in Ontario was quite generous prior to the 21.6% cut implemented by the Harris government (see Table 2). Of the 19 municipalities and municipal regions surveyed here, fifteen had a shelter allowance maximum that allowed recipients to rent an above-average priced apartment in that city. This ranged from a high of 122% of the average rent in Owen Sound to a low of 103% in Oshawa. Four had a shelter allowance lower than the average rent, with Barrie and Ottawa just slightly under their respective averages. Toronto and Peel Region (which are both considered part of the Toronto CMA for the CMHC's purposes) had the lowest shelter allowance as a percentage of average rent, at 88% and 85% respectively.

While it was arguable that the shelter allowance was overly generous in certain cities prior to 1995, Harris' Conservative govern-

ment immediately slashed benefit rates upon its election, bringing the shelter allowance below the average rent in each city surveyed. It should also be clear from reading Table 2 that the across-the-board cut the Conservatives imposed was ham-fisted. A targeted cut that lowered the shelter allowance in those cities where it was above local average rents, combined with the maintenance of rates in those cities where it was below, could have reduced welfare expenditures without imposing so severe a hardship. While this would not have prevented the profoundly negative effects the cut produced, it would have mitigated their impact somewhat, particularly in those regions where the shelter allowance was already inadequate to meet the local cost of rent.

With welfare rates frozen since the cut in 1995, and rents skyrocketing as a result of the TPA, the capacity of welfare recipients to meet their rent costs has eroded quickly (see Figure 2).



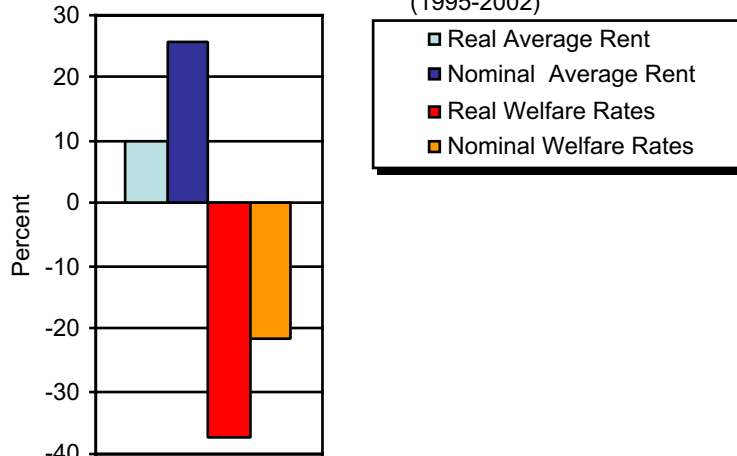
Table 2: Shelter Allowance as a Percentage of Average Rent; Single, Two Children; 2 Bedroom Apartment

City	1995 Pre-Cut/Post Cut	2002	City	1995 Pre-Cut/Post-Cut	2002
Barrie	99% / 78%	63%	Peel Region	85% / 67%	55%
Guelph	110% / 86%	69%	Peterborough	110% / 86%	77%
Hamilton	115% / 90%	72%	St. Catharines	119% / 93%	80%
Kingston	112% / 88%	76%	Sarnia	118% / 92%	88%
Kitchener	115% / 90%	67%	Sault Ste. Marie	116% / 91%	91%
London	112% / 87%	79%	Sudbury	114% / 89%	86%
North Bay	115% / 90%	84%	Thunder Bay	107% / 84%	84%
Oshawa	103% / 80%	68%	City of Toronto	88% / 69%	53%
Ottawa	96% / 75%	60%	Windsor	106% / 83%	72%
Owen Sound	122% / 96%	82%			

Note: 85% of average rent is often referred to as the minimum required to adequately cover shelter costs (see note 39).

Source: Calculated by authors from Canada Mortgage and Housing Corporation Rental Housing Reports .

Figure 2: % Change in Average Ontario Rent vs. % Change in Welfare Rates (1995-2002)



Source: CMHC Rental Market Reports

By 2002 the cities surveyed above can be grouped into three categories. The first is cities where the shelter allowance is shockingly low, reaching almost *half* the average rent. This group would include Ottawa and the GTA. These regions are in desperate need of a significant dollar value increase in the shelter allowance (as much as 60% in some cases just to reach 85% of average rent) to ensure those on assistance are able to pay their rent.

Barrie would just be on the cusp of this group.³⁵

The second group is comprised of middle-sized cities and would include Guelph, Hamilton, Kitchener-Waterloo, London and Windsor, among others. Their percentage is higher than the first group, but still below the 85% of the local average rent standard often referred to as minimally adequate to cover housing costs. These cities also require an



increase in the shelter allowance in the range of 25%.

The final group consists of cities whose average rents already fall within the 85% threshold, and would include Sault Ste. Marie, Sarnia and Sudbury. Ontario Works recipients in these cities would derive greater benefit by an increase in the basic needs allowance.

Basic Needs Allowance: Food or Shelter, But not Both

The basic needs portion of the welfare cheque is to be used for all non-rent related expenses such as clothing, food, transportation, medicine, children’s school supplies, etc. As discussed above, in cities such as Ottawa, Barrie and the GTA, average rents far exceed the shelter allowance, forcing welfare recipients to use significant amounts of the basic needs

allowance just to keep a roof over their heads. What is left must be rationed between all other living costs.

But even if the current shelter allowance covered rents, the total amount received for basic needs fails to cover all non-rent living costs. Ontario’s Ministry of Health mandates that public health units in each municipality across the province calculate the cost of a nutritious food basket that measures the minimum cost of healthy eating in communities around Ontario.

Table 3 compares the cost of the nutritious food basket in selected Ontario cities with the current basic needs allowance. As mentioned above, the basic needs portion of the welfare cheque is meant to cover *all* non-rent costs, not just food. But as Table 3 indicates, in cities such as Ottawa and Thunder Bay, the basic needs allowance a single welfare recipient, for example, receives does not even cover the monthly cost of nutritious food in those

Table 3: Basic Needs Allowance vs. Cost of a Nutritious Food Basket in Selected Cities, 2002

Household Size	Monthly Basic Needs Allowance (\$)	Monthly Cost of Nutritious Food Basket in Selected Ontario Cities (\$) +						Amount Left for all Non-Food Expenses Per Month (\$)					
		Windsor	London	North Bay	Ottawa	Thunder Bay	Toronto	Windsor	London	North Bay	Ottawa	Thunder Bay	Toronto
Single*	195.00	179.16	179.26	179.66	218.67	199.13	185.38	15.84	15.74	15.34	- 23.67	- 4.13	9.62
1 Adult/1 Child**	446.00	209.00	213.72	219.57	263.15	241.58	220.72	237.00	232.28	226.43	182.85	204.42	225.28
2 Adults/2 Kids***	576.00	499.38	507.22	515.88	574.00	569.00	523.93	76.62	68.78	60.12	2.00	7.00	52.07

Source: The cost of the Nutritious Food Basket in each community comes from documents received from the public health unit in each community.

*Refers to a single male between the ages of 25 and 49.

**Refers to a single female, aged 25 to 49 and a child between ages 4 and 6.

***Refers to a man and women between the ages of 25 and 49, a boy aged 13 and a girl aged 8.

+Ontario’s Ministry of Health mandates that public health units in communities across the province calculate the cost of a nutritious food basket that measures the cost of healthy eating based on recommendations set by *Canada’s Food Guide to Healthy Eating* and *Nutrition Recommendations*. The selection of foods included in the Nutritious Food Basket is based on nutrient value, and is chosen according to the lowest available price in several different grocery stores.



cities. A family of four in those cities has just \$2 and \$7, respectfully, for all other monthly basic needs once the cost of the nutritious food basket is deducted.

While Table 3 reveals the inadequacy of the current basic needs allowance, it also indicates that the level of the allowance has been set arbitrarily. While the allowance minimally covers the costs of food for a single person in Windsor, London, North Bay and Toronto, it provides a slightly larger after-food income to a family of four in those cities and a considerably larger after-food income for a household of one adult and one child. The amount of these after-food incomes appears to be random: logic would dictate that the after-food income of a household of four, which is likely to have greater clothing, transportation, medical and other living costs, should be greater than that for a household of two. Instead, as Table 3 indicates, a household of four faces a desperate struggle to meet non-food related living expenses.

The apparent random, illogical nature of the allowance levels reflects their failure to consider actual costs of living *and* the household size of recipients. As mentioned above,

the *Transitions* report highlighted the necessity of raising welfare rates to meet costs of living and to peg those rates to market-based baskets of goods and services for different households. When the Conservative government cut welfare rates by 21.6% in 1995, rates had not yet been fully pegged to market values by the previous government. Thus the 21.6% cut greatly exacerbated the inadequacy of the basic needs allowance and the random effects of the illogical levels of the rates.

This inadequacy is further evidenced when the costs of basic items other than food are considered. Table 4 shows the average expenditures on certain basic household items in Ontario, Toronto and Ottawa. These are the average expenditures for all households in these locations, including middle and high income households. Thus, some (i.e. the clothing and household furnishings/equipment) may be skewed higher than actual costs facing low-income households as they are likely to include purchases of non-essential items. Nevertheless, the public transportation, health care and personal care costs do indicate the inadequacy of the basic needs allowance to meet after-food basic needs.

Asma lives with her 8 year old daughter. She has a total monthly income of \$957. Her rent is \$760.

I know how to do very well with very little. My mother taught me this. I buy what I can in bulk, like rice or flour. The rest of my money I spend carefully, a little at a time, to make it last. I try to buy what fresh food I can with this. Some things, like juice, are very expensive.

Overall, I do very well with the little I have. I know how to feed myself and my child. I have good business skills, and learned these in my country before I came to Canada.

I do not want social assistance. I want a job. I have training and experience. Did I go to school for so many years for nothing?

So many people struggle. Things are very tough. I know many people, who even when they speak English well and have much training, cannot find work. How come it is so very hard to find a job here?



Table 4: Average Household Expenditures on a Sample of Items, 2001

A Sample of Household Items	Ontario* (ave. household size 2.7)		Toronto+ (ave. household size 2.8)		Ottawa+ (ave. household size 2.5)	
	Average monthly expenditure per household (\$)	Average monthly expenditure per person/household (\$)	Average monthly expenditure per household (\$)	Average monthly expenditure per person/household (\$)	Average monthly expenditure per household (\$)	Average monthly expenditure per person/household (\$)
Clothing	224.75	83.24	260.42	93.01	252.42	100.97
Health Care	99.00	36.67	98.33	35.12	124.00	49.60
Personal Care	87.42	32.38	97.67	34.88	89.50	35.88
Household Furnishings/Equipment	160.67	59.51	160.50	57.32	224.75	89.90
Public Transportation**	Variable by city	Variable by city	--	98.75/adult	--	60.50/adult

*Source: Statistics Canada: Average Household Expenditures, Provinces and Territories, 2001. Available at

www.statcan.ca/english/Pqdb/famil16c.htm

**Source: City of Toronto and City of Ottawa Public Transportation Services web sites, respectively. Refers to a regular, adult monthly fare for monthly transit pass.

+Source: Statistics Canada: Average Household Expenditures, Selected Metropolitan Areas, 2001. Available at www.statcan.ca/english/Pqdb/famil10c.htm

As Table 4 shows, the average Torontonians, for example, spends \$220.33 for clothing, health care, personal care and household furnishings/equipment each month. An additional \$98.75 is required for public transportation. However, as Table 3 indicates, a single person receiving welfare has just \$9.62 per month in his/her basic needs allowance once low-cost nutritious foods have been purchased. Moreover, neither a household of one adult and one child receiving welfare (which has \$225.28 after purchasing nutritious food) nor a household of two adults and two kids receiving welfare (with a monthly after-food income of \$52.07) would be able to cover the average *single* Torontonians' basic costs. Similarly, in Windsor, London and North Bay, a household of one adult and one child would be able to afford the after-food basic costs of the average *single* Ontarian (\$211.80/month) *only* if transportation costs are *not* considered.

Conclusion: Increasing Rates, Restoring the Cut and Indexing to the Cost of Living

Ontario's welfare system is broken.

As such, we recognize the need for a radical overhaul of the current system so that social assistance and income programs meet the diverse needs of low income households and are part of a broader policy strategy that reduces poverty. A new system must:

- replace the current “quickest route to employment” approach with one that recognizes the diverse needs of people and the variety of circumstances that lead to the need for assistance;
- eliminate the lifetime ban on social assistance benefits;
- remove compulsory work requirements as a condition for receiving assistance;
- contain more flexibility in educational options while on assistance;



- be delivered within a framework that minimizes systemic stigmatization and upholds the dignity of the recipient;
- be built upon the principle that all citizens have a basic right to income support, that assistance be based on need and that social assistance rates reflect the cost of living.

But given the inadequacy of current rates, halting and beginning to turn around the erosion of welfare incomes under the Harris-Eves government is the immediate objective of the OAB.

It is proposed here that the basic needs allowance be returned to its 1994 level to restore the 21.6% cut in 1995. We acknowledge that even Conservative MPPs at the time argued that 1994 rate levels were inadequate. Yet we believe that increasing rates to 1994 levels is politically and fiscally possible today, and would provide significant economic relief to welfare recipients. It is further proposed that the cost of inflation since 1994³⁶ be added to this new level. As Tables 5, 6 and 7 show, this change would provide a significant boost to the monthly purchasing power of welfare recipients, while costing the province approximately \$464 million.

Secondly, while we believe the long-term solution to persistent housing insecurity is a truly affordable housing program geared to low-income Ontarians, we do recognize that immediate basic needs of Ontario Works recipients and children in particular must be met. If Ontario Works recipients are expected to pay market rents for their housing, then they must be provided the tools to afford that housing.

We propose eliminating the flat shelter allowance rate currently used in Ontario and replacing it with a rate that is variable by location and is tied to the prevailing average rents in each city. Only by tying the shelter allowance to local rental market conditions can an adequate allowance that accommodates the vast differences in rent levels be provided. This is consistent with recommendations made in both the *Golden Report* and the Coroner's Inquest into the death of Kimberly Rogers. Further we propose setting the new shelter allowance rate to 85% of the average CMHC rent in each city.³⁷ This proposed increase would more than cover the current rent paid by most families in Ontario, while costing the province \$150 million in the first year.

Tracy and her husband live with their two children. Their total monthly income is \$1140. They pay \$875 a month for rent.

We manage somehow. My husband and myself are not big eaters. We eat simple meals so the kids don't go without.

I think social assistance should look more at each individual situation. Everybody's different. This system is not helping.

My husband lost his job. So now we get no money for him. He's back training, but it may be a while before he gets a pay cheque. He still needs to eat. We all still have to eat.

Sure it's nice to have a few things that help out when you actually get a job, but what you really need is extra support at that time. There are things that could be made better for people, and other ways could be looked at for doing this. I have some ideas. Why doesn't anyone ever ask me?



Table 5: Cost of the Proposed Increases to the Shelter and Basic Needs Allowances

	2003	2004
Shelter Allowance Increase (to 85% of each local rent)	\$150 million	\$100 million
Basic Needs Allowance Increase (1994 levels + inflation)	\$464 million	\$35 million
Total	\$614 million	\$135 million

Table 6: Immediate Impact of the Proposed Increase for an Average Family on Ontario Works (Monthly)*

City	Single with 2 children			Couple with 2 children		
	Shelter	Basic Needs	Total	Shelter	Basic Needs	Total
London	\$0.00	\$269	\$269	\$157	\$323	\$480
Ottawa	\$0.00	\$269	\$269	\$158	\$323	\$481
Peel	\$196	\$269	\$465	\$298	\$323	\$621
Sault	\$0.00	\$269	\$269	\$0.00	\$323	\$323
Toronto	\$146	\$269	\$415	\$244	\$323	\$567
Windsor	\$100	\$269	\$369	\$141	\$323	\$464

*Amounts based on actual rent paid by Ontario Works recipients in each city, as stated in note 34. The shelter allowance for Sault Ste. Marie is already above 85% of local average rent. Recipients would therefore not see any change.

We recognize that these two measures are first steps. However, full restoration of the lost purchasing power of Ontario Works will not happen overnight. This proposal is immediately do-able and will provide much needed short-term relief to the financial pressures that place welfare recipients in housing and food insecurity as alternatives to the current system are vetted.

The cost calculation for the shelter allowance in 2003-2004 is based on the amount required to cover the actual rent paid by Ontario Works recipients in five regions where caseload data was available (Toronto, Peel Region, Windsor, Ottawa and London).³⁸ These five regions comprise 53% of the Ontario caseload and results from these regions are extrapolated over the entire province. It is assumed that the immediate impact of the increase will be to cover the rent currently

being paid by OW recipients. The year 2004-2005 cost projections assume that the rents paid by social assistance recipients will progressively approach the new shelter allowance maxima as recipients move from substandard and/or overcrowded housing into more suitable accommodations or receive rent increases in their current housing. The maximum possible cost is estimated to be \$455 million. These costs would be lower if accompanied by the new affordable housing program proposed in the 2003 Ontario Alternative Budget, which envisages creating 75,000 affordable rental units over the next five years.

The cost for the basic needs allowance increase is calculated as follows: We used the welfare caseload breakdown by household size that was available in four Ontario municipalities (Toronto, Peel Region, Ottawa and Windsor). These municipalities represent 49% of



Table 7: Maximum Potential Value of the Increase (Monthly)*

City	Single with 2 children			Couple with 2 children		
	Shelter	Basic Needs	Total	Shelter	Basic Needs	Total
London	\$45	\$269	\$314	\$163	\$323	\$486
Ottawa	\$237	\$269	\$506	\$358	\$323	\$681
Peel	\$336	\$269	\$605	\$463	\$323	\$786
Sault	\$0.00	\$269	\$269	\$0.00	\$323	\$323
Toronto	\$336	\$269	\$605	\$463	\$323	\$786
Windsor	\$100	\$269	\$369	\$168	\$323	\$491

*Assuming full amount of the new shelter allowance maxima.

the entire provincial welfare caseload. The current welfare rate for each household was returned to 1994 levels, then inflation was added to those 1994 levels. The total cost to raise the basic needs allowance to levels proposed here (\$464 million) is an estimation based on an extrapolation of the cost in these four municipalities across the province. The cost for 2004-2005 is the anticipated inflationary adjustment for that year.

Both cost calculations assumed a constant caseload based on September 2002 data provided by Ontario's Ministry of Family, Community and Children's Services. Significant changes up or down in the total caseload will serve to increase or decrease the cost projections.

Note About Stories

The personal stories of individuals that appear throughout this paper are actual experiences collected in food banks and community agencies across Toronto in support of Toronto's Pay the Rent and Feed the Kids campaign. Pay the Rent and Feed the Kids is a province-wide campaign calling for increases to welfare rates so they meet the cost of living. Thanks go to Catherine Melville, staff at Flemingdon Neighbourhood Services, Toronto and those who shared their stories.



Appendix A: Current Maximum Welfare Rates in Ontario

Household Size	Basic Needs Allowance (\$)	Shelter Allowance (\$)	Total (\$)
Single	195.00	325.00	520.00
Two Adults	390.00	511.00	901.00
One Adult/One Child (12yrs and younger)	446.00	511.00	957.00
One Adult/One Child (13yrs and older)	486.00	511.00	997.00
One Adult/Two Children (12yrs and younger)	532.00	554.00	1,086.00
One Adult/Two Children (13yrs and older)	608.00	554.00	1,162.00
One Adult/Three Children (12 yrs and younger)	632.00	602.00	1,234.00
One Adult/Three Children (13yrs and older)	744.00	602.00	1,346.00
Two Adults/One Child (12yrs and younger)	476.00	554.00	1,030.00
Two Adults/One Child (13yrs and older)	512.00	554.00	1,066.00
Two Adults/Two Children (12yrs and younger)	576.00	602.00	1,178.00
Two Adults/Two Children (13yrs and older)	648.00	602.00	1,250.00
Two Adults/Three Children (12yrs and younger)	676.00	649.00	1,325.00
Two Adults/Three Children (13yrs and older)	784.00	649.00	1,433.00



Endnotes

- ¹ Michael Oliphant is the Policy Advocate and Chris Slosser is the Manager of Research and Public Education at Toronto's Daily Bread Food Bank. Since 1987, the Daily Bread Food Bank has conducted an annual survey of food recipients at food banks across greater Toronto to gain a thorough understanding of the issues and barriers facing low-income households. The collected data form the bases for a series of policy papers and public education materials used for advocacy purposes.
- ² Quoted in "Tiny welfare raise 'vicious,' NDP told," *Toronto Star*: Thursday, January 28, 1993, p. A12.
- ³ Ontario Association of Food Banks 2000. *Common But Senseless: Hunger in Ontario in the Year 2000*. Toronto, p. 1
- ⁴ For example, see: *Ottawa's Community Action Plan to Prevent and End Homelessness: 2002-2005*, City of Ottawa, October 2002; *Social and Health Issues Report 2001*, City of Hamilton: November 2001; *Community Plan on Homelessness in London*, City of London: October 2001; *A Place Called Home: A Community Plan to Address Homelessness in Windsor and Essex County*, City of Windsor: February 2001; *Report of the Mayor's Homelessness Action Task Force (The Golden Report)*, City of Toronto: January 1999.
- ⁵ Hansard: Monday, December 2, 2002.
- ⁶ City of Toronto 2002. *Survey of People Leaving Ontario Works: Key Findings and Implication*.
- ⁷ *2002 Annual Report of the Provincial Auditor of Ontario*. S. 3.01: Ontario Works Program, p. 36
- ⁸ Ontario Association of Food Banks 2002. *The Food Bank Report: Food Bank Assistance in Ontario, 2002*.
- ⁹ *2002 Annual Report of the Provincial Auditor of Ontario*. S. 3.02: Corporations Tax, p. 8
- ¹⁰ *Verdict of the Coroner's Jury Into the Death of Kimberly Ann Rogers*. Recommendations 1 and 4.
- ¹¹ We use 1994 as a benchmark for two reasons. First, we propose rates be returned to 1994 levels to restore the 21.6% rate cut in 1995. As Cam Jackson argued in 1993, we acknowledge that even the restoration of rates to 1994 levels is not enough. But it represents a moderate first step that we feel is politically and fiscally possible while providing considerable economic relief to welfare recipients. Second, we argue that the cost of inflation from 1994 be added because 1993 represents the last time welfare rates were increased to meet rising living costs due to inflation.
- ¹² United Nations Committee on Economic, Social and Cultural Rights, 1998. *Submissions to the Committee on Economic, Social and Cultural Rights by the Charter Committee on Poverty Issues*. November 16. Available online at <http://www.equalityrights.org/ngoun98/ccpi.htm#part2>; Also see Klein, Seth and Barbara Montgomery 2001. *Depressing Wages: Why Welfare Cuts Hurt Both the Welfare and Working Poor*. Ottawa: Canadian Centre for Policy Alternatives p. 7
- ¹³ Klein, Seth and Barbara Montgomery 2001. *Depressing Wages: Why Welfare Cuts Hurt Both the Welfare and Working Poor*. Ottawa: Canadian Centre for Policy Alternatives, p. 7
- ¹⁴ Ibid.
- ¹⁵ Status of Women Canada. *The Insertion Model or the Workfare Model? The Transformation of Social Assistance within Quebec and Canada*. Government of Canada. Available at http://www.swc-cfc.gc.ca/pubs/0662323467/200209_0662323467_2_e.html.
- ¹⁶ Ibid.
- ¹⁷ Ibid.
- ¹⁸ National Council of Welfare 1997. *Another Look at Welfare Reform*. Ottawa: National Council of Welfare. Available at www.ncwcnbes.net/htmldocument/reportanolook/repanolook.htm#TOP.
- ¹⁹ In 1991, the new government's Advisory Group on New Social Assistance Legislation published a report, called Back on Track, outlining recommendations for the governments social assistance programs. Most of that report's 88 recommendations were taken from the *Transitions* report. For more information see Status of Women Canada. *The Insertion Model or the Workfare Model? The Transformation of Social Assistance within Quebec and Canada*. Available at http://www.swc-cfc.gc.ca/pubs/0662323467/200209_0662323467_2_e.html.
- ²⁰ National Council of Welfare 1997. *Another Look at Welfare Reform*. Ottawa: National Council of Welfare. Available at www.ncwcnbes.net/htmldocument/reportanolook/repanolook.htm#TOP.
- ²¹ Status of Women Canada. *The Insertion Model or the Workfare Model? The Transformation of Social Assistance within Quebec and Canada*. Government of Canada. Available at http://www.swc-cfc.gc.ca/pubs/0662323467/200209_0662323467_2_e.html
- ²² Ibid.
- ²³ Excluding Canada's Territories, according to Statistics Canada, in 2001 Ontario had the second highest level of average household expenditures (including shelter, food, clothing and other household expenses),



- at \$64,375 per year, in the country. Alberta had the highest (\$65,767) and Newfoundland and Labrador had the lowest (\$46,646). For more information see Statistics Canada's web site at www.statcan.ca/english/Pgdb/famil16c.htm
- ²⁴ Statistics Canada, CPI Ontario, 1992=100; 1995=104.3; 2002=120.1.
- ²⁵ Ontario's Ministry of Health mandates that public health units in communities across the province calculate the cost of a nutritious food basket that measures the cost of healthy eating based on recommendations set by *Canada's Food Guide to Healthy Eating* and *Nutrition Recommendations*. The selection of foods included in the Nutritious Food Basket is based on nutrient value, and is chosen according to the lowest available price in several different grocery stores. For more information see "The Cost of the Nutritious Food Basket in Toronto – 2002" available on the City of Toronto's web site, http://www.city.toronto.on.ca/health/pdf/nutritious_food_basket.pdf.
- ²⁶ National Council of Welfare 1997. *Another Look at Welfare Reform*. Ottawa: National Council of Welfare. Available at www.ncwcnbes.net/htmldocument/reportanolook/repanolook.htm#TOP.
- ²⁷ Other possible income sources include various allowances (i.e. a winter clothing allowance, a back-to-school allowance, the Canada Child Tax Benefit, the federal GST credit, provincial tax credits) that may be available to welfare recipients in Ontario depending on eligibility.
- ²⁸ For most Ontario Works recipients, this means the cost of rent in the private rental market. Fully 95% of OW recipients in Ontario are tenants. Of these 82% live in the private rental market while only 18% live in subsidized housing. Source: June 2002 quarterly report of OW/ODSP cases and beneficiaries by accommodation types, Statistics and Analysis Unit, Social Assistance and Employment Opportunities Division, Ministry of Community and Children's Services.
- ²⁹ See Steele, Marion 1995. *Two Kinds of Canadian Housing Allowance, 1980-1993: An Evaluation*. Centre for Urban and Community Studies, University of Toronto.
- ³⁰ See Shapcott, Michael. "State of the Crisis, 2003: Ontario housing policies are de-housing Ontarians." Ottawa: Canadian Centre for Policy Alternatives.
- ³¹ *Tenant Protection Act, 1997*.
- ³² Toronto, London and Peel numbers are the median rent paid in market rental housing by Ontario Works recipients in those family sizes. Sources: City of Toronto (October 2002), City of London (February 2003), Region of Peel (January, 2003). Ottawa figure based on median rent paid by Ontario Works recipients in market rental and subsidized housing combined. As a result this number is understated. Source: City of Ottawa (March, 2003). Windsor figure based on mean rent of Ontario Works recipients in market rental housing. Source: City of Windsor (February, 2003).
- ³³ Daily Bread Food Bank, Annual Survey of Food Recipients, 2002.
- ³⁴ See note 4.
- ³⁵ These three municipal regions are also the only ones whose average rents currently exceed the provincial average: Barrie: \$832; GTA: \$975; Ottawa: \$836; compared to Ontario: \$815.
- ³⁶ Statistics Canada, CPI Ontario, 1992=100; 1994=101.8; 2002=120.1
- ³⁷ This is similar to the *Golden Report* recommendation. *Golden* however advocated the shelter allowance be raised to 85% of median market rents defined by Statistics Canada's Household Income, Facilities, and Equipment (HIFE) data. Since HIFE includes the entire rental market universe, including second suites and basement apartments, its averages tend to be lower than the CMHC's, which only surveys apartment buildings of three units or more. The proposal here is therefore more generous than *Golden's* recommendation.
- ³⁸ See note 34.

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