**Ontario**

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**Components of welfare incomes**

Households that qualify for basic social assistance payments also qualify for other financial support including:

* GST/HST credit
* Provincial/territorial tax credits or benefits
* Federal and provincial/territorial child benefits (for households with children)
* Recurring additional social assistance payments (for example, an annual back-to-school allowance)

Together, these combine with basic social assistance payments to form the total welfare income of a household. Households may receive less if they have income from other sources, while some households may receive more if they have special health- or disability-related needs.

The table below shows the value and components of welfare incomes for four household types living in Toronto in 2017.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Single person considered employable** | **Single person with a disability** | **Single parent, one child** | **Couple, two children** |
| Basic social assistance | $8,517 | $13,628 | $11,652 | $14,535 |
| Additional SA benefits |  |  |  |  |
| Federal child benefits |  |  | $6,400 | $10,800 |
| Provincial child benefits |  |  | $1,367 | $2,734 |
| GST credit | $278 | $364 | $702 | $848 |
| Provincial tax credits/benefits | $666 | $691 | $1,015 | $1,628 |
| Total 2017 income | **$9,461** | **$14,682** | **$21,136** | **$30,545** |

In Ontario, all of the example households received Ontario Works (OW) except the single person with a disability, who received Ontario Disability Support Program (ODSP) benefits. Basic social assistance rates increased by 2 per cent in September 2017 for ODSP recipients, and by 2 per cent in October 2017 for OW recipients.

While none of the household types received additional social assistance benefits, they all benefited from the Ontario Trillium Benefit, a provincial tax credit. Households with children also received the Ontario Child Benefit which, in July 2017, increased from $113 to $114.83 per month per child.

Total welfare incomes in Ontario ranged from $9,461 for a single person considered employable to $30,545 for a couple with two children.

**Changes to welfare incomes**

There was only one substantive change that affected welfare incomes in Ontario in 2017. This was the first full year that the Canada Child Benefit was paid, resulting in higher welfare incomes for the two household types with children.

The graphs below show how the total welfare incomes for each of the four illustrative household types have changed over time. The values are in constant 2017 dollars, taking into account the effect of inflation.

* In the late 1980s and early 1990s, the welfare incomes of a single person considered employable and a single person with a disability saw regular increases.
* The welfare incomes of single persons considered employable dropped substantially in 1995, due to a cut of 21.6 per cent to benefit rates. For the next 13 years, rates were frozen and continued to erode in value as prices increased. Since 2009, welfare incomes have been gradually increasing, and in 2017, a single person considered employable received up to $9,461. But this remains notably below the levels of the early 1990s.
* Single persons with disabilities also saw the value of their welfare incomes erode throughout the 1990s to the late 2000s. In 2017, the maximum welfare income for single persons with disabilities stood at $14,682.
* Welfare incomes for households with children mirrored the pattern of singles, showing early increases followed by a sharp decrease in 1995, a continuing downward trend for the next decade, and then gradual increases.
* The maximum welfare incomes of households with children started to rise in 2015, largely as a result of changes to federal child benefits.
* In 2017, a single parent with a two-year-old child received a maximum of $21,136 in welfare income. A couple with two children aged 10 and 15 received $30,545.

**Adequacy of welfare incomes**

The adequacy of a household’s total welfare income can be assessed by comparing it to a set threshold of low income. In Canada there are [three commonly used measures](https://maytree.com/publications/how-do-we-measure-poverty/):

1. The Market Based Measure of poverty (MBM), which the National Poverty Strategy set as the official poverty measure, identifies households whose disposable income is less than the cost of a basket of goods and services that represent a basic standard of living.
2. The Low Income Measure of poverty (LIM) identifies households whose income is substantially below what is typical in society (less than half of the median income).
3. The Low Income Cut-Off measure (LICO) identifies households that are likely to spend a disproportionately large share of their income on the necessities of food, clothing, and shelter.

The table below shows how welfare incomes in Ontario for the four household types compared to the three low income thresholds (after tax). The LICO and MBM thresholds are for Toronto, the largest city in Ontario.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Single person considered employable** | **Single person with a disability** | **Single parent, one child** | **Couple, two children** |
| Total welfare income | $9,461 | $14,682 | $21,136 | $30,545 |
| ***MBM*** |  |  |  |  |
| MBM threshold (Toronto) | $21,069 | $21,069 | $29,796 | $42,138 |
| Welfare income minus MBM threshold | -$11,609 | -$6,387 | -$8,660 | -$11,593 |
| Welfare income as % of MBM | 45% | 70% | 71% | 72% |
| ***LIM*** |  |  |  |  |
| LIM threshold (Canada-wide) | $23,020 | $23,020 | $32,555 | $46,039 |
| Welfare income minus LIM threshold | -$13,559 | -$8,337 | -$11,419 | -$15,494 |
| Welfare income as % of LIM | 41% | 64% | 65% | 66% |
| ***LICO*** |  |  |  |  |
| LICO threshold (Toronto) | $20,998 | $20,998 | $25,555 | $39,701 |
| Welfare income minus LICO threshold | -$11,538 | -$6,316 | -$4,419 | -$9,156 |
| Welfare income as % of LICO | 45% | 70% | 83% | 77% |

For each household type the maximum welfare income fell below all of the low income measures. As a proportion the biggest gap was for single adults considered employable — their welfare income was 45 per cent or less of the low income thresholds. The smallest gap was for the single parent with one child, ranging between 65 and 83 per cent of the low income thresholds.