



ACHIEVING INCOME ADEQUACY

OBJECTIVE: Adopt a definition of income adequacy, initially set as the Low-Income Measure used by Ontario's Poverty Reduction Strategy, and make a public commitment to achieve that goal over 10 years.



A critical element in solving poverty is making sure people have enough income to afford the modern necessities of life—the things that are needed to be emotionally and physically healthy and connected to the world. For this to happen, all components of the income security system need to work in concert to ensure a Minimum Income Standard for every person and family, through wide-ranging supports available to all low-income people and programs that make sure no one is left behind.

SETTING A GOAL FOR INCOME ADEQUACY

Recommendation 1: Adopt a Minimum Income Standard in Ontario to be achieved over the next 10 years through a combination of supports across the income security system.

It is critical that income adequacy be defined. Without an accepted definition of adequacy, it is hard to know where people stand, determine the depth of their deprivation or measure their progress. Defining adequacy by setting a provincial Minimum Income Standard that can be achieved over time will provide a measurable and transparent objective for the income security system. The intent is that this standard be used to compare against the sum of income supports available to individuals from all programs, not just social assistance or other specific programs. The standard needs to account for the cost of living in different



areas, including remote areas. In seeking an adequate standard of living, the focus is on a full package of reforms that support social and economic inclusion.

Achieving this goal of adequacy requires a broad income support lens that includes the range of municipal, provincial and federal programs to which people have access, including child tax benefits, housing supports, refundable tax credits, social assistance and core health benefits.

Looking at what is available to individuals from social assistance and tax benefits, against the current Market Basket Measure⁷⁴, shows just how far many people are from being able to buy the goods and services needed to achieve even an adequate standard of living. As will be discussed later, the Market Basket Measure needs revisions to provide a completely accurate comparison of the costs of living. The figure on the following page provides a starting point for this comparison.

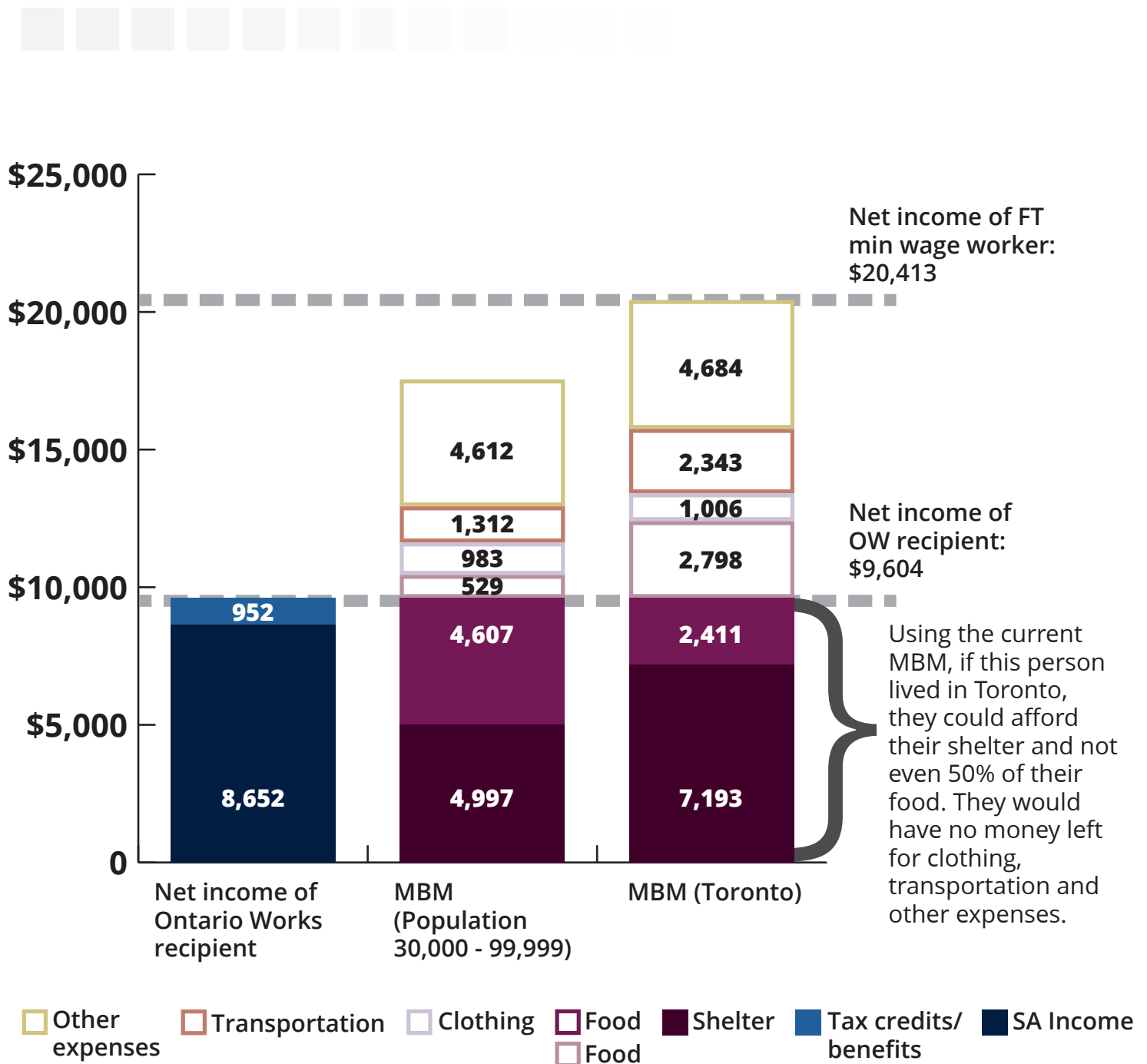


When you do not have enough income to afford even the most necessary essentials of life, like a home or a meal or a way to get around in your community, it is almost impossible to improve your circumstances. You will likely find that your health worsens, you become increasingly detached from the world of work, and social isolation and stigma deepen.

It is long past time for investments to be made so that all individuals, particularly those in deepest poverty, have more to live on and a better chance to participate in their communities.

74 The current Market Basket Measure was developed in 2012. It is based on the cost of a specific basket of goods that represent a basic standard of living. It has been criticized for not being regularly updated (e.g., it does not include a smart phone or data plan as a basic necessity, which it has increasingly become), and the price of some goods, in particular shelter, has been questioned. It also does not include remote regions in its design

COMPARISON OF THE NET INCOME OF A SINGLE INDIVIDUAL ON ONTARIO WORKS AND THE MARKET BASKET MEASURE (MBM)



DETAILED RECOMMENDATIONS

1.1

The Province should publicly commit to a Minimum Income Standard that will be achieved over a 10-year period (by 2027–28).

- The Minimum Income Standard should initially be established at the Low-Income Measure currently used by Ontario's Poverty Reduction Strategy (LIM-50 linked to a base year of 2012), plus an additional 30% for persons with a disability, in recognition of the additional cost of living with a disability. See **Appendix B** for the PRS LIM level for different family sizes.

1.2

Begin work immediately to define a made-in-Ontario Market Basket Measure that would include a modern basket of goods, with prices reflecting true costs, and adjusted for all regions in the province, including the remote north. The measure will be used in evaluating progress towards the Minimum Income Standard, and potentially revising or replacing the PRS LIM as the measure used to set the standard. The made-in-Ontario Market Basket Measure could also be used to guide and evaluate investment decisions over the long term.

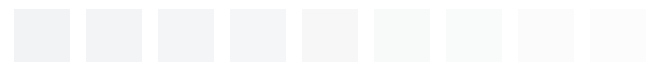
1.3

Implement the recommendations in the Roadmap to move toward adequacy in the income security system by 2027–28.



ENGAGING THE WHOLE INCOME SECURITY SYSTEM

OBJECTIVE: Leverage the whole income security system, current and future, so that programs work together to help all low-income people achieve social and economic inclusion.



Providing supports outside of social assistance allows for the targeting of programs to those who need them—whether they are experiencing housing affordability challenges, are raising children or have high health costs. By introducing new programs, or expanding on current successful programs, we can ensure a broad low-income population is supported, whether or not they are receiving social assistance. Evidence shows that this approach works, and the intention is to build upon the success of children's benefits and Healthy Smiles Ontario in reaching more of those in need, and also build on the expected impact of the recently announced pharmacare program for children and youth age 24 and under that will be implemented in 2018. By phasing in changes over 10 years it is possible to make a renewed commitment to the low-income population that can be built upon in the future. The following recommendations aim to do just that. However, there are other actions needed that go beyond the income security system. For example, federal, provincial and municipal governments along with private partners must work harder to bring down the cost of transportation and increase access to public transportation, and address food security issues so people have access to healthy, affordable and culturally appropriate food.

Some First Nations people do not currently qualify for some of the income tax-based programs. In other cases, First Nations people qualify but have barriers to access and enrolment because they do not normally access the tax system. It is important to put measures in place and alter programs as needed to ensure that First Nations have access to these benefits and are in fact receiving them⁷⁵.

75 Indian Act (1876). Section 87: Taxation, found online at <http://laws-lois.justice.gc.ca/eng/acts/I-5/page-12.html#h-35>, on July 21, 2017



ONTARIO HOUSING BENEFIT

Recommendation 2: Introduce a housing benefit to assist all low-income people with the high cost of housing, whether or not they receive social assistance, so they are not forced to choose between a home and other necessities.

It is recognized that more housing is needed for low-income people. Ontario's housing crisis is too big to be fixed by construction and repair alone. While there is no one solution to this complex issue, there clearly must be initiatives beyond the supply side that assist people directly with the housing costs they face right now.



Housing is an enormous financial pressure facing many people. While housing is clearly a necessity, a safe and affordable place to live is out of reach altogether for many individuals and families.

The government has made a good start in responding to these needs through a Portable Housing Benefit that provides ongoing assistance to approximately 1,000 survivors of domestic violence each year. However, from a broader income security perspective, this work needs to be complemented by the introduction of a universal, income-tested portable housing benefit as one way to put more money in people's hands to deal with high housing costs, and bring them closer to the goal of income adequacy.

Providing households with direct financial help with the cost of housing will begin to improve the well-being of a large number of Ontario households and take an important step towards eliminating deep core housing need in the near-term.

The Canada Mortgage and Housing Corporation (CMHC) considers a household to be in core housing need if “its housing falls below at least one of the adequacy, affordability or suitability standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable.” Households that would have to spend 50% or more are sometimes described as being in deep core housing need.



There are important points to consider in the design of a portable housing benefit:

- Housing costs and availability vary greatly across geographic areas and between regional boundaries. A portable housing benefit needs to be responsive to these variations in order to best target resources to people who are most in need.
- To be most effective and efficient, the housing benefit must be easy to apply for and offer reasonable stability. The tax system as a mechanism for delivering the benefit is the most clearly efficient option. However, it raises issues with respect to responsiveness that must be addressed, including sudden, severe changes in housing need (e.g., a catastrophic change in income, fleeing domestic or family violence), and meeting the needs of people who do not file taxes or who are homeless or at risk of homelessness. No matter how it is delivered, there must be a clear and easy-to-use process that can be used to maximize access to this important benefit.
- Once implemented, the impact of a housing benefit must be understood overall, and different populations must inform any adjustments that may be needed to the initial design to make sure the benefit is producing the intended results.



- People must be able to access a straight-forward and effective process for resolving disputes, regardless of the delivery mechanism used.
- People in core housing may either rent or own their homes. In some communities, like those in rural settings, there is no robust rental market to speak of and home ownership may be the only available option. While housing prices in these communities may be relatively more affordable than in large urban centres, affordability is still a challenge when other costs like electricity, energy and property taxes are factored in. While a portable housing benefit is believed to be a viable tool to help renters, it may not be the best solution for addressing the needs of home owners. As such, further work is needed in the housing sector to explore approaches to supporting home ownership where most appropriate.
- The housing benefit should not exclude First Nations people living in poverty in First Nations communities (on-reserve). Lack of access to adequate housing on-reserve is a critical issue. Ontario must work with First Nations and the federal government to provide the benefit (or a functional alternative) in a way that includes First Nations.

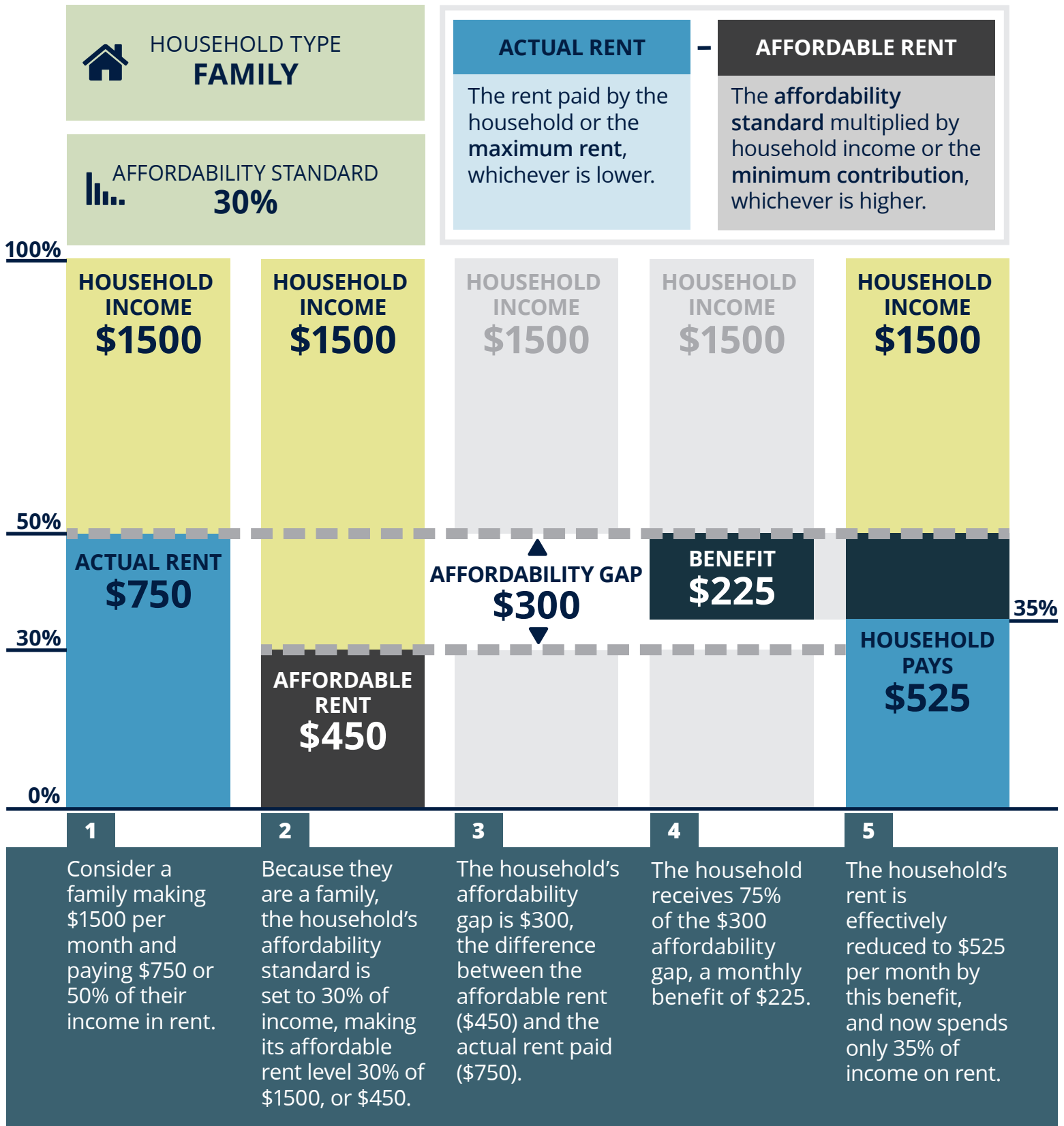
Based on these considerations, it is recommended that the Province start with a portable housing benefit for renters that fills some portion of the difference (i.e., “the gap”) between household income, how much is expected to be spent on rent and the actual housing cost. The importance of moving quickly to provide some relief to those in deep core housing need is seen as paramount. As such, there is value in introducing the benefit even if it starts out at a very modest level.

HOW THE PROPOSED PORTABLE HOUSING BENEFIT WORKS

This illustration describes the proposed Ontario Housing Benefit using an example of how the benefit would work for a specific household.



$$\text{MONTHLY BENEFIT} = \text{GAP COVERAGE} * \text{AFFORDABILITY GAP}$$





"I've been waiting for housing for five years and they tell me it's another 10 years wait. All the money I get goes to rent."

~ Anonymous⁷⁶

It is important to remember that housing is not a provincial issue alone. The federal government has consulted on a National Housing Strategy and recently committed several billion dollars over 10 years to affordable housing. In addition, the federal Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) recent report *Breaking the Cycle: A Study on Poverty Reduction* includes several recommendations intended to address housing issues including, in partnership with provinces and territories, the creation of a national portable housing benefit.

DETAILED RECOMMENDATIONS

2.1

Confirm the design and implementation details for a universal, income-tested portable housing benefit for people who rent their homes.

2.2

Implement the portable housing benefit in 2019–20 at a modest “gap coverage” of 25%, with the gap defined as the difference between the actual cost of housing and a minimum household contribution given household income.

⁷⁶ Respondent to *Who's Hungry*, the Daily Bread Food Bank Annual Report on Hunger in Toronto, 2016

2.3

Increase gap coverage to 35% in 2020–21 and continue to increase gap coverage, reaching 75% by or before 2027–28.

2.4

First Nations need to be meaningfully included in the housing benefit and may need modifications or an alternate benefit to ensure it works in the reserve context.

INCOME SUPPORT FOR CHILDREN

Recommendation 3: Continue to move income support for children outside of social assistance so all low-income families can benefit fully, regardless of income source. Ensure supports are sensitive to the needs of children and youth who are at greater risk.

The Ontario Child Benefit (OCB) has shown that providing financial help with the cost of raising children through a universal, income-tested benefit that does not distinguish between the family's source(s) of income reaches more people in need in a way that is easy, reliable and does not create any risk of stigma.

It is time for Ontario to take the last steps in its journey towards merging income support for children under age 18 into the OCB. With the transformation of the social assistance structure ([see A Transformed Social Assistance Structure, page 112](#)), distinct supplements for children will be necessary in the first three years. This is because the current social assistance rates still include amounts for children but the new flat rate will not. In order for parents not to be worse off, they will need a supplement on a transitional basis. Looking ahead, there will be an opportunity to attach the remaining supplement to the OCB in a way that targets extra support to the lowest-income families.

While the OCB works well for most children, there are issues with respect to access to the benefit for families with precarious immigration status, and for those who have catastrophic in-year income changes. It is important that these issues are addressed by the federal government to ensure equitable access to this important benefit.



Children who are being cared for by someone other than their parent(s) are often coping with upheaval and emotional trauma. Making sure caregivers in these situations have better access to responsive financial help is critical to restoring some stability in children's lives. While the current Temporary Care Assistance (TCA) program in social assistance provides financial assistance for children in these situations, it must be renamed, made more effective and better aligned with support available to foster parents.

Local delivery partners need clear flexibility to determine where the TCA is best accessed. This might be through an Ontario Works office, which is the case today, or it might be through family services workers or other community partners. Both Ontario Works providers and family services workers should be offered regular learning and development opportunities to promote access to this benefit in Indigenous and other communities.

Policy was recently clarified to make clear that families receiving social assistance should continue to receive income support pertaining to their children in situations where TCA is being provided or where a child is temporarily removed from the home and placed in the care of kin, an alternative caregiver or a Children's Aid Society. This is a positive step towards better supporting family reunification through greater income adequacy. It also recognizes that systemic racism in the child protection system has resulted in Indigenous children being removed from their homes because they are struggling financially.

Young adults who have been living in the child protection system are particularly vulnerable when they make the transition from crown wardship to adulthood. A consistent message from youth aging out of care, supported by extensive research and analysis over many years, is that these young persons are a particularly at-risk group who are disproportionately represented within social assistance. A recent study has found that unemployment and underemployment is higher among youth who age out of care than among their peers and others from disadvantaged backgrounds. Evidence also suggests that the majority of youth who age out of care are living in poverty⁷⁷.

77 "Exploring Youth Outcomes After Age-Out of Care" by Jane Kovarikova, Office of the Provincial Advocate for Children and Youth, April 24, 2017

Children's Aid Societies should be held to a high standard of trust when they take on the permanent care of a child and undertake to act in the child's best interests. This includes an expectation that every effort be made to make the transition to adulthood a successful one. The Child, Youth and Family Services Act, 2017 raises the age of protection from 16 to 18 years. This means that many youth will transition at a later and more mature age, when the chances of success are greater. In addition, the legislation requires that Children's Aid Societies continue to offer care and support, including connecting youth to education, housing and employment programs, to individuals beyond their 18th birthday. Income security reform can build on these positive steps by ensuring these young adults are a priority in the transformation of social assistance programs, and by requiring Children's Aid Societies to place funds from the federal Children's Special Allowance (CSA) into a savings programs, an approach already used with the Ontario Child Benefit Equivalent (OCBE).

With the government's history of treatment of Indigenous children, and with the recent Canadian Human Rights Tribunal decision on discrimination against First Nations children on-reserve, steps must be taken to ensure that history does not repeat itself. History has shown us that Indigenous children have been taken away from their families and communities and placed within Residential Schools (church-operated boarding schools) to be taught a way of life different to their own. Indigenous children have also been mistreated within the child welfare field where prevention programs have been underfunded on-reserve and children have been too often removed from their homes and placed in non-Indigenous homes.

In First Nations communities, child care resources are needed when parents are involved in initiatives that will support children's paths to well-being.





When a child is in the care of a Children's Aid Society (CAS), Canada Child Benefit payments to the parent(s) cease and the CAS can apply for the Children's Special Allowance (CSA)—these payments are equivalent to the federal child benefit and must be used exclusively towards the needs of the child in respect of whom it is paid. There is no requirement for the CAS to save any of these funds to support the youth when transitioning from care. A payment similar to the CSA is made in respect of the provincial child benefit; this is called the Ontario Child Benefit Equivalent (OCBE). For youth 15 years and older who have been in the care of the CAS for 12 or more consecutive months, the OCBE funds must be put into a savings program to be given to the youth when transitioning from care.

While it is positive to continue to move child benefits out of social assistance, more work needs to be done to ensure that First Nations are not excluded. When benefits are no longer provided through social assistance, they are typically provided through the tax system, and require the recipient to complete an annual tax return. Many First Nations people are not in the practice of completing tax returns, because in many cases if their income is earned on a reserve it is exempt from tax. Plus, if a person is receiving social assistance, they may not realize the benefit or necessity of completing a tax return. A recent review by the Toronto Star found that about half of eligible First Nations recipients of the Canada Child Benefit were not receiving this benefit because they did not know about it and had not filed a tax return to receive it⁷⁸. The OCB is equally affected by this problem. Consistent and culturally appropriate outreach needs to be available in First Nations communities, with learning and development for appropriate staff and assistance available in the completion of tax returns, to ensure that all eligible children are receiving the benefits they are supposed to receive.

78 Toronto Star, "Indigenous children on reserves miss out on child benefit", July 20, 2017. Please see: <https://www.thestar.com/news/canada/2016/07/20/indigenous-children-on-reserves-miss-out-on-child-benefit.html>

DETAILED RECOMMENDATIONS

3.1

Provide bridging child supplements within social assistance to ensure families are not worse off during the transition, as the social assistance structure is transformed to include flat rates.

3.2

Re-brand the Temporary Care Assistance program to focus on child well-being, increase the amount of income support provided to better align with foster care levels, and provide clear flexibility for Ontario Works Administrators to determine where it is best accessed.

3.3

Shift the remaining amounts paid in respect of children's essential needs in social assistance to the Ontario Child Benefit as a supplement targeted to the lowest-income families.

3.4

Require Children's Aid Societies to place Children's Special Allowance payments into a savings program for youth in care 15 years and older so the funds can be disbursed to the youth when transitioning from care.

3.5

Provide support to all low-income people, including those living in First Nations communities, to ensure that benefits paid through the tax system are accessed and equitably received.



WORKING INCOME TAX BENEFIT

Recommendation 4: Work with the federal government to enhance the effectiveness of the Working Income Tax Benefit so that it plays a greater role in contributing to income adequacy for low-income workers in Ontario.

The federal Working Income Tax Benefit (WITB) is a refundable tax credit provided to eligible low-income workers. It has two stated policy objectives:

1. Help low-income individuals transition from social assistance to employment, and
2. Provide additional encouragement to low-income workers to strengthen their participation in the labour market.

While the WITB can play an important role in Ontario's income security system, its significance has decreased over time because the program has remained relatively static despite changes in other areas of the income security landscape. It is also too modest to play a significant role in supplementing the earnings of low-income workers.

In 2016, it took a single individual without children approximately 624 hours of work throughout the year (or 12 hours of work per week) at the minimum wage to have enough earnings to reach the maximum WITB. After net income of about \$11,675, the amount of the benefit began to decline, tapering out after net income of about \$18,529. Although the WITB will be increased to help offset the cost of additional contributions made by low-income workers to the Canada Pension Plan enhancement, much more could be done to assist individuals as they gain a stronger foothold in the labour market. The bottom line is that despite the stated objectives of the WITB, it does not assist many individuals to exit social assistance.

As further changes that affect the income security system are anticipated (e.g., the proposed changes to the social assistance rate structure as noted in this Roadmap and the recently proposed minimum wage increases in Ontario),

the need for action on the WITB becomes even more important. Ontario should work with the federal government, consistent with the recommendations of the previously mentioned HUMA report, to enhance the WITB so that it better meets its objectives in the context of today's labour market. Such changes will help ensure that the WITB remains an important part of the income security system.

In addition, it may be difficult for some First Nations people to access the WITB. This is because individuals are required to file their income tax returns, as well as fill out the WITB Schedule, to receive the benefit. To help First Nations people better access income supports like the WITB, outreach and support about the benefits available through the tax system is required. Alternative ways of delivering the WITB also need to be considered.

DETAILED RECOMMENDATIONS

4.1

The federal government enhance the WITB so that it better reflects the realities faced by low-income workers in Ontario. This should include examining:

- The level of earnings at which an individual begins receiving the WITB and how the WITB is adjusted when earnings increase, including the threshold at which the WITB begins to be reduced.
- The overall amount of support provided through the WITB.
- The net income at which individuals are no longer eligible to receive the WITB.
- Outreach, support and any alternative delivery required to ensure that the WITB is accessible to First Nations individuals.



CORE HEALTH BENEFITS

Recommendation 5: Make essential health benefits available to all low-income people, beginning with ensuring those in deepest poverty have access to the services they need.

Getting a prescription for medication to address a medical problem is of no use if the cost of the prescription means it goes unfilled. Finding a job or having the confidence and self-esteem to engage with peers and the community is difficult for someone who has had to have their teeth removed and can't afford dentures. Not being able to afford eyeglasses or hearing devices can lead to isolation and an inability to take part in the community or the workforce. Being unable to afford the cost of travelling to see a health care professional creates a barrier to diagnosis and treatment.

These are among the many reasons why the provincial government has put in place programs like Healthy Smiles Ontario and the Ontario Drug Benefit Program. These programs respectively provide access to dental care for children and youth and prescription drug coverage to seniors, children and youth aged 24 and under, and people receiving social assistance. It is also why some municipalities find money in their budgets to cover dentures, and why social assistance programs provide help with medical transportation costs.

Unfortunately, thousands of people who are surviving on low or even moderate incomes still have limited or no access to health services like dental or vision care. Some individuals and families fear leaving social assistance and the security they feel from having access to health benefits that are only available in social assistance. Steps need to be taken to introduce new health benefits so that all low-income individuals and families are able to access the health services and products they need to be healthy, confident and well-positioned to actively engage in their communities and employment.

First Nations, whether living on- or off-reserve and regardless of their Indian Act status, must have equal access to all existing and new benefits that Ontario's health care system provides. Discrimination must be avoided in all cases, and when a child is affected, Jordan's Principle should be honoured to avoid any denial, delay or disruption in service due to jurisdictional questions.

DETAILED RECOMMENDATIONS

5.1

Expand access to mandatory core health benefits to all adults receiving Ontario Works and adult children in families receiving ODSP, and add coverage for dentures (including initial and follow-up fittings) for all social assistance recipients.

5.2

Expand existing and introduce new core health benefits for all low-income adults over the next 10 years starting with the expansion of prescription drug coverage to adults 25 to 65, followed by:

- Expanding Healthy Smiles Ontario to adults age 18 to 65 and adding dentures as part of the benefit.
- Designing and implementing a new vision and hearing benefit for low-income individuals and families.
- Expanding access to medical transportation benefits.

5.3

Review the Assistive Devices Program to ensure the program is maximizing its reach to low-income people, both in terms of the list of devices that are covered and the maximum coverage.

ACCESS TO JUSTICE

Recommendation 6: Procedural fairness should be embedded in all aspects of the income security system through adequate policies, procedures, practices and timely appeal mechanisms.



A key strength of Ontario's current social assistance programs is clear rights of appeal to the Social Benefits Tribunal (the Tribunal)—a process that is accessible, fair, transparent and, for the most part, timely. Interim benefits are available while waiting for a decision so that people are not put at greater risk when there is a dispute over their eligibility for benefits. It is also important to note that court decisions have made it clear that, when interpreting social assistance legislation, a broad and liberal approach is necessary and that any ambiguity should be resolved in favour of the person seeking benefits. The Tribunal applies this approach by taking a holistic view of the individual's circumstances. For example, the Tribunal can consider hardship and fairness in ordering that an overpayment not be recovered.

While tax-delivered benefits like the Canada Child Benefit and OCB have positively enhanced Ontario's income security safety net, there needs to be a better process to resolve disputes for benefits delivered through the tax system. The Canada Revenue Agency objection process is cumbersome and difficult to understand. Tax court is not an easily accessible appeal process, nor does the court have the jurisdiction to offer important remedies such as overpayment forgiveness or emergency relief regardless of the circumstances. This is particularly challenging for people who may be reliant on the benefit income to pay rent and buy food or are victims of fraud or abuse.

As child benefits are now a larger proportion of low-income family budgets, and tax-system delivery is considered for possible future benefits ([see Ontario Housing Benefit, page 74](#)), it is critical that low-income people who rely on these income benefits for essential needs have access to a fair, transparent and efficient appeal process.

DETAILED RECOMMENDATION

6.1

Request a research body such as the Law Commission of Ontario or an academic institution review the existing appeal process for tax-delivered benefits and develop recommendations for enhanced or new mechanisms that support fair, transparent and efficient access to those benefits and appeal processes.

AN ASSURED INCOME FOR PEOPLE WITH DISABILITIES

The next section of the Roadmap, “Transforming Social Assistance”, includes recommendations for better supporting people with disabilities. The two main recommendations are:

Recommendation 9: Maintain and strengthen ODSP as a distinct program for people with disabilities. Ensure that both ODSP and Ontario Works are well equipped to support people with disabilities in meeting individual goals for social and economic inclusion.

Recommendation 10: Co-design an “assured income” approach for people with disabilities.

The co-design process will involve people with disabilities, advocates and front-line workers in developing an income-tested assured income approach to deliver financial support to people with disabilities. In the new model, front-line ODSP workers will have an important role in supporting people’s goals and aspirations, whether for education, employment or community involvement.

Assured income will be a departure from viewing financial support to people with disabilities as a type of “welfare” with the stigma that often accompanies it. It will provide often lifelong eligibility to benefits that people can access when they need them, recognizing the need to move safely into employment and back to the program as circumstances change.

