



# How to make Ontario's Budget 2018 the Income Security Budget

Maytree submission to the Ontario  
2018 pre-budget consultation

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To the Honourable Charles Sousa, Minister of Finance:

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

We are pleased to offer comments and recommendations for consideration in the development of the 2018 Ontario budget. As the provincial government reviews the Income Security Working Groups' Roadmap for Change, Budget 2018 is the opportunity to put a down payment on realizing the vision of income security for all Ontarians. To that end, we offer our advice on how this budget can improve four aspects of income security that can make our social contract more resilient. These areas are:

1. Modernizing Ontario's response to working poverty
2. Protecting the poorest from falling further behind
3. Delivering housing affordability by investing in supply and demand
4. Preparing for the future by renewing investment in care and carers

## **1. Modernizing Ontario's response to working poverty**

With the federal government announcing a \$500 million annual increase to funding for the Working Income Tax Benefit (WITB) in its 2017 Fall Economic Update, on top of the \$250 million already confirmed as part of the CPP enhancement, federal spending on WITB will increase by 65 per cent in 2019.<sup>1</sup> This investment presents an opportunity for the province to customize WITB to ensure the additional funds are effectively used to benefit the lives of lower-income working Ontarians.

One of the goals of WITB is to reduce working poverty and to help overcome the “welfare wall” where people lose support from benefits as they start to work. But currently WITB is not designed to provide workers

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<sup>1</sup> Department of Finance Canada, “Backgrounder: Enhancing the Working Income Tax Benefit,” October 2017 [https://www.fin.gc.ca/n17/data/17-103\\_2-eng.asp](https://www.fin.gc.ca/n17/data/17-103_2-eng.asp)

with the financial support they are entitled to as and when it is needed; by default this help is provided with a one-year delay after the next year's tax returns are filed.<sup>2</sup> With an estimated 30 per cent of workers in Ontario in precarious work, and with non-standard employment rising,<sup>3</sup> we need to be better at supporting working people with low and fluctuating incomes to make ends meet. The WITB investment offers the government an opportunity to modernize the way the province supports low-income workers to become more responsive to their needs.

We recommend that the province use Budget 2018 to announce a taskforce that will review WITB alongside the tax credits paid to low-income workers to assess how these supports can be made more responsive, and provide recommendations on how a “made-in-Ontario” WITB should be designed. This will better equip our social contract to support lower income workers in the face of a changing labour market.

## 2. Protecting the poorest from falling further behind

The Roadmap for Change highlighted that social assistance levels in Ontario are inadequate, particularly for working-age individuals.<sup>4</sup> Single working-age adults account for over a fifth of people in poverty in the province.<sup>5</sup> The support available to those individuals through social assistance in 2016 totalled \$9,178 a year, which amounts to only 41 per cent of the poverty line.<sup>6</sup>

Part of the reason that social assistance rates remain at these low levels is that there is no mechanism to ensure their values keep up with the basic costs the support is intended to cover. Instead social assistance levels are subject to political discretion and support for working-age adults has been allowed to deteriorate, particularly for people with disabilities.

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2 Bonnie Mah, “What does the Working Income Tax Benefit do for low-income workers?,” March 2017 <https://maytree.com/publications/working-income-tax-benefit/>

3 C. Michael Mitchell and John C. Murray, “The changing workplaces review: An agenda for workplace rights,” May 2017 [https://files.ontario.ca/books/mol\\_changing\\_workplace\\_report\\_eng\\_2\\_0.pdf](https://files.ontario.ca/books/mol_changing_workplace_report_eng_2_0.pdf)

4 “Income Security: A Roadmap for Change,” October 2017 <https://www.ontario.ca/page/income-security-reform>

5 Statistics Canada, CANSIM table 206-0041 (using LIM50 poverty in 2015)

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

The government concedes that we need to “fundamentally reform the income security system, including the transformation of social assistance, to ensure all individuals are treated with respect and dignity.”<sup>7</sup> It can demonstrate a commitment to this by **boosting the levels of support through Ontario Works (OW) and the Ontario Disability Support Program (ODSP) in Budget 2018, and putting forward legislation to guarantee that levels of OW and ODSP remain in line with need** (e.g., increase in line with inflation at a minimum).

The federal government demonstrated sound judgment in the 2017 Fall Economic Update announcing that the Canada Child Benefit would be indexed to inflation.<sup>8</sup> Now is the time for the province to do the same for working-age adults, protecting the poorest in society from further deterioration in their incomes. Maintaining the status quo means allowing the poorest in society to become worse-off.

### **3. Delivering housing affordability by investing in supply and demand**

The link between income insecurity and unaffordable housing is growing stronger in Ontario. The number of households in core housing need in the province rose by 130,000 in the five years to 2016,<sup>9</sup> driven by affordability issues. This problem requires action both to increase the supply of affordable housing and to alleviate demand.

The commitment by the federal government as part of the National Housing Strategy to a new Canada Housing Benefit designed and delivered in partnership with provinces provides Ontario with an opportunity to jumpstart a housing benefit that exists outside of social assistance, as recommended by the Income Security Working Groups’ Roadmap for Change. Moving the housing benefit out of social assistance should make it easier to access and more effective in design, allowing people to access support with their housing costs swiftly when it is needed. A flexible and

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7 Ministry of Community and Social Services, “Working Groups Deliver Roadmap for Income Security Reform,” November 2017 <https://news.ontario.ca/mcss/en/2017/11/working-groups-deliver-roadmap-for-income-security-reform.html>

8 Department of Finance Canada, “Backgrounder: Strengthening the Canada Child Benefit,” October 2017 [https://www.fin.gc.ca/n17/data/17-103\\_1-eng.asp](https://www.fin.gc.ca/n17/data/17-103_1-eng.asp)

9 Statistics Canada, National Household Survey 2011 and Census of population 2016 <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>

responsive housing benefit can break the link between a fall in income and housing insecurity, making life more manageable for low-income families.

The federal government's ten-year funding pledge towards a housing benefit and the Income Security Roadmap make Budget 2018 the opportune time to announce the **creation of an Ontario housing benefit program outside of social assistance** that would be available to Ontarians in housing need more broadly. Unlike the existing portable housing benefit framework, it is important that this policy be **accompanied by funding to ensure that it reaches those in housing need not served by current systems**. By matching federal ambition with further provincial investment, there is an opportunity to make substantial progress towards the vision of the Long-Term Affordable Housing Strategy.

On the supply side, Budget 2018 should be used to **designate funding and develop a policy framework to create non-profit housing with long-term affordability in the context of new municipal inclusionary zoning bylaws**.<sup>10</sup> The provincial government showed ambition and leadership in passing the *Promoting Affordable Housing Act* at the end of 2016. This Act paved the way for municipalities to implement inclusionary zoning policies that can begin to address the shortfall of affordable housing in Ontario. But further provincial investment is needed to allow inclusionary zoning to provide sorely needed rental housing options that remain affordable in the long term. Without this funding, there is a real risk that inclusionary zoning will only result in affordable ownership options which, while useful, do not serve those most in need. Budget 2018 is an opportunity to ensure that the government's legislative progress on inclusionary zoning actually delivers the affordable housing Ontario needs.

## **4. Preparing for the future by renewing investment in care and carers**

Managing the growing need for care is one of the province's hidden challenges. As the population ages, the province needs to maximize participation in the labour force at a time when an increasing number of

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10 Hannah Aldridge and Noah Zon, "A missed opportunity: Ontario's proposed inclusionary zoning regulations," January 2018 <https://maytree.com/publications/missed-opportunity-ontarios-proposed-inclusionary-zoning-regulations/>

working-age individuals provide care for sick or elder loved ones. As the 2015 investment in home and community care expires,<sup>11</sup> Budget 2018 is the time to make a renewed commitment to support people needing care and the family carers who provide it.

As an immediate first step towards improving the income security of family carers, the province should **make the new Ontario Caregiver Tax Credit refundable**. By introducing the tax credit in 2017 the government recognized the importance of the services family carers provide and the financial sacrifice they often make. But in making the tax credit non-refundable, the government effectively excluded those carers making the biggest financial sacrifices from benefiting from it. Budget 2018 is an opportunity to make a small adjustment that will make a big difference to family carers most in need.

While the challenge of care will not be solved in a simple tax credit change, Budget 2018 can set us on the path towards finding solutions. With that in mind, it should commit to a long-term investment in **supporting people in need of care and family carers**. This should start with a review of the financial supports available — alongside federal supports such as EI special benefits — that identifies the ways existing gaps can be filled.

## Moving forward

Budget 2018 offers the opportunity to commit to public policy improvements that will transform the lives of low-income Ontarians, making our social contract more resilient and leading to better outcomes.

The role of the budget is to invest in our wellbeing and ensure our future growth. We believe that this growth should be inclusive with the benefits shared across all Ontarians. While Ontario has recently been able to grow at a faster rate than all G7 countries,<sup>12</sup> it is important that the benefits of this do not go exclusively to the few; low-income workers, unpaid family carers, and those excluded from the labour market should benefit too.

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11 Ministry of Health and Long-Term Care, “Patients First: A Roadmap to Strengthen Home and Community Care,” May 2015 <https://news.ontario.ca/mohltc/en/2015/05/patients-first.html>

12 Ministry of Finance, “Ontario’s Economic Growth Outpaces G7 Countries,” February 2017 <https://news.ontario.ca/mof/en/2017/02/ontarios-economic-growth-outpaces-g7-countries.html>

With poverty linked to negative and costly outcomes, an investment in the income security of these groups is an investment in the future prosperity of all of Ontario.

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