

Hamilton Roundtable for Poverty Reduction

**MAKING
HAMILTON**
the best place
to raise a child.

Response to the Commission for the Review of Social Assistance in Ontario: Approaches for Reform

March 16, 2012

**Hamilton Roundtable for Poverty Reduction
Social Assistance Reform Working Group**

Response Edited by

Laura Cattari
Dave Cherkewski
Craig Foye
Dr. Peter Graefe
Nella Roque

Advisory Working Group Members

Peter Hutton, Working Group Chair
Denise Arkell
Bill Medeiros
Ismail Ibrahim
Sandy Leyland
Maureen Leyland
Kerry Lubrick
Lauren Marela
Tom Mobley
Susan Muma
Anne Newbigging
Sally Palmer
Ursula Samuels
Pat Schlett
Diane Yent
Howard Elliott, Chair - Hamilton Roundtable for Poverty Reduction
Tom Cooper, Director - Hamilton Roundtable for Poverty Reduction

Discussion Paper 2: Approaches for Reform

By Commission for the Review of Social Assistance in Ontario

The Hamilton Roundtable was founded in 2005 to tackle the City's unacceptable levels of poverty. Our members come from across Hamilton and include leaders from the business and non-profit sectors, from government, education and faith communities as well as individuals who experience daily poverty. Our goal is to reduce and eliminate poverty through the aspiration of making Hamilton the Best Place to Raise a Child. We work locally, provincially and nationally on policy and systems-level change to achieve long-term solutions to poverty. Given that many of the people in our community living in poverty receive their core income through Ontario Works (OW) and the Ontario Disability Supports Program (ODSP), the reform of these programs with an eye to poverty reduction and elimination is a central concern to us and as a key priority to the community.

The members of the Hamilton Roundtable for Poverty Reduction read the Commission's second discussion paper, *Approaches for Reform*, with much anticipation. Let us put our cards on the table. Social assistance is a very significant issue of public policy for our community. In Hamilton, roughly 59,000 individuals are in receipt of Ontario Works or Ontario Disability Support, which is about 12% of our population. The current system of social assistance in Ontario has been a failure. Too many individuals are falling through cracks, are not provided

This is having a profoundly negative impact on the health of individuals, families and communities.

If we are to reduce poverty in Ontario and in our community, social assistance must be boldly improved. As such, we embrace the Commissioners' call to make significant changes to social assistance, and are willing to continue to work with the Commission on changes that will reduce poverty in our community. A chance to rethink our social assistance system, like that presented by this Commission, comes around once in a generation, and must be seized. The stakes are simply too high.

We welcome the Commission's invitation to comment on *Approaches to Reform*. Some of its questions and suggestions provide optimism that a better way of making social assistance work for people and for government can be found. At the same time, many stakeholders at the Roundtable were profoundly disappointed that its contents seemed far removed from the feedback received during community consultations. In terms of the consultation held by the Commission in Hamilton July 4th, 2011 and of the Roundtable's own initial submission to the Commission, the *Approaches* paper seems to have missed the point. Other stakeholders were anticipating receiving more specific recommendations regarding benefits for discussion than were provided in the *Approaches* paper.

*Hamiltonians were deeply concerned that poverty reduction as a guiding value seems to be absent when approaching social assistance reform in Ontario. While the Commission finds its origins in the provincial poverty reduction strategy of December 2008, *Breaking the Cycle*, there is no clear indication how the approaches set out by the Commissioners would reduce or even put a dent in poverty. The words “poverty reduction” appear three times in the paper, “reducing poverty” but once. The Commission’s first discussion paper, *What we heard*, made clear that reducing poverty by increasing adequacy was a persistent theme across the province, and it certainly was front and central when the Commissioners visited our community on July 4, 2011, and when the Hamilton Roundtable submitted its brief to the Commission. All three parties in the legislature, through their support for Bill 152, *The Poverty Reduction Act*, signalled that Poverty Reduction was a purpose and goal of government in this province. **In preparing its final report, we strongly urge that the Commission give far greater attention to poverty reduction, especially as the Approaches paper itself notes that it is a stated goal of the Ontario government.***

The one path to poverty reduction set out in the paper involves improving access to training and labour market placement services. There is a mix of positives and negatives that we will address in our discussion of chapter one, below. We support the Commission’s insistence on finding ways of doing training and work placement that are more efficient and effective, and which properly reward and respect the efforts and achievements of people receiving social assistance. Yet, while training and placement better will help specific people on social assistance, it is not a poverty-reduction panacea. We would note that even C.D. Howe Institute social policy scholar John Richards, who supported benefit cuts and the stringent work requirements in the 1990s, now argues that “welfare-to-work” programming has reached its limit as a means of addressing poverty, and that more complex and expensive responses are needed in the face of the complex barriers facing current recipients. Indeed, speaking of programming for people in the “persons with disabilities” category, he argues that a “prosperous society should be prepared to spend generously.”¹

We understand that reforms to social assistance alone are probably not the only way to achieve greater poverty reduction. Strengthened housing, childcare, anti-violence, mental health and addictions programs could shrink the need for social assistance, as would living wages and better labour standards. The *Approaches* paper rightly raise these issues, and in our view should say more about them, since they provide the context that either enables or prevents the Commissioner’s proposed changes from achieving their intended effects.

¹ See John Richards, “Reducing Lone Parent Poverty: A Canadian Success Story,” *C.D. Howe Institute Commentary*, no. 305, June 2010, p. 8. http://www.cdhowe.org/pdf/commentary_305.pdf

However, as this is a Commission on social assistance, the question of poverty reduction needs to pay greater attention to adequacy. The Commission must be aware that individuals and families living on social assistance in Ontario are existing in the deepest poverty in our society. To side-step the question of adequate rates, without providing a credible poverty reduction alternative, is to ignore the many voices that spoke up for adequacy in the Commission's public hearings. And it ensures that the Commissioners' claims for making significant changes ring hollow for the stakeholders from many different walks of life that make up the Hamilton Roundtable for Poverty Reduction.

It is for these reasons and other discussed in Chapter 2, that the Commission should re-consider the recommendation to create an evidence-based, Social Assistance Rates Board that determines minimum rates based on the costs of living in Ontario's communities.

In what follows, we discuss the *Approaches* paper, relating the content of the paper to what was heard in the public consultations (including in our brief to the Commission), and answering relevant questions raised by the paper. There are some good things in the discussion paper that we highlight below, as well as our points of disagreement and disappointment. If this Commission is to deliver the major change that its Commissioners wish to see, it is clear that the final report must more closely respond to the hopes raised in the earlier *What We Heard* discussion paper, and indeed by the more than two hundred Hamiltonians gathered at your July 4th consultation.. The Roundtable remains a willing partner for the Commission in finding ways of renewing social assistance with the goal of poverty reduction.

Chapter 1: Reasonable Expectations and Necessary Supports to Employment

Employment as a key element of social assistance reform has been a clear, guiding theme of the Commission's work, reflecting its mandate. In Hamilton, we know that the worlds of social assistance and of employment overlap greatly: at any time, there are social assistance recipients who receive some labour market income, as well as significant numbers of people in paid work who previously received Ontario Works or Ontario Disability Support, not to mention many recipients of social assistance who have recently held paid work. To emphasize employment is not new: naming the basic social assistance system *Ontario Works* in the 1997 reform signalled the same idea, as did the title of the Social Assistance Review Committee's 1988 *Transitions* report. Reforms that consistently support the employment efforts of social assistance recipients so as to increase the rate of success in securing and maintaining sustaining employment would clearly be welcome.

What the Commissioners Heard

The Commission's *What We Heard* document underlined the substantial barriers that social assistance recipients felt they faced in finding and retaining work, ranging from negative attitudes about disability and racialized discrimination, through to the physical and emotional effects of being on social assistance, through to the lack of more direct supports around childcare, transportation and training.

The Commission also heard many concerns about the administration of employment services and supports, in terms of being too "one-size-fits-all" or having Participation Agreements serve as an administrative hurdle rather than the starting point for a real employment plan. The lack of real opportunities and options to support efforts at securing employment was also raised in *What we Heard*. Finally, there was emphasis both on improving the integration of different training programs, as well as finding ways of better linking with the needs of employers

In the Hamilton Roundtable's brief to the review, we noted that:

While getting off social assistance by finding a job is a presumed goal of the system, social assistance recipients who take this path often find their efforts go unrewarded, or indeed may leave them worse off. The main culprit here is the system itself: people get caught up in the tangle of rules and off-setting benefits deductions. Moreover, the system seems to lack the types of training, work experience and work placement capabilities to link people to sustainable and sustaining employment. But employers also have a role, both in opening opportunities, and in paying living wages.

Our Response to the Commission

We would refer the Commissioners to the submissions of our colleagues from the Income Security Advocacy Centre, who have some particular expertise in this domain. We nevertheless wish to share our general approval of what is proposed.

On the positive side, we appreciate the Discussion paper's recognition that employment supports should be better organized and available to all persons in receipt of provincial social assistance. These supports must respond to the diversity of needs expressed by persons in receipt of social assistance, recognizing the variety of barriers that people face.

As reviews of best practices in the field make clear, including the one referenced in the *Approaches* paper, getting this right involves an investment to develop the expertise and institutions that create positive outcomes.² **We look forward to more concrete reform proposals that enable the adoption and adaptation of best practices in training and placement**, recognizing that they involve important changes both to the organization of existing supports, and to the culture in which they are delivered. While we are sceptical that such training will have much aggregate impact on poverty reduction, we cannot stress how important getting training and placement right are for individuals seeking to leave the social assistance system and to develop their capacities across their life-course.

Our concerns focus on the question of participation agreements and vocational assessments for persons with disabilities. As it stands, participation agreements are often seen as simply a punitive tool for limiting eligibility to social assistance benefits. They should instead be a collaborative and cooperative effort between the delivery agent and the recipient with full rights to appeal in the event of problems or disagreements. The aspect of mutuality in these agreements is lost when completing an agreement is tied to eligibility, as this adds a significant unequal power relationship to the equation. As such **participation agreements should not be tied to eligibility, particularly for persons with disabilities, especially due to the complex and changing nature of disabilities over time.**

As for vocational assessments, we add caution in light of the problems with the current use of these assessments in the United Kingdom, especially in terms of the Disability Adjudication Unit. We might expect similar problems here, which would cause enormous stresses for recipients, and likely further health problems.

For similar reasons, we do not agree with the creation of two separate programs for persons with severe as opposed to non-severe disabilities. This testing would

² Dean Herd, *What next in welfare reform? A Preliminary Review of Promising Programs and Practices*. Toronto: Department of Social Services, April 2006.
http://www.toronto.ca/socialservices/pdf/reports/action_plan_welfare_reform.pdf

not work well in determining whether persons with disabilities can work at all or not. Some persons with severe disabilities may be able to work a small amount, while others who are deemed to have non-severe disabilities may have trouble working at all during bad days. This would make them unemployable for many jobs. As such, this would create further complexities in an already overly complex system. A more proactive solution would be to develop a comprehensive set of self-employment supports, particularly for persons with disabilities. The development of appropriate forms of social economy and social enterprise to enable the full participation of persons with disabilities is another possibility deserving the Commissioners' attention.

Finally, reforms around employment expectations for persons with disabilities should be delayed until necessary accommodations are widely available in the employment sector.

Chapter 2: Appropriate Benefits Structure

Background

It was surprising and deeply disappointing for the Hamilton Roundtable for Poverty Reduction that the Chapter in the Commission's Approaches Paper concerning an appropriate benefit structure minimized the critical need for adequate benefit rates among recipients (and in the larger community). The Government of Ontario has a clear responsibility to provide adequate levels of benefits to those individuals and families who rely on provincial social assistance programs.

The paper makes a good suggestion in stating the need for an adequacy measure, namely, "what level of income is necessary to obtain the basics, such as safe, clean housing, a nutritious diet, clothing and transportation?" The development and tracking of such a measure is a task that the Roundtable suggested be entrusted to an independent Social Assistance Rates Board. We ask the Commissioners to recommend such a board in their final report, since the mention of the adequacy measure in this chapter is ambiguous, and it is not clear whether this is a serious endeavour, or more of a theoretical notion for the paper's subsequent discussion of trade-offs. **In sum, our disappointment with the discussion of adequacy would be much reduced if the Commissioners gave some institutional ballast to the adequacy measure by recommending the creation of an evidence-based Social Assistance Rates Board.**

After the promising start in discussing adequacy, the Discussion Paper minimizes the issue by repeatedly asserting that "adequacy of benefits" must be balanced against two other "key objectives":

- Fairness as between people who are receiving social assistance and low-income people who are working but not receiving social assistance;
- Work incentives.³

This approach is problematic since the Government of Ontario, through the Government of Canada, has ratified the United Nations International Covenant on Economic, Social & Cultural Rights ("the Covenant"). Article 11 of the Covenant reads in part:

The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will

³ See "Discussion Paper 2: Approaches for Reform" by the Commission for the Review of Social Assistance in Ontario, at page 18

take appropriate steps to ensure the realization of this right, recognizing to this effect the essential importance of international co-operation based on free consent.⁴

Thus the Government of Ontario has an overarching international legal obligation to ensure rates that reflect an adequate standard of living for all recipients of provincial social assistance benefits. This legal obligation is independent of other social policy considerations, such as those put forward by the Commission in its discussion paper. That being said, those policy considerations can readily be addressed as will be discussed later in this section.

But we reiterate that the Commission for the Review of Social Assistance in Ontario looks prepared to make recommendations that ignore the Province's International Human Rights obligations, and appears set to recommend a process for setting Social Assistance Rates that breaches the spirit of our commitments under the United Nations Covenant on Economic, Social and Cultural Rights⁵.

There are also extremely compelling practical reasons for ensuring that the issue of adequacy is addressed directly and as soon as possible. Hamiltonians and Ontarians continue to witness alarming rates of poverty. This has led to no less than an emergency situation with regard to the depth of poverty in our communities. As the Commission's discussion papers acknowledge, many individuals and families in receipt of provincial social assistance cannot meet their most basic needs.

Indeed some families are so far from meeting their basic needs that they are repeatedly evicted due to an inability to pay their rent. Families are repeatedly uprooted and children are repeatedly forced to change schools. Many single unattached individuals who have their own apartment when they begin receiving Ontario Works assistance actually receive a level of assistance that ensures that they will lose their housing within a few months of being on assistance, unless they are fortunate enough to receive a housing subsidy.

This depth of poverty among `welfare` recipients is not surprising, given that "welfare" rates were cut by about 22% overnight in 1995 leaving many individuals and families unable to subsist. Since that time the consumer price index ("CPI") has risen about 35%, while "welfare" rates have increased less than 15%. Currently, it would take about a 63% increase in basic rates to restore 1993

⁴ See the International Covenant on Economic, Social & Cultural Rights, Article 11, at <http://www2.ohchr.org/english/law/cescr.htm>

⁵ "Report on Canada to the Economic, Social and Cultural Rights: the Right to an Adequate Standard of Living in Canada" by Craig Foye, Deirdre Pike and Cabriol Colebatch. <http://www2.ohchr.org/english/bodies/cescr/docs/hamilton.pdf>

levels.⁶ Even these startling numbers tend to underestimate the depth of real poverty faced by those on social assistance since cost increases in the major expense categories for recipients (housing, utilities, and food) have consistently outpaced the CPI.

While it is hard to measure the number of economic evictions in our communities since the Landlord & Tenant Board of Ontario does not release helpful statistics in this regard, one can readily find evidence that social assistance recipients are unable to afford food. Seventy five percent of those accessing a food bank in Hamilton are in receipt of provincial social assistance benefits reflecting the inadequacy of rates and the failure of the Government of Ontario to provide even a subsistence level of income for its most vulnerable residents.⁷

What the Commissioners Heard

These sorts of concerns were transmitted to the Commissioners from stakeholders across the province. The Commissions' *What We Heard* document reported the following:

- *"The current social assistance rates are one of the greatest challenges to human services in the province"*
- Rates should reflect regional variations;
- Rates should cover additional necessities such as telephone and transportation;
- The Province should employ a Rates Board (see the former Bill 235) to set rates;
- Rates should be updated annually using the CPI;
- People should be able to keep more of their earnings;
- Market wages should be higher than SA rates;
- Drug coverage, dental care, and vision care should be available to all low-income Ontarians;
- People should receive a Guaranteed Annual Income;

In our own submission to the Commission, we noted:

Of all the themes, the one on income and benefits was the most unanimous: the current social assistance rates are inadequate, and some form of independent Social Assistance Rates Board is required to make rate-setting based on evidence rather than raw politics. Other recurring points were the need to revisit clawbacks on earned income so that people are not penalized for working even as they remain below the

⁶ see "Less on their Plate: Canada's Poorest People Facing a Frightful Food Crisis", by John Stapleton, 1 September 2011, <http://www.policyalternatives.ca/publications/monitor/less-their-plate>

⁷ See "Hamilton Hunger Count 2011" by Hamilton FoodShare at: <http://www.hamiltonfoodshare.org/downloads/Hunger%20Count%20Report%202011.pdf>

poverty line. Related to this need to raise rates is the need to ensure living wages so that people are not “paid to be poor” in the labour market. Finally, goods like housing, drug benefits and transportation are fundamental to full participation in society, and so need to be adequately provided for all.

The Discussion Paper clearly addresses some of these issues, but often minimizes the concerns of stakeholders regarding adequacy and misses some of the issues entirely.

Our Response to the Commission

Addressing the Employment Sector without trading Away Adequacy

The Discussion Paper addresses the issue of adequacy by suggesting that it must be weighed against wages in the labour market and benefit withdrawal rates. While we strongly suggest that issues of ‘adequacy’ are related to fundamental human rights and to the practical issue of subsistence for individuals and families in receipt of provincial social assistance, we do not mean to suggest that the Commission should not also suggest strategies for addressing inadequate wages in the labour market and unreasonable (in some cases impracticably) high benefit withdrawal rates. However, we should not condemn individuals and families to inadequate levels of assistance in order to ensure that some of them will accept very low-paying jobs, while others who are not able to work, or to find work, are left to struggle to subsist on inadequate rates.

“Fairness” and Work Incentives

Fairness to tax payers is an ongoing theme of the discussion paper, however it should be noted that perhaps the issue of fairness should be addressed with regard to the need for employers to pay living wages in our communities, rather than pitting low income workers against persons in receipt of public assistance.

In discussing whether the provincial minimum wage might be an appropriate reference wage, the Discussion Paper observes “minimum wage is a political construct without a clear methodology for arriving at the figure”, but strangely does not make the same observation about provincial social assistance rates which similarly lack any clear methodology, or evidence-based approach. Indeed, the need to develop a measure of adequacy separate from the actual rates drives this point home.

It should be noted that many individuals and families who are in receipt of provincial social assistance will also be working, but not earning enough income

to make them ineligible for benefits. Currently about 9% of the Ontario Works caseload in Hamilton have some employment income.⁸

The Discussion Paper indicates that “the literature suggests that more people are attracted to work as the financial rewards for working increase”. One would not be surprised at such a correlation, but unfortunately the discussion paper does not go on to note that some of the research in this area points to a very modest disincentive correlation.⁹

The Commission’s thinking about incentives seems to misunderstand the complex barriers faced by people on social assistance. Even economists with great faith in market mechanisms believe that “increasing fiscal incentives to enter the labour market and restricting access to transfer income are unlikely to achieve much.”¹⁰ The emphasis on incentives is tied to the idea of a “welfare wall,” where people are assumed to stay on social assistance as they are better off than in low-wage work. A more accurate representation is that of the “employment cliff,” where efforts in the labour market involve clawing one’s way towards security given fierce competition for scarce jobs, limited supports for dealing with barriers, complex rules around benefit clawbacks, and the uncertainty and instability of many entry-level jobs. Ignoring adequacy may theoretically keep the welfare wall low, but only serves to raise the employment cliff by physically and mentally running down those on social assistance.

Ameliorating Low Wage Work and Encouraging Workforce Participation

⁸ Electronic communication from Kerry Lubrick, Director, Employment and Income Supports, City of Hamilton, dated 22 February 2012.

⁹ With regard to the Mincome project in Manitoba, a social policy experiment from 1974-1979 whereby participants were provided with a guaranteed annual income, Derek Hum and Wayne Simpson write:

On the whole, the research results were encouraging to those who favour a GAI. The reduction in work effort was modest: about one percent for men, three percent for wives, and five percent for unmarried women.

See “A Guaranteed Annual Income? From Mincome to the Millenium” by Derek Hum and Wayne Simpson, *Policy Options*, January-February 2011, at p. 80

For a discussion of the difference between the Mincome experiment in Canada and some similar experiments in the US which found a more pronounced disincentive correlation (and of some of the methodological problems in the US approach), see:

“Working Paper No. 348: Income Guarantees and the Equity-Efficiency Tradeoff” by Steven Pressman, July 2005, *Luxembourg Income Study Working Paper Series*, at pp. 165-166.

More generally, there are questions in the literature whether the emphasis on work incentives for lone parent mothers in fact hides the much greater importance of violence and the lack of consistent support from the fathers of their children, in affecting labour market participation. See Paul Kershaw, Jane Pulkingham and Sylvia Fuller, “Expanding the Subject: Violence, Care, and (In)Active Male Citizenship,” *Social Politics*, vol. 15, no. 2, 182-206.

¹⁰ John Richards, “Reducing Lone Parent Poverty,” p. 8.

One of the biggest difference between individuals and families in receipt of provincial social assistance, and those in low-paying jobs that are not receiving assistance, is the issue of health benefits. This is also one of the most critical barriers to leaving social assistance for employment. **We strongly support that the Government of Ontario provide “extended health benefits, such as prescription drug, dental, and vision care, on a universal, income-tested basis to all low-income Ontarians, regardless of whether they are working or receiving social assistance”.** This, in and of itself, would address the most critical issue of “fairness as between people who are receiving social assistance and low-income people who are working but not receiving social assistance.” It is also a strategy that is almost universally supported. Even the Commission on the Reform of Ontario’s Public Services, with its very austere approach to public provision, felt there was a compelling case to extending the Ontario Drug Benefit and other specific benefits on this basis.

We are also in support of a much more robust earned income supplement, as well as a housing benefit to help all low income Ontarians pay for their housing.

We are interested in the discussion of a rate structure that increases after an initial period to cover additional costs. We are especially interested because the discussion suggests that we at least pay individuals and families an amount to cover “food, clothing and footwear, shelter, personal needs, household supplies, and transportation” in the initial period which is more than is provided now for many family compositions (to this list we would at least add the expense of maintaining a telephone). A lot of discussion is required to determine how such a system would work, but we are encouraged by the discussion of evidence-based benefits.

We also believe that person in receipt of provincial social assistance benefits should be able to retain 100% of their earnings until they reach the LICO poverty level, while disabled persons should be able to retain their earnings to some higher income amount that recognizes the additional expenses incurred by persons with disabilities.

Disability Benefits

Persons living with disabilities normally require a higher level of assistance in order to meet their basic needs. Therefore, we strongly support rates that reflect those additional expenses along with targeted benefits that address particular expenses (such as the special diet benefit, mandatory special necessities, etc.).

The Roundtable has formally supported the former Bill 235 “An Act to establish the Ontario Social Assistance Rates Board” which recommended that the Basic Needs Allowance analysis include:

Additional expenses that may be incurred by persons with disabilities in order for them to participate fully in society, including expenses relating to education, over the counter medical goods, entertainment and clothing...¹¹

We continue to believe that persons with disabilities should receive an increased level of benefits. We are sceptical of recommendations to increase the number of disability programs such as the suggestion of a disability supplement and a “basic income plan for people with severe disabilities,” although we are prepared to engage in discussion around a more concrete proposal that delivered disability benefits without some of the rules and barriers found in the existing ODSP programme.

We are particularly concerned at the effects of more disability program eligibility determinations: the Hamilton Community Legal Clinic reports that currently the Ministry of Community & Social Services’ Disability Adjudication Unit regularly issues untenable denials of eligibility, of which some are appealed to the Social Benefits Tribunal, resulting in a very high overturn rate, and where the Ministry faces no adverse costs for having delayed the finding of eligibility. If an entirely new multiplicity of disability determinations were now required of this ministry we would expect to see analogous problems with adjudication and assessment, mirroring the experience of the United Kingdom where a high number of work capacity assessments are overturned on appeal.¹²

The reality of these disability determinations which are adjudicated in a very conservative manner, is that disabled people regularly wait long periods of time before receiving benefits to which they are entitled, or do not receive those benefits at all if they fail to appeal an adverse eligibility determination.

The Complexity of Benefits

We believe that provincial social assistance rates should be set according to an evidence-based analysis of the cost of housing, a nutritional food basket, utilities, transportation, and other basic necessities, in communities of various sizes across Ontario. We believe that this analysis should be undertaken by an arms-length independent body of experts that provides a public report of their findings to ensure transparency of the process. The Roundtable has previously formally endorsed the former Bill 235 “An Act to

¹¹ See subsection 7(2)(a)(vii) of Bill 235, “An Act to Establish the Ontario Social Assistance Rates Board”, Private Member’s Bill, Mr. Ted McMeekin (Ancaster, Dundas, Flamborough, Aldershot) (as he then was), 1st reading: June 4, 2007 (unfortunately the legislature was prorogued the following day in anticipation of an election)

http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=1681&isCurrent=false&ParlSessionID=

¹² See “Up to 500,000 wrongly denied incapacity benefit, figures show”, by Allegra Stratton, The Guardian, 3 January 2011:

<http://www.guardian.co.uk/politics/2011/jan/03/incapacity-benefit-compass-survey-dwp>

establish the Ontario Social Assistance Rates Board” and we continue to support the establishment of such a Board.¹³

We do support the merging of the shelter allowance and the basic needs allowance for the purpose of simplifying eligibility and compliance monitoring, and to provide more flexibility to recipients, as well as some guarantee that they will receive timely shelter benefits whether they have been able to provide a landlord letter or not. We also support the elimination of the category of dependant adult for analogous reasons.

We do not agree that the special diet program be replaced by a different program delivered by the Ministry of Health & Long Term Care. The provincial government originally suggested this change in response to a finding by the Human Rights Tribunal of Ontario that it had discriminated against disabled persons with regard to the program.¹⁴ The human rights applications (of which the previously mentioned is the lead case) arose out a policy decision by the ministry a number of years ago to change the program resulting in drastically reduced special diet allowance benefits and the termination of special diet benefits for certain conditions. Many persons in Ontario currently rely on these benefits to purchase healthy food and the results could be disastrous for public health if those benefits were taken away.

¹³ See Bill 235, “An Act to Establish the Ontario Social Assistance Rates Board”, Private Member’s Bill, Mr. Ted McMeekin (Ancaster, Dundas, Flamborough, Aldershot) (as he then was), 1st reading: June 4, 2007 (unfortunately the legislature was prorogued the following day in anticipation of an election) http://www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=1681&isCurrent=false&ParlSessionID=

¹⁴ See [D.A.] v. Ontario (Community and Social Services), 2010 HRTO 1377, 2010 HRTO 1377 (CanLII), File Nos. HR-1656-08 to HR-1692-08 (Wright) <http://www.canlii.org/en/on/onhrt/doc/2010/2010hrto1377/2010hrto1377.html>

Chapter 3 : Easier To Understand

Background

Recipients and administrators have recognized that the current rules are complex and that the number of rules needs to be reduced. The rules are confusing for recipients and complex for administrators to deliver.

Generally speaking, the current system is too complex to navigate. Simplifying some rules will assist but will not ensure the entire system's ease of understanding or navigation from a recipients' perspective.

All rules, not just selected ones, would need to be re-visited and written to clarify eligibility determination. Simplification of rules should be supported by evidence that clearly aligns with the objectives of the program and the Province's goals of reducing and eliminating poverty.

What the Commissioners Heard

The Commission's *What We Heard* discussion paper reported very similar themes to those above. It stressed the need for a less prescriptive system that was nimble and flexible, that builds helping partnerships between case workers and recipients, and that relies on trust rather than suspicion.

The Roundtable's own submission took up similar themes, arguing that, "the number and complexity of rules needs to be reduced. Perhaps as importantly, the spirit in which they are applied needs to be supportive, rather than punitive."

We note that the *Approaches* paper promises to return to a number of rules and process issues highlighted in the earlier *What we heard* discussion paper, presumably around such issues as computer-generated letters, spousal support, spouse-in-the-house rules, living with parents rules, and simplifying the application procedure to ODSP and OW. We believe this is crucial, as this chapter of *Approaches* paper largely considers complexity from the perspective of administering the system, with much less attention to clarifying the system from the viewpoint of a social assistance recipient.

There appears to be some potential for improvement in the options presented in Chapter 3, specifically around income reporting, treatment of assets, raising asset limits to equal those of ODSP, and reducing the number of specific exemptions.

The paper notes a number of discussion questions in the area of simplifying income and asset rules that improve equity, make it easier to understand and administer social assistance.

Our Response to the Commission

Should the social assistance system move from a surveillance approach toward an audit-based system of verification and monitoring?

Replacing the current surveillance approach with an audit system where a recipient continues to report monthly but retains their documentation for audit purposes, may have a positive immediate effect but a long term negative result. On the face of it, this option would change the current culture of control and treat people with trust and dignity. It would not stigmatize all recipients as budding fraudsters. However, adopting the audit model requires an effective risk management system.

The concern lies with the audit approach, which fits uncomfortably with a system where the rules are the issue. They are intrusive to recipients, they deduct and track every penny received. Under the audit approach, these rules would not change. Initially, this approach may lessen the burden to a recipient but may result in higher penalties later. Retaining receipts for any length of time is problematic and could lead to invalid overpayments or being investigated for fraud although reporting was accurate.

In addition, there is a real danger that the risk management system would flag some of the most vulnerable recipients in the system, for instance those with high housing insecurity who frequently change addresses. This group is least likely to be able to provide full documentation for an audit, despite having engaged in no fraudulent activity.

Timelines for these audits would need to be identified, so those exiting to self sufficiency know how long to retain their documentation. This will be a challenge given instability in living conditions that recipients experience. In addition, since people move through the system frequently, there may be difficulty in contacting the recipient once they have exited the program. There is concern that overpayments may be calculated in the absence of information.

If an audit approach is delivered through a federal tax system, there needs to be supports in place to assist those who have not filed for income tax in some time.

What is the right level of risk tolerance, in either the current system or an audit-based system?

Considerations of “risk tolerance” should always be weighed against the recipients’ needs regarding a system that is very responsive, easy to understand, and preserves ample appeal rights.

As it stands, the rules in the system are too risk averse in two ways. Most obviously, in tolerating too little risk of fraud, they create an unnecessarily heavy and bureaucratic system. These rules in turn make it more risky than necessary for recipients to engage in a wide range of normal social activities without fear of infringing them, be they related to employment or education, accepting gifts or socializing with friends.

Should asset levels be changed? If so how?

We agree with the option to increase Ontario Works asset limits to equal those of ODSP. The case for raising these limits has recently been made by the Commission on the Reform of Ontario's Public Services, adding its voice to many others on this point.

This type of approach would facilitate someone becoming more financially resilient when trying to make the transition to work, or trying to deal with unforeseen emergencies.

Increasing asset limits for an initial period of time when an individual first enters the program only assists those that move quickly on to another source of income or employment. It does not assist those with longer spells on social assistance, whose capacity to set plans and achieve goals is also affected by access to assets.

We are strongly in support of allowing persons to retain their Registered Retirement Savings Plans as an exempt asset up to \$250,000 so that recipients can retain some retirement savings. It makes no sense to ask recipients to deplete all of their retirement savings before receiving benefits as this will result in enormous hardship for individuals once they leave the system. If those individuals are close to retirement age, the difficulties will be compounded.

Chapter 4: Viability over the Long Term

In terms of viability over time, the Discussion Paper focuses almost entirely on how Ontario Works, the Ontario Disability Support Program, and Employment Ontario services should be delivered. In the process, it ignores much of the input from received from stakeholders. The Discussion Paper suggests three approaches ranging from keeping OW and ODSP separate but integrating employment services, to delivering all programs locally, to an approach whereby human services components such as case management and employment services are delivered locally while administrative services such as the issuance of cheques, is delivered at the Provincial level. The Discussion Paper also queries how Temporary Care Assistance and Assistance for Children with Severe Disabilities (ACSD) should be delivered.

The Hamilton Roundtable for Poverty Reduction does not have an opinion on these options. It is impossible to come to an informed opinion on these and many of the other options in the discussion paper given the one month afforded for these submissions.

It is not entirely clear how these three options would address the viability of social assistance over the long term. Strangely, the Drummond report, released about a week after the Discussion Paper, also recommends that consideration be given to combining the programs at the municipal level in order to exploit service delivery efficiencies.¹⁵

What the Commission Heard

In focusing solely on the question of service delivery the Commission has missed many of the views of stakeholders such as:

- Concerns around the relationship between health and well-being and social and economic equality;
- The need for social inclusion among recipients; and
- Concerns around the least intrusive level of intervention.

¹⁵ Recommendation 8-5 of the Drummond Report reads:

The Commission for the Review of Social Assistance in Ontario should examine system design options that deliver a more efficient and higher-quality service to social assistance recipients. This examination should consider combining Ontario Works and the Ontario Disability Support Program, and having the combined program delivered at the local level. It should also address the further integration of employment services available through Employment Ontario.

Final Report of the Commission on the Reform of Ontario's Public Services, by Don Drummond, February 2012

In our own brief to the Commission, we stressed “the need to be bold in proposing changes, including ones that go beyond social assistance strictly understood to include looking at a guaranteed annual income.”

Explore the Possibilities

In looking at social assistance reform, there is a tendency to see the system solely as a drain on public resources, rather than a program with a complex series of economic contributions. The programme has a series of effects in terms of local economic activity, reduced costs in other public programs such as health, and in producing a better trained labour force. Part of the long-term viability of the system is related to how effectively it performs these roles. Given what we know about the costs of poverty, **we recommend that the Commission’s final report fully assess the net impact of reforming social assistance with a stronger emphasis on poverty reduction.**

We know that increased social assistance rates will result in improved health outcomes for those on social assistance.¹⁶ In addition, we can also say that educational outcomes will improve for children who are no longer forced to change schools repeatedly due to the poverty of their family.

We can also say that social assistance has many positive economic benefits for communities and for the Province of Ontario, which is not surprising since benefits are consumed almost 100% locally¹⁷. The Ontario Association of Foodbanks has estimated that the economic cost of poverty in Ontario “is equal to 5.5 to 6.6 percent of Ontario’s Gross Domestic Product”.¹⁸ Renowned economist, Dr. Atif Kubursi has estimated that even when one considers only provincial social assistance to adults in the City of Hamilton the impacts are quite substantial across the province¹⁹, including generating \$439.3 million in value added in the provincial economy and maintaining 5441 jobs in Ontario as a result

¹⁶ A quick review of the submissions already received by the commission indicates that you have already received ample evidence of this fact. Indeed the improved health outcomes and expenses may be quite stark as is suggested by a recent analysis of the previous mentioned Mincome project (supra note 5). See: <http://nipawinoasis.com/documents/37.3.forget.pdf>

¹⁷ See “The Economic Impact of Social Assistance in Hamilton” by Dr. Atif Kubursi, Econometric Research Limited, April 2011

¹⁸ See “The Cost of Poverty: An Analysis of the Economic Cost of Poverty in Ontario” by Nathan Laurie, Ontario Association of Foodbanks, 2008, at p. 4.

¹⁹ supra. note 16. Dr. Kubursi’s estimates of the economic impact of adult provincial social assistance payments in Hamilton include:

- Generating \$ 439.3 million in value added in the provincial economy of which \$ 296.2 million are made locally
- Maintaining 5,441 jobs in Ontario; 3,383 locally
- Generating \$ 144.6 million in provincial and federal taxes; \$ 6 million in local taxes
- Increasing salaries and wages by \$ 260 million; \$ 162.7 million locally

of that money circulating in the economy. Dr. Kubursi's study focuses on the impact of benefits in Hamilton, the impact of provincial expenditures would be even more startling.

Although some may protest that increases social assistance payments will have an adverse effect on the economy, the research does not bear this out.²⁰

A corollary to this argument is that the higher taxes that **may** be required to provide adequate benefits will adversely impact the economy, but in fact countries with relatively high rates of taxation, that incidentally also provide some of the most generous social programs, also outperform our country and most other lower-taxed countries with regard to economic performance.²¹ There is evidence, from the United States and elsewhere that increases in taxes, when used to expand the quantity and quality of public services, can promote economic development and employment growth²².

We would therefore urge the Commission to explore the possibilities of a more robust social assistance program in Ontario, one that provides an adequate level of assistance to recipients. The benefits to health, education and equality are obvious, but we may also see substantial benefits to our economy. This should be explored in the Commission's final report, but also highlights the need for or inter-ministerial coordination in looking at the costs of poverty and of inadequate SA rates, bringing together the Ministries of Health, Justice, Education, Children and Youth, and the Attorney General.

²⁰ See "Working Paper No. 348: Income Guarantees and the Equity-Efficiency Tradeoff" by Steven Pressman, July 2005, Luxembourg Income Study Working Paper Series

²¹ See "The Social Benefits and Economic Costs of Taxation: A Comparison of High and Low-Tax Countries" by Neil Brooks and Thaddeus Hwong, Canadian Centre for Policy Alternatives, December 2006.

²² See "Rethinking Growth Strategies: How State and Local Taxes and Services Affect Economic Development" Robert G. Lynch, Economic Policy Institute, 2004.

Chapter 5: An Integrated Ontario Position on Income Security

What the Commissioners Heard

In its first Discussion paper, the Commissioners reported concerns they received about the difficulties of being on social assistance while awaiting EI and CPP-disability determinations, about the gross inadequacies of EI as a form of income security given the nature of work, and about gaps in training.

We commend the Commission on identifying the need for better integration of financial assistance programs, yet the discussion cannot be effective without boldly and emphatically stating the need for adequate, evidence-based social assistance rates. Any discussion that does not assume this as its primary goal will fail in its efforts for poverty reduction.

Our response to the *Approaches* paper

Although we support the need for better employment supports such as, credentials recognition for newcomers or employment training that reflects market reality, we feel that the focus on employment as a defining financial security measure for individuals is unrealistic. With the rise of precarious and part-time employment, adequate evidence-based supports are essential.

Extended health care benefits for all, including low income earners is a good start towards addressing income inequity in Canada. Our concern is that the discussion of fairness through out the *Approaches to Reform* document may divert attention from reform and pit low income earners against those on social assistance. Broad systemic change is needed that reflects the reality that a thriving populace is the only way to ensure a healthy economy overall.

Access to affordable housing is an ongoing concern for the Hamilton Roundtable for Poverty Reduction. We support social housing initiatives but have varying concerns with them. Currently, wait times for housing average 5 to 7 years in Hamilton. Lack of resources and flexibility available to municipalities to deliver housing programs, as well as, lack of federal funding, underscores the need for adequate housing benefits. This provides an opportunity for increased dignity and autonomy for those on assistance. Adequate levels would allow those who require short term assistance to continue living where they are. Housing benefits delivered directly to recipients helps avoid the stigma surrounding affordable housing projects, as well as, providing mixed income opportunities for neighbourhoods, increasing the potential for children in families receiving assistance to succeed long term.

The EI program has, in Hamilton as elsewhere across Southern Ontario, shown to be a significant factor in rising OW caseloads. Currently, barely 1 in 5 are eligible for EI although all who are employed pay into this system. Discussion is

needed around an EI program that better reflects the realities of precarious employment and prolonged job search periods.²³ Subsequently, it can be surmised that precarious employment and increasing workloads due to decades of downsizing are also possible contributors to rising ODSP caseloads. Any discussion of social assistance reform that does not include revised labour regulation is unrealistic and will not provide adequate long term solutions to poverty in this province.

All of these individual policy discussions (EI, housing, extended health) point to the big picture: if the point is poverty reduction, it calls for a range of mutually supportive interventions within social assistance and beyond it. The Approaches paper raises issues of the state of the labour market, of the impacts of inequality, of the necessity for the full accommodation of disability, but then leaves them to the side. In one way, this makes sense as the Commission's mandate is specific to social assistance. However, if it is not bolder in at least addressing these, it hampers its own analysis: how can the focus on employment deliver if labour markets do not change? How can we discuss the long-term sustainability of the program without a full accounting of the costs of having a large group of citizens living below subsistence levels?

²³ We note, for instance, that Statistics Canada's new job vacancy index shows 3.5 unemployed people to every job vacancy in Ontario, in the three months ending September 2011. See the Table, "Number of unemployed, number of vacancies, and unemployment-to-job vacancies, by province and territory," <http://www.statcan.gc.ca/daily-quotidien/120124/t120124b4-eng.htm>.

Conclusion

The Hamilton Roundtable appreciates the opportunity to participate in the Social Assistance Review. We share the Commissioners' desire to make significant changes and improvements to social assistance. Opportunities to review such significant public policies arise maybe once a generation. It Ontario is serious about poverty reduction, such opportunities much be seized. There are some things in the report that may be bold on the administrative front, but in terms of substantially improving social assistance for recipients, that boldness is in short supply. We urge the Commissioners to return to *What They Heard* as they prepare their final report.

We have made a number of specific suggestions and advanced a variety of arguments in response to the *Approaches* paper. In terms of the big picture, of making bold changes to social assistance with the goal of reducing poverty, we place particular emphasis on the following three recommendations:

1. Social assistance reform must address questions of adequacy. In terms of moving forward from the *Approaches* paper, this could be done by giving institutional form to the adequacy measure by creating a *Social Assistance Rates Board* to make an evidence-based assessment of adequacy.
2. Social assistance is an investment in the health and prosperity of our communities. In considering the long-term viability of social assistance, a fuller accounting of its complex contributions to social and economic well-being is required.
3. The ideas for improving training and employment supports go in the right direction, but to really drive poverty reduction, they need to be placed alongside more attention to supports for scaling the *employment cliff*, such as better wages and labour standards, accommodations for disability, and improved childcare and transportation.

The members of the Hamilton Roundtable were very disappointed in the *Approaches* paper, less for what was in it, than for what was not in it: a bold reform to social assistance that would reduce poverty. But we remain committed to working with the Commissioners towards solutions that would deliver such change.