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ISAC Comment on the 2011 Ontario Budget

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Ontario Continues to Trap Social Assistance Recipients in Poverty

Yesterday's 2011 provincial budget did nothing to free people relying on Ontario Works (OW) and the Ontario Disability Support Program (ODSP) from the poverty traps built into those programs.

Given skyrocketing food prices and continuing increases in energy and transportation costs, the budget's 1% increase to OW and ODSP rates is more than disappointing and does not respond to deep poverty and desperation, particularly among single people on OW whose incomes are the lowest.

Inflation in 2010 was 2.6% and for 2011 is projected to be 2.3%. But people living on low income experience much higher inflation because the cost of items that make up a larger share of their monthly budgets – such as food, energy, and transportation – are increasing at a much higher rate.

In addition, government has made no moves to change the punitive rules in OW and ODSP that effectively cap people's incomes far below the poverty line and prevent them from improving their incomes on their own.

Despite asking for advice on which rule changes to make – such as increasing asset limits, reducing earned income and child support deductions, and improving access to better education and skills training supports – the Ontario government has done nothing in this budget to loosen these restrictions on opportunity for people on OW and ODSP.

ISAC is very supportive of the government's initiative on the Social Assistance Review, because a thoughtful evaluation of program effectiveness is critical for long term solutions to be found. However, rule changes and significant increases to financial benefits could have been funded in this budget to provide better income and skill building supports over the near term.

The budget did include a restructuring of tax credit payments for low-income people in the new Ontario Trillium Benefit. Instead of the current fragmented system, low-income people will receive sales, energy, and property tax credits in one monthly payment starting July 2012, which will give more regularity to their income. But more assistance needs to be given to the many low-income people who can't or don't file income tax returns, leading them to miss out on these benefits.

The government has made a responsible choice to avoid across-the-board cuts to services and programs in the face of the deficit. But without improving incomes and opportunities for people on OW and ODSP, the government will miss its target of a 25% reduction in child poverty by 2013 – and Ontario's increasingly costly social deficit will simply continue to grow.