

Time for a Fair Deal

Report of the Task Force on
**Modernizing Income Security
for Working-Age Adults**

May 2006



Toronto City Summit Alliance



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While the views expressed in the report are not necessarily identical with those of each member or organization listed, all signatories have a common determination to address the challenges the report describes.*

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Should someone in Canada working full-time for a full year be living in poverty? We think most Canadians would answer "no" to that question. In fact, we believe that it is a fundamental tenet of Canadian society that any individual working full-time should be able to lift themselves and their family out of poverty. Yet today, nearly a third of Canada's low-wage workers do not earn sufficient income to meet their costs of living. They are failing to make ends meet, not because they do not work hard, but because they can't earn enough to cover what it costs to live and work in Canada – especially in our large cities.

Moreover, when low-income workers lose their jobs, many discover that the Canadian social safety net is quite tattered. The first level of the safety net, Employment Insurance (EI), is so full of holes that only 27 percent of the unemployed in Ontario receive benefits from it. In the Greater Toronto Area (GTA), the number of unemployed receiving benefits has fallen to only 22 percent. The result is that most unemployed workers fall through the EI net, and the only government help available as they spiral downward is welfare. To be eligible for welfare, the unemployed must dispose of their liquid assets until they have no more than a few hundred dollars worth – in the process eliminating the kind of savings cushion that might enable them to more easily withstand minor setbacks when they start working again.

Once in the welfare system, the average recipient finds a very high wall to climb to make the transition back to the workforce. Given the value of benefits lost, new employment expenses and taxation of rising incomes, the costs of leaving welfare and going to work are often significantly more than the wages gained from working. This "welfare wall" perversely can make it more economically rational for some people to stay on welfare than to work, despite the low rate of social assistance – a rate that is dramatically below any reasonable cost of living.

In short, the income security system for working-age adults in Ontario does not work. Perhaps we should not be surprised by this since there have been no fundamental reforms of the system since the 1960s. Virtually every aspect of the labour market has changed dramatically in the last 40 years, but we have not modernized our income security system to keep up with those changes.

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This is a smouldering crisis for Toronto, the rest of Ontario, and indeed, for many parts of Canada. We cannot achieve a just society or a fully productive economy if we do not do a better job of supporting the needs of low-income adults and families as they attempt to lift themselves out of poverty. The challenge is both a question of social justice and enlightened self-interest for all Canadians. From a social justice perspective, we all value a society where hard work can enable people to raise their standard of living and where those who have fallen on hard times due to the vagaries of the economy have an opportunity to restart their lives without falling into destitution. We also expect that social programs will provide those with disabilities and unable to work with an adequate living standard.

However, a well-functioning safety net is much more than just a social imperative. Our prosperity in Canada depends on having a labour force operating at its full potential. With an aging society, we need to ensure that all working-age adults are contributing to our economy. Immigration can provide a source of new workers, but we should ensure that at all times we have enabled all individuals already resident in Canada to achieve their full potential and to contribute to our economy and society.

We also need our cities to be performing at peak potential. They are engines of our economic growth and home to the vast majority of our population. Canada has been blessed with an uninterrupted decade of economic growth, but we cannot assume that the laws of economics have been repealed. We will have a recession at some point in the future. When we do, the flaws in our income security system will become clearly evident. The numbers of those who fall through the safety net will increase and we will see a rise in homelessness, use of food banks, and other signs of declining circumstances. The largest impact of this will fall on our cities, which are not prepared financially to handle this. Cities are trapped in a fiscal straightjacket of dependence on property taxes and no deficit financing. In Ontario these problems are compounded by the fact that municipalities pay a share of social services costs.

In short, we are running a large fiscal experiment with income security in our cities – an experiment that will end badly. Now is the time to reform income security before we are facing a major economic downturn. The enlightened self-interest of all Canadians is to fix our social safety net before it is put to the next full test. In doing so, we will be enhancing the economic security of all Canadians and preserving the social fabric of our communities.

The Task Force on Modernizing Income Security for Working-Age Adults (MISWAA) was formed in the fall of 2004 by the Toronto City Summit Alliance, a broad-based coalition of civic leaders in the Toronto region, and by St. Christopher House, a multi-service neighbourhood centre that works with low-income people in Toronto. The Task Force is made up of representatives from major employers, labour unions, policy institutes, academia, community organizations, advocacy groups, foundations, governments,¹ and individuals with first-hand experience of income security programs. All of the Task Force members are united in a belief that the current income security system is broken, and that all orders of government must come to the table to secure the needed reforms. While we are made up mostly of people from the Toronto region, we have tried to take account in our recommendations of the needs of other parts of Canada. We believe our proposals will work across the country and will serve the needs of rural as well as urban Canadians.

Our proposals for reform start from the perspective that multiple levers are required for a robust social safety net. Minimum wage, employment standards, EI, income supplementation, social assistance, available and affordable housing and child-care, healthcare, and skills development and training programs all have a role to play. Of these levers, this report will focus on those that address income policies. Programs that enhance the affordability of essential services such as housing, child-care, transportation, and other necessities of life are also critical. We acknowledge their importance, but suggesting policy changes in these areas was beyond the scope of this report.²

One of the important philosophies behind our recommendations is that the federal government can play a more prominent role in the income security of working-age adults, much as it does today with seniors and children. We recommend reform of EI to return it to its original purpose as a major support to the unemployed across the country, and a new approach to income supplementation delivered through the federal tax system. Some of the provincial reforms that we have proposed rely on the proposals to the federal government. If the federal government does not proceed as we have suggested, the income supplementation approach we recommend could be adopted at the provincial level. However, it would be most easily affordable if the federal government provided additional support to provincial governments either through revenue-sharing, or by vacating tax room that the provinces could occupy contingent upon their using the funds for income security programs for working-age adults. In a federal system, it is always a challenge to get different orders of government to align their policies. In this area it is essential.

These proposals recognize that reform cannot be accomplished in one dramatic announcement, but will require coordinated action over several years. The Task Force debated all of the proposed ideas extensively. We did not obtain agreement on everything, nor did we think we could get full agreement given the diversity of our group. Where we have not achieved consensus, we have noted our differences in the body of the report. In addition, Appendix I contains alternative views at the request of some Task Force members who endorse the findings and recommendations with some exceptions.

Perhaps the most profound area of difference concerned the question of what constitutes an adequate income to meet the reality of the cost of living in 2006. All Task Force members agree that what we have today is inadequate. For some Task Force members, we have landed on recommendations that fall short of what they believe is adequate. For others we have recommended a significant improvement over what we have today. They believe that is what is affordable while helping remove impediments to making the transition from social assistance to independence.

Eradicating poverty is only one of many social goals in Canada. It must compete with health, education, and many other priorities. Nevertheless, societies are in no small part measured by how they create opportunity for and take care of those residents who are the least well off. Moreover, doing so will have a positive effect on other priorities because adequate income is one of the primary determinants of the health of populations and economies. This Task Force has looked deeply into the policies that purportedly address the needs of low-income Canadians, and we have found them profoundly wanting. Canada can do much better. For all of our futures, we must do better.

MISWAA's Multi-stakeholder Process

MISWAA's multi-stakeholder Task Force is composed of over 50 civic leaders. Their deliberations were informed by the efforts of a multi-sector Working Group of more than 40 experts on income security policies and programs, and a Community Reference Group of low-income working-age adults with first-hand experience of income security programs. In addition, an extensive community consultation process with low-income community members and community service agencies was carried out across the Toronto region to ensure that the Task Force's decisions were grounded in the lived experience of low-income people.³

The Task Force began its effort to reform the income security system for adults with a problem statement that set out three fundamental issues faced by working-age adults living in low income:

- Minimum wage no longer pays enough to enable people to realistically meet their costs of living, especially in urban Canada.
- Existing income security programs make it difficult to escape poverty and the "welfare trap."
- There is little public or political pressure to change the situation.

Three objectives were established at the outset as to what the process would deliver:

- To provide a clear, soundly supported assessment of Ontario and Canada's income security system and programs, grounded in the experience of those affected.
- To develop pragmatic proposals for policy and program changes for governments to improve the economic security of working-age adults living in low income, focusing on Ontario in a national context.
- To design Ontario and pan-Canadian communication campaigns to help ensure that proposals for governments are put into motion, ideally over a two-year time frame.

Appendix II of this report provides more detail on the MISWAA process and the challenges its diverse stakeholders faced in grappling with difficult issues and attempting to agree on complicated policy choices.

Summary of Recommendations

The Task Force's proposals for reform start from the perspective that multiple levers are required for a robust social safety net. Our proposals constitute a multi-faceted set of solutions designed to address the most urgent problems facing low-income working-age adults by: increasing their incomes, lowering their costs to live and work, and protecting and building their personal and financial assets.

We recommend the following reforms for Canada and Ontario:

Canada

The federal government should:

- Reform Employment Insurance to address the significant decline in coverage of the unemployed and the related decline in access to employment supports and training.
- Create a new refundable tax benefit consisting of a basic tax credit for all low-income working-age adults and a working income supplement for low-income wage earners.
- Provide and administer a national disability income support program for persons whose disabilities are so substantial that they are unlikely to enter the paid labour force.

The Task Force also supports the recommendations made by others to increase the National Child Benefit to an adequate level.

Ontario

The provincial government should:

- Establish an independent body, with representation from labour and employers, to recommend periodic increases to the minimum wage and monitor the employment and economic effects. It should be put in place before February 2007 when currently planned minimum wage increases will have been completed.
- Implement an integrated child benefit platform for all low-income parents with children that pays benefits outside the social assistance system.
- Provide basic health (prescription drugs and vision care) and dental coverage to low-income workers.

- Strengthen enforcement of employment standards to protect the rights of workers under the law with a focus on employers that are high risk to offend. Update and expand current employment standards to cover new forms of work.
- Raise social assistance asset limits to \$5,500 for a single person and \$9,000 for a family, along with other improvements in asset treatment.
- Revamp the disability determination process for the Ontario Disability Support Program to streamline decision-making and provide support services to applicants earlier.
- Reinstate earlier provincial policies to set disability benefits at the same levels received by senior citizens who have no other source of income.
- Improve and expand employment supports, training and upgrading for social assistance recipients, as well as for low-income workers, with an emphasis on building individual skills and capacities.
- Provide Ontario Works recipients who have multiple barriers to work with special supports to encourage participation in community activities and longer-term capacity building.
- Allow persons receiving Ontario Disability Support Program benefits who can work despite their disability to participate in the labour market without jeopardizing their health and dental coverage.
- Upload social assistance benefits costs for the municipally delivered Ontario Works program, and all social assistance costs (benefits and administration) for the provincially delivered Ontario Disability Support Program, from municipalities to the province.

Implementation of these important recommendations will go far to providing a fair deal that ensures that working-age adults have the supports they need to live in dignity and to participate fully in our economic and community life.

Principles for a Modern Income Security System

The Task Force envisions an income security system for working-age adults that treats people with dignity, reinforces the value of work for those who can obtain employment, and does not leave those for whom “work is a distant prospect” to live in destitution. A modern income security system would expect and encourage individuals to assume personal responsibility for taking advantage of opportunities for engagement in the workforce or in community life. That system would be guided by the following principles:

- Everyone should have access to basic necessities (food, clothing, shelter, and personal hygiene) through an appropriate mix of personal resources (including earnings from work), insured services (e.g., health), income security, and other supports (e.g., access to affordable housing and quality childcare).
- Individuals working full-time, full-year should not live in poverty. They should have a decent standard of living and they should be financially better off working than not working.
- Children should not be an impediment to parents’ participation in the labour market, and parents’ participation in the labour market should not put their children’s well-being at risk.
- Everyone should have the means to improve their situation through:
 - appropriate skills training and employment supports,
 - decent job opportunities which meet legal employment standards, or
 - opportunities for community involvement if work is not a viable option.

The first principle proved to be the most difficult for the Task Force. Members agreed that neither earnings at minimum wage nor social assistance benefits alone are adequate to live on, particularly in major cities. They also agreed that solving that problem would require a mix of supports, from both governments and the market, to increase people’s incomes and lower their costs to live and work. Task Force members had trouble reaching consensus on a definition of “adequacy,” and if and how it should differ for those who are working versus those on social assistance. The sidebar describes the adequacy debate and how the Task Force arrived at a starting point that allowed us to move forward to discuss and agree on a set of recommendations.

The Adequacy Debate

The beginning of a decent standard of living for an individual working person should be at least \$15,000 annually. This number was chosen, in the absence of an official Canadian poverty line or definition of adequacy, for the following reasons:⁴

- \$15,000 is in the middle range between commonly used measures of low income, and is significantly higher than social assistance rates and higher than minimum wage at both full-time (37 hours/week) and average hours (32 hours/week).⁵
- Over 100 diverse low-income community members were asked in focus groups for their opinions on the bare minimum they would need to live on as individuals in Toronto. Their responses ranged from \$8,000 to \$22,000, with \$15,000 repeatedly agreed upon by the majority in each group as the bare minimum needed.
- \$15,000 is the level of income currently provided to low-income seniors and while seniors' circumstances differ from those of working-age adults, it is an income replacement level that is acceptable to the general public.⁶

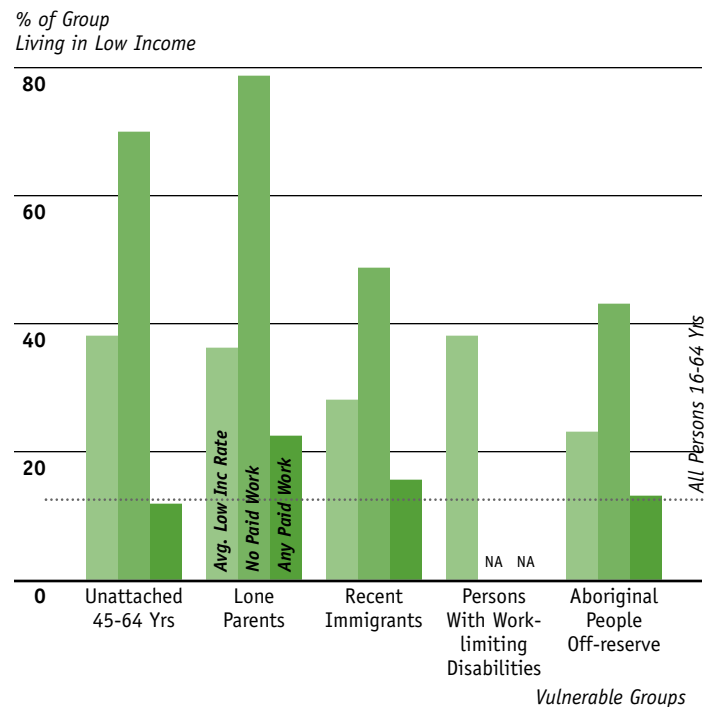
There was considerable debate over what constitutes adequacy. Some Task Force members saw \$15,000 as adequate for a single person in today's dollars. Others considered it to be a starting point or "a down payment on decency." Still others believed that \$15,000 is not a sufficient income for a single person, especially in a large city like Toronto. They felt that adequacy must explicitly take into account housing costs, which vary from place to place, as well as transportation, availability of affordable childcare, and other work-related expenses. They were also concerned about the large gap between \$15,000 and the current level of social assistance benefits.

While the Task Force did not agree on a specific definition of adequacy, we did agree on a package of recommendations for a reformed income security system that includes programs to increase incomes and additional measures, such as health and dental coverage, which reduce costs for working people.

Key Issues Facing Low-income Working-Age Adults

There are 8.2 million working-age adults (18–64 years of age) in Ontario. Of those, 891,000 live in low income.⁷ Many work at low wages or rely on social assistance benefits from one of the two provincial programs for those in need: Ontario Works (OW) or the Ontario Disability Support Program (ODSP). Many people cycle back and forth between low wage work and Ontario Works.⁸ People with disabilities who are in need of income support typically seek assistance from OW while going through the lengthy process of applying for ODSP. Certain groups, such as older single adults, lone parents (primarily women) and recent immigrants are more vulnerable than others to be living in low income persistently, particularly if they have low educational attainment. As Exhibit I indicates, incidence of low income in vulnerable groups is also greatly affected by attachment to the labour force.

Exhibit I:
Incidence of Low Income in Vulnerable Groups vs. Population; on Average and Working vs. Not Working



Source: Research by Constantine Kapsalis and Pierre Tourigny of HRSDC and SDC, cited in Michael Hatfield, "Vulnerability to Persistent Low Income," Horizons, Vol. 7, No. 2, Policy Research Initiative, December 2004; adapted from exhibit by Don Drummond and Gillian Manning, "From Welfare to Work in Ontario," TD Economics, September 2005.

Adults living in low income face a myriad of issues that affect their standard of living. MISWAA concentrated primarily on issues, policies, and programs related to income. The Task Force recognized that there are other important issues that affect the standard of living of low-income people and their ability to find and sustain employment. These issues, particularly lack of access to affordable housing and high-quality childcare, must be addressed.

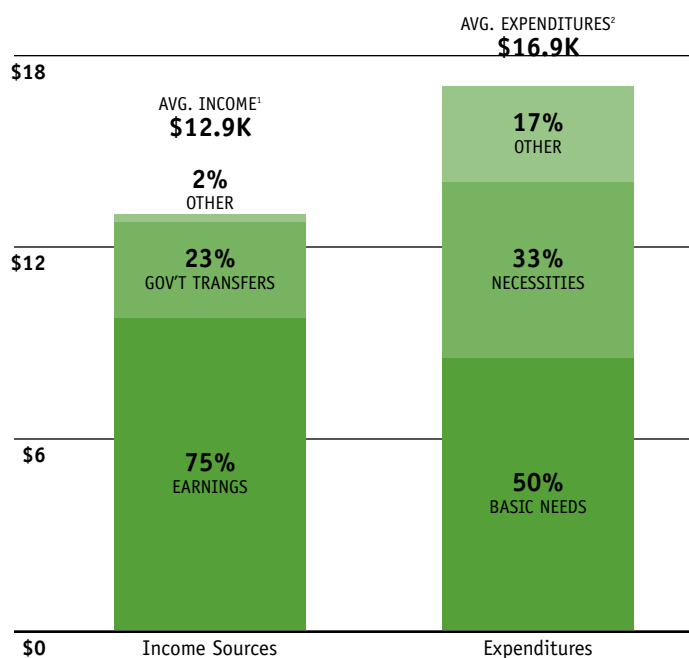
The key issues for the Task Force were:

- Many working people cannot earn enough to make ends meet even when working full-time and full-year.
- Employment Insurance no longer covers the majority of the temporarily unemployed, particularly in Ontario and Toronto.
- Many people fall onto Ontario Works and get trapped in a punitive system that provides insufficient income to live on and impedes achieving stable employment or meaningful community participation.
- The Ontario Disability Support Program has a complex eligibility process, provides insufficient benefits, and puts barriers in the way of employment.

Many working people cannot earn enough to make ends meet even when working full-time. This is due in part to low wages, insufficient hours and, in some cases, inability to get paid for the work they do.

Roughly 30 percent of low-wage workers or 6 percent of Canada’s labour force do not earn sufficient income to meet their costs of living. As Exhibit II shows, the average income of working poor families in 2002 fell far short of their average expenditures, even though their expenditures were primarily on basic needs and necessities. This situation is clearly not sustainable as the gap is generally filled through sale of assets and borrowing which have a negative impact on families’ living conditions in future years.⁹ This is likely why we have seen growing use of food banks and shelters by families.

Exhibit II: Gap Between Income and Expenditures for Working Poor Families, 2002 (\$K)

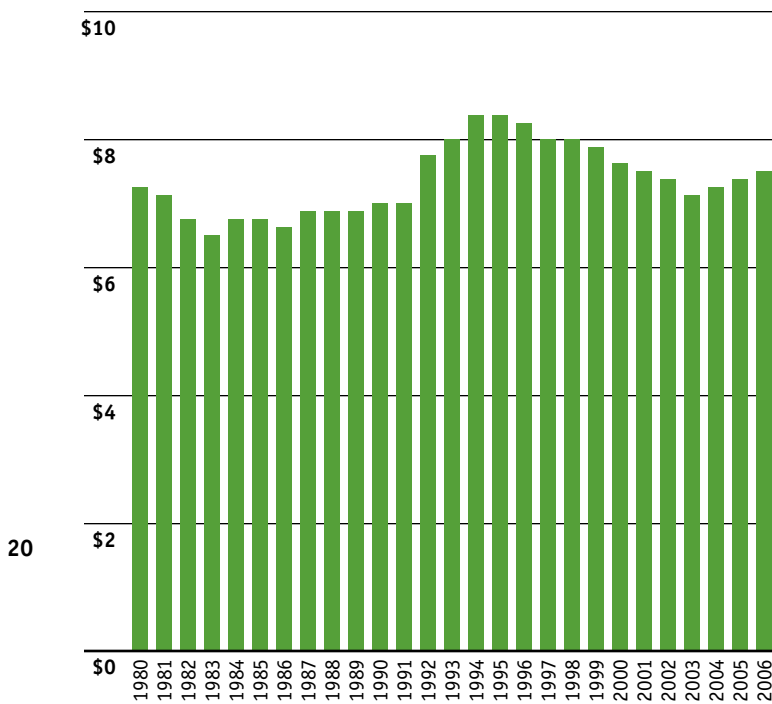


1. Income and expenditures have been adjusted for family size using a LIM equivalent scale to reflect that family needs increase with family size
 2. Basic Needs include shelter, food and clothing; Necessities include transportation, health care, childcare, personal care, household operations, taxes, insurance; Other expenses include furniture, recreation, tobacco and alcohol, gifts, etc.
 Source: Dominique Fleury, Myriam Fortin and May Luong, "What Does it Mean to be Poor and Working? An Analysis of the spending patterns and living conditions of working poor families in Canada", 2005, based on Statistics Canada's 2002 Survey of Household Spending

Many factors have contributed to significant numbers of workers living in low income, a situation that has persisted since the early 1980s despite strong economic growth and increases in education levels of the labour force. The factors the Task Force considered included: decline in the minimum wage, low hours worked, growth of non-standard work which seldom provides employment benefits, decline in collective representation, and inability for some to get paid legal wages due to employers not complying with employment standards laws.¹⁰

In Ontario, there was a steep decline in the real value of the provincial minimum wage through the 1990s, as it remained unchanged for nine years (1995-2003) and inflation eroded its value.¹¹ In 2004, the current government began raising the minimum wage annually in planned stages. It reached \$7.75/hour in February 2006 and will rise to \$8.00/hour in early 2007. At that level it will be close to its 1995 value in constant dollars (Exhibit III) and \$2.00 less than the \$10.00/hour that is often considered to be the low pay threshold.¹² In addition, hours for low-wage workers are only 32 hours/week on average, significantly less than full-time hours of 35 to 40 hours/week.

**Exhibit III:
Trend in Ontario's Minimum
Hourly Wage (in 2005 Dollars)**



Sources: HRSDC, Caledon Institute of Social Policy

For many, non-standard work has become the norm (e.g., part-time, contract, temporary agency work and own-account self-employment). Non-standard jobs accounted for 33 percent of employment in the late 1980s, rising to 37 percent in 2002. The proportion of workers in temporary jobs doubled from 11 percent in 1989 to 21 percent in 2004. Non-standard work pays less well than full-time work and seldom provides access to non-wage benefits, such as extended medical and dental insurance coverage and pensions, or to employer-funded training. We recognize that some people prefer part-time or temporary work, but many do not. Younger workers and new hires are among the most vulnerable in the job market as fully one-quarter of workers with less than one year of seniority are in temporary jobs.¹³

Workers in low-paid jobs tend not to have access to collective representation and the resulting benefits that brings, including wage premiums and increased likelihood of pension plan and health coverage. The unionization rate for workers in low-paid jobs in 2004 was 11 percent versus 38 percent for those in better-paid jobs, and had declined by almost 50 percent since the early 1980s. Growth of non-standard work has likely contributed to declines in unionization, as it is more difficult and costly to organize.

The majority of Ontario's workers rely on the Employment Standards Act (ESA), yet violations are widespread.¹⁴ The Ontario Ministry of Labour, which is responsible for enforcing the ESA in non-unionized workplaces, has acknowledged that a significant number of Ontario's 350,000 employers have violated provisions of the ESA.¹⁵ The most common violations affect workers' incomes and include unpaid vacation (31 percent), unpaid wages (27 percent) and unpaid termination pay (24 percent).¹⁶ This problem is exacerbated by lack of resources to enforce existing standards, little or no penalty for violating ESA provisions, and failure of the ESA to address new forms of employment such as subcontracting and some temporary agency work. Inadequate enforcement of employment standards is unfair to good employers who obey the rules as it can put them at a competitive disadvantage. Better enforcement will therefore benefit employers as well as employees.

Employment Insurance no longer covers the majority of the temporarily unemployed, particularly in Ontario and Toronto.

Since 1990, the percentage of the unemployed receiving EI benefits nationally has fallen from roughly 80 percent to just over 40 percent in 2004. This drop in coverage has resulted from a combination of design changes in the EI program and changes in the labour market.¹⁷

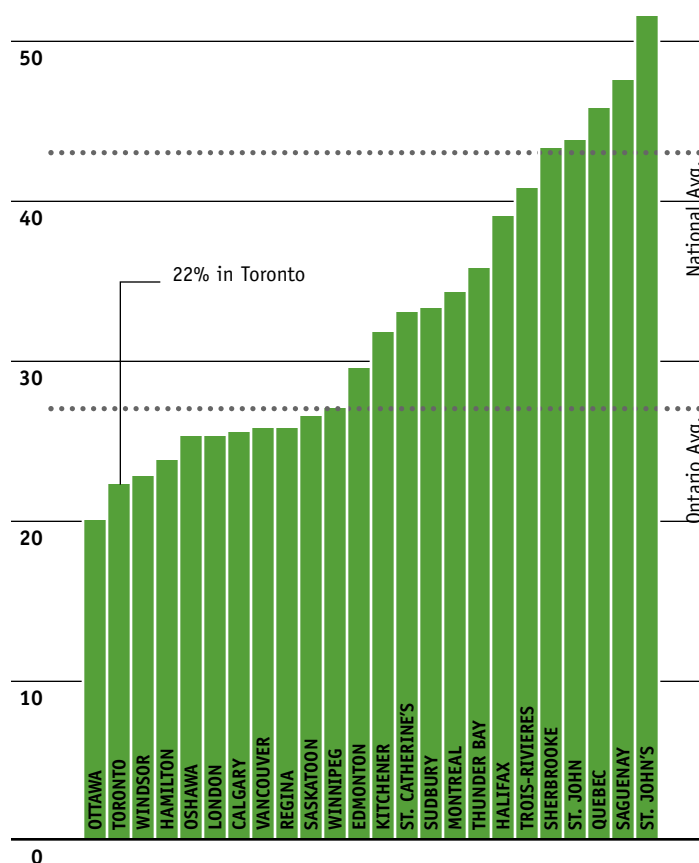
- Weeks of work required for eligibility increased, combined with lower duration of benefits, particularly in regions with low unemployment rates.
- The 1996 change from “weeks worked” to “hours worked” for eligibility that, while intended to be fairer to the growing numbers of part-time workers, actually had the opposite effect. This resulted from a week under the old formula being defined as a minimum of 15 hours worked, while the new formula calculated hourly requirements based on full-time weeks of 35 hours. (E.g., the previous minimum of 12 weeks to be eligible equated to a minimum of 180 hours of work under the old formula. 420 hours of work is required under the new formula.) The federal treasury greatly benefited from this change as all hours worked up to the maximum annual earnings became contributory as opposed to only hours above 15 hours per week.¹⁸
- The hours required by new entrants and re-entrants (NEREs) to the labour market increased greatly. In 1996, the number of hours required by NEREs was increased from 300 hours (equivalent to 20 weeks at the previous minimum of 15 hours/week) to 910 hours.

Those who quit voluntarily or were fired became ineligible for EI in 1993 instead of being penalized through delayed coverage and lower benefits. According to Georges Campeau in his recent book on EI, Canada and a few US states are alone in the Western world in imposing such severe penalties.¹⁹

These program changes disproportionately affected part-time and other non-standard workers who tend to be women, youth, visible minorities, immigrants and low-income workers. The percentage of self-employed people (who are ineligible for EI) has also risen. The EI program now serves only people who are laid off from stable, long-term jobs.

The unemployed in Toronto and Ontario have always had lower coverage than the national average, and the gap has grown in recent years as changes to EI have disproportionately affected regions with lower unemployment rates. A review of research done for the Task Force found that coverage in Toronto and Ontario is particularly affected by the influx of immigrants who do not have long work histories in Canada. As Exhibit IV shows, Ontario’s EI coverage in 2004 was 27 percent of the unemployed and Toronto’s was only 22 percent while the average for the rest of Canada was roughly 40 percent – yet low-income unemployed workers in Toronto can face challenges just as severe as those facing workers in other Canadian cities, particularly given the high cost of living in Toronto.

**Exhibit IV:
Percentage of Unemployed Receiving
EI Benefits by City (2004)**



Source: Statistics Canada and the Caledon Institute of Social Policy

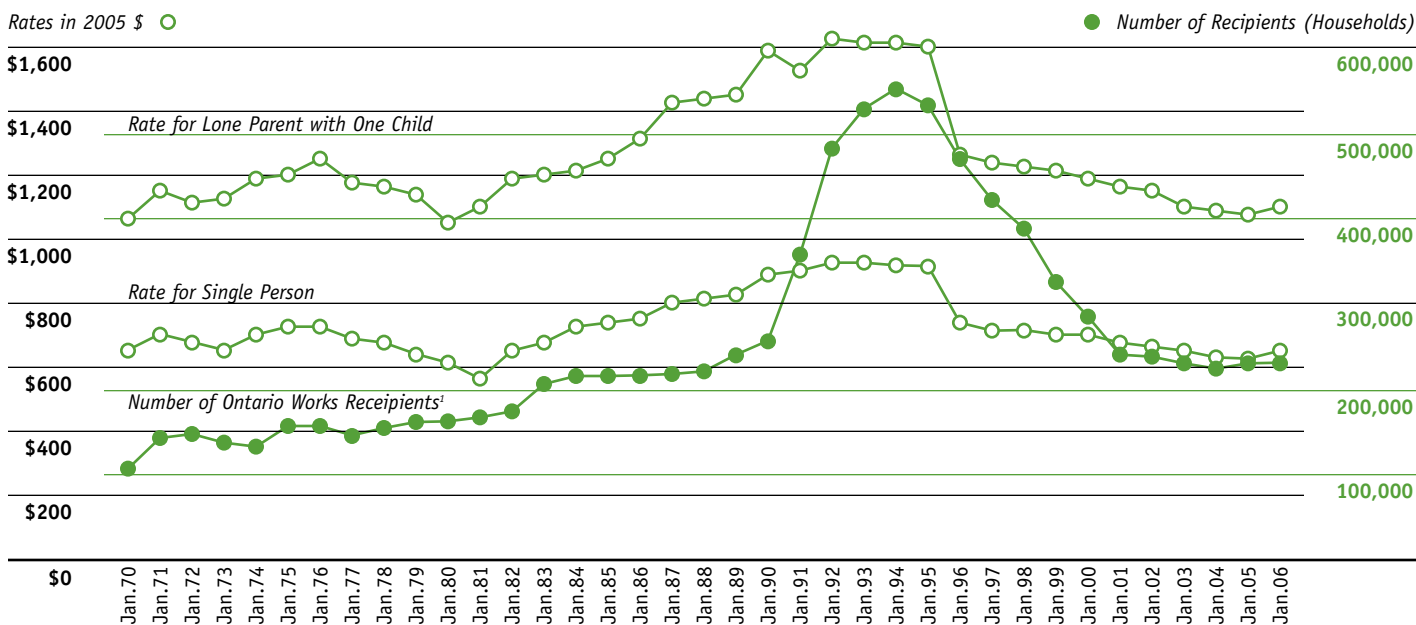
The decline in EI coverage has created a serious issue with lack of accessibility to other benefits and services provided through EI – Part II programs. Maternity and parental leave benefits are accessible only through the EI system, except in Quebec, in spite of the fact that having children has nothing to do with unemployment or numbers of hours of work. The same is true of training and other employment supports that are part of EI, although the recent signing of a Labour Market Development Agreement (LMDA) and a Labour Market Partnership Agreement (LMPA) between the federal government and Ontario should help address training issues.

Finally, it is important to recognize that historically, those not eligible for EI had the option of applying for social assistance. But that has changed. Accessibility to social assistance has also declined as a result of program changes made in the mid-to-late 1990s. Many low-income workers have been left with no options for temporary assistance, an issue that will become even more critical in the event of an economic downturn.

Many people fall onto Ontario Works and get trapped in a punitive system that provides insufficient income to live on and impedes achieving stable employment or meaningful community participation.

The objective of the Ontario Works program, according to the Ministry of Community and Social Services, is to provide financial and employment assistance to those who are in temporary financial need. The number of households receiving assistance through Ontario Works was roughly 197,000 in December 2005, down by almost 60 percent from the 450,000 households on the program in late 1995 when the Ontario government began to significantly restrict eligibility. Benefits were cut significantly in 1995 prior to the decline in number of recipients (Exhibit V). Benefits subsequently remained unchanged, other than a 3 percent increase in late 2004, eroding -46 percent with inflation. In real terms, benefits are currently at the level they were at in the 1970s.

**Exhibit V:
Long-Term Trend in Monthly
Social Assistance Rates and Recipients**



1. Includes data for the program that Ontario Works replaced in the 1990s: General Welfare Assistance (GWA)
Source: Provincial statistics

The intent of the changes was to encourage OW recipients to enter the workforce – as recipients could earn back an amount equivalent to the reduction in their benefits without penalty. This did not happen. TD Economics’ report for MISWAA showed that the decline in recipients was primarily due to a drop in entry rates for single adults, not an increase in exits, based on recent research conducted by Statistics Canada.²⁰

The average length of time that recipients had been receiving Ontario Works as of December 2005 was 30 months, putting an estimated two-thirds of recipients in the “hard to serve” category of people who received social assistance each month for two consecutive years or more. The remaining one-third of the adults in the program cycle between social assistance and the low-wage economy and only 14 percent of those who receive Ontario Works have limited earnings from employment.

Life on Ontario Works is demoralizing, not only due to low benefits but also to complex rules and frequent and intrusive reporting requirements.²¹ Low-income people involved in MISWAA’s community consultations consistently cited stigma as their major issue with living on social assistance. All expressed the desire to work, but many face significant impediments to moving from social assistance into paid employment. The following are common impediments to making that transition.

- People are not eligible for Ontario Works until they first strip themselves of most of their liquid assets, and while on Ontario Works, they are not permitted to accumulate savings beyond the very low asset limits. This means that when they move back into the workforce, they have no savings to help them weather unexpected financial hardships.
- Leaving Ontario Works means losing prescription drug and dental benefits that are badly needed by many families. The Ontario government recently extended these benefits for 6 to 12 months for those entering the workforce. This will help, but it postpones rather than resolves the problems.
- The training system is fragmented and poorly targeted to those most in need, particularly to women and those with low levels of education. Yet, almost 47 percent of OW recipients have less than high-school education versus 33 percent of the labour force. Those figures increase to 72 percent of young adults and 55 percent of lone parents on OW having less than high school.²² Separate training systems for social assistance and EI results in service duplication and further aggravates the problem.²³ Community Reference Group members and participants in community consultations also expressed concerns about the relevance and quality of the training they had received.

- About two-thirds of people on Ontario Works have multiple barriers to obtaining and keeping a job.²⁴ Barriers include mental health issues, learning disabilities, low skills development, racial discrimination, and substance abuse. Some have long-term care responsibilities for a family member with a chronic health problem. Recipients who are unlikely to get a job in the short or even the medium term, but who would like to participate in some form of community activity have limited opportunities to do so.

The transition from social assistance to work is particularly daunting for lone parents whose households represent 37 percent of OW recipients. OW provides benefits for each child in the family (e.g., net benefit for parent and one child is \$865/month versus the single rate of \$536/month) while wages remain the same regardless of family size. As Exhibit VI shows, moving into a low-wage job also means losing a number of in-kind benefits that help pay for childcare and other costs of raising children. Many lone parents would have to work at more than one job to make enough to support their families, while worrying that they do not have the time to provide their children with the care that they should receive.

Exhibit VI: Many Impediments to Moving from Social Assistance to Working

A lone parent who leaves social assistance for a job paying \$10/hr. will experience the following:

- Loss of social assistance benefits for adult and each child
- Increased childcare expenses
- Loss of basic dental coverage for the child
- Loss of prescription drug coverage that doesn’t require payment upfront
- Loss of back to school benefits
- Loss of winter clothing allowance
- Becomes ineligible for special diet allowances where required
- Loses community start-up benefits for a medically necessary move
- Will begin to pay net federal taxes at approx. \$1,600/mo. net income
- Ontario sales tax credits could be reduced

In its special report for MISWAA, TD Economics quantified the value of benefits social assistance recipients receive and then looked at how much they stand to lose in increased taxes and forgone benefits as they increased their income from paid employment.²⁵ This calculation produces a marginal effective tax rate that typically is well over 50 percent and can spike to more than 100 percent when moving from social assistance to work, meaning that each additional dollar earned translates into more than a dollar lost in income and benefits. The authors concluded: "It's hard to imagine a more powerful disincentive to leaving welfare for work. Indeed, seen from this perspective, the fact that any OW recipients at all continue to seek more and better-paying work speaks to a keen desire to improve their living standards."

Finally, the Task Force recognized the particular issues facing youth when they "age out" of the child welfare system. The Laidlaw Foundation, one of MISWAA's funders, commissioned a focused research effort on this group. The highlights of that research and recommendations are included as Appendix III.

The Ontario Disability Support Program has a complex eligibility process, provides insufficient benefits and puts barriers in the way of employment.

The Ontario Disability Support Program (ODSP) is the principal disability income program for working-age adults who have limited work experience, few resources and a medical diagnosis of substantial disability that results in difficulties in day-to-day living.²⁶ ODSP is a long-term program for most recipients, the majority of whom are unattached single individuals (77 percent). Almost 85 percent of the 213,000 households receiving assistance through ODSP in December 2005 had been on the program for 25 months or more.

According to the Ministry of Community and Social Services, the objectives of the program are to meet the needs of people with disabilities and to help them become more independent. The intent is that independence will be achieved through employment if possible. Some recipients have severe disabilities and cannot work. Others can work and could achieve greater independence if they can overcome the challenge of finding a workplace that accommodates their disability. Other recipients may have episodic conditions which mean that they may be able to work only for certain periods of time. Roughly 9 percent of households receiving ODSP report monthly earnings.

Issues related to ODSP that the Task Force considered included the application process, barriers to employment, and the erosion of benefits.

- Many people with disabilities who are trying to gain access to ODSP benefits have trouble negotiating their way through the complex application process if they do not have support, particularly if applicants have a mental illness, intellectual disability or difficulty with English. From start to finish the application process can take a year or more – or several years for applicants who are turned down and choose to appeal.²⁷
- Many recipients and their advocates worry that the pursuit of employment may result in the loss of disability designation, and with it the loss of critical benefits such as drug and dental services. There are persons with disabilities whose handicaps do not always or completely impair their ability to work. Like Ontario Works recipients, people receiving ODSP benefits are allowed to work and earn a limited amount before being deemed ineligible for support. But the definition of disability for ODSP is grounded in a medical assessment that often relies on the notion that the applicant is unable to work.²⁸ The concerns with loss of disability designation have been alleviated by the Ministry of Community and Social Services which now allows rapid reinstatement for recipients who attempt to find work and are not able to sustain employment.²⁹ MISWAA applauds this move.
- ODSP benefits were left unchanged when Ontario Works benefits were cut in 1995, which widened the existing gap between what persons with disabilities and OW recipients receive in benefits. Since 1995, ODSP benefits have eroded from inflation by roughly -22 percent, versus -46 percent for OW. While ODSP looks more generous by comparison, the benefits are still less than federal benefits for seniors who have no other resources. Previous provincial policies going back 30 years set disability rates at the same level as seniors' benefits, but have lost this connection and the gap between them continues to grow over time.

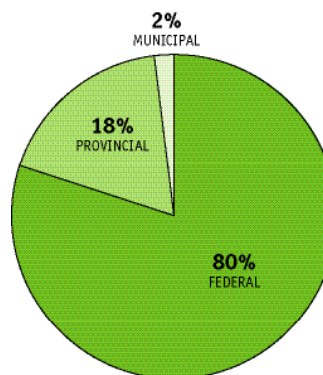
Other issues with ODSP are explored in MISWAA background papers.³⁰ Many of the issues with the program, and its higher benefit levels relative to Ontario Works,³¹ contribute to high numbers of appeals of negative decisions on ODSP eligibility. Almost half of those appeals are successful.³² The issue of seemingly excessive numbers of appeals is of particular interest to one of MISWAA's funders, the Law Foundation of Ontario. The issue of appeals is discussed in more detail in Appendix IV and addressed, in part, by Recommendation 4 later in this report.

Federal Role in Income Security for Adults has Diminished

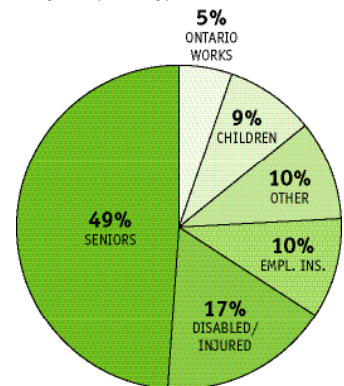
The federal government dominates income security in Canada, focusing its role on seniors and children. This government either funds or delivers 80 percent of the \$37 billion spent on income security programs in Ontario, when all government payments to individuals are taken into account (Exhibit VII-A).³³ Exhibit VII-B shows that almost half of income security funding goes to seniors. Children represent a small but growing portion through the National Child Benefit.

Exhibit VII: Income Security Program Spending in Ontario for 2004/05 (\$36.7 Billion = 100%^{1,2})

A. By Order of Government



B. By Recipient Type



1. Doesn't include the Canada Social Transfer (approx. \$3B) from the federal government to Ontario
2. Includes contributory programs (EI and Workers' Compensation)
Sources: SDC Social Security Stats; ISP Statistical Bulletin; Workers' Compensation Board data; Public Accounts of Ontario

While the federal government has increased benefits to seniors and children, it significantly reduced its involvement in income security for working-age adults through:

- Massive reductions in transfer payments to provinces through the cap on the Canada Assistance Plan (CAP) in 1991, under which the federal government had historically paid 50 percent of all social assistance and social services costs, and the replacement of the program with the smaller Canada Health and Social Transfer in 1996; and
- Major changes to the Employment Insurance (EI) program in the 1990s, beginning with the program becoming self-funding through employee and employer contributions, and followed by other changes that reduced coverage and costs and resulted in record EI surpluses that were redirected to fund other priorities.

In the view of many Task Force members, the federal government abdicated its responsibility to support the temporarily unemployed at the same time as it restricted funding of the safety net that would otherwise have been in place for those who are no longer covered by EI. As a result, provinces have become increasingly responsible for the income security of working-age adults, which has created several problems.

- Changes taking place in the labour market and in the nature of work have undermined the sustainability of low-wage work, an issue that affects all parts of Canada. This issue can only be addressed in an extremely piecemeal manner at the sub-national level. A truly national response is the rule in other western democracies and a national response is similarly required in Canada.
- Provinces and territories have become much more vulnerable to recession as they are responsible for the income security of the one group – working-age adults – that is most affected by economic downturns. They continue to mitigate this problem by refraining from indexing social assistance benefits to the cost of living. Consequently, relationships between benefit levels have eroded, for example,
 - In 1975 in Ontario, social assistance for a single person stood at 70 percent of the amount received by a single senior citizen without any other income. This same social assistance recipient now receives less than 45 percent of what the senior receives and the percentage is trending down.
 - A lone parent with two young children on social assistance now receives roughly the same amount as the single senior and will soon receive less.

These ratios will continue to erode into the foreseeable future, as indexation remains the federal rule and the provincial exception. This is happening without public debate and without reference to the governance structures in Canada that gave rise to the programs in the first place. Many Task Force members hope to stimulate the debate that will end the erosion, and begin to reverse the trend, by questioning the governance model that permits the federal government to absent itself from its important role in ensuring the income security of working-age adults in Canada.

An Additional Issue for Ontario and its Municipalities

Ontario municipalities pay a share of the costs of social assistance, unlike almost every other jurisdiction in North America. This has been standard practice for many years, with municipalities currently responsible for paying for 20 percent of social services benefits and 50 percent of administrative costs. Unfortunately it is the order of government least able to do so, particularly during recessions when demand is greatest. A number of factors contribute to making municipal economic infrastructure inappropriate to bear social services costs and increasingly vulnerable in a recession.

Municipal social services costs increased and became less predictable following changes made in the 1990s, as part of Local Services Alignment with the province. Previously there were two social assistance programs: General Welfare (GWA) and Family Benefits (FBA). The former was cost-shared with the province and delivered by municipalities. The province paid 100 percent of the costs and delivered the more expensive FBA program that included persons with disabilities and lone parents. When Ontario Works and ODSP replaced the old programs, municipalities were required to share the costs of the program for persons with disabilities, which the province has continued to deliver. And because lone parents were moved on to Ontario Works, municipalities now have to pay their share of those costs as well.

Municipal governments do not have the fiscal capacity to cope with programs like social assistance which are rule-based and increase with the number of eligible recipients, because:

- Municipalities are not allowed to run budget deficits or carry over costs to following years, yet the law stipulates that all eligible recipients must receive assistance. Many have used their reserves to pay for social assistance costs in the past, but those reserves are now depleted. Provincial grants have been flat-lined for years, and municipal budgets are stretched.
- Municipal governments' revenues come from property taxes and user fees, and provincial and federal grants that do not automatically change with the economy. Senior levels of government have the power to levy the types of taxes – income, corporate, consumption and payroll taxes – that are more appropriate revenue sources for funding open-ended social programs.

27

It is likely that growth of social assistance benefit costs during future economic recessions will be greater than in the past given that so few workers in Ontario qualify for EI. The regulatory provision that historically rescued municipalities, by reducing their funding obligation if their social assistance caseload rose above a fixed percentage of the population, was eliminated in the 1990s.³⁴

Towards a New Framework for Income Security

The Task Force considered the key issues in income security for working-age adults by identifying problems with the way programs have been structured, while calling attention to the erosion of payments or benefits. The goals of the reforms that the Task Force is proposing are:

- To improve the financial security of all working-age adults living in low income, ideally outside the stigmatizing welfare system.
- To remove barriers and improve supports to assist people in moving from social assistance to paid employment, and
- To ensure that those working full-time full-year are financially better off working and have an adequate standard of living.

A multi-faceted set of solutions is required to achieve these goals and address the most urgent problems facing low-income working-age adults.

Increase Incomes and Set Income Security for Adults on a New Course

- Strengthened Employment Insurance program to rebalance coverage and improve access
- Gradual minimum wage increases, as recommended by a new, independent multi-stakeholder body, and strengthened enforcement of employment standards
- New income-tested tax benefits, and
- Improvements to ODSP

Lower Costs to Live and Work

- Create a common platform of child benefits for all low-income families with children in Ontario
- Extend health and dental coverage to low-income workers

Protect and Build Assets

- Financial
 - Improve treatment of assets in social assistance programs
- Personal
 - Increase access to employment supports and quality training
 - Improve community supports for those for whom work is a distant prospect

The recommendations suggest changes to government roles in providing income security to working-age adults to increase the involvement of senior orders of government.³⁵ We also call for “recession-proofing” municipalities by reducing their exposure to social assistance costs. There are three major agreements, which have been newly signed by Ontario and the federal government that, when implemented, will enhance the effect of the Task Force’s proposed reforms. These are the Labour Market Development Agreement, the Labour Market Partnership Agreement, and the Immigration Settlement Agreement. They are discussed briefly at the end of the recommendations.

While our recommendations envision a stronger federal role in income security, there is an alternative approach that our Task Force debated as well: to proceed with our recommendations, but with the provinces taking on all of the income-supplementation recommendations except Employment Insurance. This approach could only work if the federal government shared substantial resources with the provinces either through revenue-sharing, or by vacating tax room which the provinces could occupy contingent upon their using the funds for income security programs for working-age adults. The current debate over the federal-provincial fiscal imbalance creates a context where these choices can be examined in relation to other funding challenges in areas of shared provincial and federal jurisdiction. As with most issues in a federal structure, there is no one answer. However, most Task Force members feel that there should be a major role for the federal government beyond just Employment Insurance.

Task Force Recommendations

Recommendations to Increase Incomes

Recommendation 1

The Task Force believes that Employment Insurance is and should remain the primary program for delivering income support to workers who are temporarily unemployed. The federal government should reform EI to address the significant decline in coverage of the unemployed and the related decline in access to employment supports and training offered under EI-Part II.

The EI program, as currently structured, is failing to provide assistance for many working-age adults who are temporarily unemployed. As already discussed, this is a particularly serious problem in geographic regions with low unemployment, including Ontario. It is also a major issue for our large cities as well as for newer entrants to the labour force.

Many Task Force members do not agree with the concept of regionally differing EI requirements, particularly for eligibility, as the experience of unemployment is based on each individual's circumstances and does not necessarily reflect regional unemployment rates.³⁶ The Task Force recognizes that uniform eligibility will be more costly and recommends that the federal government begin to move towards that goal.

Specific changes to strengthen coverage of the program include:

- Decreasing entrance requirements in low-unemployment regions as a first step in moving towards uniform eligibility requirements. Some Task Force members believe that the minimum requirement should be 360 hours everywhere, as recommended by the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons With Disabilities.³⁷ Others were concerned about making a recommendation for a specific number of hours.
- Reducing the current extremely high hours for eligibility of new entrants and re-entrants. Again the Task Force did not agree on a specific number but believes that the current 910-hour requirement is excessive.
- Removing the current exclusion of "voluntary quits" and "dismissed for cause" and returning to former practice of imposing a penalty of a number of weeks delay for benefit receipt. The current severe penalty actually results in people staying in jobs they know will be eliminated or in abusive employment situations to avoid loss of EI benefits.

- Improving access to other benefits and programs that are only accessible to those eligible for EI. These include employment supports and training as well as parental leave benefits.

TD Economics concluded in its recent report that “because changing labour market realities have left a growing share of the labour force uninsurable under EI, a complementary set of programs is urgently needed to fill the gap.”³⁸ Many MISWAA members were concerned with the potential to further weaken the EI program if new programs are proposed and introduced without making recommended changes to strengthen coverage of the EI program.

The Task Force believes that there is a need for comprehensive research to provide a better understanding of the effects of past and proposed changes to the EI program in terms of who has been and who will be affected and in what manner. The federal government should consider pilots and experimental programs in low-unemployment areas, such as large urban centres, to determine empirical results of actions to improve coverage for various groups that currently tend to be excluded such as new immigrants and contract and service workers.

Recommendation 2

An independent body with representation from labour and employers should be established to recommend periodic increases to the minimum wage and monitor the employment and economic effects. It should be put in place before February 2007 when the Ontario government will have completed its currently planned increases.

Enforcement of the Ontario Employment Standards Act should be strengthened to protect the rights of workers under the law, with a focus on employers in high-risk sectors or that are repeat offenders. Current employment standards need to be updated and expanded to ensure that the legal protections currently in place for employees cover new forms of work.

Historically, the minimum wage was maintained at a fixed ratio with average wages. That ratio has eroded significantly. Some members of the Task Force want to see the minimum wage raised much faster and higher than is currently planned by the Ontario government. Others expressed concern that a large one-time increase in the minimum wage (to \$10/hour, for example) could have repercussions in the labour market, with some employers cutting jobs or hours of work in response. There is considerable research to support both points of view and the Task Force did not reach consensus on the issue.

Instead, the Task Force agreed that a new approach to monitoring and managing minimum wage increases is needed. Specifically, a multi-stakeholder body with representatives from labour and employers should be given responsibility for recommending minimum wage increases, monitoring effects, and ensuring that the issue does not drop off the political agenda. Such bodies work successfully elsewhere.

- The United Kingdom, for example, created a Low Pay Commission (LPC), independent of government, which has representatives from different sectors of the economy, including business and labour. It conducts extensive research and consultations and has recommended and monitored the effects of regular increases to the minimum wage since it was first established in 1997. The LPC’s defined system of regular reviews is seen to be successful at ensuring that “the minimum wage continues to be an effective labour market floor, low-paid workers continue to benefit from the prosperity of the nation, and employers can plan ahead in a measured manner.”³⁹
- Saskatchewan and a number of other provinces also have independent review bodies that provide advice to government concerning minimum wage increases.⁴⁰

Much more needs to be done to strengthen enforcement of employment standards, especially given the increase in precarious low-paid work in our economy. The Ontario Ministry of Labour should strengthen enforcement, in particular, through improving detection of violators by increasing numbers of inspectors doing spot audits and conducting full audits in response to complaints in high-risk sectors or about repeat violators; and improving compliance by increasing and enforcing penalties, particularly for repeat offenders.⁴¹

In addition, current employment standards need to be updated and expanded as they exclude new forms of work from the legal protections currently in place for employees or make it difficult for some types of employees, such as those who work for temporary agencies, to access those protections.

The Relationship Between Minimum Wage and Income Supplementation

The Task Force recommends achieving income adequacy through a combination of income from employment and income supplementation, although some members have issues with the latter.⁴² It is important to recognize the relationships that link labour market and income security policies, such as the minimum wage, programs to address barriers to employment like training and childcare, and the design and cost of income-supplementation programs. Given an accepted standard of adequacy, there is a direct link between the amount an individual is able to earn in employment and the amount that must be paid in income supplementation. The higher the minimum wage, and the more hours an individual is able to work, the lower the amount that must be paid out in income supplementation.

In other words, given a public policy commitment to ensure that work will actually lift individuals out of poverty, the lower the legal minimum wage, the greater the public revenue that must be devoted to income supplementation. To make the point concrete, an individual working an average work week of 32 hours would require a minimum wage of \$9.02 per hour to reach the Task Force's income floor of \$15,000 a year.

Regardless of the standard, higher minimum wages are accompanied by lower costs for income supplementation; lower minimum wages by higher costs for income supplementation. It is also important for the two to work together, as supplements on their own tend to drive down market wages.

Recommendation 3

A new refundable tax benefit should be created consisting of a basic tax credit for all low-income working-age adults and a working income supplement for low-income wage earners. Most Task Force members believe this new benefit should be federally financed and administered.⁴³

- A Basic Refundable Tax Credit: A new income-tested refundable tax credit for low-income working-age adults, including persons with disabilities. The maximum benefit would be \$1,800/year (\$150/month). It would begin to be recovered at \$5,000/year in household income and would reduce to zero by \$21,500/year in household income.⁴⁴
- Working Income Benefit: A new working income supplement delivered through the tax system. Minimum work hours to qualify would be 50 hours/month or a household income of \$400/month or \$4,800/year. The maximum benefit would be \$2,400/year (\$200/month). When integrated with the refundable tax credit, it would bring a single adult earning minimum wage and working average hours (32 hours/week) from an income of just under \$13,000/year to an income level of approximately \$16,000/year. This benefit would also reduce to zero at \$21,500/year in household income.

A refundable tax benefit is delivered through the tax system. Taxable income isn't required for it to be paid, unlike a non-refundable tax benefit that is a credit against tax owing. Most refundable tax benefits are targeted at low-income people. Because tax credits generally have stronger take-up than working-income supplements the combination of the two benefits should increase use of the income supplements.

The amounts proposed are modest, but they have the potential to make a real difference to people living at very low income levels. This new adult tax benefit meets the goals we set out:

- To provide provincial social assistance recipients with an increase in income in a non-stigmatizing way outside social assistance. It will also help prevent some people from having to apply for social assistance in the first place.
- To reduce the financial penalties incurred when moving from social assistance into the labour force, thereby reducing the number of people on social assistance. To avoid creating a new barrier in the form of increased marginal tax rates, both parts of the new benefit reduce to zero at the point where child benefits and several other benefits begin to be reduced, or roughly \$21,500/year in household income.
- To provide the beginning of a decent standard of living of at least \$15,000 a year for wage earners living in low income.

It also offers several potential benefits to governments, including:

- Helping to “recession-proof” municipalities by creating a new senior government role for income-tested benefits for working-age adults.
- Reducing the appeal of the underground economy by bringing people who are now outside the personal income tax system into the tax system.
- Enabling EI reform by diminishing the importance of EI as a social welfare program in high unemployment regions as the basic refundable credit becomes established.
- Potentially simplifying the current hodge-podge of tax credits that bear little relation to their original purposes, if provinces and the federal government choose to take the opportunity to repurpose existing credits. (We have assumed that the GST credit will be repurposed in costing MISWAA’s proposal.)⁴⁵

From a design standpoint, the two-part benefit would be a one-size-fits-all credit whereby all adults, parents, singles, and childless couples would be provided the same refundable credit on much the same basis. Household income would be used to determine the benefits to be paid as determined under the Income Tax Act. For earning couples, a \$10,000 earned income deduction could be put in place to provide similar benefits to families as to individuals. Responsiveness measures such as those that now apply to Quebec’s Work Premium would be used to overcome issues with time lags in the tax system. In Quebec’s model, up to half of payable benefits can be advanced to a person with low income in the current year but whose high income in the prior year would disqualify them from receiving benefits.

Some Task Force members are concerned with the use of household income, as opposed to individual income, for benefit determination for reasons of principle as well as potential negative effects on women and vulnerable workers. Determining the benefit based on individual income would be prohibitively expensive while providing benefits to many families who do not experience low income. Potential negative effects, for example on women needing financial independence to escape from abusive relationships, could be reduced by building exceptions into the household rules to allow people to apply for benefits in their own right in certain circumstances.

While the new benefit could potentially be in part a less stigmatizing alternative to social assistance we recognize that social assistance benefits have eroded significantly and recommend that any federal contribution be paid to all low-income adults including social assistance recipients. If the federal government decides to use a recovery reinvestment mechanism, as it did with the National Child Benefit, the Task Force therefore recommends that no more than one-third of the new credit be recovered from social assistance recipients.⁴⁶ The federal government should negotiate an agreement with provinces and territories that any new funds made available for provincial reinvestment be used for employment support and other programs that help people move from social assistance to paid employment or participate more fully in their communities.

It will be important to be proactive about ensuring that low-income people get the information they need about this new benefit. Governments should fund financial literacy services through non-profit community agencies to ensure that low-income working-age adults are informed about and can take advantage of the new national benefit.

In addition, we must acknowledge that this recommendation was the subject of intense debate among Task Force members. A few members have set out their issues in “Alternative Views” in Appendix I.

Recommendation 4

The Ontario government should reinstate earlier provincial policies to set disability benefits at the same levels received by senior citizens who have no other source of income. Ontario should make other improvements including revamping the ODSP disability determination process to bring many of the services that are only available on appeal (better medical information, services of legal clinics and advocates) to the first stage of the application process.

Ontario used to have a policy that kept disability benefits in step with increases for seniors, but abandoned it in favour of periodic review of benefit levels. Periodic review does not work. It has resulted in only one increase in 2005 of 3 percent, following a 1 percent increase 12 years earlier in 1993. That is the longest period in history that Ontario failed to increase rates for persons in need, whether disabled or not. Ontario should immediately move to set disability rates at the levels that senior citizens without resources are paid.

The Ministry of Community Social Services (MCSS) should improve the application process for ODSP. The process is far too difficult for most applicants to navigate, and the supports required to pursue a successful application on behalf of an eligible applicant are only available at the appeals stage. We are not suggesting that appeals should be eliminated, but there must be a better balance between stringency and access to redress than the current situation in which 68 percent of negative decisions are appealed and almost 50 percent of appeals are successful.

Streamlining the decision-making process and providing supports earlier would mean that eligible applicants for ODSP would be admitted at an earlier stage, ineligible applicants would be disallowed at the same stage, and the number of unnecessary appeals would be reduced. Community partners, through a distributive program that is funded and overseen by the Ministry, could provide the necessary access and supports.

Recommendation 5

Persons receiving ODSP who can work despite their disability should be allowed to participate in the labour market without jeopardizing their health and dental coverage. The federal government should administer and provide a national disability income support program to persons currently on ODSP whose disabilities are so substantial that they are unlikely to enter the paid labour force.

There are some persons with disabilities who receive ODSP who can and want to work. Employment supports are an integral part of the ODSP program but, in practice, it needs to be clearer to recipients that working is not a reason on its own to jeopardize their disability designation or health benefits. People with disabilities should be encouraged to work, if they can, through improved earnings exemptions.⁴⁷ Also, many people with disabilities have high prescription drug costs related to their disability. They should be assured of continuing prescription drug and dental coverage while in the workforce for up to two years if that extension would help them keep a job. Actions just announced by the province of Ontario (MCSS, February 2006) represent positive steps in this direction.

There are a significant number of persons receiving ODSP whose disabilities are so substantial and stable that they will never join the paid labour force. The Task Force supports the proposal being advocated by Ontario and several other provinces that the federal government should deliver a national disability income support program to this group. There are a number of reasons why this makes sense.

- The federal government has long experience delivering benefits to people living with similarly substantial disabilities, e.g., through its disability tax credit and CPP.
- A social assistance program like ODSP, with its monthly reporting requirements, is designed to be responsive to changing incomes and needs. It is the wrong vehicle for delivering benefits to people whose income and circumstances do not change.
- The federal government could easily income test potential beneficiaries of a long-term income support program. Asset testing would not be necessary for people who are in no position to obtain and expend assets.
- Finally, people with long-term disabilities are living much longer. Being on long-term support would facilitate their making the transition to OAS when they reach 65 years of age.

Recommendations to Lower Costs to Live and Work

Recommendation 6

Ontario should implement an integrated child benefit platform for all low-income parents with children that pays benefits outside the social assistance system. The Task Force supports recommendations made by others to increase the National Child Benefit to an adequate level.

The long-term vision for the National Child Benefit (NCB) initiative, introduced in 1998, was to reduce the depth of child poverty and provide a single federal-provincial platform to support all low-income families with children. It paid benefits according to the level of family income and was intended to replace child benefits embedded in the social assistance system.⁴⁸ That vision should be realized in Ontario.

The federal and Ontario governments should integrate their child benefits in a way that would provide a common benefit platform for families with children receiving social assistance and those working in low-income employment, and increase the child benefit to an adequate level.

British Columbia, Saskatchewan, Quebec, Nova Scotia, and Newfoundland and Labrador have taken steps to mount a common child benefit platform. Their low-income families receive a separate child benefit that is income-tested and paid on behalf of all children, regardless of the source of the family's income. In contrast, the Ontario government "claws back" most of the federal National Child Benefit Supplement (NCBS) from parents who receive social assistance. It invests the funds in other programs for low-income families with children, primarily the Ontario Child Care Supplement for Working Families (OCCS).

Governments argue that the clawback lowers the "welfare wall" by providing additional benefits to families once they leave social assistance. They also argue that the NCB governance model provides incentives for the provinces and federal government to work together. Those opposed to the clawback, including a number of Task Force members, argue that the realities of Canada's changing labour market are such that many low-income parents cannot find work making the welfare wall a fiction that denies child benefits to the neediest parents and children in our midst. They also argue that the OCCS, which the clawback funds, does not benefit families on social assistance (with few exceptions). It goes mostly to working families living in low income that have children up to age seven. These arguments continue because the clawback, designed to be a transitional model in 1998, is still in place in 2006. What needs to happen now is the completion of the National Child Benefit initiative with broad across-the-board increases to all families, whether working or not.

An integrated child benefit that provides child benefits to all low-income parents with children represents a major improvement for parents on social assistance who are trying to leave social assistance and enter the workforce full time. They could take a job up to a net income of \$21,480 knowing that they will continue to receive the same benefits for their children. In contrast, under social assistance in Ontario, the first dollar and every subsequent dollar of earnings are reduced by 50 cents, including the portion of the allowance paid on behalf of children. An integrated child benefit platform for all low-income parents will also help to prevent some families who now have income from employment from having to resort to social assistance to feed their children.

The best way to implement a common platform for an integrated child benefit is as follows:

- First, the OCCS should be extended to all families and to children up to age 18, and then integrated with federal child benefits. The new child benefit will provide a higher overall income to all low-income parents regardless of the source of family income.
- Second, social assistance benefits should be restructured to reflect the creation of the new integrated child benefit. Parents will want some reassurance that their family will not end up poorer because of this change. We think that guarantees should be made. No family relying on social assistance should lose income because of restructuring to create the new integrated child benefit.⁴⁹

The National Child Benefit started modestly and has been increasing in regular stages. It is scheduled to rise to as much as \$3,511 in 2007. Organizations such as the Caledon Institute for Social Policy, which proposed, advocated, and did major design work on the NCB, have estimated that an amount equivalent to \$5,000 in today's dollars reflects the annual cost of raising a child in Canada, and have urged the federal government to confirm that cost and raise benefits to the appropriate level by 2010. Many organizations committed to the well-being of children in Canada, including Campaign 2000,⁵⁰ have supported this position. The Task Force also endorses this position.

Recommendation 7

Basic health (prescription drugs and vision care) and dental coverage should be extended to low-income workers.⁵¹

The Task Force's community consultations have repeatedly reported that the biggest barriers to making the transition from social assistance to work include loss of health and dental benefits and inadequate dental coverage for adults on social assistance. The cost of replacing lost health benefits would be unaffordable for many, as low-wage work typically does not provide for health coverage. Dental coverage for adults is more problematic as Ontario Works provides only emergency treatment (e.g., extraction) for adults. Basic restoration and cosmetic dental services would be very helpful in making those with poor dental health more employable for the simple reason that the vast majority of workplaces require a minimum standard of appearance for all employees.

The Ontario government has taken a positive step in extending current basic health and dental coverage for six months, with the potential for a six-month extension, for social assistance recipients leaving social assistance for work. But that only helps people who receive social assistance. It does not help low-income people who are working, and who can't afford to get their children's teeth fixed or who are reducing the family food budget to pay for medicines. It also does not solve the problem of inadequate dental coverage for adults.

There is a program already in place to deliver prescription coverage to low-income working people. It is called the Trillium Drug Program, under the Ontario Drug Benefit Program. Judging by the low number of people benefiting from the program, the Trillium Drug Program is not well known, and it does have some drawbacks for very low-income earners. There is a deductible and the program requires people to pay for the drugs upfront and be reimbursed later. But design changes could be made to help those who can't afford to pay in advance to access the program.

In addition, the existing system for delivering dental services for Ontario Works (children) and ODSP recipients could be used to deliver dental services to adults receiving Ontario Works and low-income workers. Dental services can be made very specific and capped, making it possible to set the cost of a program at an affordable level and to contain it.

Recommendations to Protect and Build Assets

Social assistance programs are stringently needs tested to ensure that only the most needy in society have access to benefits. In practice, this means that only small amounts of assets and income are allowed. Recipients can't save or receive help from their families without breaking the rules and becoming ineligible. As a result, welfare programs often prevent pursuit of activities, such as saving for education and training, that most Canadians would agree help pave the way to self-sufficiency.

The Task Force believes that the objective of supporting people in pursuing self-sufficiency must be weighed against the objective of ensuring that social assistance programs serve only the neediest. Income security programs should provide opportunities for engagement in the workforce and in community life. Building both financial and personal assets is an integral part of this approach.

Recommendation 8: Financial Assets

Social assistance asset limits should be raised to \$5,500 for a single person and \$9,000 for a family, along with other improvements in asset treatment.

Retention of assets should be improved to prevent recipients seeking assistance from having to strip themselves of liquid assets that could help them obtain and sustain employment. This is even more important now that earnings exemptions have been decreased. Unless asset limits are raised, recipients will not be able to accumulate their additional earnings. Having even a small amount of savings to help weather a financial setback can mean the difference between being able to stay in the workforce and having to resort to social assistance again. As the TD Economics' report noted, it is counterproductive to encourage people on social assistance to work while discouraging them from saving any of their earnings. Governments should monitor the effects of any increases in asset limits closely to ensure that changes have the intended affect.

There are some other improvements that should be made along with the increase in asset limits, including:

- A blanket asset exemption should be set on Registered Plans for social assistance recipients, with the level to increase with age to \$60,000 maximum. This is a modest increase over and above the new \$42,000 lifetime exemption already in place for Registered Education Savings Plans.
- Short-term recipients of social assistance waiting to go on EI should be excluded from asset tests. These recipients cost the system no money because they have to repay their social assistance benefits out of their initial EI payments. It makes no sense to needlessly strip them of their assets.

For low-income workers who have few or no assets, unexpected financial obligations can cause financial emergencies. They often do not have the resources that higher-income people do, like credit cards, insurance policies or lines of credit supported by equity in a home. As a result, they could be forced to resort to social assistance to weather a temporary financial problem. Once they are stripped of assets and in the system it is difficult to get out.

Low-income people should have access to limited financial assistance for emergencies based on a test of need, through a social fund separate from social assistance (although the social assistance system could deliver it). Ontario historically provided this type of support to low-income workers through a program called Special Assistance. Several other provinces continue to provide this type of support.

Finally, some Task Force members are interested in the broader issue of asset building including opportunities to develop assets and financial capability, as well as avoiding asset stripping. This is a new area of public policy that appears to be showing some promise in reducing poverty and reliance on social assistance programs. While this area was beyond the scope of the Task Force, some promising activities of our members include: proposals for new savings accounts that provide low-income people with the opportunity to shelter assets and returns from taxes that higher income Canadians get from RRSPs;⁵² and individual development accounts in which governments match the savings of low-income earners to help them invest in such things as education or training, business start-up, or a home or vehicle purchase.⁵³

Recommendation 9: Personal Assets

Employment supports, training and upgrading for social assistance and EI recipients, as well as for low-income workers, should be improved and expanded, with an emphasis on building on individual skills and capacities in the context of local/regional job markets.

The Task Force's community consultation process emphasized inadequacies in training and employment supports for people on social assistance and low-income earners. Experts in the field agreed that anticipated growth in labour and skills shortages, and the continuing shift to higher skilled jobs, make it even more important that opportunities and supports be available to enable low-income adults to retrain and upgrade their skills. Recent immigrants also need these opportunities and supports to upgrade or secure recognition for their qualifications.

Many recipients of Ontario Works need more active and persistent support to gain a stable attachment to the workforce. They want to work but they do not have the skills or the experience that fit what is available in the job market.

The challenge is not just to get someone into any job, but into a job that will help him or her achieve self-sufficiency and sustain it. Meeting this challenge will require caseworkers to work closely with recipients and with employers over a period of time. Employment programs with clear labour market ties have been identified as most effective and should be expanded. Programs with embedded supports, such as apprenticeships, mentorships, job coaches, and on-the-job training, are currently oversubscribed.

Caseworkers should be mandated to spend less time policing the system and more time helping recipients to find the right opportunities. They should consider needs in local and regional labour markets. Ontario's new Labour Market Development and Partnership Agreements with the federal government should provide the funding and the tools to make Opportunity Planning a reality.⁵⁴

Sustaining employment will also require the collaboration and cooperation of governments, training and educational institutions and employers to create life-long learning opportunities for adults in low-wage work. Income replacement, bursaries and loans, employer accommodations, and the flexible delivery of training and education will all be necessary to create real opportunities for people in low-wage jobs who otherwise have little prospect of wage and professional advancement. The new Labour Market and Immigration Agreements provide a mechanism to begin filling these gaps.

Recommendation 10: Personal Assets

Recipients of Ontario Works benefits who have multiple barriers to work should receive special supports to encourage participation in community activities and longer-term capacity building.

The Ontario Works program is not meant to be a long-term income security program for people who do not work because they have persistent and significant barriers to employment and self-sufficiency. However, some people with multiple barriers do not qualify for the ODSP program because they do not have a medically verifiable disability and they remain on Ontario Works.

Many call for this group of recipients of Ontario Works to be placed on ODSP as a special class of persons who may not be significantly disabled but whose prospects of sustainable and self-sufficient employment are remote. The problem for governments in general and for Ontario in particular is that it is politically unpopular to provide a long-term income security program for non-disabled working-age adults who are not realistically going to engage in remunerative employment. The problem is an enduring one and not amenable to easy solution.

Ontario previously had a category for “permanently unemployable” people who had a combination of medical disabilities and barriers to work. This category also included people aged 60 to 64 who were not disabled and could not find work. This group received the same benefits as persons with disabilities. These recipients were enrolled in ODSP when it was created in 1998, but the category was eliminated for new applicants.

As a society, we accept that not all persons are equipped either medically, physically, or emotionally to perform in the full-time labour market. Nevertheless, they pay an extremely high price, including a high risk of homelessness. Rather than exempting them from participation in society, we see opportunities in a special program within Ontario Works to maximize their opportunities. Some of these people may not be able to work full-time, but they may be able to work part-time or on occasion.

They should be encouraged to do so, but they should not be treated as Ontario Works recipients who are expected to go and find a job as soon as possible. It is just not realistic.

Special supports for this group should include supports to facilitate limited community participation and voluntary activity. They should also be considered for special employment supports to assist in maximizing their capacity for work and voluntary activity in the medium and longer term.

Recommendation to “Recession-Proof” Ontario’s Municipalities

Recommendation 11

The Ontario government should upload social assistance benefits costs for the municipally delivered OW program, and all social assistance costs for the provincially delivered ODSP, from municipalities to the province.

As already discussed, funding of social assistance in Ontario is an exception. It is one of the few jurisdictions in North America that still requires significant municipal cost-sharing. In the next recession, given that so few workers qualify for EI, the increased numbers of unemployed will overwhelm social assistance. If the new programs that MISWAA has recommended are not in place, there will be great pressure to open up the program as in the past to help the jobless, placing an enormous additional strain on municipalities. We should not wait for this to happen. It is time to move funding of social assistance to the provincial level.

In principle, the Task Force believes that the order of government responsible for delivery of a program should pay for at least part of the costs. The uploading of social assistance costs should therefore be carried out, as follows:

- All benefits and administrative costs for ODSP should be uploaded to the province as it delivers the program.
- The benefits costs for OW should be uploaded to the provincial government, as these are open-ended costs and they grow significantly during economic downturns. Sharing of OW administrative costs should continue if municipalities are to be the front-line deliverers.

Future cost-sharing should be restricted to areas that municipalities can budget for by matching finite revenues with reasonably predictable program costs.

New Federal-Provincial Agreements that Can Benefit Working-Age Adults

Three major agreements that have been newly signed by Ontario and the federal government have the potential, when implemented, to greatly enhance the effect of the Task Force’s proposed reforms. These are the Labour Market Development Agreement, the Labour Market Partnership Agreement, and the Immigration Settlement Agreement.

Labour Market Development Agreement and Labour Market Partnership Agreement

Only 30 percent of the province's labour force is eligible for the training available to EI recipients. Many of the other 70 percent of people who do not qualify for EI need training as much or more as those who are EI-eligible. However, Canada's constitution does not allow non-EI recipients to benefit from EI programs. Fortunately, constitutional change is not absolutely necessary.

In the fall of 2005, the Governments of Ontario and Canada signed a Labour Market Development Agreement (LMDA) and a Labour Market Partnership Agreement (LMPA). The Task Force views this significant development as a possible breakthrough in providing employment programs for all low-income adults who need them.⁵⁵

The LMDA enables Ontario to assume an expanded role in the design and delivery of employment benefit and support measures that remain restricted to active EI claimants and "Reachback" clients.⁵⁶ The LMPA is intended to, among other things, set out shared labour market goals and objectives for Canada and Ontario, set out joint priorities and investment levels, establish mechanisms for strategic planning and broad collaboration, and establish an accountability framework.⁵⁷

The LMPA complements the LMDA in that it deals with funding of labour market services for a broader clientele that includes the employed, underemployed and the unemployed. The agreement identifies seven priority investment areas: expanded and enhanced apprenticeship programming, labour market integration of immigrants, literacy and essential skills, workplace skill development, Aboriginal peoples, and assistance to others who face labour market barriers (e.g., older workers and persons with disabilities).

Now that these agreements are in place, it will be possible to develop and implement a seamless continuum of training opportunities and resources that combine the best elements of EI-Part II and other federal, provincial, and municipal training strategies. Clear strategies to meet the workforce needs of the next decade should be a priority.

Immigration Framework Agreement

Ontario and Canada need immigration to continue to develop our unique multicultural and diverse nation and to ensure that the economy continues to grow and prosper. Canada and Ontario cannot pursue long-term policies that, by default, employ immigrants in low-income jobs with poor outcomes. Both levels of government must cooperate to develop long-term plans to set realistic and achievable immigration goals and targets that result in positive outcomes for all Canadians.

An immigration agreement should develop a long-term plan for the appropriate level and mix of immigrants for Ontario along with clear and coherent strategies to recognize legitimate credentials, agree upon the skill mix required for Ontario, and to reverse the deterioration in employment and income through improved training, increased ESL support, and improved settlement interventions. While the newly signed Immigration Settlement Agreement will not involve Ontario directly in issues related to recruitment and selection, it should largely resolve the outstanding settlement issues that have remained a major issue for the last three decades.

Effects of MISWAA's Proposals on Adults Living in Low Income

MISWAA's proposed tax credits and package of other recommendations will improve the situations of many adults living in low income. The proposals not only improve incomes, but also remove impediments to moving from social assistance to work and reduce the numbers of people who need to turn to social assistance as a program of first resort. Exhibits VIII and IX illustrate the effects of potential reforms on a low-income single person and lone parent in terms of additional income per month and increased access to benefits. Both people will be better off, and their situations improve more as their earnings from employment increase.

Exhibit VIII: Effect of Potential Reform on Low-Income Single Person With No Children

Monthly Earned Income ¹	In-Kind Benefit (e.g. dental, prescription drugs)		Total Money Income		\$/Month Increase in Income ⁶
	Old ⁵	New	Old	New	
\$0	Limited	Available	536	667	\$131
\$250	Limited	Available	661	791	\$130
\$500	Limited	Available	786	944	\$158
\$750	Limited	Available	911	1,103	\$192
\$1,000	None	Available	1,000	1,237	\$237
\$1,075 ²	None	Available	1,075	1,324	\$249
\$1,400 ³	None	Available	1,400	1,522	\$122
\$1,700 (\$10/hour)	None	Available	1,700	1,734	\$34
\$1,790 at phase out ⁴	None	Available	1,790	1,791	\$1

1. \$8.00 minimum wage at February 2007 is used here

2. Minimum wage at average hours

3. Minimum wage full-time

4. Phase-out point of the new tax credits is \$1,790/month (above \$21,480/year)

5. OW provides emergency coverage for adults which ceases when earned income reaches \$1,072/month and the single person becomes ineligible for OW

6. Includes effect of repurposing the GST credit

Exhibit IX:
**Effect of Potential Reform on Lone Parent
 With One Child (Childcare Provided¹)**

Monthly Earned Income ²	In-Kind Benefit (e.g. dental, prescription drugs)		Total Money Income		\$/Month Increase in Income ⁷
	Old ⁴	New	Old	New	
\$0	Limited	Available	1,100	1,222	\$112
\$250	Limited	Available	1,235	1,337	\$102
\$500	Limited	Available	1,365	1,482	\$117
\$750	Limited	Available	1,490	1,654	\$164
\$1,000	Limited	Available	1,615	1,836	\$221
\$1,075 ³	Limited	Available	1,653	1,876.5	\$223.5
\$1,400 ⁴	Limited	Available	1,815	1,964	\$101
\$1,700 (\$10/hour)	Limited	Available	1,965	2,088	\$123
\$1,790 at phase out ⁵	Limited	Available	2,040	2,145	\$105

1. Earnings exemptions that apply to informal childcare are not included in these figures
2. \$8.00 minimum wage at February 2007 is used here
3. Minimum wage at average hours
4. Minimum wage full-time
5. Phase-out point of new tax credits is \$1,790/month (above \$21,480/year)
6. OW provides coverage for children and emergency only for adults. It continues in lone parent case as maximum earnings level allowed while on OW is approx. \$2,620/month
7. Includes effect of repurposing the GST credit

Estimated Costs of MISWAA's Proposals

The estimated cost of the MISWAA proposal for a new refundable tax benefit for working-age adults is \$8.5 billion annually for all of Canada, including \$3.1 billion annually for Ontario (Exhibit X).⁵⁸

Exhibit X: Federal Costing (\$billions per year)

Costs	Jurisdiction		
	<i>Ontario Only</i>	<i>Rest of Canada</i>	<i>Canada Total</i>
Basic Credit	\$2.50	\$4.50	\$7.00
(GST Repurposed)	(\$0.50)	(\$1.20)	(\$1.70)
Working Credit	\$1.10	\$2.10	\$3.20
Total Cost	\$3.10	\$5.40	\$8.50

There is also an incremental cost for MISWAA's proposals to the Ontario government. That cost is estimated to be \$1.45 billion annually.

Exhibit XI: Provincial Costing (\$billions per year)

Incremental Costs	
Child Benefits Restructuring	\$0.85
ODSP Rates	\$0.20
Dental	\$0.10
Prescription Drugs	\$0.20
Social Fund	\$0.10
Total Cost	\$1.45

This report does not include costing of some of the recommendations because the programs are already in place or the Task Force is endorsing the positions taken by others. An example would be the proposed increase in the National Child Benefit Supplement. For some other programs, such as EI, we lack the necessary data to do a costing. We greatly appreciated the assistance of the Governments of Canada and Ontario in helping to verify the cost estimates that we have included.

The Task Force wrestled with the issue of affordability. Members had different perspectives on what they judged to be affordable actions to improve the economic security of low-income adults. Some viewed the costs as a fundamental investment in fairness while others, understandably, were concerned with the implications for federal and provincial fiscal capacities, deficits, and debt loads. They recognized that proposals made by others, such as raising the threshold at which someone would pay income tax, would cost far more than MISWAA's proposals and could have unintended negative consequences.

The Task Force recognizes that the costs of our proposals appear to be high but most believe that they are reasonable. What is proposed constitutes roughly an 8 percent increase in income security spending overall and implementation could be done in stages to soften the impact. Spending will be targeted to people who have fallen the farthest behind in this economy. Maintaining the status quo is not affordable. There are too many negative forces affecting our economy and the social welfare of our communities to leave the situation as it is.

In closing, we urge all sectors of civil society to join our Fair Deal Coalition, which will be urging governments to take action. The solutions can be implemented and they are affordable.

Appendix I: Alternative Views of Task Force Members

Several MISWAA Task Force members or their organizations have chosen to express alternative views to those in parts of the report, while endorsing the rest of the analysis and recommendations. They include: the Caledon Institute, the Income Security Advocacy Centre (ISAC), Professor Ernie Lightman, Hugh Mackenzie, the Workers' Action Centre and Rev. Susan Eagle. While they have some issues in common, their perspectives differ and are provided below in their own words.

Alternative Views of the Caledon Institute

The Caledon Institute has been a valued partner in the MISSWA process and fully supports (indeed, helped shape) this report's view of Canada's social safety net and labour market programs for persons of working-age as inadequate and outmoded.

Caledon is part of the consensus regarding the recommendations in this report with two key exceptions: the Basic Refundable Tax Credit and the Working Income Tax Credit. The Caledon Institute's view is that the two proposed refundable tax credits will not result in fundamental reform of income security for Canadians of working-age and, in particular, will leave the existing welfare system intact. Caledon also believes that given their considerable cost, these federal tax credits will preclude future significant reforms. Caledon does support the concept of working income supplementation, but in the form of programs designed and delivered by provincial or territorial governments as one possible element in their income security systems for working-age adults.

Caledon has proposed a new architecture for Canada's adult benefits that is outlined in the article by Ken Battle, Michael Mendelson and Sherri Torjman, "The Modernization Mantra: Toward a New Architecture for Canada's Adult Benefits," *Canadian Public Policy*, Vol. 31, No. 4 (December 2005). This architecture presents an alternative approach that Caledon will continue to develop in its policy work going forward.

Alternative Views of the Income Security Advocacy Centre (ISAC)

ISAC is pleased that the diverse parties which comprise MISWAA have recognized the shamefully poor state of our income security system and been moved to call on both the federal and provincial governments to engage in substantial reform. ISAC agrees that the existing income security system is ineffective and inadequate.

However, ISAC is concerned that despite MISWAA's recognition of the depths of poverty in which people on social assistance are living, the recommendations do not adequately increase the income of the poorest people in our communities. No matter the design or "architecture" of income security programs, benefit levels must reflect the actual cost of living in each community. That was the recommendation of the jury presiding over the inquest into the death of Kimberley Rogers. For that reason, ISAC does not accept the report's conclusion that \$15,000 per annum - even as a starting point or "down payment" - is adequate.

Further, because people on social assistance are living in such dire poverty, ISAC does not support the use of any sort of recovery reinvestment mechanism which would result in full or partial benefits being clawed back from people on social assistance. Aside from its material effects, it is discriminatory and mean-spirited. It also disproportionately impacts some of the most vulnerable people in our communities including single mothers and people with disabilities. Additionally, in this regard, there are ongoing concerns regarding proposals to remove children from the social assistance benefit unit as it may not result in a meaningful increase to a family's income and further, because it threatens to conceal the causes of family poverty.

On the topic of the National Child Benefit Supplement, ISAC is concerned about the report's statement that the NCB was intended to "provide a single federal-provincial platform to support all low-income families with children...[and] replace child benefits embedded in the social assistance system." To the best of ISAC's knowledge, such intentions are not on public record. It is ISAC's position that the stated goal of reducing child poverty is inconsistent with the practice of deducting the NCBS from families on social assistance.

On the topic of low wages, ISAC is concerned that the report does not make recommendations that would result in an adequate increase to the minimum wage in a timely manner. ISAC is also concerned that income supplements, which are recommended in the report, may shift the responsibility of ensuring workers have adequate wages and benefits from employers to the taxpaying public.

The guiding principle of any and all reform of the income security system must be recognition that all people in Ontario deserve a decent standard of living – a standard that is impossible to meet within the current income security system. ISAC does not support income security redesign models premised upon the notion that low-income people require "incentives" to find employment. Rather, we favour approaches that acknowledge and respond to an analysis that attributes poverty and the inability to work to structural rather than personal failure.

Alternative Views of Professor Ernie Lightman

We began our involvement in the MISWAA process, optimistic and hopeful that the very different constituencies would be able to reach a consensus on ways to improve Canada's appalling income security system, for both people on welfare and those working at, near or below minimum wage.

Unfortunately, the report's central recommendations – two separate but related tax credit programs – focus on the latter group, at the expense of people on welfare. As a result, we are unable to endorse this key feature in the MISWAA Report.

In part our reservations follow from an inability to fundamentally understand the effects of what is being advocated. The MISWAA proposal should have been modeled so we could clearly see who benefits and by how much under a variety of different scenarios. Without this kind of empirical data it is difficult to have much confidence in the recommendations.

The emphasis on marginal tax rates is excessive, in our view. Marginal tax rates are inextricably linked to work incentives and we cannot accept the report's implied premise that work incentives among the poor are deficient. (Why stress work incentives if they are not problematic?) Our own research at the SANE project, along with the work of many others, documents that the majority of people remaining on Ontario Works today are either single mothers or people with severe disabilities who are unable to get ODSP. The latter group (formerly known as "permanently unemployables") is unlikely to work under any reasonable circumstances. For the single mothers, most of whom are eager to enter the paid workforce, the major barrier to employment is quality affordable childcare, an issue elevated to crisis level of importance by the plans of the Harper government. Neither of these groups needs or is likely to respond to improved marginal tax rates.

So why is MISWAA so concerned about work incentives? Since there appears to be no empirical base for their concern, we can only conclude that there is an ideological agenda at play here – the view that people on social assistance are morally deficient and need strong incentives to coerce them into the workforce. This is the philosophy that underlay the workfare agenda of the Ontario government, an agenda that succeeded only in getting recipients off welfare and into short-term, insecure precarious employment with few or no promotion prospects. (This finding is based on the SANE research.) Single moms need childcare and the "permanently unemployables" need help: neither needs work incentives.

The two tax credits, taken together, could well evolve into a program similar to the US Earned Income Tax Credit (EITC). The EITC is purposely designed to give nothing to those without earnings, a modest supplement to people as they start to work, and very rapid benefit reduction as earned income increases. This is a model developed in the United States and rejected by most of the rest of the world, and it has nothing to commend it. Given the inevitable cherry-picking that will follow the publication of the MISWAA report, the recommendations could quickly collapse into a Canadian EITC, which would leave people on welfare relatively worse off than they are today.

The cost of the two tax credits also troubles us: for \$8.5 billion, we could do a lot better for the neediest amongst us. We could actually address the adequacy issue in a variety of different ways, rather than just agree to disagree. Or we could effectively double the Canada Child Tax Benefit, focusing our investment on children, and forget about the two tax credits entirely.

We also endorse the position taken by others to absolutely oppose any clawback of benefits by either federal or provincial governments. We're not really offering much to the poor in the final analysis, and yet MISWAA proposes to acquiesce to government taking a chunk of the payment back. Why is it that "affordability" is only an issue when dealing with the lives of the poor? What about the affordability of most of the deductions, exemptions, credits, accelerated depreciations and other provisions in the personal and corporate tax systems that overwhelmingly benefit everyone except the poor? What are our collective social priorities?

Having said all that, we close with the observation that aside from the two tax credits there is much to commend in the MISWAA report. Many of the other recommendations will significantly improve life for those on welfare and among the working poor. Much of the analysis is thoughtful and insightful and strikes at the heart of the problem.

What is perhaps the greatest strength of this report is that it has caused people who knew little about welfare, to start talking – possibly for the first time – about the inequities of the current system. Welfare, which has recently not been high on any governmental agenda, may now assume a place of greater priority. And if we all can agree that the status quo is untenable – even if we don't all agree on the way forward – at the very least we will have accomplished something by altering the tone and focus of the public discourse. And for that alone we express our appreciation to those who initiated the MISWAA exercise.

Alternative Views of Hugh Mackenzie

Our income security system is in shambles. Employment standards have not kept pace with changes in the labour force, and those we have are not being effectively enforced. Minimum wages have fallen far behind the cost of living and fall far short of providing a single person with even a minimally adequate standard of living. The employment insurance system has been eroded through a combination of program design changes and changing labour market conditions to the point where fewer than 40 percent of unemployed Ontarians qualify for the program. In Ontario's largest urban areas – Toronto and Ottawa – coverage is barely over 20 percent. Supports for unemployed working-age Ontarians who do not qualify for employment insurance are inadequate. Even supports for disabled adults of working-age were frozen for nearly a decade and have fallen far behind supports for seniors, which used to be the benchmark.

As a society, we say we want to encourage people to participate in the workforce and to support people who want to improve their skills and employability yet we offer a bewildering web of programs that often accomplish exactly the opposite.

Tackling these problems is not a matter of altruism for our society, although we believe that most Ontarians would feel profoundly uncomfortable if they were aware of the lack of generosity that characterizes much of our income security system. With an aging population and at a time of labour shortage, our society needs the contribution to our economy of everyone who can work. Growing evidence of the racialization of poverty in urban areas has profound implications for the future of our largest urban areas. And the loss of social cohesion that goes with inequality is a source of weakness for our economy and for our general quality of life.

Despite their importance, issues related to income security have fallen off the political radar screen. We may have moved beyond the point where reducing the living standards of the poor was seen as a politically attractive wedge issue, but years later, there is still a real shortage of champions for income security reform, despite its evident urgency. One need only to look at the recently-released 2006 Ontario Budget for evidence of the distance we have to travel. Even with the increases proposed in the Budget, Ontario Works and ODSP beneficiaries will be worse off – once inflation is taken into account – than they were when the current Ontario government was elected.

The principles and analysis endorsed by the Task Force represent a substantial shift in the landscape of the debate over income security policy. The sheer size of the increased investment recommended by the Task Force makes an important political statement in and of itself. And, taken together, the recommendations of the Task Force would both take the issue of income security out of the political doghouse and improve the lives of tens of thousands of Ontario's least advantaged citizens.

However, in failing to recommend a substantial increase in income supports for Ontarians dependent on Ontario Works for subsistence, the Report fails to respond appropriately to the crisis faced by tens of thousands of our fellow citizens. It is simply not good enough to declare the debate over what is meant by adequacy to be unresolved, acknowledge that current levels of support are well below any credible definition of adequacy that anyone might come up with, and then recommend a minimal increase that would only be delivered through a new income tax delivered income security supplement to be implemented at some unspecified future date. These Ontarians are in distress now. And they deserve a response that is respectful of that fact.

The report's weakness with respect to the situation of Ontario Works beneficiaries is exacerbated by the implicit endorsement in the report of a federal government clawback from social assistance of up to one third of the benefit provided for in the proposed income security program design. This implicit endorsement is not acceptable both in principle and in light of both the criticisms in the report of the child tax benefit clawback and the less-than-adequate income enhancement provided in the report for social assistance recipients.

It must also be recognized that resources are limited to pay for change. In that vein, the concerns raised by the Caledon Institute with respect to the recommended structure for a national income security program for working-age adults must be taken seriously. In Caledon's view, the proposed federal refundable tax credit will not fundamentally reform the income security system for working-age adults and given its substantial cost could preclude future reforms.

The system needs reform. The reform initiatives proposed by the Task Force are generally worthy. The total investment recommended by the Task Force is noteworthy and substantial. But the priority must be a substantial increase in income for those most disadvantaged in our society. And while the case is clearly made for a much stronger role for the federal government in income security for working-age adults, the case for its particular articulation in the Task Force report is not.

Alternative Views of The Workers' Action Centre (WAC)

The Workers' Action Centre was pleased to see MISWAA incorporate an analysis and discussion of issues facing people in low wage and precarious work in this report. The analysis provides in-depth background as to why income security is of grave concern. Nevertheless, we have substantial concerns about the central recommendations of this report and therefore cannot endorse a number of key conclusions in the report as it stands.

Our concerns fall into two areas: lack of specificity of some recommendations, and disagreement with some of the recommendations. Almost all of our concerns are reflected in the report as areas where Task Force members had different points of view or didn't achieve agreement. We elaborate on WAC's specific issues below. Our greatest concern is with the recommendation for the new tax credits, which we address at the end of this statement.

There are some areas where the Task Force was not able to agree on more specific recommendations. The effect of this is that the following three issues receive less weight than other recommendations in the report. In particular we are concerned about the following:

- **Minimum Wage:** We strongly believe that any public policy initiatives on income security must recommend raising the floor of the minimum wage to bring working people out of poverty. We are concerned that the recommendation to establish a new body to make recommendations on minimum wage increases won't achieve that goal. The absence of a more specific recommendation for minimum wage increases risks shifting employers' responsibility to provide adequate wages onto taxpayers.
- **Employment Standards Recommendation:** More employers at the bottom of the labour market are operating below our minimum floor of employment standards. Increasing employment standards violations have been paralleled by a real decline in resources for enforcement. Without increased resources for effective enforcement there will be no real improvement in working conditions for people in low-wage and precarious work in Ontario. We have consistently taken the position that it is not enough to merely recommend "adequate resources" and wanted MISWAA to be more explicit, that is, 100 new Employment Standards Officers should be hired to ensure enforcement of our basic floor of employment standards rights in Ontario's workplaces.

- **Employment Insurance:** Given the realities of new work organization and the rise of precarious work, Employment Insurance (EI) is a big concern to many of our members who are excluded from this program. We were glad to see that the EI recommendation has been strengthened but are concerned that without specific improvements put forward this will not be taken seriously. In particular, the Workers Action Centre wants the entry requirements reduced to 360 hours and an increase in benefits that workers receive.

We disagree with the report in the following areas:

- **Definition of Adequacy:** Clear measures of income adequacy are integral to public policy discussions on income security. We cannot agree to the \$15,000 benchmark for adequacy being put forward here, even as a starting point for debate. Static income benchmarks that do not relate to the real costs that people face (e.g., childcare, housing, inflation, transportation, etc.) and do not accommodate changes over time will fail to protect low-income people.
- **Employment Insurance:** We agree that it is vital to remove the current exclusion from benefits of people who were "voluntary quits" and "dismissed for cause". However we do not agree with the re-establishment of penalties for those workers. This recommendation does not take into account the imbalance of power in the workplace and vulnerability of workers. We are also concerned with the final paragraph of the EI recommendation where it is stated that more research is needed. If all that is really being recommended is that there be more "comprehensive research to provide a better understanding..." then we find this very problematic as it could delay specific action.
- **Social Assistance:** We are not experts on social assistance but find it very troubling that there is no mention of increasing Ontario Works benefit levels. We believe OW benefits must be increased by 40 percent to compensate for previous rate cuts in the late 1990s and subsequent loss of value due to inflation.
- **New Tax Benefits:** In the absence of very specific recommendations regarding increases to the minimum wage, EI and welfare rates, we believe that the income supplement (by way of tax benefit) becomes the key platform for addressing income security. The detailed costing of the tax benefit, while costs of some other recommendations aren't available reinforces this view. Income supplements may have a role, but it has to be in conjunction with real efforts and recommendations to increase other forms of income security as well. In this context, we do not support this recommendation. We have grave concerns that focusing and relying on income supplements through the tax system would work as a disincentive for future improvements to wages, statutory benefits and social assistance.

Alternative Views of Rev. Susan Eagle

I agreed to participate in the MISWAA process with great enthusiasm. I was, and continue to be, appreciative of an initiative intended to put income security issues back in the public arena and on the political stage.

All levels of government have reduced benefits for the poorest in our communities and sidelined any public debate around these concerns. The time was certainly at hand for us to revisit and reinvigorate public scrutiny of what has been happening to those who are on the bottom end of an ever widening economic gap.

I appreciate much of the analysis which MISWAA has done and can endorse some of the recommendations such as the call for increases in asset levels, child benefits, training opportunities and access to health and dental benefits.

However, I have some substantial concerns with the final document. They are as follows:

Government vs. Corporate Responsibility

The MISWAA document quite rightly sets out recommendations that challenge governments at all levels to take responsibility for the protection and support of citizens. I agree. However, it is puzzling and disappointing to read a final document that is so devoid of challenge to employers and the corporate business community. Here is a sector that benefits from the productivity of labour and has had enormous and growing profits for many years.

The only recommendation that deals with the shocking inadequacy of minimum wage is one that proposes a gradual and periodic increase in minimum wage that would only happen through a cumbersome process of setting up an independent body whose only power would be to make “recommendations” to governments.

Quite simply, working people should receive sufficient earned income to provide for basic needs and more. It is a basic tenet of social justice and recognition of human dignity that those who labour to produce the goods and services from which we all, especially employers, benefit, should also receive a fair share of the wealth and prosperity that is created.

Employers who “cry poor” and underpay workers with the expectation that governments, and that means taxpaying citizens, should provide income supplements, should have to qualify for “corporate welfare” by submitting to the same kind of corporate income testing as individuals who submit to income testing in order to receive welfare. It is an invasive process of assessing all assets and documenting all revenues. I believe few corporations would be willing to apply.

There is no doubt that workers are underpaid and that they are falling ever further behind in our economy. The quickest and most appropriate solution for increasing the income of the working poor would be through the increasing of the minimum wage to a standard of adequacy.

Social Assistance for the Unemployed

I candidly agree with the MISWAA analysis that those who are unemployed and underemployed suffer in a stigmatized ghetto of impoverishment with many difficult barriers to overcome. It is perplexing then to find statements in the same report that perpetuates that stigmatization by suggesting it may be “more economically rational for some people to stay on welfare than work.” In my 22 years of community work I have yet to find those who choose not to work. I concur with the concerns expressed by other alternative view writers that work incentives for the unemployed are not what is needed, but rather the removal of barriers such as lack of affordable childcare, punitive regulations and clawbacks.

The suggestion that \$15,000 is a good starting threshold for income adequacy is hypocritical coming from anyone whose income is higher. As for the concern about affordability of income supports, it would be my observation that if employers paid workers at a decent wage, instead of relying on a government top-up, as MISWAA recommends, the public money thus saved could be used to take us much further on the road to providing adequately for those not working and in need of social assistance.

Process

Finally, I would like to express my concern about process. Many places in the report refer to the collective MISWAA group with phrases such as “the Task Force agreed,” or “the Task Force recommends.” However, Task Force meetings did not include any process for voting on recommendations, nor was there any group consensus procedure established. Input from Task Force members was limited to the expression of individual alternative views, such as this one.

In spite of the ideological diversity of the Task Force members I believe a more consensual process would have led us to a more forward looking document with a stronger basis for public debate.

Appendix II: Multi-stakeholder Process and Community Consultations

The Toronto City Summit Alliance (TCSA) and St. Christopher House (St. Chris) began their effort to develop interest in an initiative to reform the income security system for adults with the following problem statement. It sets out three fundamental issues faced by working-age adults living in low income:

- Minimum wage no longer pays enough to enable people to realistically meet their costs of living, especially in urban Canada.
- Existing programs make it difficult to escape poverty and the “welfare trap.” Many social assistance recipients have to earn extra income to survive, but the penalties for earning income often make it more economically rational to choose welfare over working.
- There is little public or political pressure to change the situation. Since the early to mid-1990s, minimum wages, employment insurance, and social assistance benefits have all declined significantly while eligibility for benefits has been tightened.

The Atkinson Charitable Foundation provided the seed money to set up the Task Force for Modernizing Income Security for Working-Age Adults (MISWAA). Three objectives were established at the outset:

- To provide a clear, soundly supported assessment of Ontario and Canada’s income security system and programs, grounded in the experience of those affected.
- To develop pragmatic proposals for policy and program changes for governments to improve the economic security of working-age adults living in low income, focusing on Ontario in a national context.
- To design Ontario and pan-Canadian communication campaigns to help ensure that proposals for governments are put into motion, ideally over a two-year time frame.

The infrastructure and process for the initiative consisted of three parts: a multi-stakeholder Task Force of civic leaders, an expert Working Group (also multi-stakeholder), and an extensive community involvement and consultation process.

Task Force

The multi-stakeholder Task Force represented an attempt to build bridges between groups with shared concerns and different views about how to address flaws in Canada’s income security system for adults. MISWAA was able to generate sufficient interest and good will early on so that over 50 opinion-leaders from diverse sectors came together to form the Task Force. (See beginning of report for Task Force membership.) Many members of the Task Force were relatively new to the complexities of income security policy but were quickly convinced of the need for action.

The Task Force has been co-chaired by David Pecaut, head of the TCSA, and Susan Pigott, CEO of St. Chris, and supported by a small Secretariat consisting of a Project Director, Research Director, and Administrative Coordinator. (See Exhibit A for structure and roles.) Throughout the process, the co-chairs and members of the Task Force consulted regularly with a wide range of leaders from civil society and governments to test ideas and gather preliminary feedback.

Working Group

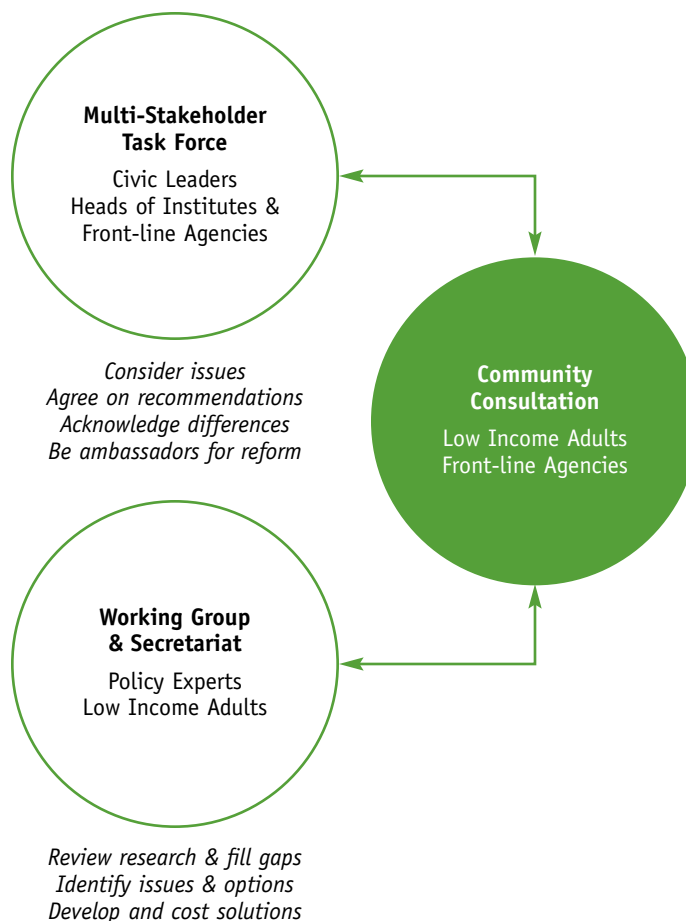
A Working Group was formed to support the Task Force by drawing on the expertise and research of people active in social policy. (See beginning of report for Working Group membership.) Organizations involved contributed in different ways. For example, the Caledon Institute of Social Policy shared work in development, while the TD Bank Financial Group contributed the time of one of its senior economists for research and analysis to produce its own paper. MISWAA also commissioned working papers summarizing relevant existing research and supported research being carried out by member organizations, such as the Vulnerable Worker Series of the Canadian Policy Research Networks (CPRN).

The papers that were produced or sourced by Working Group members reflect different perspectives on a range of issues, both broad (for example, identifying who is living in low income) and specific (such as issues facing youth leaving the child welfare system). The information and analysis in the papers provided valuable background. This report draws from, but does not summarize all of the Working Group submissions, nor the large body of additional evidence that was reviewed.

Process for Community Involvement and Consultation

To ensure that MISWAA's deliberations were grounded in the lived experience of low-income people, a Community Reference Group was formed of low-income adults. Members included: people who work for low wages, short-term unemployed, long-term unemployed, people on social assistance (Ontario Works and Ontario Disability Support Program), and people living on child support and child tax benefits. The Community Reference Group was very involved with the Working Group in the iterative process of developing recommendations. It met monthly starting early in the MISWAA process and several of its members joined the Working Group or participated in working sessions organized to discuss specific issues.

Perspectives of low-income people were also sought in extensive consultations throughout the year that involved over 250 diverse low-income people in 14 group meetings around the Toronto region. Groups included: English-as-a-Second Language classes, unemployed youth, women at a drop-in centre, teen parents' group, tenants in social housing, older unemployed adults (55 to 65 years old), people with mental health and addictions, as well as diverse ethno-racial groups. In addition, over 250 staff and volunteers from frontline community organizations and groups were consulted. (See end of Appendix II for a list of groups consulted.) The input and feedback from these groups, on issues and possible actions, were incorporated into Working Group and Task Force discussions, and into draft reports that were circulated for feedback.



The involvement of a large group of diverse stakeholders made MISWAA's process unique relative to many past efforts at income security reform. It produced significant benefits as well as challenges that are described briefly below. It is important to recognize that despite the challenges, MISWAA was able to reach consensus on issues and goals, and broad agreement on a package of recommendations that address the most significant problems with the income security system for working-age adults.

Benefits

The primary benefit of the MISWAA process was that it significantly raised the importance of reforming the income security system for adults to a range of opinion-leaders and community members. Other benefits include:

- Achieved general agreement that the current income security system is deeply flawed, which proved to be the common ground for everyone involved.
- Distinctly improved the dialogue between different stakeholders who had little prior knowledge of each other's work and, in some cases, histories of distrust and disagreement. The growing sophistication of the discussions will contribute to making future joint work and consultations possible.
- Finding agreement on issues and potential solutions across the range of stakeholders involved with MISWAA reflects more likely acceptance and support from the broader public.

Challenges

A Toronto-based initiative cannot necessarily reflect all of the income security issues facing working-age adults in the province of Ontario, or across the country. MISWAA did make considerable effort to ensure that its findings and recommendations were relevant to the rest of Ontario, other provinces, and Canada.

Many significant issues that affect the economic security of working-age adults lie outside the income security system. Some of these issues, such as lack of affordable housing and limited access to quality childcare, have had longstanding advocacy campaigns. The most MISWAA could do was to recognize the value of that work. Other issues, such as income security needs of specific populations like Aboriginal people, require more in-depth research and consultations than MISWAA was able to undertake. Similarly, the large issue of labour market changes, and need to reform labour market development policies and programs, require substantial further research and consultations.

Multi-sector membership from many ideologies limited MISWAA's ability to reach agreement on some matters of principle such as: What is the standard of living that can be considered adequate and for whom? The prevailing view was that any person should be financially better off working than not working. Task Force members could not agree on what constitutes an adequate income for people who are not working and who rely on social assistance.

Multi-sector membership also made it difficult to achieve consensus on some proposed solutions such as: preferred sources of income to improve the situations of low-income adults (e.g., higher minimum wages, income supplements or both). There was agreement that income security programs and policies have eroded since the early 1990s, and that incomes at the very bottom of the income scale are unacceptably low. But members of the Task Force were not always unanimous in their views on the best possible solutions.

The proposals in this report call for changing the current punitive approach to low-income people to an approach that is supportive of their aspirations and recognizes their capacities. Areas of disagreement are acknowledged and options for solutions are presented where the Task Force did not achieve consensus. For some MISWAA members, the result is a very small step towards improving income security, whereas for others it is a generous one. Some MISWAA members view the recommendations as a down payment on what is long overdue. Others believe that these steps are sufficient.

This report represents an important set of compromises and trade-offs that the Task Force believes could set a new direction and, if implemented, would be a major breakthrough in social policy in Canada.

Community Consultations: List of Meetings and Groups Consulted

Community Consultation Meetings

(locations, dates – all meetings took place in 2005 – and attendees)

1. Agincourt Community Services Association: August 9 with a group of 12 people in Scarborough, mostly Canadian-born and on ODSP or long-term OW
2. Centennial College JobConnect Program (Scarborough): August 29 with a group of 13 unemployed young adults, approximately half people of colour, most had worked in temp jobs
3. Davenport Perth Neighbourhood Centre (DPNC): June 2 with 22 people in a mixed group (predominately younger adults and visible minorities)
4. East Scarborough Storefront: August 26 with very mixed group of 21 people, including older unemployed immigrant adults, mostly people of colour

5. Fred Victor Centre: June 7 with 20 people in a mixed group, mostly men
6. Jane Finch Community Centre: June 21 with 24 women, mostly of colour
7. Jessie's: August 23 with 20 young women and 3 young men from a parenting group, mostly people of colour, most seemed to be on OW
8. LAMP (Etobicoke): June 20 with 21 people, mostly people on ODSP
9. Nellie's: September 8 with 16 women, many on ODSP or long-term Ontario Works
10. Parents for Action Now: July 7 with 10 people who were parents, including working poor and people with ESL
11. Parkdale Parents Group: May 19 with 10 parents in a mixed group
12. South Asian Family Services (Scarborough): August 9 with combined ESL classes totaling 20 newcomers to Canada from all parts of the world, almost all unemployed, some living on savings
13. Joseph's Women's Health Centre, Parkdale Parents Primary Prevention Project: August 30 with 26 mothers with children aged 0 to 6, mixed group with many immigrant women and many women on OW
14. Stonegate Community Health Centre (Etobicoke): June 8 with 20 people in a mixed group, mostly women

Total: 14 forums with 258 low-income community members

Community Reference Group Meetings

Total of 16 members with 8 to 10 core members who were able to participate consistently.

1. February 8
2. March 10
3. April 7
4. May 12
5. June 22
6. July 28
7. September 15
8. October 20

(Plus, several Community Reference Group members joined the Working Group and discussion groups on specific issues)

Agency/Group Consultations

(locations, dates – all in 2005, attendees)

1. ACORN: April 21 with 4 people
2. Agincourt Community Services Association: December 9 (2 staff from 2 agencies – attendance affected by a snowstorm)
3. Centre for Social Justice: March 3 with 3 staff
4. Daily Bread Food Bank: June 7 with 60 people from member agencies
5. East Scarborough Storefront: December 7 with 6 staff from 5 agencies
6. Family Service Association and Campaign 2000: July 21 with 6 staff from mixed agencies
7. Family Service Association: September 9 with 30 child poverty activists and welfare administrators
8. LearnSave Consortium: April 22 with 8 staff from mixed agencies
9. LIFT: September 30 with 4 staff
10. Maytree Foundation: January 28 with 10 staff
11. Parkdale Community Health Centre: July 11 with 5 staff
12. St. Christopher House with mixed agencies: March 30 with approx 8 staff from different agencies
13. St. Christopher House with mixed agencies: May 17 with approx 12 staff from different agencies
14. St. Christopher House with mixed agencies: May 18 with approx 6 staff from different agencies
15. St. Christopher House with mixed agencies: June 9 with approx 4 staff from different agencies
16. St. Christopher House with mixed agencies: October 25 with 6 staff from different agencies and groups
17. St. Christopher House with mixed agencies: November 4 with 13 staff from different agencies
18. St. Christopher House with mixed agencies: November 10 with 11 staff from different agencies
19. St. Chris All-Staff meeting: May 13 with 50 staff
20. St. Chris staff retreat workshop: October 28 with 20 staff
21. St. Chris Children and Youth Unit: October 7 with 12 staff
22. St. Chris Community Services (Adult) Unit: October 7 with 15 staff
23. St. Chris CUSP Technical Committee: September 28 with 10 volunteer advisors from finance and business sector
24. STOP Community Food Centre: May 24 with 8 people
25. Toronto Community Housing/Parkdale: June 29 with 3 staff

Total: 25 forums with 286 frontline staff and volunteers (some duplications)

Related Presentations and Communications

1. Concordia University Community Development Summer School: June 14 presentation and discussion with 35 conference participants including CD/health promotion workers, funders from Canada and United States
2. Ideas That Matter Conference (April 5): workshop panel with approximately 20 participants from mixed agencies
3. ISAC: May 16 meeting with anti-poverty activists and MISWAA members re: the “irreducible minimum”
4. ISSWAA Callback: community consultation for MISWAA, November 18 and 19, 2004 with agency staff and community members
5. Laidlaw Conference, Social Inclusion Workshop: panel presentation to 75 people
6. Metropolis Conference: October 19 presentation to 28 conference participants
7. National Association of Visible Minority and Immigrant Women (Ottawa, December 2 and 3) presentation on MISWAA process with 20 immigrant women from across Canada
8. Ontario Alternative Budget, Income Security: January 24 with 12 people
9. March 11: poverty activists and MISWAA ctte members
10. May 3 meeting with disability activists and MISWAA members
11. May 13 meeting with ODSP activists and MISWAA (at Mary Louise Dixon’s office)
12. May 26: forum in Scarborough on ODSP (we didn’t present but participated in small groups)
13. September 6: meeting on training with employment training sector staff and MISWAA members
14. ODSP Roundtable meetings January 20, February 10
15. ODSP Action Group: March 18, April 22, August 19, August 25, September 30

Total: Minimum of 190 people, mostly from community services sector, policy or funding

Appendix III: Youth “Aging Out of Care”

Youth in care face considerable challenges in making the transition from state care to independence and adulthood. They bear the scars of physical and emotional trauma, yet are expected to function independently, usually with little social or financial support, once they reach age 18. Canadian youth aging out of care have cited the following requirements as being crucial in ensuring better transitions to adulthood:

- The need for ongoing supportive relationships
- Peer support, independent living training
- Increased access to financial support, and
- Support in gaining access to education, employment and training programs

The Modernizing Income Security for Working-Age Adults (MISWAA) Task Force is assessing Canada’s income security system and developing proposals to improve the economic security of low-income, working-age adults. Former youth in care, with their poor outcomes and limited prospects for self-sufficiency as they progress through adulthood, are a small but important part of this population.

Our review of recent international research examining outcomes for youth after they “age out” of the child welfare system paints a disturbing picture. The findings show that, compared to their peers, youth aging out of care are more likely to:

- leave school before completing their secondary education
- become a parent at a young age
- be dependent on social assistance
- be unemployed or underemployed
- be incarcerated/involved with the criminal justice system
- experience homelessness
- have mental health problems, and
- be at higher risk for substance abuse problems

International research has attributed better outcomes for youth aging out where they:

- complete high school
- access postsecondary opportunities and role models
- refrain from alcohol/drug use
- obtain life skills and independent living training, and
- experience stable placements while in care

Canada does not have the capacity to track the outcomes of youth as they leave care, nor can our programs identify the types of interventions showing the most promise in helping them to achieve better outcomes. More needs to be done to address the needs of this small, but very vulnerable population.

The following recommendations have been developed to determine how we can best support these youth in maximizing their life opportunities.

By 2006, it is recommended that the Ontario government:

- Extend the maximum age at which youth can continue to receive the Extended Care and Maintenance (ECM) allowance from 21 to 24, to enable them to achieve higher educational attainment and work skills.
- Ensure that the ECM reinstatement provision is consistently applied across all Children's Aid Societies (CASs) in Ontario.
- Increase the maximum ECM allowance to reflect current living costs and incorporate an annual indexation provision. The allowance is currently set at \$663/month.
- Develop standards to prepare youth for leaving care, based on the existing requirement for independent living planning for youth over age 14, and incorporate these as a regulatory requirement.
- Extend the Crown Ward review to ECM clients with an exclusive focus on prescribed independent living standards.
- Ensure that a comprehensive range of health benefits is available to former youth in care.
- Implement financial options to enable youth to pursue higher education or training. Some options include tuition waivers, grants, or the conversion of OSAP loans to grants.
- Increase the maximum age for protective services from 16 to 18 years.

These changes should be implemented by 2007.

By 2007/2008, it is recommended that governments agree to:

- Develop a national longitudinal survey to monitor the outcomes of youth leaving care. Although this would be a long-term undertaking, it would provide a rich, fact-based resource to inform the development of appropriate services and programs. Identify and implement effective transitional programs and supports by researching the types of interventions and models in place in existing organizations that result in the best outcomes for youth leaving care.

Appendix IV: Income Security and the Law: Social Assistance Appeals, Legal Research, and Canada's Constitution

Introduction

Overall, MISWAA has been very critical of needs-tested social assistance programs in Ontario. The two principal programs, Ontario Works (OW), and the Ontario Disability Support Program (ODSP) are overly complex, contain rules that run counter to our normal expectations of people, and contain barriers and disincentives to self-sufficiency and improved well-being.

In general terms, many MISWAA members believe that other elements of the income security system such as Employment Insurance, working supplements, and refundable tax credits should take on a more prominent role in the income security of working-age adults while the role of social assistance should be diminished. This viewpoint is reflected in this report.

Over the last 12 years in particular, changes in the makeup of the labour force and labour market policies have resulted in an environment where it is harder and harder for low-income Ontarians to make ends meet. At the same time, programs other than social assistance like EI and CPP (Disability) have been increasingly more difficult to access.

During this same time period, social assistance rules have been tightened up substantially while the gap between the amount of benefits for persons with disabilities and for those who do not have disabilities has grown to the point where a person receiving the maximum ODSP allowance receives 78 percent more than a person who receives the maximum Ontario Works allowance. This fact alone appears to drive more than half the appeals currently underway in the social assistance system.

The difference between an allowance of \$536 a month and \$958 a month in a large city is simply the difference between being able to survive and not survive. The additional \$422 may reflect the additional costs that a person with a disability needs to live, but the income base of \$536 a month is lower than a minimum longer-term survival rate.

We believe that many persons who receive Ontario Works see their only way out in the form of an appeal to ODSP. If they have barriers that make paid work a distant prospect, they believe that their only chance at a higher income is through ODSP as they already meet the rigid standards of the Ontario Works needs test. Accordingly, Ontario Works recipients who do not have a major medical disability will apply to ODSP in the hope of attaining eligibility for the program.

Given a highly complex application process that would be in most cases too difficult for social assistance recipients to navigate on their own, legal clinics have become routinely involved in the process of assisting people to apply for the higher ODSP benefits. When a legal clinic is involved in the application, the success rate of the application improves by 50 percent, a fact that has made Legal Clinics an integral part of the ODSP application process.

Over the past five years, the length of time spent on social assistance by those who retain their eligibility has increased markedly making most of the current caseload essentially what is termed a “hard to serve” population, many of whom are going to need extra help in navigating the complex set of rules that surround tightly controlled social assistance programs.

This change in the population that receives social assistance in part explains the need for assistance in the appeals process as harder-to-serve clients tend to be less educated and possibly less able to navigate complex systems that often require costly third-party verifications in support of continued eligibility for benefits.

Social Assistance Appeals

Our work led us to one overall observation concerning appeals in the social assistance system in Ontario. Having received new data from Ontario’s Social Benefits Tribunal, the number and type of appeals appear not to be out of line with comparable programs in other jurisdictions with one exception: disability eligibility.

The number of appeals and the ultimate success of those appeals are inordinately high as is the time that it takes the Ontario government to make its initial decision concerning eligibility for disability benefits. In the wider context, social assistance programs tend to attract more appeals in the first instance as:

- The programs themselves tend to be closely controlled and policed;
- Caseworker discretion allows for different decisions in similar circumstances;
- Hard-to-serve clients who have difficulty in navigating the system often have no recourse except to appeal; and
- Lower benefits often create perceived and real “life and death” situations for clients such that they feel they have little choice but to appeal.

As long as social assistance programs remain closely managed with complex rules and low benefits, higher systemic volumes of appeals can be expected.

Potential Areas for Further Legal Research

Appeals from the Ontario Works to the Ontario Disability Support Program

Our substantive work on ODSP applications and appeals comes in the form of two papers that were commissioned and paid for by MISWAA (and its funders):

- Disability Determination and Appeals to the Social Benefits Tribunal (by Melodie Mayson and Nancy Van der Plaats).
- Possible Improvements to the Ontario Disability Support Program: A Scoping Exercise (by Harry Beatty).

The first paper specifically recommends changes to the disability determination and appeals process and makes 17 recommendations in five substantive areas surrounding appeals. We highlight this paper here, as it is impossible to include the level of detail in MISWAA’s final report.

The second paper looks at ODSP from a structural point of view and makes a series of recommendations within the present scope of the program that would substantially increase fairness, reduce negative discretion and remove a number of current program irritants.

We believe that further pursuit with the government and the implementation of many of the recommendations made in these two reports will have the effect of making significant inroads in this area where the number and type of appeals is very much out of line with other social assistance programs in Canada and in other jurisdictions.

Literature Review of Research on Social Assistance Appeals

MISWAA commissioned a literature review on various aspects of social assistance appeals that was conducted by Law Students at the University of Toronto Faculty of Law.

This literature review canvassed important and substantive areas and, while providing relevant contextual information, it also allowed MISWAA to come to its central conclusions surrounding appeals.

Research on Drivers of Appeals

MISWAA initially identified nine areas of appeals for research is warranted. The number of appeals in each of seven areas turned out to be relatively small and in line with what is seen in other jurisdictions. This left two areas for more in-depth research:

- Welfare fraud
- Spouse-in-the-house rules

Very close management of social assistance and its attendant culture of inspection have a profound effect not only on administration and discretion in the programs but also a major effect on appeals. It has been noted elsewhere that if a program has 800 rules, it is hard not to break one or more of them in the daily conduct of life. This in turn can result in unwarranted charges of fraud and loss of benefits that can only be reinstated on appeal.

The “spouse-in-the-house” rule is problematic because, while the courts ruled in favour of an appellant and struck down the law as unconstitutional (Falkiner victory), there is no general agreement on how the controversial rules will be administered. This is particularly important, as social assistance recipients will often have different views from the system (and its formal program rules) as to when a particular relationship has become a spousal one.

The Constitution and Potential Changes to Income Security Programs

It has long been agreed that there is little national appetite for constitutional change to achieve income security reform. The last such change occurred in 1964 with a constitutional amendment to allow survivors’ benefits under the new Canada Pension Plan (CPP) implemented in 1966.

However, MISWAA Task Force members and Working Group participants have been unsure as to whether particular recommended changes would impinge either on the separation of powers or the Charter of Rights and Freedoms. We thought it both prudent and timely to request a legal opinion on the issue of whether the constitution supports our recommendations and to assure ourselves that any of our proposed recommendations would indeed be constitutional in their own right.

To this end, we engaged WeirFoulds LLP, who provided a legal opinion to MISWAA on a number of questions. The most important question for MISWAA was: if there were recommendations to increase the federal presence in adult benefits, would this be constitutional under Ottawa’s so-called spending power? Other questions related to Ottawa’s potential obligation to provide benefits and to the potential for basic benefits to be considered a fundamental right under the Charter.

These questions were considered and answers provided (along with consideration of case law). The answer to the important question regarding federal presence was that: “The federal government is entitled to use its ‘spending power’ to create and deliver social programs. Such programs are permissible even when they involve spending in areas of provincial jurisdiction, such as health or education, as long as they do not amount to regulation of such matters. Conditions on federal spending may be used to influence provincial government policy without amounting to regulation.”

With the permission of WeirFoulds LLP, the legal opinion has been made available to the Working Group and Task Force and can be obtained on request. The opinion will be of benefit to the legal community that examines these issues and it is the hope of the Task Force that it will receive wider circulation.

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1. All three orders of government are represented in an ex officio capacity.
2. The Toronto City Summit Alliance in its report, "Enough Talk," recommended an affordable housing plan for the GTA based on advice of a number of housing experts.
3. The community consultation process included 14 forums with 258 low-income community members and 25 forums involving 286 front-line staff and volunteers from community service agencies.
4. There are volumes of research on issues with low-income measurement and alternative approaches. In particular, see: Philip Giles, "Low Income Measurement in Canada, Statistics Canada's Income Research Paper Series; and Michael Mendelson, *Measuring Child Benefits: Measuring Child Poverty* (Ottawa: Caledon Institute of Social Policy, February 2005).
5. Other measures of low income used by Statistics Canada include the Market Basket Measure (MBM), After-tax Low Income Measure (LIM-IAT) and Low Income Cut-offs (LICO's). Roughly, for a single in Toronto in 2005 dollars these are: MBM- \$15,317, LIM-After Tax- \$13,968, LICO-After Tax- \$16,998, LICO-Before Tax- \$20,337. Current Ontario Works benefits for a single person are \$6,432 annually. Figures for full-time and average hours are from Statistics Canada's *Perspectives on Labour and Income*, Volume 6. Minimum wage currently pays \$14,911/year at full-time hours (37 hours/week) and \$12,896/year at average hours (32 hours/week).
6. In Ontario low-income seniors with no other source of income receive almost \$15,000/year from the combination of Old Age Security, the Guaranteed Income Supplement, and GAINS-A top up.
7. Based on Statistics Canada data on low-income workers that was provided by the Caledon Institute, and data on Ontario Works and ODSP from the province. The former uses a low-income level of roughly \$17,000 as statistics aren't available for MISWAA's \$15,000 starting point for adequacy for a single person.
8. MISWAA analysis of data provided by the City of Toronto indicates that approximately one-third of Ontario Works beneficiaries cycle on and off assistance.

9. Data on the gap between income and expenditures of the working poor in Exhibit II are from Dominique Fleury, Myriam Fortin and May Luong, "What Does It Mean to Be Poor and Working in Canada? An Analysis of Spending Patterns and Living Conditions of Working Poor Families in Canada." Based on the Survey of Household Spending, 2002 (Ottawa: Canadian Council on Social Development, September 2005). The Canada Council on Social Development (CCSD) found a similar gap in analysis it conducted for MISWAA on households in which one person worked full-time for at least 26 weeks of the year. CCSD, "Custom Tabulations on Expenditure Patterns and Income Sources of the Working Poor in Ontario Cities." Based on the Survey of Household Spending, 2002" (Ottawa: CCSD, May 2005). The change in net asset position of families explained almost the entire gap between income and expenditures in 2002.
10. For a more detailed discussion of changes in the labour market, see Ron Saunders, "Risk and Opportunity: Creating Options for Vulnerable Workers" (Ottawa: CPRN, January 2006).
11. The federal government also sets a minimum wage. It currently does so by adopting the minimum wage of the province in which the work is done.
12. CPRN has been using "less than \$10.00/hour" as its definition of low pay in its Vulnerable Workers project because: there is no single-agreed definition, recent research papers use it including Statistics Canada publications, and it is similar to the LICO measure for a single unattached individual in an urban area.
13. Statistics and discussion on non-standard work and collective representation were drawn primarily from Ron Saunders, "Risk and Opportunity." His primary sources included René Morissette and Garnett Picot, "Low-Paid Work and Economically Vulnerable Families Over the Last Two Decades," Research Paper Series (Ottawa: Analytical Studies Branch, Statistics Canada, April 2005) and Leah F. Vosko, Nancy Zukewich and Cynthia Cranford, "Precarious Jobs: A New Typology of Employment," Perspectives on Labour and Income, Vol. 4, No. 10(2003).
14. For a detailed discussion of issues relating to inadequate enforcement of employment standards see Working Group submissions by Juana Berinstein and Mary Gellatly, "Effective and Enforced Employment Standards for Improved Income Security." Paper prepared for Worker's Action Centre and Parkdale Community Legal Services (June 2005); Ron Saunders, "Lifting the Boats: Policies to Make Work Pay" (Ottawa: CPRN, June 2005); and Ron Saunders and Patrice Dutil, "New Approaches in Achieving Compliance with Statutory Employment Standards" (Ottawa: CPRN and The Institute of Public Administration of Canada, July 2005).
15. In the mid-1980s ESA violations were detected in 35 percent of random inspections, and in 2000-01 this rate was 45 percent in workplaces targeted by the program, according to Fiscal Year Reports of the Employment Practices Branch cited in: Mark P. Thomas, "Regulating Flexibility: The Ontario Employment Standards Act and the Politics of Flexible Production", Phd thesis submitted to the Faculty of Graduate Studies, Graduate Programme in Sociology, York University (January 2003).
16. Statistics were provided by Parkdale Community Legal Services and were derived from the Ontario Ministry of Labour, Employment Practices Branch, Fiscal Year Reports for 2001/02 and 2003/04.
17. There is no definitive research detailing the effect of specific EI program changes overall or on segments of the population. Primary sources for analysis of key changes include Georges Campeau, "From UI to EI: Waging War on the Welfare State" (Vancouver: UBC Press, 2005); Don Drummond and Gillian Manning, "From Welfare to Work in Ontario: Still the Road Less Travelled," TD Economics (September 2005); and Jill Black and Richard Shillington, "Employment Insurance: Summary of Research for the Task Force on Modernizing Income Security for Working-Age Adults" (Toronto: The Task Force, October 2005).
18. Campeau, "From UI to EI."
19. Campeau, "From UI to EI."

20. Drummond and Manning, "From Welfare to Work in Ontario," drawing from: Ross Finnie, Ian Irvine and Roger Sceviour, "Welfare Dynamics in Canada: The Role of Individual Attributes and Economic-Policy Variables." Analytical Studies Branch Research Paper Series. Ottawa: Statistics Canada (October 2004)
21. For an in-depth description of life on Ontario Works, see the paper prepared for MISWAA by Ernie Lightman, Andy Mitchell and Dean Herd, "Notes on the Service Delivery Model for Ontario Works." Paper prepared for the Social Assistance in the New Economy Project (SANE). (Toronto: University of Toronto, January 2005).
22. Based on data and analysis provided to MISWAA by the City of Toronto. Young adults are aged 15 to 24.
23. Dan Buchanan and Thomas Klassen, "Employment Insurance and Ontario Works - Employment (Re) Employment Programming in Toronto" (Toronto: Sigma-3 Policy Research Inc. and York University, December 2005).
24. MISWAA Working Group estimate based on data on tenure of Ontario Works recipients from the City of Toronto and the province of Ontario.
25. Drummond and Manning, "From Welfare to Work in Ontario."
26. Workers who experience a workplace injury may have access to payments from the Workers' Safety and Insurance Board (WSIB). People who sustain a disability and who have worked for a period of time may have access to the Canada Pension Plan (CPP) disability program. Both of these are contributory programs. Other persons with disabilities may have private insurance or other workplace plans.
27. There was an issue with the unwieldy application process potentially being used for reassessments. This has hopefully been resolved with the Ministry's new case-worker model. The new model will not help new applicants but should help alleviate the reassessment burden as it will assign a pair of ODSP workers to work with each ODSP client – one client service representative and one income security specialist.
28. Disabilities that are not visible or easily diagnosed, such as many mental illnesses, fall into this category.
29. In February 2006, MCSS announced that rapid reinstatement would be in place for all recipients who attempt a job but find that they are not able to sustain employment.
30. See Harry Beatty, "Possible Improvements to the Ontario Disability Support Program: A Scoping Exercise" (Toronto: MISWAA Background Paper, April 2005), and Melodie Mayson, Nancy Vander Plaats and Diane Wintermute, "Disability Determination and Appeals to the Social Benefits Tribunal" (Toronto: MISWAA Background Paper, April 2005)
31. ODSP benefit levels were 45 percent higher than Ontario Works benefits before the latter were reduced by -21.6 percent in late 1995. ODSP benefit levels are currently 79 percent higher than Ontario Works' benefit levels.
32. In 2000/01, the last year in which data were available, there were 23,449 applications for ODSP, 51 percent of which were denied; 68 percent of the denials were appealed and 47 percent of the appeals were successful, translating to almost one-third of negative decisions being over-turned.
33. When indirect funding is taken into account through the Canada Social Transfer, the federal role is even larger.
34. It was called the overburdened municipality clause and had been in place since the 1930s. In past recessions, the province's use of special "overburdened municipality" funding prevented many municipalities from going bankrupt.
35. We verified that increased federal involvement in income security for working-age adults would not impinge either on the separation of powers or the Charter of Rights and Freedoms by engaging WeirFoulds LLP. They provided a legal opinion to MISWAA on a number of issues including the question of federal presence and concluded that: "the federal government is entitled to use its 'spending power' to create and deliver social programs. Such programs are permissible even when they involve spending in areas of provincial jurisdiction, such as health or education, as long as they do not amount to regulation of such matters. Conditions on federal spending may be used to influence provincial government policy without amounting to regulation." WeirFoulds LLP's legal opinion is summarized in the last section of Appendix IV and is available upon request.

36. A few Task Force members don't agree that the link to local labour market conditions should be completely eliminated, although they recognize the need for rebalancing.
37. The recommendation to reduce the entrance requirement to 360 hours was included in the report of the Subcommittee on Employment Insurance Funds, "Restoring Financial Governance and Accessibility in the Employment Insurance Program," submitted to the House of Commons, November 25, 2004. MISWAA members from the labour sector and Workers' Action Centre support this recommendation.
38. Drummond and Manning, "From Welfare to Work in Ontario."
39. Boston Consulting Group Analysis and Legislative Council Secretariat, "Minimum Wage Systems" (United States: Research and Library Services Division). Low Pay Commission, UK, "The National Minimum Wage: First Report of the Low Pay Commission" (London: June 1998); "The National Minimum Wage: The Story So Far. Second Report of the Low Pay Commission" (London: February 2000); "The National Minimum Wage: Making a Difference." Third Report (2 volumes) (London: March and June 2001).
40. HRSDC "Database on Minimum Wages" available at: http://www110.hrdcdrhc.gc.ca/psait_spila/lmnec_eslc/eslc/salaire_minwage/intro/index.cfm/doc/english.
41. The Workers' Action Centre has proposed that the number of inspectors be increased to 100 to help ensure adequate enforcement of Employment Standards.
42. Several Task Force members including ISAC and the Workers' Action Centre, have issues with income supplementation, particularly in the absence of significant minimum wage increases.
43. Some Task Force members, in particular Bill Robson of the C.D. Howe Institute and the Caledon Institute, believe that new income security programs for adults should be designed and delivered by provincial governments. Robson believes that provinces are better positioned to design and deliver programs that need to take into account conditions and preferences below the national level; for similar reasons, he does not support the recommendation for a new federal disability income-support program. The Caledon Institute is working on a new architecture for income security for adults that provides for better coordination between federal and provincial governments, and places responsibility for programs that require a substantial casework component and ongoing local involvement at the provincial level. Caledon articulates its position in its Alternative View in Appendix I.
44. Income figures are for net income.
45. Repurposing of the GST credit will only apply to those for whom the new benefit exceeds the GST credit.
46. Several Task Force members, including ISAC, don't support the use of any recovery reinvestment mechanism by the federal government because they object to the clawback of benefits from social assistance recipients, as is currently being done with the National Child Benefit Supplement in Ontario.
47. However, it must be noted that work incentives will only be meaningful if employers hire and accommodate people with disabilities.
48. Provincial-Territorial Council on Social Policy Renewal: Progress Report to Premiers – No. 2 (July 1997). It includes a description of the joint approach agreed to by the federal, provincial and territorial governments. Some Task Force members, including ISAC, believe that the intent (i.e., to replace child benefits in social assistance) is subject to interpretation.
49. For more detailed discussion of the necessary social assistance benefit restructuring, see John Stapleton, "Transitions Revisited: Implementing the Vision" (Ottawa: Caledon Institute of Social Policy, September 2004) and Daily Bread Food Bank, "Rebuilding Lives: Taking children off Social Assistance and Encouraging their Parents to Work" (Toronto: Daily Bread Food Bank, March 2005).

50. See page 50 of C. Freiler, L. Rothman and P. Barata. "Pathways to Progress: Structural Solutions to Address Child Poverty," (Toronto: Campaign 2000, May 2004)
51. See the already cited TD Economics' Special Report, "From Welfare to Work in Ontario: Still the Road Less Travelled" for a more in-depth discussion of the issues that led to this recommendation.
52. RRSPs work poorly for low-income Canadians because allowing a tax deduction for saving, and taxing withdrawals, means that tax deductions tend to occur when their marginal tax rates are low while their withdrawals tend to be subject to clawbacks of transfer payments and social benefits in addition to regular taxes. Members of the Task Force from the C.D. Howe Institute and St. Christopher House are among those who have advocated alternative savings vehicles designed for low income earners. See, Finn Poschmann and William B.P. Robson. "Saving's Grace: A Framework to promote Financial Independence for Low-Income Canadians" (C.D. Howe Institute, 2004) and St. Christopher House, "A proposal for a tax prepaid savings plan exempt from welfare restrictions on assets and income: Registered development savings plans" (2003).
53. Social Enterprise Development Innovations (SEDI) is currently piloting an individual development savings account program called learn\$save, which matches savings of participating low-income earners that they can then use to return to school, for skills training or to start a small business. Final research findings will be available in 2009.
54. Opportunity Planning is a concept from "Transitions: Report of the Social Assistance Review," the landmark report on social assistance in Ontario published in September 1988.
55. See Working Group submission for a more complete discussion of the two new labour market agreements: Buchanan and Klassen, "Employment Insurance and Ontario Works - Employment (Re) Employment Programming in Toronto."
56. Canada retains responsibility for the delivery of insurance benefits and aspects of labour market development of national interest such as the support of interprovincial labour mobility and sectoral councils as well as the support for labour market research and projects designed to test new approaches to improving the functioning of the Canadian labour market (LMDA, p.6, section 2.2).
57. See LMPA, p. 3, section 1.
58. No assumptions have been made regarding division of costs between federal and provincial governments.



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