

POVERTY REDUCTION STRATEGY

The McGuinty government is committed to improving the quality of life for all Ontarians, particularly the most vulnerable citizens. Giving everyone a fair chance to succeed is the right thing to do — for society and for the economy.

In December 2008, the government released a report entitled *Breaking the Cycle: Ontario's Poverty Reduction Strategy*. The strategy is designed to harness the potential of Ontarians, create opportunity and build a stronger economy so that every Ontarian has a chance to enjoy a better quality of life.

The strategy's target is to reduce the number of children living in poverty by 25 per cent over the next 5 years. All low-income families with children would see the benefits of this strategy, which would help lift 90,000 children out of poverty.

The government, however, cannot do this alone. Meeting this goal depends on having a willing partner in the federal government, as well as a growing economy.

Poverty Reduction Strategy Key Components

The Poverty Reduction Strategy builds on the historic introduction of the Ontario Child Benefit (OCB), announced in the 2007 Ontario Budget, which gives low- and moderate-income families the financial support they need to provide for their children. It also helps build a stronger economy by making it easier for parents to leave social assistance for employment. Under the OCB initiative, families continue to receive children's benefits after beginning employment, unlike in the social assistance system.

In December 2008, the Poverty Reduction Strategy committed to a maximum OCB level of \$1,310 annually per child within five years. The government remains committed to this goal.

The strategy also builds on the province's foundational investments in education to help children living in poverty stay in school, so they can acquire the tools and knowledge necessary to thrive and succeed. The strategy includes investments in education and early learning, and in building stronger communities, to be phased in over 5 years.

2009 Ontario Budget

The McGuinty government understands the importance of continuing to invest in the Poverty Reduction Strategy, even in these difficult economic times. In fact, with the measures announced in the 2009 Budget, the government is proposing to accelerate the strategy's implementation so that Ontario's most vulnerable have the best chance to weather this economic storm. These investments will also provide much-needed economic stimulus.

Ontario Child Benefit

The government is proposing to accelerate the phase-in of the OCB by two years, providing low- and moderate-income families with up to \$1,100 per child annually, starting in July 2009. This would mean:

- Over \$400 million more in children's benefits between 2009-10 and 2011-12. This is in addition to currently planned OCB payments
- Almost 115,000 more families would become eligible for the OCB than in 2008
- An 83 per cent increase in the maximum monthly benefit per child compared to 2008, from \$50 to \$92.

The government would also increase OCB payments for children and youth in the care of Children's Aid Societies and Crown wards. Starting in July 2009, the benefits would increase to \$1,100 per child annually.

Tax Relief

To help low- and middle-income Ontarians and ease the transition to the single sales tax, the government is proposing \$10.6 billion in tax relief for people over three years, including:

- \$4 billion in cash payments to 6.5 million families and individuals in 2010-11, totalling up to \$1,000 for each family and up to \$300 for single people
- A new permanent refundable sales tax credit for low- and middle-income people of up to \$260 for each adult and each child
- An enhanced refundable property tax credit to provide more relief to low- and middle-income homeowners and tenants
- Reducing the first-bracket income tax rate from 6.05 per cent to 5.05 per cent, the lowest rate of any province in Canada. As a result, approximately 90,000 lower-income taxpayers would no longer pay Ontario personal income tax, and individuals and families with incomes under \$25,000 would get an average tax cut of 30 per cent.

Youth Opportunities Strategy

This Budget provides more than \$35 million over two years, including more than \$12 million annually on an ongoing basis, to enhance the Youth Opportunities Strategy (YOS). This would more than double ongoing support for the YOS, a commitment of the Poverty Reduction Strategy. The YOS helps young people in high-risk neighbourhoods reach their full potential through the creation of key opportunities, including targeted funding for summer jobs.

Community Hubs

The government is proposing to make investments in community hubs, where people can gather to stay active, learn and participate in community-based organizations. These proposed investments include \$3 million in 2009-10 to help establish community hubs in selected low-income neighbourhoods.

Social Assistance

To help social assistance recipients, the government is proposing to increase the adult basic needs allowance and maximum shelter allowance by two per cent in the fall of 2009. Families receiving Temporary Care Assistance and Assistance for Children with Severe Disabilities would also benefit from the increase, as would those living in long-term care homes who receive the comfort allowance.

A single-parent family with two children aged five and seven receiving the OCB and social assistance would have an annualized income of \$22,730 — \$1,110 higher than in 2008. This would represent an increase of \$5,670, or 33 per cent, from the family's 2003 annualized income.

Social Assistance Review

In addition to the two per cent increase to social assistance, the government will undertake a review of social assistance with the goal of removing barriers and increasing opportunity — with a particular focus on people trying to move into employment from social assistance.

Support for Housing

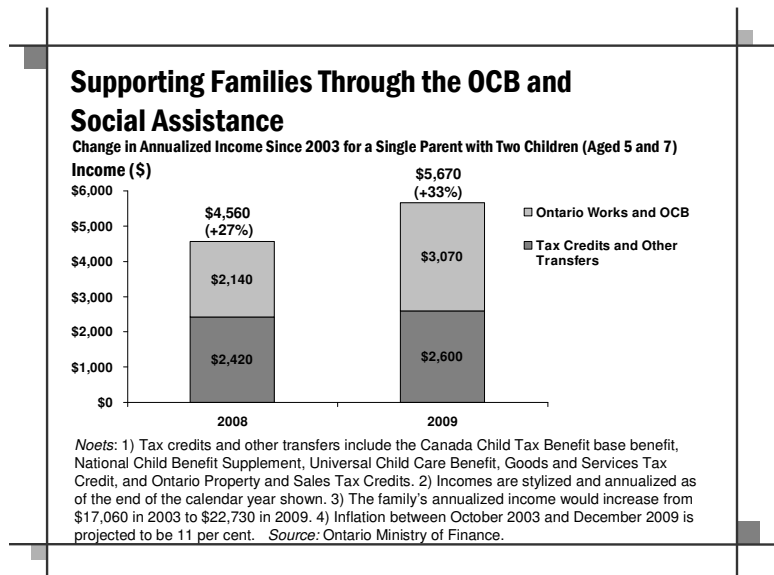
To support the Poverty Reduction Strategy, the province is proposing new housing infrastructure initiatives. Over the next two years, the province, together with the federal government, plans to invest over \$1.2 billion, including:

- More than \$700 million for social housing rehabilitation and energy retrofitting of 50,000 units
- More than \$360 million to help create 4,500 new affordable housing for low-income seniors and people with disabilities
- \$175 million to extend the Canada-Ontario Affordable Housing Program, which is creating new homes for low-income families, senior citizens, persons living with mental illness and victims of domestic violence.

In addition, the 2009 Ontario Budget would invest more than \$5 million annually, beginning in 2009-10 to ensure stable funding for municipal rent banks across Ontario.

Minimum Wage

In the 2007 Budget, the government announced that the minimum wage would rise to \$10.25 per hour by 2010. On March 31, 2009, the minimum wage will increase by 75 cents per hour as planned, bringing the minimum wage to \$9.50 per hour. This is the sixth year in a row that the government has increased the minimum wage since taking office in 2003. This follows a nine-year period during which Ontario's minimum wage was frozen.



Employment Standards Officers

To ensure that people have secure work environments where they are treated with dignity and respect, the government is proposing to invest an additional \$4.5 million annually for employment standards officers to reduce the backlog of claims and proactively enforce the *Employment Standards Act, 2000*.

Deprivation Index

In order to make meaningful progress in the reduction of poverty, the appropriate measures are needed. The government is proposing to develop an innovative Deprivation Index in partnership with Statistics Canada. This indicator would determine the number of households in Ontario that are lacking necessities, in order to track progress and identify gaps.

Poverty Reduction Act

In February 2009, the government introduced poverty reduction legislation that, if passed, would ensure that successive governments remain focused on the fight against poverty. As proposed in *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, the proposed Poverty Reduction Act would:

- Require successive governments to report annually on key indicators that are linked to determinants of poverty – these could include income levels, school success, health status and housing
- Mandate future governments to consult widely before developing future strategies, including consultation with those living in poverty
- Require future governments to review the strategy at least every five years.

The Need for a Federal Partner

Early Learning and Child Care

In 2006, the federal government unilaterally terminated the Early Learning and Child Care agreement. With the last federal payment made in 2006-07, Ontario has been able to support almost 8,500 child care spaces across the province, through to 2009-10.

However, beginning in 2010-11, a commitment of ongoing support from the federal government is essential if Ontario is to maintain these child care spaces. Ontario calls on the federal government to reconsider its decision to terminate the agreement. The federal government must initiate new funding measures to support child care.

Federal Working Income Tax Benefit

The federal government is proposing to double its funding for the Working Income Tax Benefit (WITB), which supplements the earnings of low-income workers. Ontario is working with the federal government to ensure that the enhanced WITB realizes its objective of supporting vulnerable individuals and improving the incentive to work in Ontario and the rest of Canada. It is critical that the enhanced WITB design be properly integrated with existing tax and transfer systems. The Ontario government will continue to flow the full amount of the benefit through to Ontarians receiving social assistance and other income-based programs.

Achievements Since 2003

The measures announced in the 2009 Ontario and in Ontario's Poverty Reduction Strategy build on initiatives the McGuinty government has introduced since 2003-04 to support low-income families and individuals, including:

- \$45 million a year, when fully implemented, to provide dental services to low-income Ontarians
- \$18 million a year, a four-fold increase from 2003-04, in the Student Nutrition Program to support local organizations in delivering nutritious meals and snacks to children and youth in schools and community settings
- An additional \$2 million in the 2008-09 school year to establish 34 more Parenting and Family Literacy Centres in the province, for a total of 123 centres. These centres help prepare children for successful school entry
- Raising the minimum wage from \$6.85 in 2003 to \$9.50 on March 31, 2009, with another increase of 75 cents planned for March 31, 2010
- Nearly \$24 million since 2004 to support rent banks, preventing more than 15,500 evictions to date
- Increasing social assistance benefits by three per cent in the 2004 Budget and by two per cent in each of the 2006, 2007 and 2008 Budgets
- Working to ensure that social assistance does not create obstacles for Ontario's most vulnerable families and individuals finding jobs and fully sharing in the province's prosperity. Since 2003-04, the government has helped social assistance recipients make the transition to jobs by:
 - Introducing a straightforward exemption rate of 50 per cent on all earnings. This means that only half a recipient's earnings from employment is deducted from his or her monthly social assistance cheque. Previously, social assistance payments were reduced by at least 75 per cent of recipients' earnings above a small exempted amount, creating a significant disincentive to employment
 - Extending health benefits for recipients leaving Ontario Works for employment for six months (one year in exceptional cases). Recipients leaving the Ontario Disability Support Program (ODSP) for employment receive health benefits indefinitely or until employer health benefits become available
 - Flowing through the full amount of the federal Working Income Tax Benefit to Ontarians receiving social assistance
 - Introducing the OCB in 2007, which lowers the welfare wall by providing a children's benefit to low-income families, whether they are employed or on social assistance
- \$100 million in 2007-08 and \$127 million in 2006-07 in additional funding to repair existing or create new affordable housing units
- \$301 million under the Canada-Ontario Affordable Housing Program to create new affordable housing units.