



**Mennonite
Central
Committee**

MCC Ontario
203-50 Kent Ave
Kitchener, ON Canada
N2G 3R1

(800) 313-6226
(519) 745-8458

mcco.ca

January 10, 2023

Hon. Dr. Merilee Fullerton
Minister of Children, Community and Social Services
Minister's Office
7th Floor 438 University Avenue
Toronto ON M5G 2K8

Dear Minister Fullerton,

Thank you for your November 25, 2022 letter responding to MCCO's letter regarding social assistance. We wish to affirm several positive initiatives the Government has recently taken and to encourage further steps.

The Government's decision to increase ODSP rates by 5% on September 1, 2022 is a positive move. We were also pleased that the Economic and Fiscal Review presented by Minister of Finance Bethlenfalvy on November 15, 2022 reiterated that the ODSP basic allowance and housing allowance will be indexed to inflation beginning in July 2023. Even with these changes ODSP rates leave people with disabilities living in deep poverty. But stabilizing the rates through indexation and making additional increases are moves in the right direction.

ODSP Earnings Exemptions

We were encouraged to see that the Fall Economic and Fiscal Update includes a commitment to increase the earnings allowance from \$200 to \$1,000 a month for people relying on ODSP.

MCCO is proud to be part of the Raw Carrot Soup Enterprise, a social enterprise whose purpose is to provide ongoing, part-time employment for people whose disabilities prevent them from full-time paid employment. MCCO has seven staff members who all rely on ODSP working at our Raw Carrot site. The increase in the monthly earnings exemption will make a meaningful, positive impact in their lives.

MCCO encourages the Government to also increase the earnings allowance for people relying on Ontario Works.

The importance of indexing income supports

Inflation robs people of real income. That is why most parts of Ontario's tax and transfer system are indexed to inflation.

The basic personal exemption is indexed as are the tax rate thresholds. Ontarians with the highest incomes benefit from indexing of each of those thresholds.

Some Ontario tax credits are also indexed. These include the Ontario Child Benefit and the Trillium Benefit.

Several other key part of Ontario's income security system have not been indexed for decades. These include ODSP, Ontario Works (OW) and the Ontario Guaranteed Annual Income System payments for seniors (GAINS), whose benefit level and income eligibility thresholds have been frozen since 1986.

This has meant that while the majority of Ontarians receive inflation protection of their income through the tax system, the most economically vulnerable Ontarians have not.

To the Government's credit, you have begun to rectify that problem. The decision to index ODSP rates to inflation starting in July 2023 will protect the incomes of ODSP recipients from inflation.

In doubling the GAINS, albeit only temporarily, the Government is also acknowledging the injustice poor seniors in Ontario have faced for decades.

But Ontario Works rates remain frozen. The Government's plan for social assistance renewal identifies why people turn to Ontario Works.

They may have experienced family violence, illness or an accident, be facing physical or mental health challenges, or find themselves homeless, or at risk of losing their home or accommodations.

Income supports that are not indexed to inflation result in a cut to the real incomes of people relying on them. Why would the Government choose to leave OW rates frozen year after year and effectively cut the real incomes of people who have experienced family violence, illness or an accident, be facing physical or mental health challenges, or find themselves homeless, or at risk of losing their home or accommodations?

We urge the Government to index OW rates and the GAINS in the same way that core ODSP rates, the Ontario Child Benefit, the Trillium and the income tax thresholds are all indexed to inflation.

We understand, as you state in your letter to us, that the Government "will continue to focus on improving access to employment and training services for people who are able to work." That is a good goal. But it does not explain why income supports are not at least adjusted for inflation -- let alone increased to a livable level. Surely having a stable home and basic nutrition are a foundation for success in finding employment.

In her Value-for-Money Audit on Homelessness, released in December of 2021, the Auditor General stated:

Social assistance generally does not cover the average market rent of a one-bedroom apartment in the province. According to data from the Canada Mortgage and Housing Corporation, the provincial average rental cost of a one-bedroom apartment in October 2020 was \$1,241 per month. That was \$72 more than the maximum Ontario Disability Support Program monthly payment for a single person and \$508 above the top monthly support payment to eligible Ontario Works recipients. Basic necessities such as food would be additional costs. (p. 24, *Value-for-Money Audit: Homelessness*, Office of the Auditor General of Ontario, December 2021).

With very weak rent controls in Ontario and a shrinking supply of rent-geared-to-income social housing, more and more Ontarians are becoming homeless. Despite the important investments the Government

has made through the Social Services Relief Fund, shelters are struggling to serve the number of homeless Ontarians and tent encampments have grown in communities across Ontario.

People relying on OW and ODSP who find themselves homeless or at risk of losing their home or accommodations need income supports that are adequate to cover their rental costs.

Once again, MCCO acknowledges the steps your Government has taken to begin protecting Ontarians relying on ODSP from the ravages of inflation. We encourage you to continue that work by indexing OW rates and the GAINS and laying out a plan to raise social assistance incomes to a livable level.

Sincerely,

Margaret Smart

Margaret Smart
Poverty Program Coordinator

Greg deGroot-Maggetti

Greg deGroot-Maggetti
Programs Advocacy Associate

cc. Peter Behtlenfalvy