



## **POVERTY REDUCTION STRATEGY**

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

### **2010 Ontario Budget**

#### ***Social Assistance***

To help people on social assistance, the government is proposing to increase, by one per cent, adult basic-needs allowances and maximum shelter allowances in Ontario Works and the Ontario Disability Support Program in the fall of 2010. 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.

The Special Diet Allowance (SDA) is a social assistance benefit that helps people pay for extra food costs related to specific medical conditions. Last fall, the Auditor General of Ontario reported that many applications for the SDA were associated with questionable circumstances and recommended that the government review the allowance so as to limit its possible abuse.

The SDA is not sustainable and is not achieving the intended results. With the help of its partners, the government plans to create a new nutritional supplement program that would be administered by the Ministry of Health and Long-Term Care on behalf of the Ministry of Community and Social Services. It would be medically based and would help individuals with severe medical needs that are on social assistance. The transition to the nutritional supplement program would occur over the next several months. This would give recipients the opportunity to adjust to the new program. The government will announce details regarding these changes in the near future.

#### ***Child Care***

In 2006-07, federal funding under the Early Learning and Child Care Agreement was terminated. In response, the province decided to allocate the final federal payment of \$253 million (received in 2006-07) as \$63.5 million annually over the remaining life of the agreement, up to 2009-10.

The McGuinty government is disappointed that the federal government has declined to ensure stability in the child care sector. Ontario is stepping in with an investment of \$63.5 million a year to permanently fill the gap left by the federal government, preserving approximately 8,500 child care spaces and helping 1,000 child care workers keep their jobs.

## ***Employment Standards Officers***

To ensure that people have secure work environments where they are treated with dignity and respect, in the 2009 Budget the government invested an additional \$4.5 million annually to increase the number of employment standards officers in the province. In the 2010 Ontario Budget, the government is investing an additional \$6 million over two years. This initiative will help reduce the backlog of claims, improve the protection of Ontario's employees and modernize employment standards for the benefit of workers and businesses.

## **Recent Achievements**

Announced in December 2008, the Poverty Reduction Strategy developed a long-term plan that focused on giving children and families support and tools to get ahead. The strategy set a target to reduce child poverty by 25 per cent over five years, which would move 90,000 children out of poverty by 2013. Attaining this goal will require having a committed federal partner and an engaged community sector, in addition to a strengthened economy.

The McGuinty government understands the importance of continuing to invest in the Poverty Reduction Strategy, particularly in these challenging economic times. In the 2009 Budget, the government accelerated the strategy's implementation. These investments have also provided much-needed economic stimulus.

In December 2009, the province released its first Annual Report on the Poverty Reduction Strategy. The report highlighted several achievements, including:

- Passage of the Poverty Reduction Act, 2009
- Acceleration of the Ontario Child Benefit phase-in period by two years
- Changes to social assistance rules to help break the cycle of intergenerational poverty
- Investment in social and affordable housing and stabilization of rent bank funding
- Expansion of the Youth Opportunities Strategy
- Expansion of the dental program for children in low-income families
- The announcement of the implementation of full-day learning for four- and five-year olds.

## ***Minimum Wage***

Ontario's minimum wage will rise to \$10.25 per hour on March 31, 2010. This is the seventh consecutive year that the McGuinty government has helped low-income working families and individuals by increasing the minimum wage. These increases follow a nine-year period during which Ontario's minimum wage was frozen at \$6.85.

## ***Poverty Reduction Act***

In 2009, the government passed poverty reduction legislation that requires future governments to:

- Report annually on key indicators that are linked to determinants of poverty, such as income levels, school success, health status and housing
- Consult before developing future strategies, including consultation with those living in poverty
- Review the strategy at least every five years.

## ***Ontario Child Benefit***

The 2009 acceleration of the Ontario Child Benefit (OCB) phase-in further advances the Poverty Reduction Strategy by providing low- to moderate-income families with 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, families continue to receive children's benefits regardless of the source of their income.

In July 2009, the OCB was increased from a maximum of \$600 to \$1,100 annually per child, two full years ahead of schedule. This increase provides benefits to more than 210,000 additional children annually. The government remains committed to a maximum annual OCB of \$1,310 per child by 2013, as announced in the Ontario Poverty Reduction Strategy.

The government also increased payments equivalent to the OCB for children and youth in the care of Children's Aid Societies and Crown wards starting in July 2009 (\$1,100 per child annually). These funds provide opportunities for all children and youth in care, from birth to 17 years old, to participate in recreational, educational, cultural and social activities. Furthermore, those youths 15 to 17 years of age who are in care can establish a savings program, which helps build their financial assets in preparing for transition from care to independent living.

## ***Ontario's Tax Plan for Jobs and Growth***

To enhance ongoing sales and property tax relief, cut personal income taxes and help Ontarians adjust to the transition to the Harmonized Sales Tax (HST), the government is providing \$11.8 billion in tax relief for people over three years, including:

- \$4.2 billion in cash payments to 6.6 million families and individuals in 2010 and 6.9 million families and individuals in 2011, totalling up to \$1,000 for each family (including single parents) and up to \$300 for each single person
- A new permanent, refundable Ontario Sales Tax Credit for low- to middle-income people of up to \$260 annually for each adult and each child, benefiting about 3.1 million families and single people
- Converting the Ontario Property Tax Credit to a proposed Ontario Energy and Property Tax Credit. This tax credit would provide more than \$1.2 billion annually in energy and property tax relief to about 2.8 million low- to middle-income individuals and families
- Reducing the first income tax rate from 6.05 per cent to 5.05 per cent, the lowest provincial tax rate in Canada on the first \$37,106 of taxable income for 2010. As a result, approximately 90,000 lower-income taxpayers will no longer pay Ontario personal income tax.

## ***Social Assistance***

As part of the Poverty Reduction Strategy, the government has established the Social Assistance Review Advisory Council to provide recommendations for the review of social assistance programs, for the purpose of removing barriers to employment and increasing opportunities for success. The review is part of the government's longer-term vision for a transformation of social assistance that would increase people's opportunities for work and guarantee security for those who cannot work.

In addition, the government made three changes to social assistance rules to help break the cycle of intergenerational poverty:

- **Earnings Rule Change:** Allowing full-time postsecondary students to keep all of their earnings to make it easier for them to work and save money while pursuing educational opportunities. This helps students on social assistance achieve their educational goals and provides them with a solid foundation from which to succeed
- **Child-Care Rule Change:** Coverage for up-front child-care costs was extended to people who need it to continue to work or pursue employment-assistance activities, such as job-specific skills training. This helps low-income families make the transition from social assistance to work
- **Internal Review Rule Change:** Extending to 30 days from 10 days the period for people to ask for an internal review on a decision about their social assistance. This helps ensure that people who face barriers, such as language skills or medical conditions, have fair access to the review and appeals process.

### ***Social and Affordable Housing***

To support the Poverty Reduction Strategy, the province is undertaking new housing infrastructure initiatives. Beginning in 2009, the province, together with the federal government, is investing \$1.2 billion over two years, which includes:

- More than \$700 million for social housing rehabilitation and energy retrofits
- More than \$360 million to help create 4,500 new affordable housing units 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 invested more than \$5 million annually to ensure stable funding for municipal rent banks across Ontario.

### ***Youth Opportunities Strategy***

Ongoing funding support for the Youth Opportunities Strategy (YOS) has more than doubled from 2008-09 to more than \$22 million annually, meeting 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.

### ***Dental Services for Children in Low-Income Families***

The Children in Need of Treatment program provides urgent dental care to children in low-income families. It was expanded in January 2009 to include children up to their 18<sup>th</sup> birthday, as part of a planned investment of \$45 million annually in dental services for low-income Ontarians.

### ***Full-Day Learning***

Ontario will provide full-day learning for four- and five-year olds as part of the government's strategy to build a stronger school system by increasing student achievement and reducing the drop-out rate. The government is investing in the education of Ontario's youngest students to better prepare them for future success.

Four- and five-year olds will learn under the guidance of a teacher and an early childhood educator. Parents may enroll their child for extended hours, for a reasonable fee, before and after regular school. Full-day learning provides parents with a range of opportunities for greater participation in the labour force.

The Full-Day Learning Program will begin in September 2010, benefiting up to 35,000 children in nearly 600 schools, with a focus on low-income areas. At full implementation, the program will employ up to an additional 3,800 teachers, 20,000 early childhood educators and benefit about 247,000 children.

The Full-Day Learning Program will be phased in over time, with a goal of full implementation by 2015-16. The government is investing \$200 million in the 2010-11 school year and \$300 million in the 2011-12 school year for the initial phases, including capital investment to support implementation.

### ***Communities and Schools***

As a component of the Poverty Reduction Strategy, the government is making investments to ensure schools are an integral part of the communities they serve by:

- Investing \$38.5 million during the 2009-10 school year, to make it easier and more affordable for people to use schools after-hours. Since 2005-06, average rates charged to community groups decreased by 43 per cent due to the province's \$90 million investment. The number of participants grew by 46 per cent
- Establishing 21 more Parenting and Family Literacy Centres in 2009-10, for a total of 144 centres that help children in high-needs neighbourhoods prepare for school through play-based learning
- Providing more than 15,500 children and youth in grades one through 12 with access to safe, active and healthy after-school activities through the After School Initiative at more than 270 sites across the province
- Serving an additional 100,000 students during the 2008-09 school year through the expanded Student Nutrition Program, increasing the total number of students served or helped to 500,000 annually
- Reaching out to schools in disadvantaged communities to increase parent engagement; the number of Parents Reaching Out Grants awarded to these schools in 2009-10 increased by 354 per cent from last year.

### ***Federal Working Income Tax Benefit***

In 2009, the federal government made enhancements to the Working Income Tax Benefit (WITB), which include an increase to the maximum WITB for families to \$1,680 from \$1,044. The enhanced WITB design goes a significant way towards meeting Ontario's Poverty Reduction Strategy objective of a \$2,000 annual family benefit. The Ontario government continues to call on the federal government to increase the annual benefit to at least \$2,000 per family.