

## FACT SHEET

### Social assistance

#### The Harris/Eves Conservative Government Record

- Cut welfare rates by 21.6% in 1995. When inflation is considered, people on social assistance have lost almost 40% of their purchasing power as compared to 1995.
- Introduced a "Tenant Protection Act" that has helped *de*-house renters. Between 1996 and 2001 Ontario lost 44,780 rental units, 17,515 of which were in the GTA, where the population increased by 9.6% in that time.
- The average Ontario rent increased from \$712 to \$836 from 1998-2002, or 17%. Inflation for the same period ran 10.3%
- With rising shelter costs and shrinking welfare cheques, Ontario's social assistance recipients are faced with impossible choices. In cities such as Ottawa and Thunder Bay, a single welfare recipient can't both cover average rent and pay for a month of nutritious food. A family of four in those cities has just \$2 and \$7, respectfully, for all other monthly basic needs once the cost of the nutritious food basket is deducted. In Toronto, a single welfare recipient has just \$9.62 a month once nutritious food costs are covered.

#### The Ontario Alternative Budget Proposal

We know there is a better way. We would:

- Raise shelter allowances to cover 85% of average rents. Replace flat shelter allowances with a variable allowance tied to the prevailing average rents in each city. This move would cost \$150 million.
- Restore the value of the basic allowance to its 1995 level by reversing the 21.6% cut and adjusting for inflation. This move would cost about \$441 million.
- Eliminate the lifetime ban on social assistance benefits.
- Remove compulsory work requirements as a condition for receiving assistance.

These increases would cost \$591 million in the first year, adjusted for inflation thereafter.



# What does the Ontario Alternative Budget do?

The Ontario Alternative Budget Working Group is made up of economists and researchers from labour, social, and faith groups. We have first hand experience with the impact of eight years of Harris/Eves policies. We know there is a better way.

## **Our budget does three things:**

- One: It discredits the Harris/Eves government's claim that its tax cuts and fiscal policies have produced substantial gains for middle-income earners;
- Two: It documents the devastating impact of the Harris/Eves government policies on Ontarians; and
- Three: It proposes an alternative budget that would restore public services to their real per-capita 1995-96 level with a balanced budget.

## **Problems**

- Social assistance cuts of 21.6 percent have meant a reduction in purchasing power for the poorest families in the province of 35 percent by August 2003. We see record participation in food banks, record number of homeless too many of them families.
- The sum effect is a huge change in the public economy of this province. The relative size of Ontario's public economy has been cut by almost 20 percent.
- The sum total impact of all Ontario's tax cuts, including personal income tax cuts, corporate tax cuts, and employer health tax cuts, is over \$15 billion. That is the impact in 2003-04 alone.
- Sixty percent of the benefit from the Harris/Eves tax cuts has gone to the highest 20 percent of income earners.
- Independent reports on health and on education confirm that massive reinvestment is needed in these key areas. The Walkerton inquiry showed the devastating impact of a government more concerned with the bottom line than with people's lives.

## **Solutions**

The Ontario Alternative Budget proposes to

- Increase revenues in order to restore public services and balance the budget. We can do this by minimally raising all personal income taxes (0.25%), introducing new tax brackets for those earning over \$100,000, cancelling future corporate tax rate cuts, and eliminating the graduated rate structure for the Employer Health Tax.

## **The Choice**

The Ontario Alternative Budget shows that

- Ontario's public services deficit is not inevitable but the result of political choices made by a government that is not interested in the greater public good.
- It is possible to reverse the damage caused by the Harris/Eves government and repair our public services within a responsible taxation and fiscal framework.

## **Need more information? Contact us:**

Erika Shaker or Kerri-Anne Finn

Canadian Centre for Policy Alternatives, 410-75 Albert Street, Ottawa, ON K1P 5E7

tel: 613-563-1341 fax: 613-233-1458

or visit our web site at <http://www.policyalternatives.ca>