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Web-exclusive comment

We owe working Ontarians income security

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A resident of Ontario who turns 65 with no savings, no Canada Pension or other income of any kind receives a base guarantee of $15,200 a year through Old Age Security, the Guaranteed Income Supplement and provincial credits of various sorts.

This base guarantee has been kept up to date for decades. Benefits to seniors represent 49 per cent of all income security expenditures in Canada. This portion will soon rise to more than 50 per cent, and grow much larger post-2011, when those in the baby-boom generation start turning 65.

Our ongoing support for seniors represents good policy. Our income-security programs should be kept up to date, and we should ensure that benefits don't erode with inflation. What is bad is that programs and policies for working-age adults are not similarly kept up to date, not even for those who are not capable of working. Consider the following facts:

Single welfare recipients can receive less than $6,500 a year, down 45 per cent in real terms since 1993, and the rates have now fallen to pre-Centennial levels again in inflation-adjusted or real terms. Welfare costs now represent just 5 per cent of the overall expenditures in the income security system in Ontario.

A single disabled recipient obtaining a disability allowance under the Ontario Disability Support Plan receives just under $11,500 a year, down more than 20 per cent in real terms from the early 1990s, and now $3,700 a year less than the neediest senior.

Minimum wages (despite increases) are much lower in real terms than they were in the 1970s and somewhat less than they were in the 1990s. Single minimum-wage earners net 18 per cent less than the neediest single senior. If they redouble their efforts and earn the extra money that would bring them up to the level of the neediest senior citizen, 36 per cent of their gross pay is deducted from their pay cheque in the form of EI and CPP deductions, income tax and reduced tax credits.

EI benefits have decreased in real terms for the 22 per cent of the unemployed in Toronto who are eligible for them. At the same time, the EI fund has accumulated a surplus of $48-billion since the early 1990s.

As a result, low-income wage earners increasingly cannot afford to live in Toronto, and there is no sign of redress. Income security programs for seniors continue to be protected through indexation, while no benefits or policy measures for working-age adults are protected in any way. They just continue to erode.

With the spectre of inflation rates continuing at their present low levels, the very different trajectory of benefits and policies for seniors versus working-age adults will widen as we race toward a period when many more seniors will be depending on working-age adults to bankroll their benefits.

The Task Force on Modernizing Income Security for Working-Age Adults (MISWAA) warns that we are conducting a dangerous experiment: We are watching a smouldering crisis as we knowingly create an underclass of working-age people who cannot afford to live and work in our cities unless they accept a forced vow of poverty.

It doesn't have to be like that. We can start to bring all hands on deck by investing in the 11 recommendations in the MISWAA report. They begin to close the yawning gap between an Employment Insurance program, for which only a small portion of the temporarily employed are eligible, and a tightly administered welfare program that pays a single person 44 per cent of what we pay the neediest senior.

When the price tag of $8.5-billion that MISWAA recommends to redress these issues was revealed, many dismissed it out of hand: "Not a chance — ain't gonna happen."

Perhaps they are the same people who would have said 15 years ago that we wouldn't take $48-billion out of EI, or return minimum wages and welfare rates to where they were 40 years ago, maybe they, too, would have said: "Not a chance — ain't gonna happen."

But if we can't find new resources to redress working poverty, it is interesting to note what we can afford as a nation. The new Universal Child Care Benefit effectively provides a bigger cheque to high-income families in Canada with a stay-at-home parent — given it is a taxable benefit and is taxed in the hands of the lower-earning parent — than to a working-poor couple with children where both parents work. When the minimum wage goes up to $8 an hour in February, that same working-poor couple will have their UCCB reduced, while the higher-income family sporting a bonus of $100,000 at year-end will have no UCCB reduction at all.

It's interesting what we choose to afford for those who have choices, and what we choose not to afford for those with none. If anyone had asked me if a federal minority government would attempt to afford a benefit that paid its highest benefits to well-to-do families with choices, I too would have said: "Not a chance — ain't gonna happen"

John Stapleton was co-chair of the working group for the Task Force on Modernizing Income Security for Working Age Adults.