



**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

Advocacy to Increase Social Assistance Rates

POSITION PAPER

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Prepared for:
Hon. Michael Parsa, Minister of Children, Community and Social Services

Brief

The District of Thunder Bay Social Services Administration Board (TBDSSAB) urges the Ministry of Children, Community and Social Services (MCCSS) to address the adequacy of current social assistance rates, in particular the need to improve the maximum shelter allowances for recipients of Ontario Works.

Summary

TBDSSAB urges MCCSS to adjust Ontario Works shelter rates to match local average market rents and to set basic needs for Ontario Works according to locally defined market baskets of essential goods, including transportation, telephone, and a nutritious food basket, that are adjusted annually according to the Consumer Price Index.

Background

Rents in Thunder Bay increased 3.1% between 2020 and 2021 and by another 7.5% from 2021 and 2022.¹ As illustrated in Figure A, Ontario Works shelter allowances are insufficient to cover housing expenses for a benefit unit of their size. Households are then placed in the position to draw on their Basic Needs Allowances meant for food and clothing to pay for shelter costs. For example, a single, 40-year-old male on Ontario Works will experience a shortfall of approximately \$-195.00 after paying the average

¹ Canada Mortgage and Housing Corporation. Housing Market Information Portal. 2023. <https://www.cmhc-schl.gc.ca/hmiportal>

rent on a bachelor apartment and the cost of a nutritious food basket (\$314.98) in Thunder Bay.²

Figure A: Shelter Allowances Compared to Average Rent in Thunder Bay³

Benefit Unit Size	Apartment Size	Average Rent (Thunder Bay)	OW Shelter Rate	Average Shelter Allowance Shortfall
1	Bachelor	\$757.00	\$390.00	-\$367.00
2	1 Bedroom	\$964.00	\$642.00	-\$322.00
3	2 Bedroom	\$1,175.00	\$697.00	-\$478.00
4	3+ Bedroom	\$1,457.00	\$756.00	-\$701.00
5	3+ Bedroom	\$1,457.00	\$815.00	-\$660.00
6+	3+ Bedroom	\$1,457.00	\$844.00	-\$631.00

This situation worsened throughout 2022 and 2023 where inflation has driven up the cost of necessary household items. The annual rate of inflation in 2022 was a staggering 6.8% and while it has been trending down, the latest reports for March 2023 still show it high at 4.8%.⁴ As a result of high inflation, the Bank of Canada has

² Thunder Bay District Health Unit. “The Cost of Eating Well in the District of Thunder Bay 2022.” [2023 - Nutritious Food Basket - The Cost of Healthy Eating in Thunder Bay District Final Draft 7 \(Jan\).pdf \(tbdhu.com\)](#)

³ Note: for benefit units above 4 members, the average rent for 3+ bedrooms used as per available data from CMHC. The average rent for units above 3 bedrooms will be higher, resulting in an increased deficit. October 2022 rents, current 2023 OW shelter rates.

⁴ Historical Inflation Rates for Canada. [Canada Historical Inflation Rates - 1989 to 2023 | Inflation Rate and Consumer Price Index \(rateinflation.com\)](#)

continually raised the target overnight rate to its current level of 4.75%⁵. The overnight rate increase has led to higher mortgage rates, putting upward pressure on market rents to further exacerbate the average shelter allowance shortfall.

It is widely acknowledged that the cost of food and other essential household items have outpaced the highest inflation experienced in decades. In fact, prices for food rose 9.8% in 2022, the fastest pace since 1981, after increasing 2.2% in 2021. Food inflation was broad-based in 2022, with prices increasing on an annual average basis in every food category except for canned salmon (-1.4%).⁶

When households receiving Ontario Works cannot afford market rental units the only option is homelessness. The number of emergency shelter beds used annually in Thunder Bay has increased an average of 2% year over year since 2015. The cost for an individual to stay in an emergency shelter in Thunder Bay for one month is \$1,089.⁷

By bringing shelter rates up to the average market rent of a bachelor apartment in Thunder Bay for individuals in receipt of social assistance, the province would reduce homelessness and could potentially realize a monthly cost savings of \$766 per recipient that is currently utilizing emergency shelter services.⁸

Therefore, TBDSSAB urges MCCSS to adjust Ontario Works shelter rates to match local average market rents. As well, TBDSSAB calls on MCCSS to set basic needs and shelter rates for Ontario Works according to locally defined market baskets of essential goods, including transportation, telephone, average market rents and a nutritious food basket, that are adjusted annually according to the Consumer Price Index.

⁵ Bank of Canada: Policy Interest Rate, June 7, 2023.

<https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

⁶ Consumer Price Index: Annual Review, 2022. [The Daily — Consumer Price Index: Annual review, 2022 \(statcan.gc.ca\)](#)

⁷ TBDSSAB Shelter Data and CHPI shelter allocations

⁸ Based on TBDSSAB calculations of CHPI shelter allocations and OW rates