

OMSSA's 2019 Provincial Budget Report

OMSSA attended the budget lockup on April 11, 2019. Community housing renewal, the child care tax credit, employment services, human services integration and social assistance reform are all mentioned in the budget.

Please note, OMSSA will provide further analysis in the coming days and plan to set up calls with the 47 and relevant Ministries to fully understand the impact on service managers.

Read on for OMSSA's initial budget summary, with **items most relevant to OMSSA members highlighted in bold**, and *direct quotes from the Budget Document highlighted in grey*.

Restoring Fiscal Balance in a Responsible and Sustainable Manner

The Province plans to balance the budget over a 5-year period with a goal of saving 8 cents on every dollar spent. This means the budget will not be balanced until 2023-24, after the next provincial election. The new government is focused on restoring trust, accountability and transparency to build a fiscally sustainable government and protect critical services. The government will modernize, digitize and make services and programs more efficient, while protecting front-line workers.

- Under the previous government, debt grew to \$15B and the debt is one third of a trillion dollars.
- Since June, the deficit has been reduced \$3.3B and is projected at \$11.7B for the fiscal year. It will be lowered to \$10.3B in the 2019-20 fiscal year.
- The current debt stands at \$347B or \$24,000 for every person in Ontario.
- Total revenues for 2019-20 are projected to be \$159.8B with total expenses at \$163.4B.
- Health spending will increase by \$1B next year. Education will be frozen. Children and social services will see a \$200M reduction next year. Justice will also decrease by about \$100M next year.
- Overall program spending will increase \$1.8B next year. Overall spending is expected to increase moderately until 2023-24.
- The government projects 1.4% real GDP growth this year and 1.6% next year.

The *Fiscal Sustainability, Transparency and Accountability Act* is a new robust accountability framework that represents the first comprehensive change to Ontario's fiscal planning legislation in 15 years. The Act would require government to deliver the budget prior to March 31 in future years.

The Premier and Minister of Finance will be fined 10% of their salary for each missed reporting deadline outlined under the *Sustainability, Transparency and Accountability Act*. There will be no more "March Madness" where government goes on a spending spree prior to the fiscal year end.

Every agency, board and commission will be expected to drive efficiencies. Every program will also be looked at. Capital investments will also be reviewed and to put them at “a level that is more sustainable.” The Premier set a goal to find 4 cents on the dollar in savings. Minister Fedeli says that Treasury Board has found 8 cents on the dollar to provide a projected \$26B in savings over 6 years.

Protecting What Matters Most

“Because the basic math is irrefutable – it is only by returning to fiscal balance that we can continue to invest in critical programs such as health care, education and other services for the people of Ontario have come to rely upon.”

Childcare Access and Relief from Expenses (CARE) Tax Credit

“The previous administration took an outdated and rigid “government knows best” approach. We disagree. Why don’t we let parents decide what child care options work best for them?”

The government is proposing a new Ontario Child Care Access and Relief (CARE) from Expenses tax credit. The CARE tax credit would provide families with low and moderate incomes up to \$6,000 per child under the age of 7; up to \$3,750 per child between the ages of 7 and 16; and up to \$8,250 per child with a severe disability.

The new CARE tax credit would provide about 300,000 families with up to 75% of their eligible expenses for child care in centres, home-based care, camps and other settings. The tax credit would support families with incomes of up to \$150,000. Families will be able to claim the CARE tax credit starting in the 2019 tax year and would not have to gather any additional information when filing their tax returns.

The CARE tax credit will be available in addition to the CCED, which provides provincial and federal tax relief toward eligible child care expenses. Parents would need to keep the receipts for the child care expenses they incur. Starting in 2021, the credit will be available through regular advance payments during the year.

“The CARE tax credit would be one of the most flexible child care initiatives ever introduced in Ontario, putting parents at the centre of the decision-making process; not bureaucrats and politicians.”

The government will also spend up to \$1B over five years to create up to 30,000 child care spaces in schools. These centres could be operated by for-profit or not-for-profit operators.

The government is removing restrictions on independent child care operators and authorized recreation and skill building programs (Bill 66).

“The Province will prioritize child care fee subsidies to help support affordable and accessible child care for families.”

Social Assistance Reform and Employment Services

The government confirms in the budget it is integrating social assistance employment services into Employment Ontario.

“These reforms will provide wrap-around supports to help social assistance recipients address barriers and access to employment supports.”

Ontario Works recipients can earn up to \$300 per month without reducing their social assistance. Those on ODSP will be exempt from up to \$6,000 in earnings per year compared with \$2,400 previously. The government previously announced the Low-income Individuals and Families (LIFT) Tax Credit.

Children’s and social services sector spending is expected to decrease from \$17B in 2018-19 to \$16B in 2021-22. This represents an annual 2.1% decrease over that period. Social assistance reform, social services modernization, human services integration, reducing reporting requirements and streamlining transfer payments are expected to help achieve these savings.

Employment services are specifically mentioned in the budget document.

“This includes transforming employment services through measures such as more effectively selecting system managers through a new competitive process. This will result in estimated annual savings of \$720M by 2021-22.”

CMSMs and DSSABs are mentioned as potential system service managers.

Community Housing Renewal and Municipalities

“The government recognizes municipalities as responsible and accountable government with respect to matters within their jurisdiction. Every day, municipal governments make decisions and deliver services that impact the lives of families and businesses throughout Ontario. Indeed, they are often the level of government closest to the day-to-day lives of Ontario families. This is why the government is taking meaningful action to support municipalities in a sustainable and responsible way.”

Ontario municipalities will receive one-time funding of \$200M to assist 405 municipalities improve efficiency. The Housing Supply Action plan will be released soon and “will make it easier to develop the right mix of housing where it is needed, lower the costs of development and make it easier to develop rental housing.”

The government is “leveraging municipal, provincial and federal support to provide for affordable housing through the province’s community housing renewal strategy, which will address waitlist issues for community housing and ensure people most in need receive access first.” This is a reference to the National Housing Strategy and matching funds. The Province of Ontario will provide approximately \$4B in federal and provincial funding for the Ontario housing sector over the next nine years.

Priorities outlined previously to OMSSA members associated with the Community Housing Renewal Strategy are confirmed in the budget. This includes protecting and expanding supply, simplifying RGI, streamlining the waitlist and eligibility rules and addressing safety issues.

Supportive housing is mentioned in the budget document:

“The Province’s current supportive housing system is difficult for people to navigate and does not effectively address the unique needs of individuals. To improve the flexibility of the system and the outcomes for people, the government will undertake a comprehensive review to identify opportunities to streamline and improve coordination of the province’s supportive housing programs.”

The budget mentions the regional review but provides no new details:

“The Province is undertaking a review of regional government and is committed to improve the way it works. The regional government model has been in place for almost 50 years in Ontario. This review will ensure that regional governments are working efficiently and effectively to make the best use of taxpayers’ dollars.”

The reinforced partnership and signed MOU with AMO is listed as one of the provincial government’s accomplishments since taking office. This shows a desire to consult and work together to address the challenges faced by government.

Health Care

To eliminate “hallway health care,” the government is moving towards an integrated delivery model and establishing Ontario Health Teams. The Ontario Health teams will organize care delivery according to the needs in their local communities, ensuring that patients come first and that precious dollars are redirected to front line services. Known prior to the budget, six existing health agencies and 14 LHINs will roll into a new, single agency as part of the health changes.

The government will provide hospitals with \$17B over ten years to modernize and increase capacity in hospitals. **The government also plans to create 15,000 new long-term care beds and upgrade an additional 15,000 long-term care beds to meet modern design standards. This will cost \$1.75B over the next 5 years. \$267M will be invested in home and community care.**

The government will invest \$90M to provide free dental care for low income seniors. This will apply to seniors with incomes less than \$19,300 or \$32,300 for couples.

The government confirms it is investing \$3.8B over 10 years for mental health and addictions focused on community health, justice, supportive housing and acute mental health inpatient beds. \$174M will flow in the 2019-20 year.

Education

The new government is planning to introduce a new math curriculum. They will also place a renewed focus on science, technology and engineering, skilled trades and financial literacy. Finally, there will be a new *“modern and age-appropriate Health and Physical Education curriculum that will keep students safe.”*

The government plans to increase funding in education by \$1B over the next three years to a total of more than \$30B. *“No teachers will be fired.”* \$1.4B will be invested in school renewal for the 2019-20 academic year.

The government will also reduce student tuition to save parents about \$450M. Students can also decide what student fees they will pay. This was announced prior to the budget. OSAP will also be reformed to ensure 82% of grants go to students with a family income of less than \$50,000, up from 76% previously.

Transportation

Go Transit will be expanded with 15-minute two way, all day service in core segments of the network. Additional trains were added on the Kitchener line and year-round weekday service was introduced for Niagara Falls and St. Catharines. Children under 12 can now ride for free and the government will explore offering food and beverage services on trains.

The Province confirms it will upload the TTC. They are also committing \$11.2B of the total \$28.5B cost of a GTA transit expansion plan. This was introduced yesterday and will expand the Yonge line to Richmond Hill, extend the Eglinton LRT West to Pearson International Airport, extend the Sheppard line East to meet with a 3 stop Scarborough subway extending the Bloor-Danforth line. The downtown relief line will also be funded between the Ontario Science Centre and Ontario Place and will be called *“the Ontario line.”* The government will also support LRT transit projects in Ottawa, Hamilton and Mississauga.

For Northern Ontario, the government will review transportation needs in the North including the return of passenger rail and expanded bus services. The government will also invest in highways with major projects in Kenora, London, Pickering, Mississauga and Peterborough.

Community Safety

The government will invest \$16.4M over two years to create a provincewide community safety strategy. A provincial Guns and Gangs Support Unit will be established to support local police

officers and prosecutors. Toronto will see \$25M over 4 years and Ottawa will receive \$2M to combat gangs and gun violence.

Environment

After cap and trade was cancelled, the provincial government will now spend \$400M on an emissions reduction fund to speed up the deployment of low-carbon solutions and encourage private-sector investment in clean technologies.

The Province plans to continue fighting the federal carbon tax. It will also terminate 750 renewable energy contracts and phase out “less effective” conservation and energy efficiency programs to find \$442M in savings.

Northern Ontario

The government is supporting the Ring of Fire. To support the Ring of Fire, the province is proposing to eliminate the Far North Act and amend the Public Lands Act. They will also create a Mining Working Group to reduce red tape and attract new investment. A forestry strategy will be developed to increase wood supply and create conditions for the industry to innovate, attract investment and create jobs.

They are exploring options to share resource revenue with Indigenous partners and Northern communities. They also have a goal of creating new economic opportunities for Indigenous people and addressing the skilled labour shortage across the North with a new Northern Ontario Internship Program. There will be a broadband and cellular strategy for the North to allow people to participate and compete in the digital economy.

The government will support a transmission line from Thunder Bay to Wawa and expand access to natural gas. There will also be reforms to the moose tag process.

Digital Strategy

The government is modernizing and digitizing services. As a start, the top 10 transactions including driver’s licenses, vehicle permits and health cards will shift approximately 10 million in person transactions to digital channels saving \$33.5M over the next five years. These measures will impact Service Ontario, but similar initiatives are taking place under social services modernization.

Open for Business, Open for Jobs

Ontario has trailed the national average in real GDP growth for the last 16 years. The government confirms it is freezing the minimum wage at \$14 per hour as previously announced.

There will be a new “Driving Prosperity” strategy to support the auto sector over the next ten years. The main focus areas will be competitiveness, innovation and talent.

The government is focused on “*reducing payroll taxes, reducing red tape and lowering hydro costs*” to support job creation and economic development. The goal is to decrease red tape by 25% by 2020.

There will also be corporate income tax reduction of \$3.8B and a reduction in WSIB premiums.

Additional Items in the Budget

- The government is attempting to address auto insurance rates and coverage.
- The government is taking steps to expand alcohol sales to corner stores, big box stores and additional grocery stores. Tailgating will also be legal for sporting events. Municipalities can create “alcohol consumption areas” in areas such as parks for festivals. Retail hours have been expanded. There will also be less restrictions on advertising happy hours and measures to reduce beer costs at Legions in Ontario.
- The government will establish a “competitive market” for online gaming and allow single sport wagering in Canada.
- A central procurement policy will be introduced to take advantage of bulk buying power. This is projected to save \$1B per year.
- A new Farm Products Payments Act is being proposed to modernize Ontario’s financial protection programs for farm businesses.
- The government will repeal the Estate Administration Tax on January 1, 2020.
- \$1.3M over 2 years to launch the Rick Hansen Foundation Accessibility Certification program to help the 43% of seniors with a disability.
- The province is expanding the scope of the Francophone Community Grants Program to include a focus on economic development.
- The budget confirms a new logo and license plate with the slogan “A Place to Grow” will be created.

Conclusion

Thank you very much for reading OMSSA’s 2019 Budget Report.

If there are any questions related to the provincial or federal budgets, please do not hesitate to contact **Darryl Wolk, Manager Policy Development & Public Affairs** at dwolk@omssa.com.