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OMSSA 2018 Federal Budget Highlights:

The Trudeau government has delivered their third federal budget. The theme for the 2018 Federal Budget is “Equality + Growth: A Strong Middle Class”.

The previous budgets introduced the National Housing Strategy and the Canada Child Benefit. The federal government focus on housing and child care is a positive for OMSSA members. When evaluating this budget, it is important to remember that previous budgets had multi-year commitments for infrastructure, child care and housing. There were also previous increases to CPP payments and the Guaranteed Income Supplement for seniors. To make these investments, the federal government has had to break their promise on deficit spending. The government highlights the declining debt-to-GDP (gross domestic product) ratio as a counter to concerns around deficit spending. This years’ deficit will come in at \$18.1B.

In 2017, Canada led the G7 in economic growth. Over the same period, unemployment was reduced and the positive economic outlook resulted in an increase in government revenues. However, as we enter 2018, economists have warned that growth will slow compared with 2017. Uncertainty around NAFTA negotiations, US corporate tax cuts, the housing market, rising interest rates and oil prices has resulted in a more cautious approach to new spending in this budget.

National Pharmacare Plan:

Yesterday, Dr. Eric Hoskins resigned as Ontario Minister of Health and Long-Term Care. He left the position to head up an Advisory Council for a National Pharmacare Program under the federal Liberal government. The estimated cost of the proposed National Pharmacare plan is \$19B annually, with potential savings across Canada of \$4B for prescription drugs as a result of bulk buying. While still in the early days, such a program would have a positive impact on Income Security Reform in Ontario. At this point, the Advisory Council will study and evaluate ways to move forward on a national Pharmacare program. This should not be confused with the introduction of a national Pharmacare program with the required dollars attached. The cost of this program alone would more than double the current projected deficit.

Enhancements to the Canada Child Benefit, Investments in Child Care:

The government plans to increase the Canada Child Benefit this summer. It will also be set to keep pace with the cost of living. The Canada Child Benefit has been successful in reducing child poverty in Canada.

“And this summer, two years ahead of schedule, we will ensure that the benefit increases along with the rising cost of living. The Canada Child Benefit means that on average, families get \$6,800 a year, tax-free, for books, hockey lessons or warm clothes for winter. It means that today, about 300,000 fewer children live below the poverty line — down 40 per cent from what it was in 2013.” Morneau

The federal government now has an agreement with most provinces and territories on child care. Ontario was the first to sign on.

“We are giving more children the best possible start in life through investments in early learning and child care. We now have agreements in place with nine provinces and territories to help create more of the high-quality, affordable child care spaces we know Canadian families need—tailored to their local realities. And think about the fact that the vast majority of single moms receiving the Canada Child Benefit make less than \$60,000 a year, and now get about \$9,000 on average in total benefits, tax-free.”

The federal government previously announced they would invest \$7.5B over three years in early learning and childcare to create up to 40,000 new subsidized spaces. Affordability will also be addressed. Some stakeholders were disappointed to not see some form of a national child care program as part of the gender equity measures.

Tax credits for low-income earners:

The government is introducing the Canada Workers Benefit, a stronger and more accessible benefit that will replace the Working Income Tax Benefit

“The Canada Workers Benefit will allow low-income workers to take home more money while they work—encouraging more people to join and stay in the workforce, and offering real help to more than two million Canadians.”

The goal of the Canada Workers Benefit is to help lift about 70,000 more Canadians out of poverty by 2020.

Opioid Crisis, Asylum Seekers:

The federal government will invest \$230 million in additional measures to help address the crisis, including additional emergency funding for provinces and territories, so people can access evidence-based treatment services, and get the help they need.

The government is also investing \$173.2 million to support security operations at the Canada-US border and the processing of asylum claimants arriving in 2018-19. The funding is to manage the increase in asylum seekers projected over the upcoming year.

Housing and Infrastructure:

There is no significant new money for infrastructure or social housing beyond what was promised in previous budgets. In fact, one major change is \$7.2B less infrastructure spending through 2019, an amount that has been allocated to other departmental spending. This will be of concern to municipalities struggling with the infrastructure gap. The government plans to invest this money at some point in the future.

Rental Construction:

The government plans to introduce the Rental Construction Financing Initiative that will build 14,000 new rental units across the country as part of the National Housing Strategy. The goal of the National Housing Strategy is to create 100,000 new housing units and to repair 300,000 housing units across Canada by??

Housing, Water, Child Welfare Investments for Indigenous communities:

Following up on the National Housing Strategy, the federal government will invest in affordable housing for First Nations, Inuit, and Métis Nation communities. There are also planned investments to deliver clean, safe drinking water to more Indigenous communities. There will also be new investments in better child and family service support for Indigenous communities.

Funds for indigenous housing were already announced in the National Housing Strategy. The government will spend \$172.6M more over 3 years for clean drinking water on reserves and \$1.3B over 6 years in new funding for First Nations Child and Family Services.

Gender Equity, Paid leave for new fathers:

On average, women earn just 69 cents for every dollar earned by men on an annual basis. The federal government will introduce pay equity legislation that would apply to all federally regulated sectors. It is encouraged that provinces and the private sector do the same. The federal government is leading by example and the issue of pay equity has merit. At the same time there will be potential costs to the province, municipalities and the private sector to address the gender wage gap that may exist within their organizations. The federal cost to address the wage gap is not known at present time.

The federal government will also introduce a new Employment Insurance (EI) Parental Sharing Benefit to encourage both parents in two-parent families to share equally in the work of raising their children. Two-parent families who agree to share parental leave could receive an

additional five weeks of leave. The measure is being introduced to make it easier for women to return to the work force sooner if they chose to do so.

Rural Broadband:

The budget promises \$100M over 5 years to develop rural broadband innovation, including low-earth-orbit satellites.

Fiscal Impact:

The government remains in deep deficit with no serious plan for balance in the near term. \$18.1B is the projected deficit for 2018-19 including \$3B set aside for risk. That is down from \$19.3B last year. The deficit is projected to fall to \$12.3B by 2022-23. This confirms that the budget will not be balanced in time for the next election. The economy is forecast to deliver average growth of 2 percent per annum between 2017 and 2022, including a 3 percent expansion in 2017.

OMSSA staff will review the fine details contained in the full budget document to further analyze the impact on human services in Ontario. We also want to be sure that funding mentioned as part of this budget is in fact new money.

Full Budget Document: <https://www.budget.gc.ca/2018/docs/plan/toc-tdm-en.html>

Personal regards,

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