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Quick Connect

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Federal Finance Minister Jim Flaherty announced the 2011 Federal Budget this afternoon. Today's budget contained few new spending initiatives and instead continued the government's emphasis on economic recovery.

OMSSA members will be disappointed to know that the budget did not address our core recommendations to expand the Affordable Housing Program, improving supports to increase long-term workforce attachment through improvements to Employment Insurance, and to expanding parental choices in obtaining quality childcare and early learning.

Other items that will be of interest to OMSSA members include:

Overview

- As expected, the theme of the 2011 budget emphasizes the government's past record combined with only a series of small, targeted spending initiatives.
- The government did make clear that it would not raise taxes or cut transfers to persons, including those for seniors, children, and the unemployed, and stated that it would not cut transfers to other levels of government in support of health care and social services.
- Of note for service managers within CMSMs, the government proposed to legislate a permanent annual investment of \$2 billion in municipal infrastructure through the Gas Tax Fund.

Economic Security

The budget contained several targeted spending initiatives in the area of economic security, including:

- Enhancements of the Guaranteed Income Supplement (GIS). Single recipients with an annual income (other than Old Age Security and the Guaranteed Income Supplement) of \$2,000 or less, and couples with an annual income of \$4,000 or less, will receive the full

amount of the benefit. Above these income thresholds, the top-up amount will be gradually reduced and will be completely phased out at an income level of \$4,400 for singles and \$7,360 for couples.

- \$10 million over two years to increase funding for the New Horizons for Seniors Program, a program for seniors to participate in social activities in their communities
- A proposal to ban the distribution of unsolicited credit card cheques to assist consumers in managing their debt levels.
- A new Family Caregiver Tax Credit to provide a 15-percent non-refundable credit on an amount of \$2,000 for caregivers of all types of infirm dependent relatives, including, for the first time, spouses, common-law partners, and minor children.
- Changes to the Medical Expense Tax Credit by removing the \$10,000 limit on the amount of eligible expenses a taxpayer can claim in respect of a financially dependent relative.
- A 15-percent non-refundable Volunteer Firefighters Tax Credit on an amount of \$3,000 for volunteer firefighters. This credit will be available to volunteer firefighters who perform at least 200 hours of service for their communities during a year.
- A 15-percent non-refundable Children's Arts Tax Credit for children who participate in artistic, cultural, recreational, and developmental activities.

Employment Supports

- Implementing an employment transition program to enable Canadian Forces members to access training for construction jobs after leaving the Forces.
- Providing \$10 million for a temporary Hiring Credit for Small Business to assist those employers that continue to face challenges by making available an extension of up to 16 weeks for active or recently terminated work-sharing agreements. The extension will be phased out by October 2011. The government will also make the program more flexible and efficient for employers signing new agreements by recognizing fluctuations in work schedules and by reducing administrative complexity.
- Providing \$50 million over two years to extend the Targeted Initiative for Older Workers program until 2013–14. This program provides a range of employment activities for unemployed older workers in vulnerable communities with populations of less than 250,000 to help them stay in the workforce.
- Providing \$420 million to extending the Working While on Claim and Best 14 Weeks for an additional year. (The Working While on Claim pilot project allows EI claimants to earn additional money while receiving income, and is renewed until August 2012. The Best 14 Weeks pilot project allows claimants in 25 regions of higher unemployment to have their EI benefits calculated based on the highest 14 weeks of earnings over the year preceding a claim, and is renewed until June 2012.)
- Providing an additional \$4.5 million for the Wage Earner Protection Program (WEPP) to provide guaranteed compensation to workers for unpaid wages, vacation pay, severance and termination pay earned in the six months preceding an employer bankruptcy or receivership. This budget extends the WEPP to cover employees who lose their jobs when their employer's attempt at restructuring takes longer than six months, is subsequently unsuccessful, and ends in bankruptcy or receivership.
- Enhancing and expanding eligibility for the Canada Student Loan and Grant Program for part-time and full-time post-secondary students.
- Helping apprentices in the skilled trades and workers in regulated professions by making occupational, trade and professional examination fees eligible for the Tuition Tax Credit.

Housing and homelessness

There was no new funding allocated to the social housing and homelessness sectors, nor was there any mention of the extension of the Affordable Housing Program.

While not directly a housing initiative, there is a proposal to provide nearly \$870 million over two years to address climate change and air quality, including the extension of the ecoENERGY Retrofit –Homes program that will help homeowners make their homes more energy efficient and reduce the burden of high energy costs.

Early learning and child care

There was no mention of “early learning” or “child care” in the budget, other than the reference to the on-going Universal Child Care Benefit.

Aboriginal Canadians

- \$22 million over two years to help First Nations communities to ensure that the fuel tanks that power their essential community services, such as water and waste water treatment systems, schools and community buildings, meet new environmental safety standards
- \$8 million over two years to promote the deployment of clean energy technologies in Aboriginal and Northern communities.

Rural and Northern perspective

The budget did give a nod to rural, remote, and northern communities in two ways.

The first is a proposal to assist new doctors and nurses finding employment in rural and remote communities by proposing to forgive a portion of Canada Student Loans for new family physicians, nurse practitioners, and nurses that practise in under-served rural or remote communities, including communities that provide health services to First Nations and Inuit populations. Starting in 2012–13, practising family physicians will be eligible for federal Canada Student Loan forgiveness of up to \$8,000 per year to a maximum of \$40,000. Nurse practitioners and nurses will be eligible for federal Canada Student Loan forgiveness of up to \$4,000 per year to a maximum of \$20,000.

As well, the small tax credit for volunteer firefighters offers at least an acknowledgement of the financial impacts of volunteering in rural areas.

Analysis

Today’s budget document reads much more like an election document rather than a traditional budget. The content primarily focuses on the government’s achievements over the past few years, particularly in terms of the efforts during the recent economic recession. In contrast, there is much less emphasis on the proposed actions for the years ahead. The spending initiatives are small and limited and will make little difference in the lives of the most vulnerable Canadians.

The proposal to make the gas tax permanent is a positive one. Nonetheless, the proposal once again should remind members that, unlike CMSMs, DSSABs have no ability to directly access the Gas Tax revenue. OMSSA will continue to raise this as part of our on-going discussions with the provincial government about the need to re-examine DSSAB governance.

Buried in the document was a reference to strengthening “social partnerships” at the local level. The government discussed how some groups such as “the homeless, persistently unemployed, and at-risk youth, face complex and continual social challenges and often the

best solutions to tackling these difficult problems are found locally.” The government stated that it would encourage “the development of government/community partnerships, enabling communities to tackle local challenges and testing new approaches to improve performance.” Details are to be announced by the Minister of Human Resources and Skills Development over the coming months, but there is the potential for innovative opportunities for service managers to work with community partners to solve local issues.

This budget is expected to have important election implications. As of the writing of this bulletin, we already know that the Federal NDP, widely acknowledged as the only party that could vote with the government to pass this budget, has refused to support the budget. An election call by the end of the week is therefore highly likely, and OMSSA will keep members informed of all developments.

With the release of the 2011 federal budget, we now look forward to the provincial budget to be released next Tuesday, March 29.

Links

A copy of the 2011 Federal Budget can be found here:

[2011 Federal budget](#)

OMSSA’s pre-budget letter to Prime Minister Harper can be found here:

[OMSSA 2011 Federal Pre-Budget Submission](#)

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