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Information Alert: 2016 Federal Budget

Solid Investments in Social Infrastructure

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In its first budget, Growing the Middle Class, the federal Liberal government offered a down payment on election promises. Most notably, the budget commits to key investments in priority areas for OMSSA members, signaling a significant shift in federal policy priorities.

With a total of \$23 billion in program spending, the good news for OMSSA members comes in the commitments of \$504.4 million over two years, starting in 2016-17 for affordable housing and a proposal to invest \$500 million in 2017-18 to support the establishment of a National Framework on Early Learning and Child Care.

Highlights

Unlike most budgets tabled at either the provincial or federal level, the 2016 federal budget does not commit to achieving a balanced budget within a specified time frame. Identifying a current deficit of \$29.4b, the budget instead commits to the deficit gradually declining to \$14.3b by 2020-21.

This new tact indicates a comfort in recognizing a real deficit and that investments today will strengthen the economy and the ability to achieve balance in the future.

The projection is that the commitments and investments will create 100,000 jobs in 2017-18.

Good news for Human Services and Poverty Reduction

Expanding Affordable Housing

The budget proposes to invest just under \$1.5 billion over two years, starting in 2016-17 in affordable housing. This includes \$739 million for First Nations, Inuit and northern housing.

The government will consult on developing a National Housing Strategy.

	2016-2017	2017-2018	Total
Investment in Affordable Housing Initiative	261.6	242.8	504.4
Increasing Affordable Housing for Seniors	100.3	100.4	200.7

Supporting Energy and Water Efficiency Retrofits and Renovations to Existing Social Housing	500.0	73.9	573.9
Supporting Shelters for Victims of Violence	60.0	29.9	89.9
Tackling Homelessness	57.9	53.9	111.8

Long Awaited Investments in Early Learning and Child Care

Through its commitment to social infrastructure the budget proposes to invest \$500 million in 2017-18 to support the establishment of a National Framework on Early Learning and Child Care.

Of this amount, \$100 million would be for Indigenous child care and early learning on reserve. Recognizing different needs across the country and communities, the Framework will be designed to meet the needs of Canadian families, wherever they live. While investments in affordable housing will begin in the current fiscal year, developing the Framework will begin in 2016-17 with investments under the new Framework to flow in 2017-2018.

Similar to the National Housing Strategy, developing the National Framework on Early Learning and Child Care will be developed through consultations with provinces, territories and key stakeholders.

Other Highlights of Interest to OMSSA Members

Canada Child Benefit

Combining the National Child Benefit, the Canada Child Tax Benefit and the Universal Child Tax Benefit the Child Care Benefit promises to:

- Provide a maximum annual benefit of up to \$6,400 per child under the age of 6 and up to \$5,400 per child for those aged 6 through 17.
- Families with less than \$30,000 in net income will receive the maximum benefit.
- Low- and middle-income families will receive more benefits, and those with the highest incomes (generally over \$150,000) will receive lower benefits than under the current system.

It is suggested that families will receive approximately \$23 billion in Canada Child Benefit payments during the 2016-17 benefit year.

The Canada Child Benefit is positioned as playing a leading role in supporting poverty reduction in future years indicating 9 out of 10 families will see an increase in benefits that they are currently receiving.

Supporting Youth

Enhancing Student Grants

Budget 2016 proposes to increase Canada Student Grant amounts by 50 per cent:

- from \$2,000 to \$3,000 per year for students from low-income families;
- from \$800 to \$1,200 per year for students from middle-income families; and
- from \$1,200 to \$1,800 per year for part-time students.

Totalling \$1.53 billion over five years, starting in 2016-17, and \$329 million per year

thereafter

- Lowering the loan repayment threshold under the Canada Student Loans Program's Repayment Assistance Plan to ensure that no student will have to repay their Canada Student Loan until they are earning at least \$25,000 per year.

This measure will provide assistance of \$131.4 million over five years, beginning in 2016-17, and \$31 million per year thereafter

- Introducing a flat-rate student contribution to determine eligibility for Canada Student Loans and Grants to replace the current system of assessing student income and financial assets.

The Government will work collaboratively with provinces and territories to finalize the flat-rate contribution model in time for implementation in the 2017-18 academic year.

Youth Employment and Engagement

An investment of \$165.4 million in the Youth Employment Strategy in 2016-17, in addition to the \$330 million currently invested in the Youth Employment Strategy and in addition to the \$339 million already announced for the Canada Summer Jobs program.

Funding will be delivered over three years, starting in 2016-17. Going forward, the Government will make additional investments in the Youth Employment Strategy in 2017-18 and 2018-19. These investments will be targeted toward supporting employment opportunities for vulnerable youth.

The budget commitments also include:

- Convening a Prime Minister's Youth Council.
- Providing \$105 million over five years, starting in 2016-17, and \$25 million per year thereafter in support of youth service. Further details will be announced in the coming months.
- Convening an expert panel on youth employment.

Addressing Employment Insurance

Changes committed to Employment Insurance (EI) include:

- Amending the rules to eliminate the higher EI eligibility requirements that restrict access for new entrants and re-entrants to the labour market.
- Reducing the waiting period for two weeks to one.
- Simplifying the job search
- Extending benefits in hard hit regions
- Making legislative changes for an additional 20 weeks of EI regular benefits to long-tenured workers in the same 12 EI economic regions, up to a maximum of 70 weeks of benefits.
- Making available \$19 million in 2016-17 to enable Service Canada to meet the increased demand for EI claims processing, and offer better support to Canadians as they search for new employment.
- Direct \$21 million over three years, starting in 2016-17, to promote compliance with program rules.

Labour Market Agreement Investments

- An additional \$125 million in 2016-17 for the Labour Market Development Agreements, and an additional \$50 million in 2016-17 for the Canada Job Fund Agreements is being made available

Investing in Accessibility

An additional \$4 million over two years, starting in 2016-17 is provided in the 2016 budget for the Enabling Accessibility Fund to support the capital costs of construction and renovation related to improving physical accessibility and safety for people with disabilities in Canadian communities.

Expanding Immigration and Intake of Syrian Refugees

- A target of 300,000 for permanent resident admissions in 2016 is identified in the budget.
- It is also proposed in 2016 to provide \$245 million over five years, starting in 2016-17, for the identification, overseas processing, transportation and resettlement of the additional 10,000 Syrian refugees.

Additional areas of interest:

- Overall investment of \$3.5 billion in indigenous infrastructure, including \$732 million for housing and \$10.4 million for shelters from violence.
- Continued commitment to Federal Gas Tax Fund.
- Infrastructure investments of \$11.9 billion over five years and \$120 billion over ten years. \$3.4 billion over the next three years to upgrade public transit systems across Canada. Eligible projects include fleet replacement and large project design and construction. The federal government will fund up to 50 per cent of eligible costs. Funding is distributed to provinces and territories based on ridership, with Ontario eligible for up to \$1.4 billion.
- \$5 billion over the next five years to help communities adapt to climate change and reduce greenhouse gases as well as to modernize water and wastewater infrastructure.
- Introducing a teacher and early childhood educator school supply tax credit of \$150.00
- Elimination of boutique tax credits: child fitness and arts credit and education text book credits.

OMSSA was pleased to see the optimistic tone in the federal government's first budget and the significant focus on committing to addressing the key areas of affordable housing and early years and child care. Furthermore, with the government's commitment to consult on developing these critical frameworks OMSSA and its members have an important opportunity to shape future support and programs for our communities as partners in community health and sustainability.

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