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## Information Alert

### OMSSA's 2017 Provincial Budget Report

*April 28, 2017*

The 2017 Ontario budget returns the Province to balance for the next two years and reduces the debt-to-GDP ratio. Surprisingly, the overall provincial investment is lower than many expected in social housing. The Province has focused on rising housing prices and rental costs this year. Overall, provincial support for municipalities has increased and progress has been made on the downloading of social services as we approach 2018. The budget mentions the Basic Income Pilot and Community Hubs, but does not provide any new details or funding beyond what has already been announced.

There will be a 2% increase to benefits and some changes to ODSP and Ontario Works this year. The government is also investing \$30 million over three years in the Survivors of Domestic Violence Portable Housing Benefit Pilot and \$90M to Community Homelessness Prevention Initiatives (CHPI) over the next three years.

The government plans to invest to a total of \$190 million into infrastructure by 2024-25 building on new federal investments in public transit. The program started in 2014-15 and has been expanded in both length and total dollars.

Significant new funding has been dedicated to health care and hospitals in this budget. The biggest surprise in this year's budget was the free drug coverage for youth 24 and under, likely a response to the promise Andrea Horwath made at the recent NDP convention.

Overall, health care and, to a lesser degree education, were the big winners in this year's budget. Ontario residents can also expect a 25% reduction in their hydro bills by this summer with future increases over the next four years capped at inflation. The 25% includes the removal of the provincial portion of the HST.

The new spending measures are being funded by better than expected economic growth compared to previous projections and the sale of public assets such as Hydro.

*Below are the Ontario budget highlights for 2017-18:*

## Numbers at a Glance

*"...a balanced budget gives us the means to shape our future and build a fairer society"*

### Economic Growth

Last year, Ontario's GDP grew 2.7%. That figure is twice the national average and greater than all G7 countries.

This is the first balanced budget since the 2008 recession. The government has reduced the deficit from a high of \$19 billion in 2009 to a small surplus \$0.6 billion projected for this upcoming fiscal year. The \$0.6 billion will be held as a reserve fund to protect against changing economic circumstances. Real estate prices for example has led to a government revenue windfall through the land transfer tax.

*Ontario deficit history:*

- **Deficit in Budget 2009:** \$19 billion
- **Deficit in Budget 2011:** \$13 billion
- **Deficit in Budget 2014:** \$10 billion
- **Deficit in Budget 2016:** \$1.5 billion
- **Surplus in Budget 2017:** \$0.6 billion (*balanced budget as the \$0.6 billion is being used for reserves*)
- **2018:** Budget projected to be balanced or in surplus (*election year*)
- **2019:** Budget projected to be balanced or in surplus

*An overview on revenue, expenses and debt:*

- **2017-18 Revenue:** \$141.7 billion (up from \$133.2 billion in 2016-17)
- **2017-18 Expenses:** \$141.1 billion (up from 134.8 billion in 2016-17)
- **2017-18 Net Debt as a Percentage of GDP:** 37.5% (down from 37.8% in 2016-17)
- **Current Debt:** 8.2% of the 2017-18 budget or \$11.6 billion funds interest on Ontario's \$311.9B net debt. (Ontario has the highest subnational debt in the world)

Ontario continues to be concerned about the federal equalization program and receiving their "fair share" from the federal government. Currently Ontario spends the least per-capita on social programs.

Ontario has consistently contributed more to the federal government in total tax revenue than the federal government has invested back in Ontario. The Mowat Centre has recently estimated that this shortfall was \$7.7B or 1.1% of GDP. The gap has been increasing. In 2017-18, Ontarians are estimated to contribute about \$7.1B to fund the equalization program, but the province will receive about \$1.4 billion in equalization payments.

## 2017 Budget Contents Relevant to OMSSA members

### Supporting Municipalities

- Continued progress uploading social assistant benefit costs, as well as court security and prisoner transportation costs since 2003. Downloading costs to municipalities occurred during the Mike Harris years. Overall support for municipalities has increased consistently since 2003.

### Affordable Housing and Poverty Reduction

- No mention of social housing in Finance Minister Charles Sousa's speech.
- \$45 million over three years to create up to 1,150 additional supportive housing units for those with serious mental illness or addictions who are homeless or at risk of becoming homeless.
- The government will continue to support the implementation of the updated Long-Term Affordable Housing Strategy (LTAHS).
- \$200 million in funding over three years to improve access for up to 6,000 families and individuals to housing assistance and services such as counselling, medication and life skills training.
- Supporting the construction of up to 1,500 new supportive housing units over the "long term."
- Investing \$30 million over three years in the Survivors of Domestic Violence Portable Housing Benefit Pilot to eventually support up to 3,000 survivors of domestic violence. The goal is to provide them with the flexibility to choose where they want to live. The government is also seeking consultation on a potential portable housing benefit for others in need of affordable housing.
- \$90 million to Community Homelessness Prevention Initiatives (CHPI) over the next three years.
- Infrastructure Ontario will establish a new program that would strategically leverage land assets to build more affordable housing across the province. This mirrors the 2017 Federal budget where surplus federal land could also be allocated to affordable housing. The provincial program would involve disposing of appropriate provincial surplus land below market value as a mechanism to leverage long-term affordable housing supply as part of the development. This program will be piloted in the Greater

Toronto and Hamilton area committing \$70-100 million in land to develop 2,000 new housing units including a mix of market and affordable housing.

- \$640 million Social Infrastructure Fund to support the repair and modernization of community infrastructure between 2016-17 and 2018-19. Affordable housing and shelter projects are eligible for this fund.
- Provide over 375 additional residential development services placements for individuals with urgent needs and youth transitioning from the child welfare system. Support 1,000 additional adults with developmental disabilities to participate in their communities through the Passport program. \$677 million over four years will be invested into the developmental sector to "help keep people out of crises and give people the supports that are right for them."

### **Housing Market and Rent Control**

- 15% "Non-Resident Speculation Tax (NRST)" in the golden horseshoe.
- New rental control measures on units built after 1991.
- Increase supply of rental properties and housing by reducing red tape slowing down building approvals at the municipal level.
- Allow municipalities to tax vacant lots. The City of Toronto will have the option to implement a Vacant Homes Property Tax at a higher rate to encourage owners to sell unoccupied units or make them available to be rented.

### **Income Supports and Basic Income**

*"We're moving forward with a Basic Income Pilot to explore how we can provide more consistent and predictable support to those with low incomes, including those who may be precariously employed. Testing how a Basic Income pilot may improve health, employment and housing outcomes are all part of our efforts to promote a growing economy that benefits all Ontarians."* (Quoted from 2017 budget)

- To help improve Ontario Works and the Ontario Disability Support Program, the government is investing more than \$480 million over four years to raise asset limits (OW to \$10,000 and \$15,000 for couples. ODSP to \$45,000 or for couples \$50,000. This takes effect in January 2018), increase income exemptions for cash gifts (now \$10,000 for OW and ODSP), and provide a benefit rate increase of 2% that will impact 900,000 people across Ontario. The Personal Needs Allowance for people living in institutions or shelters are included in this. Rate increases will occur in September of 2017 and September of 2018. The Remote Communities Allowance will also be increased by \$50 per month for the first person and \$25 for each additional family member.

### **Community Hubs, Education, Early Learning and Child Care**

- No new dollars in the budget for community hubs. The Province is taking measures to coordinate health, social and education services to better serve people and their communities by creating spaces for community use in schools and expanding child care and family services. The Province is committed to making it easier to create community hubs and ensuring the best possible use of public properties, including schools,

hospitals and provincial properties that are no longer needed for their original purpose. Hubs specializing in youth services were also mentioned in the budget document.

- \$200 million to support 24,000 children getting access to affordable, quality licensed child care through fee subsidies and spaces in schools to reduce waiting lists. The goal is to eventually reach a total of 100,000 new spaces.
- Class size caps on all day kindergarten and enhanced support for special needs children.
- \$16 billion over 10 years to build new schools in high growth areas.
- \$200 million to improve energy efficiency of schools.
- Invest in a new French Language University.
- \$200 million over three years to help First Nation, Metis and Inuit students access postsecondary education.

### **Hydro**

- Reducing household electricity bills by an average of 25% this summer. This includes removing the 8% provincial portion of the HST.
- Additional relief for rural, remote or on-reserve First Nation communities.

### **Contact Information**

If OMSSA members have any additional questions about the provincial budget and details on its contents, please feel free to contact policy analyst Darryl Wolk at [dwolk@omssa.com](mailto:dwolk@omssa.com).

Thank you for reading the OMSSA 2017 Provincial Budget Report.

Personal regards,

**Darryl Wolk**  
Policy Analyst