



The Social Planning Council of Cambridge and North Dumfries is a recognized leader in promoting greater social and economic equity through research and community development.

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2015 Provincial Budget:

On April 23rd, the Ontario government released the 2015 budget entitled, “*Building Ontario Up.*” The budget is geared at honouring the government’s commitment to balancing the budget by 2017-18 without cutting programs or increasing taxes. As such, the budget maintains the status quo to address issues of poverty, housing and improving the quality of life across Ontario.

This communiqué will consider what is in, and more importantly what is missing from the 2015 budget. In particular, it will explore the value and impact of a balanced budget, it will review the anticipated impact of infrastructure investment, asset sales and it will highlight alternative opportunities to improve the quality of life in Ontario.

A Balanced Budget

Budget 2015 is built around the governments commitment to balancing the budget by 2017-18. The government is able to achieve this goal by capping program growth by 1.4%.

Maintaining the status quo does not actually mean maintaining the status quo. Programs and services still experience austerity reductions because they do not keep up with inflation. As such, education, children and social services and health programs have reductions in their budget lines. Over the past 5 years, maintaining the status quo has resulted in a 6 per cent reduction in per-capita expenditures, or \$7 billion. The impact of these cuts are felt by frontline services which already struggle to meet demands within tight budget lines.

We need to ask ourselves if there is an urgency to balance the budget or invest in social programs. Economists point out that program cuts to balance the budget actually weaken the economy and negatively influence job market growth. A simple solution would be for the government to pay down the debt at a slower pace and use the extra money to match program spending to the rate of inflation.

This budget does little more than hold the line on poverty reduction programs while children and families in poverty await actions that will turn the tide.

-Anita Khanna, National Coordinator of Campaign 2000

There is a bigger question we have to ask ourselves, is status quo doing the job? In a wealthy, prosperous nation such as ours, is there such a thing as an acceptable level of poverty, homelessness and hunger or do we owe it to ourselves to create a society that is more equal and sharing? If the second value is true, lets build a budget around our commitment to reduce poverty by 2019.

2015 Budget By The Numbers

\$130 billion spending
plan

\$10.9 billion deficit
projected for
2015-16

\$0.25 increase to
minimum wage as of
October 1, 2015

\$10.9 billion
committed over 10
years for
infrastructure

\$9 billion in asset
sales

1% increase for
recipients of Ontario
Works and the
Ontario Disability
Support Program

Net zero policy
capping spending
less than the rate of
inflation

Infrastructure Investment

The largest investment announced in the 2015 budget is \$130 billion for infrastructure expansion and renewal over 10 years. As highlighted in SPCCND's pre-budget submission, this investment will help stimulate Ontario's economy by creating good paying jobs while addressing the province's aging infrastructure.

As the government rolls out this significant investment, they need to keep an eye on poverty reduction and sharing the province's prosperity. One in ten Ontarians work full time but earn wages below the poverty line. The government can work to counter this by setting living wage conditions when awarding government contracts.

Overall, infrastructure investment benefit low-income individuals because they rely more on public transit. However, projects that are not fully funded may result in service fees increases. The provincial government will need to work with municipal and federal projects partners to off-set any negative impacts on lower-income people.

Hydro One

The largest new revenue source in the 2015 budget is the partial sale of Hydro One. The sale will generate \$9 billion that will be used to pay down the province's utility debt and infrastructure projects.

The partial privatization of Hydro One may result in increased electricity fees. This would create severe hardship on many low income families. One in five Ontarians spend 12% of their income on utilities and are twice as likely to heat their homes with electricity. The provincial government may need to consider enhancements to the Ontario Electricity Support Program to ensure low-income households are adequately shielded from the regressive impact of electricity rate hikes.

Poverty Reduction

The 2015 budget includes a 1% increase for recipients of Ontario Works (OW) and the Ontario Disability Support Program (ODSP). Unfortunately, this increase falls below the rate of inflation.

The government can reduce poverty and help ensure dignity for all Ontarians by increasing the social assistance rate of a single adult by \$100 a month, as per the recommendation of The Commission for the Review of

Social Assistance in Ontario. In addition, the government can help address child poverty by ending the claw back of child support payments from single parents on social assistance.

In 2014, the Ontario government garnered much praise for reintroducing Ontario's Poverty Reduction Strategy. With over 550,000 Ontario families living in poverty, it's important that the government develop a set of measurable indicators and timelines in order to honour its commitment.

Both Ontario Works and ODSP – are still lower by 5-7%, after accounting for inflation, than they were at the end of the Harris era.

-Hugh Mackenzie, Canadian Centre for Policy Alternatives

Minimum Wage

Ontario is to be congratulated for increasing the minimum wage for the second time in two years. The minimum wage will increase to \$11.25 on October 1, 2015. However, Ontario's minimum wage earners and their families continue to live below the poverty line.

Advocates across the province have been calling on this Government to set the minimum wage at 10% above the poverty line (currently \$15) and adjust it annually based on the cost of living. Increasing the minimum wage will not only boost our local economies, but it will also provide dignity to working families across Ontario.

Housing & Homelessness

The 2015 budget does not commit any new funds towards housing and homelessness, however it does provide municipalities with greater flexibility in how they allocate funding. Previously, money was earmarked to specific initiatives. Municipalities now have the ability to transfer funding between a variety of programs and services.

While flexibility is appreciated, current housing and homelessness funding levels are far from adequate to meet Ontario's needs. Across Canada, over 35,000 people are homeless every night. The Ontario government can help to alleviate this by increasing investments in the Affordable Housing Program and the Community Homelessness Prevention Initiative.

Additional Resources

Canadian Centre for Policy Alternatives,
Ontario Office
www.policyalternatives.ca/offices/ontario

Poverty Free Ontario
www.povertyfreeontario.ca

Ontario Provincial Budget
www.ontario.ca

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