

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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2016 Federal Budget:

On March 22nd, the Federal Government announced the 2016 Budget, entitled *Growing the Middle Class*. This budget recognizes that more needs to be done to keep up with the increasing cost of living. It aims to restore hope by growing the economy, investing in children and youth, public transit, clean energy and housing. They revealed a plan to help hard-working Canadians through job creation, tax cuts, benefits and grants with an innovative budget that is “targeted to those who need it most”.

This communiqué will present points to consider in what has been unveiled in the 2016 Budget with regards to its impact on reducing poverty and promoting equity. In particular, it will explore the value and impact of focusing on growing the middle class and highlight points to consider in improving the quality of life of all Canadians today and over the long term.

Growing The Middle Class

With an emphasis on progress and opportunity in innovation, the 2016 Budget seeks to support individuals of all ages and their families. With a \$29.4 billion deficit, three times that which was projected, the government is prioritizing the well-being of Canadian people.

The Government is optimistic that strengthening the middle class will build strong communities and prosperous people across the country by making moderate investments for many different groups in an attempt to “give Canadians what they asked for”.

“Now, more than ever, Canada needs a plan that will ensure long-term economic growth. This government is committed to an ambitious economic agenda, one that is focused on putting more money in the pockets of middle class Canadians, making smart investments in infrastructure and helping the most vulnerable members of our society”.

— **Bill Morneau, Minister of Finance**

Trudeau’s government is working to keep their promises in building a better future for all Canadians. This is demonstrated by their investments in children, education, infrastructure and Indigenous welfare. But the question is at what cost? An Ipsos poll found that nearly two thirds of Canadians prefer a deficit budget that invests in jobs, the economy and social programs over a balanced budget. However, the results from a similar poll were quick to point out that support for a deficit budget dropped substantially with an amount greater than \$10 billion. So, is this deficit budget sitting comfortably with most Canadians or has the federal Government treaded into uncomfortable territory?

There certainly was pressure on the Liberals to fulfill campaign promises with this budget and on the surface it seems to be responding to what Canadians have been asking for with “down payments” on a lot of programs. However, are these “down payments” enough to ensure the promised changes or are they foreshadowing greater things to come? Only time will tell.

2016 Budget By The Numbers

\$323 billion total
budget

\$ 29.4 billion deficit

Canada Child
Benefit of up to
\$6,400 a year/ child
under 6 and up to
\$5,400/ child
age 6-17

\$120 billion over 10
years for
infrastructure

50% Increase in
Student Grants
amounting to \$3,000
for low-income
students and \$1,200
for middle-income
students

Children & Child Care

- \$500 million in 2017-18 to support the establishment of a National Framework on Early Learning and Child Care.
- \$100 million for indigenous child care and early learning on reserve.
- Canada Child Benefit will provide a maximum of up to \$6,400 a year per child under 6 and up to \$5,400 per child age 6-17 (Eliminated entirely for incomes over \$190,000).

The Government states that a joint effort in the development of a National framework for high-quality, affordable and accessible Early Learning and Child Care is set to begin in 2016-17. The Canadian government, provinces, territories and indigenous peoples will all be involved in this process. Investments under the new Framework are expected in 2017-18.

The need for high quality and comprehensive early child care is urgent. We are excited about the proposed collaborative effort and the Canada Child Benefit which will certainly help many families cover some of the costs of early learning and child care services. More gains are needed in developing a National Framework to ensure quality, accessible, universal and developmentally appropriate child care across Canada.

Infrastructure

- \$120 billion over ten years to renew infrastructure.
- Phase 1 of the plan proposes \$11.9 billion over five years with \$3.4 billion over three years going towards upgrading and improving the public transit system, \$5 billion over five years for investments in water and green infrastructure and \$3.4 billion over five years for social infrastructure.

Taking advantage of low interest rates, the federal government is putting money towards the maintenance and renewal of Canada's infrastructure. The Government aims to improve quality of life and better position the economy with this investment.

We are pleased to see that the Government has recognized the importance of investing in renewing and improving existing infrastructure. However, with the phased approach to infrastructure spending some provinces and groups will not receive the immediate rollout of money they were hoping for. Instead they await details of the Government's long-term plans that boast broader and ambitious goals.

Affordable Housing & Homelessness

- \$2.3 billion over two years to provide greater access to more affordable housing to provinces and territories that can identify the greatest need.
- \$504.4 million over two years in the Affordable Housing Initiative to support the construction of new affordable housing units, the renovation and repair of existing units, and other housing affordability support measures.
- \$573.9 million over two years to support energy and water efficiency retrofits and renovations to existing social housing.
- The reallocation of \$30 million over two years to help providers maintain rent-geared-to-income for households living in social housing.
- \$111.8 million over two years in the Homelessness Partnering Strategy. This will provide direct support and funding to communities across the country for projects geared at preventing and reducing homelessness.

The Government has doubled the investment in Affordable Housing Initiative in the 2016 Budget. Allocations have also been made in affordable housing for seniors, veterans and women fleeing violence

We commend the Government for making important investments in affordable housing and homelessness reduction. These investments will be foundational in helping many Canadians achieve overall well-being and prosperity. This will also yield an inevitable boost in the economy; a win-win. We encourage the Government to keep up the good work in this regard and maintain the momentum.

These investments are a sure indication that the 2016 Budget is committed to Canadian individuals and families.

Additional Resources

Canadian Centre for Policy Alternatives
www.policyalternatives.ca

Parliamentary Budget Officer
<http://www.pbo-dpb.gc.ca/>

Federal Budget 2016
<http://www.budget.gc.ca/>

Canadian Housing & Renewal Association
<http://www.pbo-dpb.gc.ca/>

ACORN Canada
www.acorncanada.org

Ipsos
<http://www.ipsos-na.com/>

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