

# COMMUNIQUÉ

## 2010 Ontario Budget

In the 2010-11 Ontario Budget tabled on March 25th, Finance Minister Dwight Duncan was given the task of balancing expectations of further economic stimulus and job creation with concerns about the mounting deficit. Though fostering economic recovery was the key theme of the budget speech, the measures outlined in the budget assume a fast pace of growth in the coming years. However, fears of a “jobless recovery” remain, as Ontario accounted for 59% of the Canada's permanent job losses last year. Whether well-paying, permanent jobs will be created as a result of these budgetary measures is yet to be seen.

The budget contained some much-needed increases in funding for childcare and post-secondary education, and meagre increases in social assistance rates. However, without continued investment in programs that aid the most vulnerable in times of continued economic uncertainty, the recession is far from over for thousands of Ontarians.

This Communiqué will examine how the spending priorities outlined in this budget will have a long-term impact on individuals in our community as many continue to feel the strain of tougher economic times .



### A Commitment to Poverty Reduction?

As a whole, the budget does not live up to the promises made by the government in the 2008 Poverty Reduction Strategy. The 1% increase in social assistance rates amount to a \$6 increase for a single person on Ontario Works (to \$591 per month) and an \$11 increase for those under the Ontario Disability Support Program (to 1,053 per month). This is less than the anticipated 2% inflation rate.

The proposed cuts to the Special Diet Allowance (SDA) are of particular concern. This program is essential for those with medical conditions (one in five of those on social assistance) to be able to access healthy food. The government has signaled that this program will be redesigned and transferred to the Ministry of Long-Term Care. There is no word as of yet on funding amounts or who will be eligible under the re-vamped program. With the proposed change in the SDA, those most vulnerable may actually receive less in order to meet their basic

### How Children are Affected

The budget contained an announcement of funds for childcare (\$63.5 million) but this only maintains the current level of services in the wake of federal cuts. This means that existing childcare spaces will remain in the meantime but the future is uncertain. This is an important gap that must be filled in order for parents to be able to work to support their families as childcare costs rise.

The phasing-in of full-day kindergarten for four- and five-year-olds beginning in September 2010 will fill some of this need. However, the ability of the government to fulfill its promise to reduce child poverty by 25% by 2013 is not likely to be achieved without the necessary investments in social assistance, affordable housing and job creation.



### The Budget by the Numbers

\$125 billion in total spending

\$972 million in equalization payments from the federal government

\$600 million for Second Career funding

\$63.5 million for Childcare

\$310 million for Post-secondary institutions

A 1.5% funding increase for hospitals

-Excerpted from the 2010-11 Ontario Budget

## Hope for the Unemployed?

The budget outlines much-needed investments in Employment Ontario and the Second Career program to help individuals attain new skills and training. The question of how long this high-demand program will be available to give laid-off workers in declining sectors a chance to retrain is still unknown.

The plight of the unemployed is only destined to worsen as hundreds of thousands of Employment Insurance (EI) recipients are on the verge of running out of benefits with nowhere else to go. As a whole, Canada's EI system continues to fall far short of what is required. As of December 2009 there were approximately 251,000 Ontarians receiving employment insurance regular benefits, compared with a total number of unemployed that month of 667,000.

To move from employment to unemployment to social assistance requires that a family use up all its savings — including its retirement savings and sell off all remaining assets. This measure only inhibits the ability of many individuals and families to get back on their feet.

## Looking North

This Budget had considerable emphasis on initiatives for Northern Ontario, a region that has in the past been overlooked. This includes the introduction of a three-year Northern Industrial Electricity Rate Program of about \$150 million annually for qualifying large industrial facilities to reduce their electricity prices.

As well, the budget outlines \$45 million over the next three years for a new project-based skills training program to help Aboriginal Peoples and northern Ontarians participate in and benefit from emerging economic development opportunities, particularly mining in "the Ring of Fire". The government also proposed a permanent Northern Ontario Energy Credit to help eligible low income northern residents with the higher energy costs they face.

Advocates say addressing the need for affordable housing in Northern communities should have been a higher priority. According to the Housing Network of Ontario, "this budget will do little else to address housing insecurity and may even exacerbate poverty for thousands of people".

## The Budget's Local Impact

No new money for municipalities was announced in the budget, though the province is continuing to upload costs associated with the Ontario Disability Support Program and Ontario Works. In addition, money for investments in municipal transit systems has slowed considerably. Notably, the Ontario bus replacement program has been cancelled. This means that the province will no longer help municipalities maintain or replace their bus fleet. Waterloo Region currently received about \$8.3 annually under the program.

In addition, the 1.5% increase in hospital funding, though welcomed, is not enough to adequately address the rising health care costs expected in coming years. Cambridge Memorial Hospital plans to use the additional funds to pay down its debt and invest in patient care.

This budget also introduced the Harmonized Sales Tax (HST) that will apply to some items that were formerly PST exempt. The full impact of this new tax on those experiencing poverty in our community is not yet fully known.

"We've seen neighbours lose their jobs to this recession – men, women, young Ontarians, newcomers to Ontario – and they can't get back in. They're exhausting EI benefits, they're falling onto welfare rolls, they're running out of retirement investments and there's no answer for them."

**Michael Creek**  
**25 in 5 co-chair**

### Additional resources

Ontario Budget 2010-2011  
[www.fin.gov.on.ca](http://www.fin.gov.on.ca)

Canadian Centre for Policy Alternatives

Alternative Ontario Budget 2010  
[www.policyalternatives.ca](http://www.policyalternatives.ca)

Housing Network of Ontario  
[www.stableandaffordable.com](http://www.stableandaffordable.com)

25 in 5  
[www.25in5.ca](http://www.25in5.ca)

Social Planning Network of Ontario (SPNO)  
[www.spno.ca](http://www.spno.ca)



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