

Community Focus Bulletin:

Creating Community Conversations



Prepared by Merriam & Associates

No. 3 – 2019

Our Planning Philosophy:

The Seventh Generation Principle takes its name from the Great Law of the Haudenosaunee, the founding document of the Iroquois Confederacy, the oldest living participatory democracy on Earth. It is based on an ancient Iroquois philosophy that:

“In our every deliberation, we must consider the impact of our decisions on the next seven generations.”

Trends in Budgets

Over the past month budgets have been released by the federal and the provincial governments. The directions given by both levels of government have major impacts on local governments and communities. Here are some highlights of these budgets as identified in the respective budget documents.

The Federal Budget:

In general, the 2019-20 budget continues the government’s focus on building the middle class. To learn more about the federal budget, go to:

<https://www.budget.gc.ca/2019/home-accueil-en.html>

The federal government is projecting:

- To spend \$22.8 billion in the next five fiscal years. The budget also sets a deficit of \$19.8 billion for the 2019-20 fiscal year—roughly \$200 million larger than what was forecast in the fall of 2018. The budget aims to focus primarily on training for jobs, housing affordability, retirement for seniors and national pharmacare.

In terms of Job training:

- The budget includes a new Canada Training Benefit to assist individuals with the cost of training fees.
- It also includes a new Employment Insurance Training Support Benefit, which grants eligible workers up to four weeks of income support (at 55 per cent of average weekly earnings) every four years while training without regular pay.

- The Canada Training Benefit credits \$250 a year that can accumulate up to \$5,000 to pay for future training.

In terms of Housing affordability

- The First-time Home Buyer Incentive, which will allow buyers to finance a portion of their purchase through a shared equity mortgage with the Canadian Mortgage and Housing Corporation, with no monthly interest required on the shared equity mortgage.
- Eligible buyers would be offered a 10 per cent shared equity mortgage on a new home or five per cent on an existing home.
- Buyers must have a combined household income of under \$120,000 and meet several conditions, which have yet to be made known.

In terms of Retirement:

- To counter the approximately 40,000 people aged 70 or older who are not currently enrolled in the Canada Pension Plan, the budget calls for a proactive enrolling of eligible seniors to receive their CPP benefits.
- Additionally, the government is proposing an increase from \$3,500 to \$5,000 to the guaranteed income supplement earnings exemption for low-income seniors.

In terms of National pharmacare:

- The budget takes steps toward a national pharmacare program by proposing a new department called the Canadian Drug Agency to manage federal pharmacare.
- This budget also includes funding for developing a national strategy to make drugs for rare diseases more affordable.

In terms of Stock options

- The budget proposes a \$200,000 limit in employee stock option deductibles for high-income individuals in large and mature companies in an effort to align employee stock option tax treatment with that of the United States.

In terms of Electric vehicles

- The budget provides \$300 million over three years for incentives up to \$5,000 for individuals who purchase new electric vehicles—those with an electric battery or hydrogen fuel cell—retailing less than \$45,000.

In terms of Student loans

- \$1.7 billion is being put toward lowering interest rates on Canada Student Loans and Canada Apprentice Loans from the floating rate to the prime lending rate.

In terms of Indigenous people

- \$1.2 billion would be spent to allow indigenous children to access health, social and educational services, and \$1 billion to improve essential services on reserves, such as eliminating all drinking water advisories in First Nation communities.

In terms of Cannabis

- The budget proposes amendments to the Cannabis Act to allow medical cannabis to qualify for the medical expense tax credit.

The Provincial Budget:

<http://budget.ontario.ca/2019/highlights.html>

The provincial government is:

- Projecting a deficit of \$11.7 billion in 2018–19

In terms of child care:

- it is proposed to develop a new Ontario Childcare Access and Relief from Expenses (CARE) tax credit. The new CARE tax credit would provide about 300,000 families with up to 75 per cent of their eligible child care expenses and allow families to access a broad range of child care options, including care in centres, homes and camps.
- Provide up to \$1 billion over the next five years to create up to 30,000 child care spaces in schools, including approximately 10,000 spaces in new schools

In terms of health care:

- Investing an additional \$384 million in hospitals and an additional \$267 million in home and community care. This is essential to end hallway health care and direct more health care spending to where it's needed the most. As well, to improve transitions in care and reduce wait times for services, the government is creating Ontario Health Teams to move towards an integrated health care delivery model.

- Investing \$3.8 billion for mental health, addictions and housing supports over 10 years, beginning with the creation of a mental health and addictions system.
- Introducing a new dental program for low-income seniors who lack benefits. Individual seniors with annual incomes of \$19,300 or less, or senior couples with combined annual incomes of less than \$32,300, will be able to receive dental services in public health units, community health centres and Aboriginal Health Access Centres across the province.
- Creating 15,000 new long-term care beds over the next five years and upgrading 15,000 older long-term care beds to provide more appropriate care to patients with complex health conditions.

In terms of education:

- Investing \$1.4 billion in school renewal in the 2019–20 school year.
- Emphasis will be put on math and science, as well as job skills such as trades and coding, and life skills such as financial literacy.
- Lowering tuition rates by 10 per cent for students at every publicly funded college and university starting in the 2019–20 school year and freezing tuition fees for the 2020–21 school year. Students enrolled in a college program will see an average tuition reduction of approximately \$340, and students enrolled in an undergraduate arts and science degree will see an average tuition reduction of \$660.

In terms of housing:

- Making home ownership and renting more affordable by helping to increase the supply of housing that people need through the forthcoming Housing Supply Action Plan.

In terms of digitizing support systems:

- Adopting a digital first strategy to make more services available online and easier to use, moving away from in-person and paper-based transactions, helping to reduce costs.

In terms of transportation:

- Committing \$11.2 billion of the total estimated \$28.5 billion cost to support four rapid transit projects in the Greater Toronto Area. This includes a proposed new Ontario Line, the Yonge North Subway Extension to Richmond Hill and Markham, the Eglinton Crosstown West Extension into Etobicoke and completing the Scarborough Subway Extension by 2029–30.
- Improving service through the increase in GO Transit rail service in five years, including more trips per day, introducing route expansion and looking at the feasibility of providing flexible food and beverage services across the GO Transit rail network.

- Making it easier to buy auto insurance, including giving drivers more choice when deciding which auto insurance coverage suits their needs and gives them more control over their rates.

In terms of increasing alcohol consumption:

- Increasing convenience for adult consumers and opportunities for businesses by introducing legislation that lets municipalities make their own rules about drinking alcohol in public places, such as parks, and allowing fans to drink at tailgating parties at eligible sporting events.

In terms of taxing estates:

- Effective January 1, 2020, the Estate Administration Tax would be eliminated for taxable estates with assets of \$50,000 or less, and would be reduced by \$250 for larger taxable estates.

In terms of changing how businesses function:

- Providing \$3.8 billion in provincial corporate income tax relief over six years through faster write-offs of capital investments under the Ontario Job Creation Investment Incentive.
- Cutting red tape by 25 per cent by 2020. Once fully implemented, these changes are expected to provide Ontario businesses with over \$400 million in ongoing savings on their compliance costs.
- Implementing Driving Prosperity, a plan to strengthen competitiveness, innovation and talent in Ontario's automotive sector.
- Supporting the reduction of the Workplace Safety and Insurance Board's (WSIB) average premium rates from \$2.35 to \$1.65 on every \$100 of insurable payroll effective January 1, 2019, which will save employers \$1.45 billion in 2019.
- Establishing programs that encourage the people of Ontario to enter skilled trades, get retrained and become aware of the benefits of jobs in the trades.
- Launching a pilot initiative to bring highly skilled immigrants to smaller communities.
- Creating a new Northern Ontario Internship Program that will remove a requirement that internship applicants be recent university or college graduates, allowing new workers, people starting a new career, the unemployed and the underemployed to be eligible for the program.
- Fighting the federal government's carbon tax.

Questions or concerns

1. How will local communities/municipal governments be impacted by the deficit budgets of both levels of Government?
2. How will our agricultural community benefit from these budgets?
3. What improvements will be made to our human services system (health, social services, education)?
4. How will the federal and provincial priorities assist/deter us from building a stronger Peterborough region?
5. Given that there are crossovers between the two budgets will these crossovers complement or complicate communities attempting to access funds?

Resources:

www.scrivens.ca/blog/highlights-from-the-2019-20-federal-budget

<https://www.theglobeandmail.com/politics/article-federal-budget-2019-highlights-10-things-you-need-to-know>

<https://www.theglobeandmail.com/investing/personal-finance/article-federal-budget-2019-eight-ways-the-budget-will-affect-your-personal/>

<http://budget.ontario.ca/2019/highlights.html>

<https://www.budget.gc.ca/2019/home-accueil-en.htm>

For more information about our Community Focus Bulletins or to view past editions go to

<http://www.merriam-associates.com/contact-us>

Or email Dawn Berry Merriam at dawnbm@merriam-associates.com

or John Merriam at john@merriam-associates.com

or call 705-743-8050.

April, 2019