



BACKGROUND

ONTARIO BUDGET • **2014**

MINISTRY of FINANCE

BUDGET 2014 *Fostering a Fair Society*

May 1, 2014

Ontario has a reputation for promoting greater fairness by investing in people, ensuring equal access to key public services such as health care and education, and supporting the needs of low-income children, families and the most vulnerable.

Ontario is introducing a new 10-year economic plan to create the conditions to help lift people out of poverty and provide better access to jobs.

Providing Supports for Low-Income Working Individuals and Families

Expanding the Ontario Child Benefit

Ontario provides targeted support for low- to moderate-income families through the Ontario Child Benefit (OCB). This benefit, along with other provincial and federal tax and benefit programs, enhances the incomes of low- to moderate-income families and helps provide a more stable income base for those who may experience uncertain earnings.

In July 2014, the government will increase the maximum annual benefit to \$1,310 per child, enhancing the incomes of half a million families.

The government is proposing to tie future increases to the OCB to inflation in Ontario, starting in July 2015, so that the value of the OCB keeps pace with inflation.

Expanding Low-Income Health Benefits

Beginning in April 2014, the eligibility of the Healthy Smiles Ontario program, which provides dental services to children in low-income working families, is being expanded to give 70,000 more children access to dental services. The government will further integrate existing publicly funded dental programs for children into the Healthy Smiles Ontario program to provide seamless enrolment and streamlined administration.

The government is also proposing to further expand access to health benefits for children in low-income families. By expanding eligibility to approximately 500,000 children, these benefits and services would further improve health outcomes for low-income children and help their families remain in employment.

Expanding the Student Nutrition Program

The Province is expanding the existing Student Nutrition Program. This is in addition to the current annual investment of more than \$20 million, resulting in a total annual investment of \$32 million by 2016–17. The new investment would fund 340 new breakfast programs for an additional 56,000 children in higher-needs elementary and secondary schools, including on-reserve First Nation schools.

Protection and Fairness for Ontario Workers

Legislating a Fair Minimum Wage

After careful consideration of advice provided by the Minimum Wage Advisory Panel, the government announced that the minimum wage will increase to \$11.00 on June 1, 2014. As well, the government has introduced legislation to tie the minimum wage to inflation in Ontario, beginning in October 2015, with the aim to bring consistency and transparency to setting the minimum wage, which helps businesses and workers plan for the future.

Supporting Front-Line Child Care Workers

Providing the best possible care for children includes recruiting and retaining the best possible early childhood educators (ECEs) and front-line child care workers so children are better able to learn and parents have greater peace of mind.

To help retain ECEs and stabilize child care operators by providing fairer wages, the Province will provide an additional \$269 million over three years to support an average \$1 per hour wage increase in 2015 and a further average \$1 per hour wage increase in 2016 for front-line child care workers who work in licensed child care centres, child care centres managed by First Nations and licensed private-home daycare agencies.

Fairness for Personal Support Workers

Many personal support workers (PSWs) are at the front line of health care delivery in the home and community, providing services to the most vulnerable. But they are also some of the lowest-paid workers in the broader public sector and are earning significantly less than PSWs in hospitals and long-term care homes. This makes it difficult to attract and retain high-quality PSWs, with the sector currently seeing a 60 per cent turnover rate.

To support the high-quality care that PSWs provide, the Province is proposing to give PSWs in the publicly funded home and community care sector a \$1.50 per hour wage increase in 2014–15, an additional \$1.50 per hour increase in 2015–16, and a further \$1.00 per hour increase in 2016–17. This increase would bring the base wage up to \$16.50 per hour by 2017.

Communities in Transition Program

Through the Communities in Transition program, the government helps communities and industries facing sudden economic challenges such as closures, job losses and industry-wide restructuring. Although major closures are a normal part of the economic cycle, the government will engage early to help prevent closures, where possible. In the event of a closure, the government will work with business and labour to help mitigate the impact on workers and communities.

Housing and Homelessness Prevention Initiatives

Preventing and Reducing Homelessness

Consistent with the success of housing-first approaches in Ontario and elsewhere, the government is enhancing annual funding for the Community Homelessness Prevention Initiative (CHPI) by \$42 million starting in 2014–15, to a total of \$294 million. The CHPI allows municipalities to better address local housing priorities.

Expanding the Investment in Affordable Housing Program

Ontario is finalizing an agreement for the jointly funded federal–provincial Investment in Affordable Housing (IAH) program that would see Ontario contributing \$80.1 million annually for five years to this program. Through the IAH program, low-income households can access new affordable rental housing, receive down-payment assistance to own an affordable home, and repair and modify their home to improve their living conditions and foster independent living.

Establishing a New Local Poverty Reduction Fund

To help foster partnerships with local communities, the government is investing \$50 million over five years to create a new poverty reduction fund targeted at supporting local solutions to poverty.

Supporting the Most Vulnerable

Increasing Social Assistance Benefits

In the Budget, Ontario will raise social assistance rates in 2014 by one per cent for adult Ontario Works recipients and people with disabilities receiving Ontario Disability Support Program (ODSP) benefits. The government will provide a further top-up for single adults without children receiving Ontario Works. With both the one per cent increase and the top-up, Ontario Works singles without children will receive a total increase of \$30 per month.

In addition, the comfort allowance for low-income residents of long-term care homes will increase by one per cent.

These social assistance rate increases will take effect in September 2014 for ODSP and in October 2014 for Ontario Works. Municipalities will not be required to cost-share the Ontario Works rate increase until January 2015.

Streamlining Employment Benefits

The government will consolidate social assistance employment benefits within each of the ODSP and Ontario Works. This will make it easier to meet the unique employment needs of individuals.

Supporting Adults with Developmental Disabilities

The government is investing an additional \$810 million in the community and developmental services sector over the next three years, beginning in 2014–15. This is part of a commitment to improving supports for adults with developmental disabilities — and their families — in order to help them live as independently as possible and fully integrate into society and the workforce. This includes \$485 million over the next three years in an action plan to build stronger services and supports for individuals while encouraging new approaches, collaboration and partnerships to advance the government's transformation of the developmental services system.

Supporting Workers Who Serve Ontario's Most Vulnerable

Ontario is investing \$200 million over three years for its front-line workers in agencies that provide an array of services to people with developmental disabilities to ensure families have the services they need in their communities. This investment will support the continued professionalization of the community and developmental services sector and support salaries and wages for front-line workers.

Addressing Wait Lists for Children's Treatment and Rehabilitation Services

To support the goal of helping children and youth with special needs achieve their full potential, the government is providing an additional \$5 million annual investment in Children's Treatment Centres. This would reduce wait times for core rehabilitation services for children and youth up to age 19 with special needs.

Supporting Opportunities for Aboriginal People and Communities

The Province is collaborating with Aboriginal communities and making investments to create a better quality of life for Aboriginal people in Ontario.

The Remote Communities Allowance

In addition to a social assistance rate increase, the government is proposing to replace the existing Northern Allowance provided through Ontario Works and the ODSP with a Remote Communities Allowance. The allowance would represent a \$50 per month increase over the current Northern Allowance for the first person, and a \$25 per month increase for each additional family member. This is an increase of more than 30 per cent for a single individual.

Joint Working Group on Violence against Aboriginal Women

Ontario is investing \$2 million over two years to support the Joint Working Group on Violence against Aboriginal Women. The funds will help address the needs of Aboriginal women and girls who have experienced or are at risk for violence, and to develop community-based initiatives that will help inform the development of a long-term prevention strategy.

Aboriginal Children and Youth Strategy

Ontario is working with First Nation, Métis and Inuit people to transform the way services are designed and delivered, and to begin to address the disproportionate challenges faced by Aboriginal children and youth both on- and off-reserve. The strategy is set to roll out in 2015.

Student Nutrition in Aboriginal Communities

As part of a proposed three-year, \$32 million expansion of the Student Nutrition Program, First Nation communities will receive funding commencing in 2015–16. Communities will have the opportunity to lead the development and delivery of programs that address their unique strengths and needs.

Urban Aboriginal Action Plan

The government is introducing an Urban Aboriginal Action Plan that will support urban Aboriginal communities by providing \$2.5 million in funding over three years to develop strategies that reflect local interests and lead to improved socioeconomic outcomes.

First Nation Treaty Strategy

The Province is moving forward with a new Treaty Strategy, including funding of \$7.9 million over three years. The strategy will include a treaty education and public awareness campaign to raise awareness of treaty and Aboriginal rights. It will also help facilitate meaningful relationships with Aboriginal communities by creating a common language and approach to treaty implementation.

Aboriginal Economic Development Fund

The Province will move forward with an Aboriginal Economic Development Fund. The fund, which will include an investment of \$25 million over three years, will support the development of long-term economic strategies, provide grants for Aboriginal businesses and fund province-wide, regional skills-training programs.

Preparing Remote First Nation Communities for Electricity Transmission

To help ensure remote First Nation communities can benefit more fully from new transmission projects in their area, Ontario will provide \$3 million in funding over three years through the Remote Electrification Readiness Program. The program will include job-specific training, relevant health programs, business innovation mentoring, and economic development supports.

Improving Access to Justice

Increased Legal Aid Eligibility

The government is introducing a strategy to expand access to legal aid by raising the income eligibility threshold, which has not increased since the 1990s. When fully implemented, raising the income eligibility threshold would allow an additional one million low-income Ontarians to be eligible for legal aid services, more than doubling the number of eligible Ontarians.

Easier Access to Child Support for Ontario Families

The government is proposing to create a new, easy-to-use online service option for parents who would like a simpler and faster approach to set up or change child support amounts without having to go to court. This service would speed up the process while also freeing up valuable court time that could be used to deal with the most pressing cases. The new service, the first of its kind in Canada, would start in 2015.

Cutting Electricity Costs

In December 2013, the Province released an updated Long-Term Energy Plan (LTEP) that includes the projection that residential customers can expect to pay about \$520 less over the next five years and \$3,800 less to 2030 than originally forecast in the 2010 LTEP.

Recent comparative data, compiled by Hydro-Quebec, show average electricity prices for Ontario cities to be in the middle of the range across major North American cities.

Removing the Debt Retirement Charge from Residential Bills

The government is proposing to remove the Debt Retirement Charge (DRC) cost from residential users' electricity bills, which would save a typical residential user about \$70 per year.

In the absence of this initiative, current projections estimate that the residual stranded debt would be retired and the DRC would end in 2017–18. The government's proposal to eliminate the DRC for residential electricity users after December 31, 2015, would mean ending the DRC almost two years earlier for these users than currently estimated. The charge would remain on all other electricity users' bills until the residual stranded debt is retired, which is estimated to occur by the end of 2018.

Reducing Energy Costs for Low-Income Families

The government is committed to reducing electricity cost pressures on individuals and families, recognizing that Ontario's most vulnerable spend a proportionately higher percentage of disposable income on energy and electricity.

The Province provides tax credits to help low- to moderate-income families and individuals with their energy costs:

- Ontario Energy and Property Tax Credit — for 2014, up to \$973 in tax relief for non-seniors, or up to \$1,108 in tax relief for seniors, to help with the sales tax on energy, including electricity, and with property tax
- Northern Ontario Energy Credit — for 2014, up to \$141 for single people in the north, or up to \$216 for families in the north, to help with the higher energy costs they face.

The Province is also requiring the Ontario Energy Board to report back on electricity system options for a sustainable, long-term electricity support program specifically designed for low-income Ontario families.

Enhancing Consumer Protection for Ontarians

Auto Insurance Cost and Rate Reduction Strategy

Ontario is committed to making auto insurance more affordable for the more than nine million drivers in the province. In the *2013 Budget*, the Province introduced a Cost and Rate Reduction Strategy to build on previous reforms that successfully stabilized auto insurance rates in Ontario. The recently released “Automobile Insurance Transparency and Accountability Report” highlighted that, without these reforms, insurance rates would have needed to increase significantly. The strategy is targeting a 15 per cent average rate reduction by August 2015, with an average eight per cent reduction target by August 2014.

The most recent rate approval of April 15, 2014, indicates a total rate reduction of more than 5.6 per cent since the strategy was launched in August 2013. While progress has been achieved to date, further actions will be required to meet the average rate reduction targets.

It is critical that industry play its part and take concrete steps to lower costs, control overhead, and manage claims effectively and fairly. The government will continue to review industry’s efforts as the strategy progresses.

Transforming the Dispute Resolution System and Fighting Fraud to Reduce Rates

In March 2014, the government introduced Bill 171, the Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014, a key element of the Cost and Rate Reduction Strategy. The bill proposes a number of initiatives to tackle major sources of costs and uncertainty in the system that prevent rates from coming down, including legislative amendments to transform the dispute resolution system and developing an investigation and prosecution office on serious fraud.

Addressing Towing, Vehicle Storage and Collision Repair Practices

The Province committed to take action to address vehicle storage and collision repair practices. It has taken action to address storage-fee issues by introducing legislative amendments as part of Bill 171 that would provide regulation-making authority for the determination of vehicle storage periods and fair value regarding daily fees.

Increasing Automobile Insurance Transparency and Accountability

The government has retained an independent third party to provide annual Automobile Insurance Transparency and Accountability Expert Reports to assess its efforts to reduce auto insurance costs and rates. KPMG delivered an interim report to the Minister of Finance in April 2014, and annual reports will be delivered in August of each year of the strategy. The interim report, which highlights that further action is needed to support the government's strategy, notes the importance of insurers continuing to work to achieve efficiencies and reduce costs in the auto insurance system through initiatives such as better claim management, more sophisticated pricing methods (such as usage-based insurance) and improved fraud-prevention practices.

Rewarding Safe Drivers: Usage-Based Insurance

Ontario is working with the insurance industry on new ways to reward safe drivers. In particular, it is encouraging insurance companies to offer consumers usage-based insurance, which uses technology to identify and offer discounts for safe driving habits.

The Province will continue to encourage insurance companies to invest in this new technology, as well as work with the Financial Services Commission of Ontario to encourage uptake of this product.

This innovative technology can help promote safe driving and make auto insurance more affordable for Ontarians. Some insurance companies have already introduced usage-based insurance that can provide discounts for drivers.

Putting Consumers First

Ontario is putting consumers first by strengthening their rights and providing more protection. To help inform consumers of their rights and let them know where to go if they have a complaint or dispute, the government recently established Consumer Protection Ontario. This new awareness program is part of the government's plan to protect consumers and ensure a fair marketplace.

Modernizing the Condominium Act

The government is taking steps to update and improve the *Condominium Act, 1998*, to address the needs of the condominium community and support the long-term sustainability of condominium living.

The Province will introduce legislation in the spring of 2014 that, if passed, would establish mandatory qualifications for condominium managers and create a modern dispute resolution system. These new measures would allow condominium owners to use an alternative to the court system, saving money and resolving disputes more quickly, and would increase protection for owners, tenants and buyers by improving condominium management standards.

Establishing Province-wide Standards for Home Inspectors

The Province is reviewing and considering expert recommendations as it explores province-wide standards for home inspectors, with the aim to:

- Increase transparency in the profession
- Ensure a minimum standard of training
- Improve consistency in home inspections
- Enhance consumer protection.

Strengthening Building Safety

To further promote public safety, the government proposes to introduce amendments to the *Building Code Act, 1992*, which, if passed, would clarify that only qualified professionals can design certain types of buildings in Ontario. Currently, the act does not require the involvement of professional engineers and architects in the design of certain types of buildings, raising the risk that non-qualified people may attempt to design large and complex buildings.

As well, the Province proposes to address the problem of illegal residential building. Illegal residential building takes place when a builder builds a home in his or her own name, registers it as private construction, and sells it on completion as a private home without having registered it for a new home warranty with Ontario's Tarion Warranty Corporation. There is concern for public safety because a house built illegally is at risk of substandard construction. In response, the government proposes to explore options to address this, which may include legislative and regulatory changes.

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