

## Balanced budget tackles child poverty



RICK MADONIK/TORONTO STAR

Premier Dalton McGuinty, left, joins caucus in a standing ovation for Finance Minister Greg Sorbara, right, prior to Sorbara delivering the provincial budget.

### **Budget highlights**

Today's provincial budget contains no tax increases and projects a balanced budget for 2006-07, the second in a row, eliminating the \$5.5 billion deficit inherited in 2003-04.

Here are the highlights:

- Minimum hourly wage increased to from \$8 to \$10.25 by 2010.
- New Ontario Child Benefit.
- Income splitting provisions for pensioners.
- 2 per cent increase in Ontario Works and Ontario Disability Support Program payments.
- New affordable housing programs
- Increased benefits for about 155,000 injured workers.
- Enhanced child care through an additional \$25 million in 2007-08, growing to \$50 million in ongoing support starting in 2008-09.

- Increasing Legal Aid funding by \$51 million over three years.
- Hiring of 1,200 new elementary teachers in 2007-08.
- Hiring of 8,000 nurses by end of 2007-08.

## **Clawback of child tax benefit will end, minimum wage will rise**

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**CURTIS RUSH**

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Ontario Finance Minister Greg Sorbara presented a balanced budget this afternoon, heralding a "new era of economic strength for Ontario."

"Today we leave behind the deficits we inherited," Sorbara said, adding that this budget sets the course for more prosperity and expanded "opportunity for Ontario's most vulnerable citizens. This hasn't been an easy journey."

The budget, delivered only months before voters go to the polls Oct. 10, was a broad-based fiscal package that included raises to the hourly minimum wages, funding for low-income families and seniors while providing new funding for schools and health care.

But it brought immediate criticism from opposition leaders who will be campaigning to discredit certain elements of the fiscal plan.

Progressive Conservative Leader John Tory and New Democratic Party Leader Howard Hampton questioned how anyone could believe the promises outlined in the budget.

"Why would anyone believe a word in this document?" Tory said, citing past broken promises. "This government has proven to be incapable of being truthful and straightforward."

Hampton criticized the budget as "being out of touch" with the citizens and said some promises in the budget, such as a new child benefit, won't take full effect for five years.

Sorbara, however, told reporters, "I slept very well last night."

The budget also provides help for homeowners saddled with higher property taxes brought on by escalating property values, while also providing \$37.9 billion in health spending, \$781 million more to schools, and \$5.9 billion to build new infrastructure in 2007-08, including a \$1.7 billion investment to improve the provincial highway system.

With gridlock a major concern, especially in the Greater Toronto Area, Sorbara said new money will be allocated to new high occupancy vehicle lanes on sections of Highways 400 and 427.

This comes on top of \$670 million in funding for Toronto and York Region for new subway construction to York University. Other transit investments include expansion of Brampton, Mississauga and York Region transit programs.

Sorbara told reporters that gridlock spending couldn't be fixed "in one fell swoop," and admitted "there's much more to do."

Tory criticized the approach to addressing gridlock. "Where is the long-term transportation plan?" he said. "Their record is appalling in this area."

In the area of taxation, Sorbara is proposing several initiatives, including cuts to the business education property taxes to relieve the burden in mostly small businesses.

He is also proposing to end what he calls "unfair" taxation by phasing out GTA pooling over seven years beginning in 2007. This pooling transfers about \$200 million in assistance from the 905 regions primarily to Toronto, placing a burden on municipal tax bases in contributing cities. The program will be fully eliminated by 2013 with the province uploading the costs currently funded under the program.

With a projected surplus of \$310 million this fiscal year ending March 31 and with the government on track to post five consecutive surpluses, the finance minister presented a budget aimed especially at lower-income people by committing to raise the minimum hourly wage from \$8 to \$10.25 in three yearly increases of 75 cents.

"With the exception of the fall of 2006 – when North America experienced a cooler economic climate – Ontario's economy has been growing at a healthy rate," Sorbara said, adding that the Ontario economy has added 327,000 net new jobs since 2003 and expects another 270,000 new jobs over the next three years.

However, Hampton called the budget "a lot of hype and no action."

On the increase in the minimum wage, Hampton said that by the time the minimum wage is increased to \$10.25 an hour, inflation will have eroded those increases.

"When you factor in inflation, they will still be living below the poverty line," Hampton complained.

The budget contained another key measure to help those on social assistance.

In a bid to "lower the welfare wall," Sorbara introduced the Ontario Child Benefit for children in lower-income families, providing support for every low-income family whether their parents are working or not and ending the clawback of the National Child Benefit Supplement by 2011.

"This is a miraculous transformation" for 1.3 million children and 600,000 welfare families, Sorbara said, adding that a person no longer will have to fear losing child benefits by going to work.

The new child benefit would start in July, with a down payment of up to \$250 per child, and by 2011, low-income families would receive up to \$1,100 per child every year.

Payments would be reduced for net incomes above \$20,000 per year.

"With these reforms we go well beyond ending the clawback of the National Child Benefit Supplement," Sorbara said.

Low-income housing initiatives were also included in the budget.

Sorbara pledged that an additional \$392 million to better housing for Ontario families will go in part to help 27,000 low-income families, who will receive \$100 a month in housing supplements. In addition, the government will provide \$127 million to municipalities to build new affordable homes and rehabilitate existing ones.

In recent months, the finance minister said he has heard from seniors worried about their economic future.

"Mr. Speaker, we heard a clear message from seniors over the past many months: 'Help us to stay in our homes and give us greater access to our money'," Sorbara said in his prepared speech.

He pledged to help by reforming the Ontario property assessment system to help seniors facing higher property taxes amid skyrocketing housing

values, and to allow senior couples to reduce their income tax through new pension income-splitting rules proposed by the federal government.

"This would result in an Ontario tax savings of \$170 million in this year alone," Sorbara said.

On property assessments, in which a two-year cap is scheduled to come off this year, Sorbara is introducing changes to enhance the "fairness and predictability of assessments for property owners."

He intends to do this by proposing a four-year reassessment cycle.

This plan would begin in 2009 with the next reassessment. Any increase in value resulting from a reassessment would be phased in over four years.

"But reassessment decreases would apply immediately," Sorbara said. "We are sure today that the reforms we propose will be welcomed by every homeowner in the province," he said.

In health care, the finance minister has proposed adding pediatric surgeries to Ontario's Wait Time Strategy, which is designed to reduce patient wait times in five areas, including cancer surgery, cardiac procedures, cataract surgery, hip and knee replacements and magnetic imaging and computed tomography scans.

"Wait times are shorter, but we want our health-care system to be at its very best," Sorbara said.

He said he aims to deliver on this promise by hiring more nurses and training more doctors.

To boost education, Sorbara is increasing grants for student needs funding (for kindergarten to Grade 12) by \$781 million for the 2007-08 school year to a total of \$18.3 billion, up more than 17 per cent from 2003-04.

He also announced an additional \$390 million for post-secondary education to help with infrastructure improvements and rising enrolments.

The budget also addressed the concerns over climate change.

Although steps have been made to make Ontario greener, such as protecting a greenbelt the size of Prince Edward Island, "there is much more to do," the finance minister said.

Sorbara is proposing to deliver \$2 million to the Trees Ontario Foundation – enough to plant over a million trees to help reduce greenhouse gases. He is also proposing \$125 million in environmental research and will also provide homeowners with rebates of up to \$150 to help pay for individual home energy audits.

The budget clearly didn't go far enough for some critics, who wondered why there was not more spending on climate change and transportation to deal with gridlock.

"We're disappointed in this budget," Tory said, adding that this government is increasing spending by \$22 billion since he came to office without significant results.

He also questioned Ontario's economic performance.

"Our province is limping when it could be running," he said, citing over 120,000 manufacturing job losses over the past two years.

"Under Dalton McGuinty we are slipping," he said, calling this budget spending an example of clear "vote-buying."

The budget angered many health care, education and environmental groups who felt left out, and satisfied few poverty advocates who said the initiatives are only a start, at best.

**"It doesn't go far enough and it doesn't go fast enough by any stretch of the imagination," said Sarah Blackstock, with the Income Security Advocacy Centre.**

Adam Spence, executive director of the Ontario Association of Food Banks, said the measures won't stem the growing number of families who rely on food banks every month.

"These are first steps on a very long journey," he said. "Reducing poverty in Ontario is not going to be done in a single budget."

Stephanie Jones, vice-president of the Canadian Restaurant and Foodservices Association, said none of the measures for business in the budget would be enough to offset the cost of raising the minimum wage to \$10.25.

"It's going to have a devastating impact on our industry," she said, adding it will cost small businesses \$765 million over the next three years.

"It's going to mean job losses. We're going to have no choice but to try to pass some of this on to the consumer but, in a competitive environment, that is virtually impossible."

*with files from CP*