



## ONTARIO BUDGET 2019: IT DOESN'T NEED TO BE THIS WAY

*As I move throughout Halton's community of social and health agencies, I am aware of the anxiety and sense of vulnerability enveloping the sector. I feel the immense weight on the shoulders of my colleagues as they contemplate increasing need for services from a diverse and growing population combined with deep cuts to the service provided by their agency. They know that people will suffer.*

*This Community Dispatch shares David Thornley's thoughts on how this budget doesn't have to be this way. David is a colleague who has worked extensively in both government and the nonprofit sector and is a policy advisor to the Social Planning Network of Ontario.*

*Joey Edwardh*

### Introduction

Every Ontario budget must be viewed through two lenses: how it invests in the future health and prosperity of its people; and how the political and economic context shaped or limited its choices. Two divergent views have emerged on Premier Doug Ford's April 11<sup>th</sup> budget. Some observers see deep cuts and a significant erosion in public services like those under Mike Harris. Others see a largely flat-lined budget unlike Harris's cuts of 1996. Both views miss that Doug Ford faced much more favourable political realities than those facing Mike Harris in 1995. Ford's

cuts are neither efficient nor necessary in today's political context and carry potentially disastrous consequences.

Fiscal context matters. The decade before 1995 was marked by higher income taxes, reduced federal transfers to provinces, and a major economic recession. By the early nineties, debt interest payments were consuming 36% of federal spending. In its 1995 budget, Liberal Finance Minister Paul Martin went all in on what became the blueprint for austerity throughout Canada. The 1995 Ontario budget projected federal cuts of \$3.6 billion to Ontario alone by 1997-98. In 1999-2000, federal transfers to Ontario were still 11% lower than in 1991-92.

The Ontario NDP under Bob Rae, combating three years of declining revenues, limited program spending increases to under 1% a year from 1992-93 to 1995-96. With declining revenues and reduced transfers from Ottawa, the 1996 Harris budget saw deeper cuts to public services as the only viable option given its commitment to cut taxes. Elements of the Harris budget simply deepened and extended spending cuts under Rae. Two ministries exempted from cuts by Rae, community and social services and economic development and trade, saw dramatic cuts under Harris, including deep cuts to social assistance.

The lead-up to Ontario's 2019 budget was very different: a decade of lower taxes, increased federal transfers, and a strong recovery after the financial crisis of 2008-09. Federally, debt interest payments decreased nearly 50% as a share of spending. In Ontario, repeated tax cuts resulted in only a 33% growth in personal income tax revenues compared to 60% for tax revenues overall. Program spending lagged behind both inflation and population growth.

Ontario today faces a healthier fiscal situation of increased federal transfers, reduced public debt levels and the capacity to raise revenues after years of personal and corporate tax cuts. Yes, the 2019 Ontario budget is essentially a flat lined budget, but Ontario already has the second-lowest per capita program spending of any province. Most ministries lack the capacity to absorb further cuts without seriously eroding access to services.

Instead of forward-looking investments, the 2019 budget offers deep cuts (19% or more) in nine ministries with reductions in 11 others. True, a handful of ministries see increases, but the larger pattern mirrors deep cuts under the earlier Harris budget. Worse still, many targeted cuts are neither efficient nor necessary. Health was largely flat-lined, but this masks deep cuts to public health spending, including a reduction of nearly \$100 million in Toronto alone. Most of the Ministry of the Attorney General's cuts come from slashing 29% in legal aid funding including

the elimination of Ontario's funding for immigrants and refugees.

Both public health and legal aid services reduce inequality, representing foundational aspects in sustaining a fair and just society. Other cuts form part of a larger pattern including: a \$670 million cut to student aid, the 50% reduction to Ontario Library Service, reduction of grossly inadequate social assistance rates, abandoning the basic income pilot, the rollback of workplace standards for those in precarious employment, rollback of the planned \$15 minimum wage, cuts to Ontario Trillium Foundation, defunding of the Ontario Child Advocate and slashing compensation levels for the victims of crime.

Together this paints a disturbing picture of a government that demonstrates a callous indifference to basic needs and the community supports essential in maintaining the vitality and social cohesion of cities, towns, and villages across Ontario. Equally disturbing, none of these cuts have anything to do with efficiency. They are an abdication of the public responsibility of any government to ensure the health, safety, and well-being of its residents. They are malicious and punishing cuts targeted to the most vulnerable – young people, the poor, recent immigrants, and rural communities. They threaten human health and diminish opportunities to prosper. They offend any sense of collective responsibility and undermine progress in strengthening our communities. Such cuts are unconscionable and completely unnecessary.

It doesn't have to be this way. The Ford government's moves to scrap the \$1.7 billion in cap and trade revenues and another \$1.7 billion in corporate and other tax changes identified in the October 2018 statement could fully fund all of these cuts.

### Conclusion

These cuts are a calculated political choice, but also a cowardly choice. No political party would dare campaign openly on such a harmful and inhumane agenda.

These actions don't strengthen our communities, they hurt them. Hopefully, with this sorry example to draw upon, no political party will ever do so again.

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