Ontario pre-election budget promises new spending, multi-year deficits

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 TORONTO -- As it braces to fight for re-election this spring, Ontario's Liberal government has rolled out a spending package that targets nearly every demographic while plunging the province back into deficit, with the books expected to stay in the red for six years.

The 2018-2019 budget, tabled Wednesday by Finance Minister Charles Sousa, pumps billions into health care, child care, and support for seniors, though many of the spending promises had been announced by Premier Kathleen Wynne in recent days.

The $158.5-billion fiscal plan -- the Liberals' election platform for the June vote -- projects the province will run a $6.7-billion deficit in 2018-2019 and won't return to balance until 2024-2025.

Last year, the government posted its first balanced budget in a decade, and vowed to stay in the black through 2019-2020, although two fiscal watchdogs -- the province's auditor general and financial accountability officer -- had raised questions about its accounting practices.

Sousa brushed off suggestions the Liberals were pandering for votes, saying the government made a choice to run a deficit in order to provide much-needed support to Ontarians.

"This is not election-cycle decisions that we're making, these are long-term in scope and they're building upon decisions we have been making all along," he said. "The responsibility we as government have is to what happens going forward ... This is about protecting people and ensuring that people are better off."

Asked how voters could trust the Liberals to eliminate the deficit after they reneged on their promise to stay in balance, Sousa said the budget includes "a tremendous amount of prudence" in its projections.

"In the last 40 years, there's been eight balanced budgets ... We are looking at the ability to make those investments over time and we will continue to support the people of Ontario."

The province's move back into the red comes as Ontario's unemployment rate -- at 5.5. per cent -- is the lowest it's been in 20 years. Meanwhile, the provincial debt is projected to be $325 billion in 2018-2019, and interest payments this year will cost Ontarians $12.5 billion -- the fourth largest spending item in the budget.

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The Liberals' fiscal record is likely to come under scrutiny as the party, which has held power for 15 years, fights to stay in government.

While much of the big-ticket spending was announced prior to the budget, the fiscal blueprint builds on a pledge made in last week's throne speech: a drug and dental-care program for people without existing coverage.

The program, scheduled to launch in summer 2019, is expected to cost $800 million over the first two years. It will reimburse participants up to 80 per cent of eligible drug and dental expenses per year to a maximum of $400 per single person, $600 per couple, and $700 per family of four.

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The budget also includes a new initiative that would provide $750 annually to help seniors aged 75 or older live independently, offsetting the costs of maintaining their homes. The program, starting in 2019-2020, would cost $1 billion over three years.

Newly minted Progressive Conservative Leader Doug Ford said he was skeptical about the Liberals' plans. A Tory government, he said, would focus on tackling the provincial debt.

"You can't take care of the most vulnerable people in society when you have billions of dollars in debt," he said. "We're paying a billion a month servicing the debt. Do you know how many families we could help for a billion a month? That's what we have to start focusing on, taking care of our finances."

There is some good news in this budget for taxpayers - this will be Kathleen Wynne’s last budget! The party with the taxpayer’s money is over. To the people of Ontario I say, relief is on the way!

[5:50 PM - Mar 28, 2018](https://twitter.com/fordnation/status/979113508129333248)

NDP Leader Andrea Horwath, who earlier this month introduced her party's own dental-care plan, called the budget a "meagre" attempt to get votes.

"I really don't accept this suggestion that this budget is a left budget," she said. "Yes, it's left -- it left a lot of people out. It left a lot of people out of pharmacare, it left a lot of people out of child care, it left a lot of people out of dental care."

Ontario Public Service Employees Union President Warren "Smokey" Thomas called the Liberal spending package a "buy me" budget ahead of the spring vote.

"There's a lot of promises," he said. "A lot of the promises are back-ended. A lot are multi-year. A lot don't kick in until 2019. The political spin will be, 'If you want all of this, you've got to vote for us."'

Health advocates also voiced concerns about how long it would take to get the promised funding.

"It's a lot of window-dressing but the concrete money is not there and it's so many years away that we really fear that it just won't even happen," said Natalie Mehra, executive director of the Ontario Health Coalition.

Seniors will get further support as the government's OHIP+ pharmacare program -- which currently covers those under 25 -- expands to include seniors aged 65 and older, as announced last week.

Another centrepiece is the Liberals' recently announced $2.2-billion plan to provide free child care for preschoolers starting in 2020.

The budget also lays out health-sector spending announced last week, including a base funding increase of $822 million for hospitals.

That comes after Ontario's Financial Accountability Officer warned that a growing and aging population is adding pressure to the health-care system and spending isn't keeping up -- a situation that could result in compromised quality of care if left unaddressed.

Despite adding several new high-profile programs, the budget does not include any new major revenue streams.

It introduces a plan to restructure the province's tax brackets and eliminate a surtax paid by filers. As a result, 8.6 million individuals would pay roughly the same tax this year, 1.8 million would pay approximately $200 more, while about 680,000 would see a tax reduction of about $130 on average.

The province also says the Ontario Cannabis Retail Corporation, created to manage sales and distribution of recreational pot once it's legalized, expects an $8-million loss in 2017-2018, followed by a $40-million loss in 2018-19, largely due to startup costs.

The Liberals will also hike tobacco taxes again, continuing a three-year plan to increase the price per carton by $10 by 2019-2020