

This Fact Sheet highlights revenue and spending measures in the 2017 federal budget affecting Edmontonians with low and modest incomes. The federal budget applies to the fiscal year between April 1, 2017 and March 31, 2018, and forecasts for revenues and expenses for the following four fiscal years.

## Introduction

With the title *Building a Strong Middle Class*, the second budget of the new Liberal government builds upon many of the initiatives in its first budget.

Budget 2017 forecasts a deficit of \$28.5 billion in the 2017-18 fiscal year with a gradual decline to a \$18.8 billion deficit in 2021-22. A \$3 billion risk adjustment contingency fund is included for each year.

Many of the announced investments in this budget do not begin until many years from now.

## Failure to Index the Canada Child Benefit

Significantly expanded refundable child tax benefits for low and middle income families have been in place since July 2016. The Canada Child Benefit (CCB) provides a maximum yearly benefit of \$6,400/child for children under 6, and up to \$5,400/child for children 6 to 17. When combined with a new Alberta Child Benefit (ACB), the lowest income families with two children will receive an additional \$3,480 per year in combined federal and provincial benefits.

The CCB will be gradually reduced as family income rises, compared to a faster phase-out of the ACB. The long phase-out of the CCB ensures that middle income families also receive benefits to assist them with raising children. While the provincial ACB is fully indexed to living costs, the federal CCB does not appear to be indexed, meaning its real value will be eroded as living costs rise. The Budget Plan claims that the CCB will lift 300,000 (or 40%) children out of poverty by the end of 2017.

## Other Tax Measures

The public transit tax credit is being eliminated on July 1, 2017, saving the federal government approximately \$200 million per year. Since this non-refundable credit could only be deducted from income tax, the impact on low income Canadians is likely to be insignificant.

## Affordable Housing And Homelessness

Budget 2016 invested \$2.2 billion over two years to expand access to affordable housing, and in Budget 2017, \$11.2 billion over 11 years was proposed to build, renew and repair the supply of affordable housing units. While the commitment to create a National Housing Strategy is commendable, this does not represent a significant increase.

The investments are to be part of a new National Housing Strategy meant to bring together relevant actors in the affordable housing sector and those with lived experience of housing challenges. Included within this strategy is the creation of a new \$5 billion National Housing Fund. There is also \$2.1 billion committed to expand funding for the Homelessness Partnering Strategy beyond 2018-19.

## Childcare

To support children and their families, last year's budget provided an initial \$500 million for the 2017-18 fiscal year for early learning and childcare. To build on this commitment, starting in 2018-19, Budget 2017 proposes \$7 billion over 10 years to create additional childcare spaces.

Edmonton Social Planning Council, Suite 37, 9912-106 Street

(780)423-2031 info@edmontonsocialplanning.ca www.edmontonsocialplanning.ca

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## Indigenous Communities

In Budget 2016, the government committed to invest \$8.4 billion over five years to support the shared interests between Canada and Indigenous peoples. To continue its support, in Budget 2017 the government proposes to invest an additional \$4 billion over 10 years starting in 2018-19. This additional funding will be directed to improving water treatment systems, to building and improving housing, to further developing community infrastructure, and to building and maintaining health facilities.

## Caregiver Support

Budget 2017 proposes to eliminate the Caregiver Credit, Infirm Dependent Credit and Family Caregiver Tax Credit and replace it with the Canada Caregiver Credit. This is a new and non-refundable tax credit that will provide a maximum of \$6,883 to help offset expenses of caring for a direct relative with an infirmity or disability. For those caring for a spouse with a disability or infirmity, the new credit will provide a maximum of \$2,150. The federal government is acknowledging the value of unpaid labour by providing an improved benefit for those that care for their loved ones.

## Changes to Employment Insurance

To better support caregivers, starting in 2017-18, Budget 2017 proposes to provide \$691.3 million over five years to create a new EI caregiving benefit. Parents with critically ill children will continue to have access of up to 35 weeks of benefits, with additional measures to allow the benefits to be shared among family members.

Budget 2017 also proposes to make parental EI benefits more flexible, allowing parents to choose whether to receive a lower rate for up to 18 months. Making benefits more flexible for parents will cost the government \$152 million over five years starting in 2017-18.

Additional changes to EI benefits will allow women to claim EI maternity benefits up to 12 weeks prior to their due date in contrast

to the current eight. This change will cost approximately \$43.1 million over five years, starting in 2017-18.

## Gender-Based Policies

Budget 2017 commits \$101 million over five years to support a National Strategy to Address Gender-Based Violence. In addition, increased funding for early learning and childcare programs will enable women to return to work to contribute to the economy if they chose to do so.

## Additional Support for Youth

Starting in 2017-18, Budget 2017 proposes to commit an additional \$395.5 million over three years for the Youth Employment Strategy, to expand employment opportunities for Canadian youth.

Within Budget 2017, beginning in 2018-19, there is a proposed \$59.8 million over four years to make student loans and grants more accessible for part-time students. While it is important that the government acknowledges the challenges of paying for post-secondary education through making loans more accessible, the fact that the new funding does not begin until 2018-19 is concerning.

## Concluding remarks

An unusual aspect of Budget 2017 is long time frames for some of the announced investments (up to 11 years in the future). In addition, some investments only begin in future budgets. While the total amounts of investment thereby sound impressive, since they go well beyond the electoral mandate of the incumbent government, they may be subject to change.

Due to the vast number of measures in the federal budget, this Fact Sheet only highlights where low and modest income Edmontonians are most affected. The entire Budget Plan is available at the following link: <http://www.budget.gc.ca/2017/home-accueil-en.html>

# FACT sheet

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## Sources

Government of Canada. (2017). Budget 2017: Building a strong middle class. Retrieved from <http://www.budget.gc.ca/2017/home-accueil-en.html>