

SUMMARY OF FEDERAL AND PROVINCIAL GOVERNMENT PRIORITIES

COVID-19 and Public Sector Funding

The COVID-19 pandemic has disrupted individuals' lives and the operations of businesses, governments, and institutions. Since being declared a pandemic, COVID-19 has been recognized as the single largest public health crisis in a century and has strained governments' fiscal and service capacities worldwide. Canada has been no exception and the emergence of the pandemic has led to the sustained mobilization of public health units across the country and dramatic new government emergency funding supports from senior orders of government.

Pre-pandemic Funding Priorities

Before the pandemic, the federal and, to a lesser extent, the provincial government had outlined clear funding priorities in election platforms, ministerial mandate letters, and budgets.

As outlined in many of its election commitments, the federal government placed its fiscal priorities in two main areas: families and underrepresented groups and the environment. The federal government demonstrated its commitment to these areas through a variety of programs and initiatives, including:

- Child tax benefit and guaranteed family leave
- Enhancements to the Status of Women Ministry
- Investments in First Nation reserves for critical infrastructure
- Increased federal employment for people with various gender identities
- Increased Supports for Racialized persons, including mental health, supports minority groups.
- The mandating of a carbon tax across the country
- Investments in clean technology programs, green infrastructure, and public transit

Prior to the pandemic, the provincial government's funding commitments were less clear, but two key areas did emerge as priorities in funding commitments, including:

- A commitment to invest in public transit,
- Investments in rural broadband infrastructure

COVID-19 and the Shift in Public Funding Priorities for Ottawa and Queen's Park

With the declaration of the pandemic and the subsequent public health crisis that followed, the federal and provincial governments have engaged in unprecedented public spending programs designed to support the health care system and the financial health of businesses and individual Canadians.

The federal government has invested billions in new programs and initiatives over the past seven months. Outside the debt-to-GDP ratio, there do not appear to be major fiscal constraints being contemplated. Pandemic related investments by the federal government include:

- \$60 billion was earmarked for the Canada Emergency Response Benefit (CERB), which provided individuals with \$2,000 per month in assistance. While the CERB has technically ended, the CRA is continuing to accept and process retroactive applications for period 7 (August 30 to September 26, 2020) until December 2, 2020.
- Tax deferrals for individuals and businesses.
- More than \$300 million in vaccine research.
- Investments to source and import PPE for front-line workers.
- A top-up to the Regional Relief Fund.
- A multi-billion commitment to its Safe Restart Program that earmarked money for testing, contact tracing, data management, and funding for municipalities (in cooperation with the provincial government).

For its part, the provincial government has provided public health guidance, advice and directives, and several billion dollars of funding towards Ontario’s Action Plan: Responding to COVID-19. Ontario’s COVID supports have included:

- \$7 billion in additional resources for the health care system, provides direct support for people, and jobs
- \$3.3 billion in additional health care resources
- \$3.7 billion to support people and jobs
- \$10 billion in support for people and businesses through tax and other deferrals to improve their cash flows, helping protect jobs and household budgets
- In addition, more than \$50 million to encourage manufacturing conversion so businesses can build ventilators, PPE, and hand sanitizer

The Province also worked with the federal government to provide \$4 billion to support municipalities and transit systems under the Safe Start Agreement. The agreement provided one-time assistance to Ontario’s 444 municipalities. Hamilton was a beneficiary of the program with \$44.8 million in funding that included:

- \$27.6 million for Municipal Funding Relief
- \$17.2 million for transit

Future Funding Priorities of the federal and provincial governments

Because the future and longevity of the current global health crisis are uncertain, long-term, direct funding for municipalities outside COVID-related funding are difficult to predict. There have, however, been strong indications that from both levels of government of funding priorities that could closely align with the needs of Hamilton.

In its recent Speech from the Throne, the federal government outlined its continued commitment to public health efforts as well as a clear indication that it will fund its previous commitments related to supports for individuals and the environment.

For COVID-19, the recent throne speech identified:

- A commitment to working with provinces to increase testing capacity, including a federal testing assistance response team
- Continued efforts to build domestic capacity to create PPE
- A commitment to create one million jobs through direct investments in the social sector and infrastructure
- An expansion of the Canada Emergency Business Account and improvements to the Business Credit Availability Program
- Create a transitional Canada Recovery Benefit for those who do not qualify for EI and the transition of the EI system to the sole delivery mechanism for employment benefits, including for the self-employed and gig workers
- Long-term investments in early learning and child care
- Sector-specific supports for the economy's hardest hit areas, including travel, tourism, hospitality, and the cultural industries

Beyond COVID-19, the recent throne speech also identified:

- Setting national standards for long term care centres
- A continued commitment to work on a national pharmacare strategy
- Commitment to exceed Canada's 2030 climate goals and legislation to move to net zero emissions by 2050
- An expansion of the National Housing Strategy and a commitment to ending chronic homelessness
- A continued focus on reconciliation and fighting systemic racism
- A desire to be a partner to cities and communities moving forward

Further details are expected in a "mini-budget" expected later this fall and updated mandate letters for all ministers.

The provincial government's future funding priorities are less clear at present. For COVID-19, the provincial government has indicated that ongoing support will be made available, including:

- Phase 2 funding of \$695 million available to municipalities by application. To be eligible, municipalities must demonstrate that Phase One Funding did not eliminate their financial pressures. Applications require a council resolution with a submission deadline of October 30.
- Ongoing support for and partnerships with private sector to promote the made-in-Ontario COVID Alert app.

- *Supporting Ontario's Recovery Act, 2020*, that if passed, will provide liability protection for workers, volunteers and organizations that make an honest effort to follow public health guidelines and laws relating to exposure to COVID-19.
- In addition to its COVID-related commitments, the provincial government has continued to show support for public transit, including LRTs, BRTs and the GO system, as well investing \$550 million in building and upgrading schools, and launching a number of additional projects (30) to make government services more digitally accessible, reduce red tape and simplify policies while protecting public health and safety, improve government purchasing, and create more responsible and flexible public services.

CONCLUSION

COVID-19 has vastly impacted the in-year spending priorities of the provincial and federal governments and have led to unprecedented public spending by the senior orders of government and increased reliance on debt.

It is anticipated that in addition to the COVID-19 related supports, the federal and potentially the provincial governments may introduce stimulus funding programs that align with their key priority areas, which include projects and programs that were identified before the pandemic.

In anticipation of potential funding programs, the City of Hamilton should consider identifying a limited number of clear advocacy priorities that not only align with the Term of Council Priorities, but also closely align with the demonstrated priorities of the provincial and federal governments. Several of Council's priorities have also been identified to some degree by senior orders of government, including homelessness and affordable housing, climate change, public transportation, and equity, diversity and inclusion initiatives.