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# Federal Budget 2010

This is a status quo budget. While there are no unpleasant surprises for Ontario or provincial governments generally, long-standing structural shortcomings in programs such as Employment Insurance (EI) continue to fester.

At this stage, both the Speech from the Throne and the federal budget appear to reflect a good faith effort to work with provinces, including Ontario, which will face growing fiscal pressures in the delivery of public services in future years.

## **TRANSFERS TO PROVINCES**

The federal government's three-point plan to eliminate its deficit does not include cuts to transfers to provinces. The Canada Health Transfer and the Canada Social Transfer will continue to grow by six and three percent up to 2014-15, which represents a one year extension. This is positive. Meanwhile, the costs of the equalization program and what Ontarians pay into it will continue to grow.

The federal government will soon need to articulate a vision to work with provinces to meet the long-term fiscal challenges associated with growing health care costs and delivering other vital public services.

The budget maintains the commitment to let one-time transfers expire, including nearly \$2 billion in additional support to provinces for additional training for those left jobless during the recession. Provinces could face new pressures to help the newly unemployed transition back to work.

## **EMPLOYMENT INSURANCE**

The recession has exposed the shortcomings of the Employment Insurance system. The federal government's temporary changes in 2009 did not address inequities in the system or align the program with the realities of today's labour market.

The fact that most of these changes are due to expire at the end of 2010 will only compound the need for structural reforms. The expiry of these programs may also exacerbate pressures on provincial social assistance programs, particularly in Ontario and the western provinces where EI fails to meet the needs of the unemployed.

**INFRASTRUCTURE SPENDING**

Federal infrastructure stimulus funds unspent in 2009-10 will be carried over to 2010-11. This is positive and will help provinces follow through on their capital investment plans.

**COMMON SECURITIES REGULATOR**

The budget announced that the federal government will move forward in creating a common securities regulator. A draft bill is scheduled to be released in Spring 2010. This move to strengthen the economic union is positive and will help Canadian businesses.

**REGIONAL ECONOMIC DEVELOPMENT**

Budget 2010 announced a combined \$48.3 million in new funding for federal regional development agencies outside Ontario. No increases are slated for the Ontario agencies and it is unclear whether Fed Dev Ontario, the federal agency responsible for southern Ontario, will be made permanent.

**REPRESENTATION IN THE HOUSE OF COMMONS**

In the Speech from the Throne, the federal government unambiguously re-affirmed its commitment to address the under-representation in the House of Commons of Canadians living in Ontario, Alberta and British Columbia. This is welcome news. The details of any proposed legislation will have to be examined closely to ensure that the federal government follows through on this commitment. [MC](#)