

## 2019 Ontario Budget Highlights

On April 11, 2019, Ontario Finance Minister Vic Fedeli presented the 2019 Ontario Budget: **Protecting what Matters Most** (the “Budget”). This budget includes initiatives and changes tied to provincial health care, access to alcohol and cannabis, the target benefit multi-employer pension plans framework, and post-secondary education and training. This memo will highlight items that may be of interest to plan trustees, sponsors, administrators, and members.

### Pensions

#### Target Benefit Multi-employer Pension Plans Framework

The government intends to move forward with a target benefit framework which would allow multi-employer pension plans in the non-unionized not-for-profit sector to participate in the framework. Legislative changes are being proposed which, if passed, would expand the eligibility criteria for the target benefit framework to include non-unionized multi-employer pension plans, in addition to collectively bargained multi-employer pension plans. The government promised to continue to work with stakeholders as it develops further elements of the target benefit framework, including the funding framework.

#### Electronic Plan Member Communications

The government is considering legislative changes to the Pension Benefits Act permitting plans to use electronic communication as the default method, with appropriate safeguards, to provide pension plan information to their members. The government recognizes that different methods of communication work better for different people and members would still be given the option to continue to receive paper documents if desired.

Consistent with the amendments made to the Pension Benefits Act in the fall of 2018, which allow administrators of pension plans to permit electronic beneficiary designations, the government is proposing amendments to the Insurance Act that, if passed, would clarify that insurers may accept electronic beneficiary designations, subject to any requirements that may be prescribed in a rule by the Financial Services Regulatory Authority of Ontario.

### Health

Health sector expense is projected to be \$63.5 billion in 2019-20.

#### Long-Term Care Beds

The government is moving forward with the allocation of 1,157 new long-term care beds through 16 projects across the province in addition to the over 6,000 new beds previously allocated. In order to address hallway health care, the Budget plans for the creation of 15,000 new long-term care beds over the next five years.

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## Regional Public Health Entities

As previously announced, the government will replace Ontario's current 35 public health units with 10 regional public health entities and will also establish 10 new regional boards of health with one common governance model by 2020–21. By doing so, it expects to make annual savings of \$200 million by 2021–22.

## Providing Dental Care for Low-Income seniors

The government is moving forward with its commitment to introduce a new dental program for low-income Ontario seniors. By late summer 2019, single seniors age 65 and older with incomes of \$19,300 or less (or senior couples with combined incomes of less than \$32,300) and without existing dental benefits, will be able to receive dental services in public health units, community health centres and Aboriginal Health Access Centres located throughout the province. The program will then be expanded by winter 2019 by investing in new dental services in underserved areas, including through mobile dental buses and an increased number of dental suites in public health units. When fully implemented, the program is expected to cost \$90 million dollars annually.

## Welfare

### Ontario Works Exemptions

The government proposes that Ontario Works recipients be able to keep up to \$300 in earnings per month, an increase from \$200 per month, without it impacting their social assistance and that benefits will be reduced by 75 cents for each dollar earned above these amounts.

### Ontario Disability Support Program (ODSP)

ODSP recipients will increase the annual exemption from \$2,400 to \$6,000 in earnings.

## Taxes

The budget does not include new sources of tax income.

### Low-income Individuals and Families Tax (LIFT) Credit

The previously-announced non-refundable Low-income Individuals and Families Tax (LIFT) Credit effective since January 2019 provides up to \$850 in Ontario Personal Income Tax relief to eligible Ontario taxpayers with less than \$38,500 in adjusted individual net income or less than \$68,500 in adjusted family net income.

### Ontario Childcare Access and Relief from Expenses (CARE) Tax Credit

With this new Personal Income Tax credit, eligible families would receive up to 75 per cent of their eligible child care expenses incurred as of January 1, 2019. Each year, the CARE tax credit would provide up to \$6,000 per child under the age of seven, up to \$3,750 per child between the ages of seven and 16, and up to \$8,250 per child with a severe disability. The CARE tax credit would target relief to eligible families with incomes up to \$150,000. Eligible families would be able to claim the proposed Ontario CARE tax credit when they file their tax returns, starting with the 2019 tax year.

The CARE tax credit is expected to cost about \$390 million annually and provide about \$1,250 per family, on average, in new child care support to about 300,000 families.

### Ontario Job Creation Investment Incentive.

The Ontario Job Creation Investment Incentive announced previously in the *2018 Ontario Economic Outlook and Fiscal Review* includes an immediate 100 per cent tax write-off for manufacturing and processing machinery and equipment and for clean energy equipment, and an accelerated write-off for most other assets.

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## Estate Administration Tax

Ontario is proposing to eliminate the Estate Administration Tax on the first \$50,000 of the value of the estate. The Estate Administration Tax would continue to apply to the value of the estate exceeding \$50,000 at the current rate. The tax would be calculated as \$15 for every \$1,000, or part thereof, of the value of the estate exceeding \$50,000. The proposed calculation of Estate Administration Tax would apply if an estate certificate is requested on January 1, 2020, or later.

## Wine Tax

The government will be introducing legislation to pause the previous government's changes to the Wine Tax, which was scheduled to increase on April 1.

## Training and Education

### Promoting Apprenticeships

The government proposes to launch an incentive program to support employers to come together and train apprentices, develop a one-window digital portal for apprentices, and to promote apprenticeship and the skilled trades as a pathway choice for all students from kindergarten to Grade 12.

The government will also propose new legislation to establish a new governance framework to replace the Ontario College of Trades and Apprenticeship Act, 2009.

## Access to Alcohol and Cannabis Products

The government promises to expand consumer access to beverage alcohol by:

- Creating a tailgating permit for eligible sporting events such as professional, semi-professional and postsecondary sporting events.
- Introducing legislation permitting municipalities to designate public areas, such as parks, for the consumption of alcohol.
- Providing flexibility for wineries, cideries, breweries and distilleries to promote their products at manufacturing sites by removing the prescribed serving sizes for "by the glass" licences.
- Extending hours of alcohol service for licensed establishments, "by the glass" licence holders, and Special Occasion Permit holders to a 9:00 a.m. start, seven days per week
- Changing advertising rules to allow for "happy hour" to allow licensed establishments to advertise their promotions as they do in British Columbia and Alberta.

These changes are expected to be in place by summer 2019.

The government also announced its approach to opening cannabis stores in Ontario. It confirmed its commitment to moving towards an open allocation of cannabis retail licences where the number of stores is limited only by market demand. To enable the opening of additional licensed stores, the government will develop a process to allow the Alcohol and Gaming Commission of Ontario to pre-qualify operators that seek to enter the market and participate in future allocations of retail store authorizations.

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Pre-qualification criteria may include:

- The payment of a fee or obtaining a standby letter of credit;
- Financial information, including information about corporate structure and affiliates;
- Criminal and other background checks; and
- Information confirming lease or ownership interests in potential retail store locations.

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