

2021 Ontario Budget: Ontario's Action Plan: Protecting People's Health and Our Economy.

On Wednesday, March 24th, The Honourable Peter Bethlenfalvy, Minister of Finance and President of the Treasury Board presented the 2021 Ontario Budget: Ontario's Action Plan: Protecting People's Health and Our Economy.

The third budget from the Ford government, the biggest spending budget in Ontario history, includes \$186.1 billion in spending; a record, and up from last year's \$148.8 billion budget, but the projected deficit is expected to fall to \$33.1 billion, down from the record \$38.5 billion in 2020.

The Ontario Budget Website can be found at: <https://budget.ontario.ca/2021/index.html>

On the website you will find:

- PDF version of the Budget
- The News Release
- Backgrounders on:
 - Protecting Peoples Health
 - Protecting our Economy
- Highlights

Economy

Summary of Ontario's Economic Outlook

(Per Cent)

	2019	2020	2021p	2022p	2023p	2024p
Real GDP Growth	2.1	(5.7e)	4.0	4.3	2.5	2.0
Nominal GDP Growth	3.8	(4.8e)	6.2	6.4	4.5	4.0
Employment Growth	2.8	(4.8)	4.2	3.0	2.2	1.6
CPI Inflation	1.9	0.7	1.7	2.0	2.0	2.0

p = Ontario Ministry of Finance planning projection based on external sources.

e = estimate.

Sources: Statistics Canada and Ontario Ministry of Finance.

- Over the medium term, the government is projecting steadily declining deficits of \$33.1 billion in 2021–22, \$27.7 billion in 2022–23 and \$20.2 billion in 2023–24. However, the province is not projected to return to a pre-COVID-19 deficit until 2027–28 under its planning projection. Significant uncertainty still remains about future economic growth, which may impact these projections further.
- Ontario's economy has been significantly impacted by the COVID-19 pandemic. Following two consecutive quarterly declines of 1.8 per cent and 12.2 per cent in the first half of 2020, Ontario's real gross domestic product (GDP) increased 9.4 per cent in the third quarter, but it remained below the

level of the fourth quarter in 2019. Ontario's real GDP is estimated to have declined by 5.7 per cent in 2020. Between May 2020 and February 2021, Ontario employment has risen by 829,400 net jobs but remained 305,300 (-4.1 per cent) below its pre-pandemic level.

- Ontario's real GDP is projected to rise 4.0 per cent in 2021, 4.3 per cent in 2022, 2.5 per cent in 2023 and 2.0 per cent in 2024. For the purposes of prudent fiscal planning, these projections
- Ontario's revenue outlook is forecast to increase from \$156.1 billion in 2019–20 to \$167.0 billion in 2023–24.
- Ontario's program expense outlook is expected to grow from \$152.3 billion in 2019–20 to \$171.1 billion in 2023–24. This additional funding will primarily be used to support services including health care, education and other critical investments to continue responding to the COVID-19 pandemic and support the recovery of the province.
- The total long-term borrowing requirements for 2021–22 and 2022–23 are forecast to be \$54.7 billion and \$59.1 billion, lower by \$3.9 billion and \$0.2 billion, respectively, compared to the *2020 Budget* forecast for those fiscal years.
- The reserve is set at \$1.0 billion in 2021–22 and \$1.5 billion in each year over the medium term.
- Net debt-to-GDP for 2021–22 is projected to be 48.8 per cent and is projected to grow to 50.2 per cent by 2023–24.
- From 2019–20 to 2029–30, total program expense is projected to grow at an average annual rate of 2.1 per cent.

Recovery Plan Assumptions

- Total revenue growth of 3.9 per cent per year over the recovery plan period is based on the projected long-term average annual nominal GDP growth rate of 3.9 per cent, as presented in *Ontario's Long-Term Report on the Economy 2020*.
- Taxation revenue growth is based on average annual nominal GDP growth and does not assume any future tax increases.
- Government of Canada transfers reflect existing federal–provincial funding formulas and agreements and are mainly composed of the Canada Health Transfer and the Canada Social Transfer. This does not build in additional revenues from any significant increases in federal transfers such as the Canada Health Transfer, the Fiscal Stabilization Program or other potential future changes.

Ontario Real GDP Growth Scenarios

(Per Cent)

	2021p	2022p	2023p	2024p
Faster Growth Scenario	5.9	4.7	2.7	2.2
Planning Projection	4.0	4.3	2.5	2.0
Slower Growth Scenario	3.1	3.4	2.3	1.8

p = Ontario Ministry of Finance planning projection and alternative scenarios.

Source: Ontario Ministry of Finance.

Skilled Trades and Apprenticeship

- To help workers with their training expenses, the government is proposing a new Ontario Jobs Training Tax Credit for 2021. It would provide up to \$2,000 per recipient for 50 per cent of eligible expenses, for a total of an estimated \$260 million in support to about 230,000 people in 2021.
- Ontario is investing a total of \$288.2 million in 2021–22 in its Skilled Trades Strategy, which includes the following enhancements:
- Providing an additional \$39.6 million over three years, beginning in 2021–22, to expand the Specialist High Skills Major program. Building off an investment of \$42.4 million in 2020–21, this will result in approximately 75 new programs that provide more opportunities for students in Grades 11 and 12 to gain job-ready skills and explore opportunities in the skilled trades.
- Investing \$3 million over three years in a new pilot bursary program for hands-on learning in the skilled trades. Starting in 2021–22, this bursary will support approximately 1,000 students with financial and other barriers to obtain their Ontario Secondary School Diploma. This program includes participation in a cooperative education course focused on the skilled trades.
- Expanding the Ontario Youth Apprenticeship Program (OYAP) to include a Grade 10 summer learning opportunity, starting in 2021. OYAP allows students in Grades 11 and 12 to gain exposure to a variety of good jobs in the skilled trades through cooperative education placements, while earning credits towards their high school diploma.
- New Digital Portal for Skilled Trades and Apprenticeship
 - COVID-19 has increased the need for a modern digital portal for apprentices that is accessible 24/7 — Ontario is taking action to address this.
 - Ontario is developing a new digital portal, that will enable secure, convenient access to online information and services for apprentices without the need for calling or visiting the local office. The online solution will also simplify processes for all parties, making it easier to navigate the system.
- To ensure that Ontario has the skilled labour it needs for priority infrastructure projects, proponents of the Ontario Line subway project will provide information on in-demand trades and subtrades necessary to support project completion in their response to the Request for Proposals (RFPs). The successful proponent will enter into discussions with the Ontario Ministry of Labour, Training and Skills Development regarding apprenticeship training supports, including strategic voluntary targets and financial incentives.

Infrastructure

A key element of the government’s plan to create growth is investment in infrastructure, including strategic investments in transit, highways, schools, hospitals and broadband. Planned investments over the next 10 years total \$145.4 billion, including \$16.9 billion in 2021–22.

Infrastructure Expenditures¹

(\$ Millions)

Sector	Medium-Term Outlook				10-Year
	Interim ^{2,3} 2020–21	2021–22	2022–23	2023–24	Total ⁴
Transportation					
Transit	5,434	5,642	6,801	6,736	61,622
Provincial Highways	2,912	2,592	2,762	2,671	21,323
Other Transportation, Property and Planning	228	182	181	196	1,513
Health					
Hospitals	2,671	1,619	2,567	2,604	30,223
Other Health	283	304	336	328	3,420
Education	2,241	3,295	2,773	2,415	21,162
Postsecondary Education					
Colleges and Other	899	893	617	284	4,043
Universities	90	93	135	122	1,285
Social	267	328	152	213	2,379
Justice	433	983	601	420	3,571
Other Sectors⁵	1,731	2,691	3,053	3,114	16,484
Total Infrastructure Expenditures	17,190	18,623	19,978	19,104	167,025
Less: Other Partner Funding ⁶	2,294	1,765	2,684	1,951	21,584
Total⁷	14,896	16,858	17,294	17,153	145,442

Key highlights in the capital plan include:

- A historic investment of \$2.8 billion for broadband infrastructure, ensuring that every region in the province has access to reliable broadband services by 2025. Combined with prior commitments, this new funding increases Ontario's investment in broadband to nearly \$4 billion over six years beginning in 2019–20.
- \$30.2 billion over the next 10 years, including an additional \$3 billion since the *2020 Budget*, in hospital infrastructure. Significant new investments in major hospital projects currently under construction or in various stages of planning include:
 - Support for a new inpatient care tower in Etobicoke, and a complete rebuild of the Mississauga hospital in partnership with Trillium Health Partners;
 - New construction at Peel Memorial, in partnership with William Osler Health System, which will address the increasing demand for health care services in Brampton and the Region of Peel;
 - Expansion of inpatient beds and ambulatory care at London Health Sciences Centre and to expand the Stem Cell Transplant Unit to double its current capacity;
 - Funding to support the planning of a new regional hospital in Windsor-Essex; and

- Support for a new hospital and a lodge in Moosonee, as well as a new ambulatory care centre on Moose Factory Island.
- Development of four, new long-term care homes in Mississauga, Ajax and Toronto under the Long-Term Care Accelerated Build Pilot Program. Construction is underway at all of the sites, with completion dates planned for early 2022.
- Investing in the development of a new children’s treatment centre in Chatham-Kent to meet an increasing demand for services, as well as to improve rehabilitative treatment for thousands of children and youth with special needs.
- Continuing to support building a children’s treatment centre in Ottawa as part of the Children’s Hospital of Eastern Ontario to co-locate and increase access to critical programs and services, such as developmental care and occupational therapy.
- Provincial funding to support infrastructure projects under the Investing in Canada Infrastructure Program (ICIP).
- \$61.6 billion over 10 years for public transit, to continue to deliver on the government’s commitment towards priority projects such as:
 - The four priority subway projects in the Greater Toronto Area (GTA), the largest subway expansion in Canadian history, that will expand the subway system by 50 per cent;
 - The updated Hamilton LRT project, which has been added as a fifth priority transit project;
 - The GO Rail Expansion program to provide two-way, all-day service every 15 minutes over core segments of the network, and nearly double annual ridership by 2055; and
 - The Kitchener GO Rail Expansion project to strengthen connections and increase access to Ontario’s fastest growing urban cities along the Toronto-Waterloo Innovation Corridor.
- More than \$21 billion over 10 years to support the planning and/or construction of highway expansion and rehabilitation projects across the province, including expansion projects on Highway 400 from Langstaff Road to Highway 9 in York Region, Highway 401 between Tilbury and London and between Milton and Mississauga, stretches of Highway 3 from Essex to Leamington, Highway 652 Cochrane Bypass, Bradford Bypass portions of Highway 69 between Parry Sound and Sudbury, portions of Highway 11/17 between Thunder Bay and Nipigon, and Highway 17 from the Ontario/Manitoba border to Rush Bay Road.
- Funding support for the education sector through new, expanded and upgraded schools, including a recently approved elementary school in Brantford, and offering more choice and flexibility for children and parents by creating additional child care spaces.
- Ontario is committed to its comprehensive plan to build a health care system that puts patients first. The province’s capital plan includes an investment of \$30.2 billion over the next 10 years, including an additional \$3 billion since the *2020 Budget*, in hospital infrastructure.

The government is creating more space for care at this critical time by providing more than \$21 billion in capital grants over 10 years to build, expand and renew hospital infrastructure across Ontario.

These investments will improve and increase space in hospitals and include grants to support new facilities as well as the renewal of existing hospitals and community health centres.

Small Business, Workers and Jobs

- To vaccinate every person in the province who wants to be vaccinated, Ontario has made more than \$1 billion available for a provincewide vaccination plan. Ontario is also making it safer to re-engage with our workplaces, businesses and communities with \$2.3 billion for testing and contact tracing.
- To protect our frontline workers and vulnerable people, Ontario has made available \$1.4 billion for personal protective equipment, including more than 315 million masks and more than 1.2 billion gloves
- To help small businesses that have been most affected by the necessary restrictions to protect people from COVID-19, Ontario is providing a second round of Ontario Small Business Support Grant payments to eligible recipients. Approximately 120,000 small businesses will automatically benefit from an additional \$1.7 billion in relief through this second round of support in the form of grants of a minimum of \$10,000 and up to \$20,000 — bringing the estimated total support provided through this grant to \$3.4 billion
- \$85.0 million to support the Skills Development Fund to help training and employment organizations assist workers during the province's economic recovery. The funded projects will give laid-off workers immediate access to training supports or new jobs, improve the quality of training, support traditionally underrepresented groups, increase apprentice registrations and completion, better serve local communities and support the talent needs of small businesses. These additional funds will bring the government's investment up to \$115 million.
- \$117.3 million to assist women, racialized individuals, Indigenous peoples, youth and people with disabilities who are facing the highest rates of unemployment during the pandemic. This funding will help remove barriers and offer training opportunities so they can get the in-demand skills they need for good jobs and get connected with employers looking to grow their businesses.
- \$157.2 million to provide workers in the hardest hit sectors during the pandemic — including the hospitality and tourism sectors — with career counselling and urgent training to find new careers and good jobs. This support will be provided by Employment Ontario's range of client services and community development programs.
- \$60.8 million to upgrade and expand high-speed internet and other digital infrastructure so community organizations, training providers and colleges can provide employment and training services remotely to workers in every corner of the province, including rural, remote and Northern regions.
- To connect homes, businesses, and communities to broadband — which COVID-19 has demonstrated is a necessity, not a luxury — Ontario is investing \$2.8 billion, bringing the Province's total investment to nearly \$4 billion over six years beginning 2019–20.
- To encourage business investment in certain regions of the province that have lagged in employment growth in the past, Ontario is proposing to temporarily enhance the Regional Opportunities

Investment Tax Credit by investing an additional \$61 million, resulting in total tax credit support of about \$155 million by 2022–23.

- To support Ontario’s 444 municipalities, the government is providing almost \$1 billion in additional financial relief in 2021 to help preserve vital public services and support economic recovery. This builds on the \$4 billion in federal–provincial support provided to communities across the province under the historic Safe Restart Agreement.
- To help families, the government is providing a third round of payments to support parents through the Ontario COVID-19 Child Benefit, totalling \$1.8 billion since last March. The payment will be doubled to \$400 per child for this round and \$500 for each child with special needs, which means a family with three young children, one of whom has special needs, will receive \$2,600 in total after the third round of payments.
- To support parents with the cost of child care and help them get back to the workforce, the government is proposing a 20 per cent enhancement of the CARE tax credit for 2021. This would increase support from \$1,250 to \$1,500, on average, providing about \$75 million in additional support for the child care expenses of over 300,000 families.
- To help the thousands of people struggling with mental health and addictions issues, Ontario is providing additional funding of \$175 million in 2021–22 as part of the historic investment of \$3.8 billion over 10 years, to provide more and better care for everyone who needs it.
- To ensure every person who requires care in a hospital can access a bed, even during the worst of the pandemic, the government is investing an additional \$5.1 billion to support hospitals since the pandemic began, creating more than 3,100 additional hospital beds. This includes \$1.8 billion in 2021–22 to continue providing care for COVID-19 patients, address surgical backlogs and keep pace with patient needs
- To assist survivors of domestic violence — which has increased during COVID-19 — and other heinous crimes like human trafficking, Ontario is investing an additional \$2.1 million over three years to support victims of crime. This support is in addition to funding provided through various existing programs to help victims of domestic violence and other violent crimes.
- To make progress on our collective efforts to address systemic racism, Ontario is making additional investments in key communities. This includes investments of \$1.6 million over two years to support the Anti-Racism and Anti-Hate Grant program, which will support community based anti-racism initiatives focusing on anti-Black racism, anti-Indigenous racism, anti-Semitism and Islamophobia. This builds on a \$60 million investment in the Black Youth Action Plan.
- Other supports the government has already introduced that will support small businesses include:
 - Helping eligible small businesses with the unexpected costs of PPE with one-time grants of up to \$1,000 through Ontario’s Main Street Relief Grant.
 - Partnering with the federal government to provide \$976 million in urgent rent relief through the Canada Emergency Commercial Rent Assistance (CECRA) for small businesses program. In addition, the government has extended the temporary ban on commercial evictions for those business tenants that are approved for the federal Canada Emergency Rent Subsidy (CERS).

- Providing property tax and energy cost rebates to help eligible businesses in the Control, Lockdown or Provincewide Shutdown regions (or previously in Modified Stage 2 regions).
- Providing \$8 million for the COVID-19 Energy Assistance Program for Small Business to support businesses struggling with bill payments as a result of the COVID-19 outbreak.
- Providing about \$320 million in additional relief in 2020–21 through off-peak electricity pricing, 24 hours a day, for eligible residential, farm and small business customers during periods of provincial restrictions from March 24, 2020 to May 31, 2020, and January 1, 2021 to February 22, 2021.
- In addition, Ontario cut its small business Corporate Income Tax (CIT) rate to 3.2 per cent starting in 2020, fulfilling the commitment to cut the small business CIT rate by 8.7 per cent. This measure delivers up to \$1,500 in annual savings to Ontario businesses