

## Overview: 2021 Ontario Budget

Budget bill passes on April 26, 2021

On April 26, 2021, the Ontario government passed the 2021 Ontario Budget entitled *Ontario's Action Plan: Protecting People's Health and Our Economy*. With its passage, OAA Policy and Government Relations staff have reviewed the budget and prepared a high level overview of some of the issues that may be interest to the membership.

Ontario's economy has been severely impacted as a result of COVID-19. It is estimated that the province's real GDP has declined by 5.7% in 2020. The projected deficit for 2021-22 is \$33.1 billion, and the timeline for returning to a balanced budget has now been extended to 2028-29. Accumulated net debt as a per cent of GDP sat at 48.8%. Between May 2020 and February 2021, Ontario employment increased by 829,400 net jobs but remained 305,300 (-4.1%) net jobs below its pre-pandemic level.

Mirroring the shape of this year's budget, the overview is organized into two main parts: protecting people's health and protecting our economy. This overview covers what the government has included in their budget, and should not be construed as an endorsement of the budget by the OAA.

Many of these funding commitments also maintain or build upon previous funding announcements and should not necessarily be construed as new program spending. With that said, the government plans to invest \$145.4 billion over the next ten years into infrastructure (which also includes transit, highways, and broadband), including \$16.9 billion in 2021-22.

### *Protecting Peoples Health:*

In light of the ongoing global COVID-19 pandemic, a major focus of this budget is protecting people's health. Among other things, the Ontario government has committed to, "...take every necessary action to stop the spread of COVID-19 while making record investments in the healthcare system."

- **Long-term Care:** Acknowledging that the ongoing public health crisis has shed light on the pre-existing challenges in long-term care (LTC) in Ontario as well as identifying novel challenges that have emerged recently, the government has committed to taking immediate action to fix the LTC system. There is a particular focus on increasing the capacity of the system with a pledge of \$933 million over four years, and a total committed spending of \$2.6 billion. The government intends to create 30,000 new beds by 2028 and over 15,000 upgraded beds. An additional \$246 million is committed to improving living conditions in existing LTC homes over the next four years.
- **Hospitals:** In terms of hospitals, it is projected that once Ontario is passed the COVID-19 crisis, the health care system will continue to face significant challenges as a result of growing communities and an aging population. Through this budget, the Ontario government has pegged \$30.2 billion over the next 10 years to build and renew hospital infrastructure, including an additional \$3 billion since the 2020 budget. This includes new hospital and expansion projects in the Region of Peel and surrounding areas in collaboration with Trillium Health Partners and the William Osler Health System. It also includes the redevelopment of older hospitals in Collingwood, Bowmanville and Markdale, expanding the London Health Sciences Stem Cell Transplant Unit, and supporting the ongoing planning of a new regional hospital in Windsor-Essex.

### *Protecting Our Economy:*

As the province and the people of Ontario adapt to new ways of working and conducting their businesses, the government will introduce additional steps to support families, workers, and employers, and protect jobs. Looking ahead, the government would like to position Ontario for job creation and long-term prosperity beyond the current pandemic.

- **Workers and Families:** Throughout the budget, the government repeatedly acknowledged the tremendous strain that COVID-19 has placed on workers and families alike. In this vein, it has committed \$614.3 million in 2020-21 and again 2021-22 for employment and training supports. Of this, \$117.3 million will assist those who are facing the highest rates of unemployment during the pandemic. Approximately \$260 million is slated to support a new Ontario Jobs Training Credit which will provide up to \$2000 per recipient towards 50% of eligible training expenses. To support families, the government will be providing the third round of the Ontario COVID-19 Child benefit at an increased rate of \$400 per child and \$500 for children with special needs. They have also committed to increasing the Childcare Access and Relief from Expenses (CARE) tax credit by 20%, meaning that families can now receive a credit up to \$1500 (as opposed to the previous maximum of \$1250). The government has also committed \$14 billion over 10 years to build more schools, upgrade existing buildings, and support education-related projects.
- **Supporting Jobs:** Recognizing the extraordinary circumstances that businesses are currently in, the government has committed to a second round of the Ontario Small Business Support Grants whereby recipients who were previously awarded these grants will be given a second payout of the same value that they received the first time. The government also plans to invest \$400 million over the next three years to support the tourism, hospitality, and culture sectors.
- **Supporting a Modern Government:** Ontario is creating Supply Ontario; a centralized procurement agency that will leverage the government's bulk buying power to secure a supply chain and lower cost of supply.

**Appendix:** Infrastructure Expenditures (Source: 2021 Ontario Budget)

# Infrastructure Expenditures<sup>1</sup>

(\$ Millions)

Sector	Interim <sup>2,3</sup>	Medium-Term Outlook			10-Year
	2020–21	2021–22	2022–23	2023–24	Total <sup>4</sup>
<b>Transportation</b>					
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
<b>Health</b>					
Hospitals	2,671	1,619	2,567	2,604	30,223
Other Health	283	304	336	328	3,420
<b>Education</b>	2,241	3,295	2,773	2,415	21,162
<b>Postsecondary Education</b>					
Colleges and Other	899	893	617	284	4,043
Universities	90	93	135	122	1,285
<b>Social</b>	267	328	152	213	2,379
<b>Justice</b>	433	983	601	420	3,571
<b>Other Sectors<sup>5</sup></b>	1,731	2,691	3,053	3,114	16,484
<b>Total Infrastructure Expenditures</b>	<b>17,190</b>	<b>18,623</b>	<b>19,978</b>	<b>19,104</b>	<b>167,025</b>
Less: Other Partner Funding <sup>6</sup>	2,294	1,765	2,684	1,951	21,584
<b>Total<sup>7</sup></b>	<b>14,896</b>	<b>16,858</b>	<b>17,294</b>	<b>17,153</b>	<b>145,442</b>

<sup>1</sup> Includes interest capitalized during construction; third-party investments in hospitals, colleges and schools; federal and municipal contributions to provincially owned infrastructure investments; and transfers to municipalities, universities and non-consolidated agencies.

<sup>2</sup> Interim represents the 2021 *Budget* projection for the 2020–21 fiscal year.

<sup>3</sup> Includes provincial investment in capital assets of \$11.9 billion.

<sup>4</sup> Total reflects the planned infrastructure expenditures for years 2021–22 through 2030–31.

<sup>5</sup> Includes broadband infrastructure, government administration, natural resources, and culture and tourism industries.

<sup>6</sup> Other Partner Funding refers to third-party investments primarily in hospitals, colleges and schools.

<sup>7</sup> Includes federal–municipal contributions to provincial infrastructure investments.

Note: Numbers may not add due to rounding.

Source: Ontario Treasury Board Secretariat.