

ONTARIO 2021


Fall Economic Statement

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A portrait of Peter Bethlenfalvy, Minister of Finance, is shown in the background, overlaid with a green tint. The image is framed by large quotation marks in the top-left and bottom-right corners.

Our government recognizes that the pandemic is not over. But our government is also looking forward – to the future.

Peter Bethlenfalvy
Minister of Finance

The 2021 Fall Economic Statement: What you Need to Know

\$168.6 billion

Revenue

\$189.1 billion

Spending

\$21.5 billion

Deficit

43.4%

Debt to GDP Ratio

A Plan Focused on Moving Forward and the 2022 Election

Today, Ontario's Finance Minister Peter Bethlenfalvy tabled the government's 2021 Fall Economic Statement, the last such statement before Ontario voters return to the polls next year.

Titled **Build Ontario**, the economic outlook and fiscal review provides an update on the province's finances and outlines the government's key priorities as the 2022 election draws closer. After two years in which the government's policy agenda has been dominated by the response to the COVID-19 pandemic, the statement notably makes up for lost time by introducing multiple economic measures and, in particular, an aggressive infrastructure investment plan.

The document is also notable for the relative focus it pays to new pandemic-related measures. The long-term re-opening framework and upcoming expanded roll-out of children's vaccinations and booster shots show that the Ford government is clearly making a bet that voters are finally ready to look beyond the COVID crisis.

Build Ontario also provides an update on the province's expected deficit. Ontario's economy appears to be recovering from the effects of the COVID-19 pandemic, with a revised projected 2021-22 deficit of \$21.5 billion, \$11.6 billion lower than the outlook published in the 2021 Budget. This gap is largely driven by better-than-expected economic growth.

In this regard, the 2021 Fall Economic Statement leaves no mystery as to where Premier Ford and Minister Bethlenfalvy are making their political bets. The document sets out three broad pillars around which the government signals it's post-COVID agenda will be centered:

1. Protecting Our Progress

Continuing to support healthcare and mental health needs while also investing in solutions to the issues COVID-19 exposed in the health-care system.

2. Building Ontario

Putting shovels in the ground today by investing in infrastructure across the province.

3. Working for Workers

Helping Ontario's workers by making it a race to the top, not a race to the bottom.

With the province continuing to lift pandemic restrictions and allowing businesses to open to full capacity, Minister Bethlenfalvy is signaling that Ontario is ready to move forward from COVID-19. The Build Ontario plan is the Ford government's way of showing what's next for the province as it continues to emerge from the pandemic and gets ready for next year's election.

“ Our government recognizes that the pandemic is not over. But our government is also looking forward – to the future. And that future will require a prudent, sensible plan that creates the conditions for an economic and fiscal recovery driven by growth. you, the people of Ontario — is not yet done.

-Minister Bethlenfalvy

Protecting our Progress

The first of the pillars is Protecting Our Progress, comprised of a combination of new and re-announced policies related to infrastructure, staff recruitment and service standards across the health and long-term-care sectors. The government is looking to move past its occasionally uneven pandemic record and instead highlight its long-term commitment to sector renewal as the standard upon which it should be judged.

In Build Ontario, the provincial government commits to investing billions into healthcare, long-term care and mental health care. While the government is trying to move forward from the COVID-19 pandemic it is still looking to fix issues in the healthcare sector and protect Ontario's progress against COVID-19.

One of the areas the government targeted is a shortage of Registered Nurses (RN), Registered Practical Nurses (RPN) and Personal Support Workers (PSW). Minister Bethlenfalvy noted that the pandemic quickly exacerbated issues that these workers were facing including long hours, low wages and lack of benefits resulting in these nurses and PSWs leaving their jobs in record numbers. These workers leaving the field especially harmed the LTC sector, resulting in fewer hours per resident, lower quality of care and faster burnout of the staff that remained. This is why one of the key investments outlined in this

budget document is the provincial government's plans to spend \$57.6 million to add an additional 225 Nurse Practitioners to the LTC sector. Additionally, the government plans on investing \$342 million to hire 5,000 RNs and RPNs by 2026 and 8,000 PSWs by 2023 to ease labour supply issues in the healthcare sector.

A problem quickly underscored by the pandemic was long waitlists for LTC homes due to a lack of beds. To combat this issue, the government is promising an investment of \$3.7 billion over the next 7 years to build 10,000 new long term care beds and to redevelop 12,000 existing beds. These new and refurbished beds will serve to increase access to long-term care, reduce waitlists, and ease hospital capacity pressures.

Alongside long wait times, LTC homes in Ontario have faced quality of care issues, including allegations of mistreatment and abuse of the residents. Eventually, reaching the point where the military was forced to intervene and investigate conditions. That is the impetus for the government to invest \$72.3 million over the next three years to double the current number of long-term care inspectors by the fall of 2022. With this investment, Minister Bethlenfalvy asserted that Ontario will be the leader in Canada with a ratio of one inspector for every two homes. This aims to ensure there are enough inspectors to proactively visit each home every year, while

continuing reactive inspections to promptly address complaints and critical incidents. Some of the province's new inspectors will have an investigative background and will be given the ability to lay provincial offence charges when warranted.

In continuing the effort to ease burdens on the LTC sector, the government has announced a one-year extension to the Senior's Home Safety Tax Credit. This tax credit assists in the creation of stay-at-home safety measures for senior citizens such as railings, wheelchair lifts and ramps. The tax credit will be worth 25% of up to \$10,000 in eligible expenses for a senior's principal residence in Ontario. The goal of this tax credit will be to allow seniors to remain home longer before needing to move to a long-term care home.

Similar to its federal counterpart, the provincial government is showing increased attention to mental health as a priority. Bethlenfalvy cited a \$12.4 million investment over the next two years to support the mental health of front-line health and long-term workers, as demonstrating prioritization of mental health while also trying to fix labour retention issues.

Other investments the government plans, include an additional \$22 million over three years to enable integration of information between hospitals and LTC, implementing made-in-Ontario software solution Point Click Care, expanding clinic infrastructure, and providing \$17 million over the next two years to increase access to dental care for low-income seniors.

Building Ontario

Many of the most notable new announcements in the Statement fall under the government's second pillar of Building Ontario. Mirroring the recent advertising campaign launched by the Ontario PC Party, here Bethlenfalvy made great effort to portray the Ford government as being the 'Party of Yes', while branding their political opponents as visionless obstructionists.

"We know the people of Ontario are sick of the excuses. They are sick of delays. They are sick of governments that find reasons to say NO anytime anybody wanted to build something in this province" said Bethlenfalvy.

With a focus on building new highways to shorten commutes and connect communities, as well as investment into municipalities, the government's infrastructure plan carries a significant price tag of \$23.3 billion.

The most notable, and likely contentious, announcement by the government was in their stated support to build Highway 413. A 59-kilometre arc across the northwestern part of the GTA, linking Vaughan to where Mississauga, Brampton and Milton converge at the interchange of Highways 401 and 407. In the Fall Economic Statement, the Government announced plans to purchase the necessary land to begin construction of the 413 corridor. While the 413 faces stiff opposition from environmental groups, the Ford government views it as essential to home affordability and quality of life in the region and cites studies that say it would save commuters up to 30 minutes of travel time.

Additional infrastructure investments include fully funding the creation of the Bradford Bypass, a 16.2-km highway connecting Highway 400 and Highway 404. With both Simcoe County and York Region expected to experience rapid growth over the next 10-20 years, the constructions of the Bradford Bypass is expected to significantly relieve gridlock on existing east-west local roads. When completed, the government claims that drivers will see a 60% savings in their travel time when compared to existing routes.

Investment in Northern Ontario will also play a key part in the Ford government's attempts to keep their majority. With the announcement of close to \$1 billion being invested into planning and construction of an all-season North/ South road network to the Ring of Fire and other projects, including investments in high-speed internet, road upgrades and community supports the government is aiming to demonstrate they are keeping their word to invest in the North. Development of the all-season road network will allow for the flow of critical mineral resources to the rest of the province. These resources will play a key role in the future of clean manufacturing in Ontario.

The last of the government's major infrastructure investments is \$1 billion over the next five years for the Ontario Community Infrastructure Fund (OCIF). This investment will bring funding for OCIF to nearly \$2 billion over the next five years. This will aid in the development and repair of critical infrastructure for small communities such as roads, bridges, water and wastewater infrastructure. This is a significant increase from the \$200 million announced earlier this year.

Working for Workers

Working for workers is the third and final pillar of Build Ontario. Building on Labour Minister Monte McNaughton's recent efforts to broaden the Ontario PC Party's support among blue collar workers and organized labour, this section of the Economic Statement clearly shows that Ford is seeking to change electoral calculus for all parties in the province by explicitly making the PC party a champion of workers over business interests.

One of the biggest policy changes, with potentially far-reaching effects, is the Ford government's promise to increase the province's minimum wage from \$14.35/hr to \$15.00/hr starting January 1, 2022. The government also indicated that this minimum wage hike would extend to workers who serve alcohol and receive tips who previously had a minimum wage of \$12.55/hr. The special rates for students under 18, homeworkers, and hunting, fishing and wilderness guides will also increase proportionally starting January 1, 2022. Following these increases, the minimum wage will increase every October according to the inflation rate. The proposed changes are part of the government's broader effort to support and attract workers to the province. While this change is sure to be popular with labour, there are some who are upset and believe it will negatively impact the small businesses that are just starting to recover from the effects of pandemic lockdowns. This proposal is estimated to raise the average annual pay of those making minimum wage by approximately \$700/year in 2022.

The Ford government will also be extending the Ontario Jobs Training Tax Credit for an additional year. The Ontario Jobs Training Tax Credit is a temporary, refundable personal income tax credit that helps workers get training that may be needed. The tax credit provides up to \$2,000 in relief for 50 per cent of a person's eligible training expenses, such as tuition at an approved Canadian institution and fees paid to certain bodies for occupational examination in 2021. After the pandemic cost many their jobs, the tax credit is designed to help workers move toward a new career and pay for the training required.

The final major investment for workers will be the implementation of the staycation tax credit. Originally announced in late 2020 and promoted again in the 2021 spring budget, the staycation tax credit aims to reinvigorating Ontario's tourism sector which had been dealt major damage by the pandemic. The tax credit will allow for a 20 per cent return on eligible 2022 accommodation expenses in Ontario of up to \$1,000 for an individual or \$2,000 for a family. The credit is part the government's plan to stimulate the tourism, sports, and cultural industries in Ontario based on the idea that those sectors will take the longest to recover.

Other Investments

In addition to the above noted announcements, the economic statement also outlined investments in other sectors of the economy.

Labour:

- **Investing in Talent for Ontario Plan:** \$5 million to expand eligibility for the Second Career program to also support people in non-traditional employment.
- **Skilled Trades Strategy:** \$90.3 million over three years for new and enhanced programs to reduce system barriers in the skilled trades and apprenticeship system.
- **Promote the Ontario Immigrant Nominee Program Entrepreneurship Stream in Priority Markets:** \$6 million over three years to the Ontario Immigrant Nominee Program to support a pilot project that will expand opportunities for foreign entrepreneurs in priority areas outside the GTA.
- **Taking Action Against Underground Labour Brokers and Traffickers:** \$1.1 million in 2021-22 to implement a pilot team to undertake inspections of business operators suspected of worker exploitation including labour trafficking.

Transit and Infrastructure:

- **Support for Municipal Transit:** An additional investment of \$345 million in 2021–22, to help municipalities through this challenging period resulting from lower

ridership and year-over-year declines in Gas Tax revenue.

- **Large Bridge Rehabilitation Projects:** \$474 million increase to MTO's base rehabilitation program funding over five years for large bridge rehabilitation projects in southern Ontario:
 - » Hwy 417 Midtown Bridges replacement, Ottawa
 - » Hwy 401 Grand River bridge replacements
 - » Hwy 400 Reconstruction of Essa Road overpass bridge, Barrie
 - » Hwy 401 Highbury Interchange

Indigenous Affairs, Reconciliation and Anti-Racism Initiatives:

- **Advancement of Indian Residential School (IRS) Burial Site investigation:** An additional \$4 million to work with Indigenous partners in support of reconciliation for the identification, investigation, protection and commemoration of Indian Residential School (IRS) burial sites across the province, building on previously announced funding of \$10 million over three years.

- **Building Capacity to Assume OPS Anti-Racism Policy & Deliver on Leadership Pledge:** \$8.8 million over three years to create an equitable, anti-racist and accessible workplace. Includes creating a dedicated team with a Black and Indigenous focus.
- **Anti-Racism Anti-Hate (ARAH) Grant Program and RAISE Grant (Racialized and Indigenous Support for Entrepreneurs):** Providing nearly \$10 million over two years through new and enhanced initiatives. This includes doubling investments in the Anti-Racism Anti-Hate Grant Program and introducing a new Racialized and Indigenous Support for Entrepreneurs (RAISE) grant that will provide \$5 million in support for women entrepreneurs and Indigenous, Black and other racialized people.

Post-Secondary Education:

- **Ontario Research Fund:** \$48 million in new funding over the next two years to invest in Ontario's research facilities, including the Perimeter Institute, SNOLAB and Advanced Research Computing centres, as well as new funding to co-fund the federal Biosciences Research Infrastructure Fund.
- **Mental Health Supports for Postsecondary Students:** \$27.9 million over the next year to enhance mental health supports and services for Ontario postsecondary students.

Innovation, Job Creation and Trade:

- **Advanced Manufacturing and Innovation Competitiveness Stream and Regional Development Program:** \$40 million over two years for a new Province-wide Advanced Manufacturing and Innovation Competitiveness Fund,
- **Encouraging Economic Growth in Eastern and Southwestern Ontario:**

\$100 million between 2019-2023 to the Eastern Ontario Development Fund and the Southwestern Ontario Development Fund to help eligible businesses, municipalities and economic development organizations create jobs and opportunities

- **Ontario Entrepreneurship and Growth Initiative:** \$1 million over the next year for Futurpreneur Canada to help expand the support offered to young entrepreneurs in the province.
- **Small Business Digitization Action Plan:** \$40 million over two years to better position Ontario's businesses to compete and improve productivity through digital adoption.

Agriculture:

- **Strategic Agri-Food Processing Fund:** up to \$25 million over three years to support projects that will enhance processing capacity and food security.

Seniors:

- **On-site COVID-19 Resident and IPAC Supports in Licensed Retirement Homes:** \$8.9 million in 2021-22 to support staffing costs to maintain infection prevention and control measures in Ontario retirement homes for six months.
- **On-site Mobile COVID-19 Staffing and IPAC Supports for Licensed Retirement Homes:** \$3 million in 2021-22 to provide vulnerable retirement homes with access to on-site and mobile staffing supports to help prevent and contain COVID-19 outbreaks during the fourth wave of the pandemic.

Health:

- **Eating Disorder Services:** \$8.1 million over the next years to address increased demand for services to support care for children and youth with eating disorders which are experiencing significant pressures due to the pandemic.

French Language Affairs:

- **Support for Long-Term Francophone Economic Development:** Investing \$1.5 million over three years in the Francophone Business Network and expanding the range of business support services available, including the creation of a Francophone business incubator.

Northern Ontario:

- **Ontario Northland Transportation Commission Act Modernization:** Proposal to introduce legislative amendments to enhance and strengthen governance, accountability, and oversight provisions in the Act to align with other modern agency legislative approaches and empower the agency board in making strategic decisions.
- **Far North Act Review Administrative Amendments:** Proposal to amend or repeal certain provisions in the Far North Act (2010) that have been identified as barriers to economic development, while encouraging better collaboration between Ontario and First Nations in the Far North on land use planning.

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